

MINUTES OF THE
MAG MANAGEMENT COMMITTEE MEETING
February 14, 2007
MAG Office Building - Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Ed Beasley, Glendale, Chair	Mark Johnson, Guadalupe
Jan Dolan, Scottsdale, Vice Chair	Darryl Crossman, Litchfield Park
# George Hoffman, Apache Junction	Christopher Brady, Mesa
Rogene Hill for Charlie McClendon, Avondale	* Tom Martinsen, Paradise Valley
Dave Wilcox, Buckeye	Terry Ellis, Peoria
Jon Pearson, Carefree	Frank Fairbanks, Phoenix
* Usama Abujbarah, Cave Creek	John Kross, Queen Creek
Mark Pentz, Chandler	* Bryan Meyers, Salt River Pima-Maricopa Indian Community
B.J. Cornwall, El Mirage	Doug Sandstrom for Jim Rumpeltes, Surprise
Alfonso Rodriguez for Orlando Moreno, Fort McDowell Yavapai Nation	Will Manley, Tempe
Tim Pickering, Fountain Hills	Reyes Medrano, Tolleson
* Lynn Farmer, Gila Bend	Shane Dille, Wickenburg
* Joseph Manuel, Gila River Indian Community	Lloyce Robinson, Youngtown
George Pettit, Gilbert	Dale Buskirk for Victor Mendez, ADOT
Stephen Cleveland, Goodyear	Kenny Harris for David Smith, Maricopa County
	David Boggs, Valley Metro/RPTA

* Those members neither present nor represented by proxy.

Participated by telephone conference call.

+ Participated by videoconference call.

1. Call to Order

The meeting was called to order by Chair Ed Beasley at 12:05 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair Beasley noted that MAG staff was available to assist members of the public in turning in their public comment cards, who will bring the cards to the Chair. Chair Beasley stated that transit tickets were available from Valley Metro/RPTA for those using transit to come to the meeting. Parking validation was available from MAG staff for those who parked in the parking garage.

Chair Beasley stated that George Hoffman, Apache Junction, was participating by telephone conference call.

Chair Beasley noted materials at each place: an updated new projects narrative for agenda item #4H, Discussion of the Development of the FY 2008 MAG Unified Planning Work Program and Annual Budget, which was revised to more clearly note the identification of the project requestor and to add a new project, Project #16, MAG Performance Measurement Framework Study; and a bill summary chart for agenda item #7, Legislative Update.

3. Call to the Audience

Chair Beasley stated that Call to the Audience provides an opportunity to the public to address the Management 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. Chair Beasley noted that those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard. Public comments have a three minute time limit and there is a timer to help the public with their presentations.

Chair Beasley recognized public comment from Joe Ryan, who stated that federal and state laws provide for the public to bring items of oversight to the attention of planners. He said that since he moved here in 1992, he has seen an increase in traffic jams occur at traffic interchanges soon after they are built. Mr. Ryan stated that the Governor created CTOC and the Chair is responsible for bringing problems to the attention of the transportation planners. He stated that the intersection problems are a result of state and federal laws being violated. Mr. Ryan stated that nothing on the last CTOC agenda had anything to do with oversight and the problems presented to CTOC are not brought to MAG's attention. Mr. Ryan stated that MAG should have opposed the Proposition 400 plan because projects are underfunded. He stated that MAG's planning process is faulty. The principal objective should be to lower the cost of production, which would be accomplished by increasing safety to lower insurance costs, lowering the weight of public transportation vehicles to increase fuel efficiency, increasing the speed of vehicles, and increasing the size of vehicles to accommodate more passengers, and standardizing vehicle types. However, MAG violates all of these points. Mr. Ryan's three minutes elapsed and upon Mr. Ryan's request, the Chair granted him an additional two minutes. Mr. Ryan asked why three different light rail vehicle models were being purchased when this will impede standardization? He commented that standardization is the reason Southwest Airlines has done so well. Mr. Ryan mentioned an Arizona Republic editorial that stated that light rail will not achieve those objectives. He stated that some people say light rail will reduce pollution, but it will increase it. Mr. Ryan submitted a statement for the permanent record. He stated that his statement shows what a mess MAG has gotten us into like having 35 mph ramps linking to 65 mph highways. Mr. Ryan stated that the engineers say it is MAG's fault because MAG did not give them the money to build it right. Chair Beasley thanked Mr. Ryan for his comments.

Chair Beasley recognized public comment from Bob McKnight, who stated that the public voted for bus pullouts at 20th Street and Washington. However, the area was recently rebuilt and there is no bus pullout. Mr. McKnight asked why money was spent on rebuilding it. He mentioned that he was told that there is insufficient right-of-way to accommodate a bus pullout, but there

are 10 feet available. Mr. McKnight said he was told it would interfere with the aquifer process in the area, but these are just lies. He added that no one wants to hear from citizens. Mr. McKnight commented on plans to direct five lanes of traffic off 20th Street onto three lanes on Washington Street. The bus stop will be there, so there really will be only two lanes. Mr. McKnight asked how he can get someone to look at this. Chair Beasley thanked Mr. McKnight for his comments.

4. Approval of Consent Agenda

Chair Beasley stated that agenda items #4A, #4B, #4C, #4D, #4E, #4F, #4G, #4H, and #4I were on the consent agenda. He reviewed the public comment guidelines. Chair Beasley noted that after hearing public comments, any member of the Committee can request that an item be removed from the consent agenda and considered individually.

Chair Beasley noted that staff had requested having discussion on agenda item #4I, Update on the Regional Office Center. He asked members if they had questions or would like a presentation on any of the consent agenda items. Mr. Buskirk noted that he would recuse himself from voting on agenda item #4B, Project List for the Arizona Department of Transportation's Safe Routes to School Program, because his division administers the Program.

4I. Update on the Regional Office Center

Dennis Smith addressed the Committee on the Regional Office Center. Mr. Smith stated that a number of member agencies are involved in all four organizations, MAG, AMWUA, Valley Metro, and Valley Metro Rail, and want to know the cumulative impact to their agencies. He said that if approval is given to move forward, this cost information would be compiled into a memorandum and presented with the draft memorandum of understanding at next month's meeting.

Mr. Smith stated that all four agencies are paying lease payments. Mr. Smith noted that the current lease rate in downtown Phoenix is about \$26 per square foot and is heading toward \$28 to \$30 per square foot. He stated that the agencies' lease costs are expected to rise substantially when their leases expire. Mr. Smith stated that the effort began two years ago when it was decided to examine the cost of constructing a building. He said that MAG approved \$100,000 to assist the other agencies in space planning. Mr. Smith stated that MAG indemnified Kaye/Ryan in the amount of \$280,000 and entered into a contract for legal and financial assistance. He added that approximately \$500,000 has been invested in the process to this point.

Mr. Smith noted that a decision is needed whether to proceed with the project. He noted that the break even point is approximately year 2021. Mr. Smith stated that the analysis shows it is more advantageous to own than to lease. He stated that when MAG started out 40 years ago, regional agencies were not trusted. Mr. Smith stated that MAG was a little, quiet agency with the League of Arizona Cities and Towns. From a financial perspective, MAG was the biggest partner who helped pay for the debt on the building, and the League now owns the building. Mr. Smith stated that in 1996, after paying toward the League building, MAG left with almost nothing. If MAG makes that type of a policy decision again, knowing that will be the outcome.

Mr. Smith stated that the City of Phoenix now owns the building occupied by MAG and Valley Metro, who as significant renters of four floors, help the City pay for the building. Mr. Smith stated that because there is not enough room, when MAG's lease expires, it will need to look elsewhere for space, at considerably higher rates.

Mr. Smith stated that he hoped the Committee would take action that the team continue forward and bring answers to the questions that have been asked. He added that this would provide an opportunity to have a more informed decision next month. Mr. Smith stated that staff was asked about timing. He stated that Kaye/Ryan received bids in November, but they have a shelf life. If there is too much of a delay, another estimate will be needed. Mr. Smith noted that there is also a window of opportunity with the passage of Proposition 400. Mr. Smith stated that the price of property is increasing due to light rail, and staff tried to get a location that would be beneficial to both the East and West Valleys.

Denise McClafferty, MAG Management Analyst, stated that in February 2005, the MAG Executive Committee formed the Building Lease Working Group (BLWG) that consists of Mayor Keno Hawker, Mesa; Mayor James Cavanaugh, Goodyear; and Frank Fairbanks, Phoenix. She noted that the core focus of this project was, and continues to be, to build a regional office center that is in a central, convenient location for elected officials and the public; has adequate and secure parking; and has a conference center that can accommodate the meetings of MAG, Valley Metro, Valley Metro Rail and Arizona Municipal Water Users Association.

Ms. McClafferty stated that the building site is on McKinley between First and Second Avenues, adjacent to the light rail line and an historical neighborhood. She noted that a residential piece is proposed along Second Avenue that is not a part of the Regional Office Center and would be developed by the landowner. Ms. McClafferty noted that the Regional Office Center is approximately 235,000 square feet and includes five floors of parking, a lobby with retail, a conference center, and six floors of office space.

Ms. McClafferty stated that in July 2005, each regional agency provided a letter of intent to continue to work with MAG and the BLWG to study and analyze constructing a regional office building. She said that several collaborative meetings were held with the architects, partnering agencies and the developer to gather information, such as program needs, parking, meeting and technology needs, and security. Meetings were also held with the partnering agencies to discuss and develop the interior design of their office space and how each agency would accommodate growth to 2025. Ms. McClafferty noted that to date, the MAG Executive Committee has authorized indemnification for \$280,000 for predevelopment costs, resulting in the schematic design package that includes plans, specifications and a detailed cost estimate.

Ms. McClafferty stated that the design package was advertised to the subcontracting community to receive construction cost estimates. Following receipt of the construction bids, Ryan provided MAG staff with a total cost based on the schematic design package. Ms. McClafferty stated that staff and Ryan then conducted a value engineering process, in consultation with partner agency directors, which resulted in an estimated building cost of \$86.9 million. Ms. McClafferty advised that the total cost of the building and real estate parcel would be shared by the four

agencies and the conceptual arrangement for financing would include developing a 501(c)(3) corporation and using the Phoenix IDA.

Ms. McClafferty stated that the costs for the conference center, rooftop terrace, media room and regional hub would be assumed by MAG. She advised that the costs allocated to owners and non-owners include tenant improvement costs, shell costs and operating costs. The costs allocated to the owners only include land, parking garage, retail space, and the bicycle locker/shower room. Ms. McClafferty noted that the bicycle locker/shower room were included because of the multimodal nature of the agencies. She stated that revenue reimbursements include parking, retail space, and residential parking.

Ms. McClafferty stated that, based on a cost of \$86.9 million, the average annual cost for MAG would be approximately \$3.9 million, which equates to an average cost of \$37 per square foot. She advised that the total cost per square foot is estimated at \$368. Ms. McClafferty noted the average annual costs for MAG to lease space equal to what their space would be in the Regional Office Center, versus purchase over a 30-year period: for average downtown space, \$4.1 million; for Class A downtown space, \$5 million; and for Class A Camelback Corridor space, \$5.9 million. Ms. McClafferty noted that the Camelback Corridor figures were used because downtown lease rates are heading in the direction of rates in that area. She noted that the break even point for the Regional Office Center is around year 2021.

Ms. McClafferty stated that the building will be considered at the agencies' February Management and Board meetings. If all agency boards agree, it is anticipated that a recommendation to move forward on the Regional Office Center would be brought to the February MAG Regional Council meeting. Ms. McClafferty stated that if the MAG Regional Council also agrees to move forward, a purchase agreement with Kaye/Ryan and a partnering agency agreement would be developed, and the 501(c)(3) would be formed.

Mr. Smith noted that if approval is given, staff would bring to the MAG committees a draft memorandum of understanding and answers to the financial questions that have been asked. Mr. Smith advised that MAG is not anticipating passing on the cost of the building to member agencies. He explained that MAG charges dues. Mr. Smith advised that the dues will not be increased to cover the cost of the building, and will not increase beyond the allowable index factor that has been assigned annually for several years. Mr. Smith added that MAG is federally and state funded, and the building cost would be allocated per the indirect cost rate against federal funds. Chair Beasley asked members if they had questions.

Mr. Ellis asked for a description of the conference center. Mr. Smith stated that the concept for the conference center came from an effort to accommodate the meetings of all four agencies. He said that the largest room in the conference center is a 4,200 square foot ballroom-type room that could seat up to 300 people for large events. Mr. Smith noted that large events could be held in this room instead of renting space. He pointed out that this room, when not being used for large events, could be divided into six separate rooms for smaller meetings. Mr. Smith noted that the conference center would include a board room for each agency, which could be shared with the other agencies. Mr. Smith remarked on the generosity of the City of Phoenix to MAG for offering the fourth floor that will be available in 2008. He advised that this would

accommodate MAG for a few years, but eventually, MAG will need to lease more space. Mr. Smith remarked that it is difficult to find commercial office space that also has the meeting space needed. He added that this is why it makes sense to build the Regional Office Center.

Mr. Fairbanks stated that he served on the BLWG. He stated that the Phoenix City Council has not yet voted and taken an official position, but he would offer his personal perspective. He stated that the City of Phoenix, owners of the current building, are in a space crunch themselves, but tried to accommodate MAG by offering the fourth floor when it becomes available. Mr. Fairbanks commented that the problem is that there is just not enough space in this building, and as all agencies grow, someone will have to move. He stated that when MAG signed its lease, it got a very fair deal. If MAG went out in the market today, it would have to pay more than its current rate. Mr. Fairbanks advised that the City of Phoenix will eventually have to charge market rent to reflect the downtown rates. He stated that the BLWG, led by Mayor Keno Hawker and Dennis Smith, put together an outstanding team of consultants who looked at real estate, design, and finance, and they have an excellent developer. Mr. Fairbanks added that they went to the best people for advice. He stated that the BLWG members asked many questions and studied and restudied the issues thoroughly. Mr. Fairbanks stated that the product they are bringing forth is well-researched and staffed out from every perspective.

Mr. Fairbanks stated that there were three important points he would like to make. 1) Why this Location? He stated that the BLWG looked at approximately 20 sites, but decided on the First Avenue and McKinley site because it is centrally located, was available, a good buy, and close to light rail, which, as the system expands, will be a great convenience and time saver. Mr. Fairbanks stated that the BLWG looked at all factors and decided that downtown Phoenix is the area most convenient for member agencies. 2) Lease Versus Own. Mr. Fairbanks noted that in the short term, it costs more to own, but in the long term, agencies will save a lot of money. He remarked that this is why most jurisdictions own their city halls. Mr. Fairbanks pointed out other benefits that include no taxes and remaining in one building for a long time. 3) Convenience. Mr. Fairbanks applauded Mayor Hawker, whose idea it was to come to one location to conduct all business. He noted that one location would enable a jurisdiction staff to hold short meetings with staff from different agencies, as Mayor Hawker pointed out. Mr. Fairbanks stated that Mayor Hawker pressed for the conference center, which will have tremendous flexibility and the capability to hold many meetings at the same time. Mr. Fairbanks added that cities could also use the meeting rooms as a common place for meetings with other cities. He stated that he shared his perspectives because he was impressed with the tremendous amount of work done by MAG and the consultants. Mr. Fairbanks remarked that the cost will be higher early, but members will be financially ahead in the end.

Mr. Brady asked about anticipated offsetting revenues. He asked how much was being assumed from parking and retail and if it was net of the \$86.9 million. Rebecca Kimbrough, MAG Fiscal Services Manager, replied that the retail assumption was \$24 per square foot based on an assumption of the current numbers from the financial analyst. Mr. Brady stated that from his perspective, he would need the comprehensive amount to see the cost to his city. He added that it would be helpful to get that one amount for the sense of magnitude as part of the memorandum of agreement process.

Chair Beasley commended MAG and the BLWG on all of the work done to this point. He commented that there are always challenges when you look to the future. Chair Beasley requested that the tenant improvements and operating costs be separated out from the overall costs. He added that it would also be important to understand the impact if an agency decides not to participate. Also need a breakdown of revenue projections that could be generated. Agree that the building is needed. It is a good location and beneficial to be located near light rail. Chair Beasley commented that from a public standpoint, agencies will be asked the revenue sources beyond dues and membership fees. He stated that the building is certainly a convenience, but could efforts be combined on staff. Chair Beasley stated that there is a need to clearly explain the sources of revenue, how they are broken out, and how the agencies expect to pay out over the next 20 years.

Vice Chair Dolan expressed her agreement with all of the comments that were made. She commented that staff has done a good job to be businesslike and on cost effectiveness basis, but the political reality cannot be ignored because these are public agencies. Vice Chair Dolan stated that there is not a public appetite in Scottsdale for buildings above rudimentary office space. She added that Scottsdale has had bond elections for city office space turned down by the voters. Vice Chair Dolan stated that some people in Scottsdale will say to not build on the tax roll, but to allow private investment and lease from them. Vice Chair Dolan expressed concern for the ability to build for \$368 per square foot, which is a phenomenal price. It would be great if the building can be built for that amount.

Mr. Ellis stated that his city participated in the BLWG process since the beginning and he thought this project had been well done. He commented that MAG is viewed nationally as a leader, and this project represents long-term thinking, which is consistent with MAG's mission. Mr. Ellis stated that the key is this project is a good business decision. He advised that consolidation is a great benefit, but is not the answer to the public question. That answer to the public is that this is a good business decision and in the long term will be cost effective to the agencies. Mr. Ellis stated that the public wants to know public agencies are using money wisely and is not as interested in the details. If the case is made that it is less expensive to own than to rent, he thought the public will accept that. Mr. Ellis said that the analysis was well done and the numbers are sound. He stated that the key is that it is cheaper to own than rent. Mr. Ellis commented that if we do not do this now, we will not do it in our lifetime. He asked who would want to undertake an effort such as this in the next few years? Mr. Ellis stated that it is showtime or we need to accept the fact that we will be gypsy renters. He expressed that he thought MAG should proceed with the project. Mr. Ellis noted that the fact that it is a good business deal and cheaper to own than rent needs to be conveyed to the public and elected officials.

Mr. Boggs stated that Valley Metro supports continuation of the process. He commented that he understood there are additional bailout points. Mr. Boggs expressed his appreciation to the City of Phoenix for the space in this building, but Valley Metro will be out of space in two to three years. He commented on the difficulty to grow without space. Mr. Boggs expressed his appreciation for the work that has been done and stated that he was in total support of what has been done on this project.

Mr. Ellis recommended approval to move forward with the draft memorandum of understanding with the understanding that staff will come back with the information requested by the Committee. Mr. Cleveland seconded, and the motion carried unanimously.

Chair Beasley recognized public comment on consent agenda items #4C and #4D from Mr. Ryan, who spoke about the cost in time due to the increase in traffic. He stated that the plan for the interchange at the Loop 303 arterial and Grand Avenue is ridiculous. Mr. Ryan stated that the plan for the South Mountain Freeway to join I-10 at 55th Avenue and the north/south arterial of Loop 101 will be adding a tremendous amount of arterial traffic to I-10. He suggested that MAG change its policies so traffic jams will not increase on SR-51. Chair Beasley stated that the comment period was for items on the consent agenda and requested that Mr. Ryan address only those items. Chair Beasley noted that Mr. Ryan had been provided with an opportunity plus extra time to speak on items not on the agenda at Call to the Audience. Mr. Ryan stated that he was speaking about arterials and arterials were on the consent agenda. Mr. Ryan requested that MAG turn down agenda items #4C and #4D. Chair Beasley noted to Mr. Ryan that additional written comments were welcome.

With no discussion on the remaining consent agenda items, Vice Chair Dolan moved to recommend approval of consent agenda items #4A, #4B, #4C, #4D, #4E, #4F, #4G, and #4H. Mr. Cleveland seconded, and the motion carried, with Mr. Buskirk abstaining on agenda item #4B.

4A. Approval of January 10, 2007 Meeting Minutes

The Management Committee, by consent, approved the January 10, 2007 meeting minutes.

4B. Project List for the Arizona Department of Transportation's Safe Routes to School Program

The Management Committee, by consent, recommended approval of the ranked list of projects to be submitted to the Arizona Department of Transportation for the Safe Routes to School Program. A total of \$400,000 statewide is available for projects through the Arizona Department of Transportation's (ADOT) Safe Routes to School Program. The program provides funding to public and non-profit agencies for projects that improve road safety and encourage more grade K-8 children to walk or bike to their neighborhood schools. In this first year of the program, the focus is on education, training and encouragement. In response to an announcement in November 2006, a number of project applications were submitted in the MAG region. The ADOT application review process stipulates that MPOs and COGs must recommend a ranked list of projects to ADOT by March 2, 2007. On January 30, 2007, the MAG Transportation Safety Committee reviewed all project proposals, and generated a ranked list for consideration by ADOT.

4C. Arterial Life Cycle Program (ALCP) – Status Report

Each quarter, MAG staff provides member agencies with an update on projects in the Arterial Life Cycle Program (ALCP). This is the fourth Status Report (covering the period from October to December 2006) for the ALCP. The Status Report includes an update on ALCP Project work,

and ALCP revenue/financial section, information about ALCP amendments and administrative adjustments, and the remaining FY 2007 ALCP schedule. This item was on the agenda for information and discussion.

4D. Proposed Amendment and Administrative Adjustment to the FY 2007-December 13, 2006 Arterial Life Cycle Program (ALCP)

The Management Committee, by consent, recommended approval of the Amendment and Administrative Adjustment to the FY 2007 – December 13, 2006 ALCP. The latest FY 2007 ALCP was approved by MAG Regional Council on December 13, 2006. Since that time, projects have been identified that need to do a scope change, change project schedules, and lower and adjust the regional reimbursement amounts in FY 2007. An amendment is needed to do a scope change and change a project schedule, and an administrative adjustment is needed to adjust the project reimbursement amounts due to lower actual costs. On January 25, 2007, the Transportation Review Committee recommended approval of this item.

4E. Selection of CMAQ Funded Dirt Road Paving Projects for FY 2008 and 2009

The Management Committee, by consent, recommended approval that three pave dirt facility projects in Phoenix, Litchfield Park and Surprise be awarded CMAQ funds in FY 2008 and that another three pave dirt facility projects in Phoenix (2) and Surprise be awarded CMAQ funds in FY 2009, as shown in the attached tables. A total of \$2 million in CMAQ funds has been programmed in FY 2008 for the paving of dirt roads in the MAG region and \$3.5 million for FY 2009. Following a selection process that started in September 2006, the MAG Transportation Review Committee (TRC), at its January 25, 2007 meeting, recommended six projects to utilize the funds available.

4F. Department of Housing and Urban Development Stuart B. McKinney Continuum of Care Consolidated Application Process for the MAG Region

The MAG Continuum of Care Regional Committee on Homelessness is the responsible entity for a year round homeless planning process. This includes the submittal of the U.S. Department of Housing and Urban Development (HUD) Stuart B. McKinney Continuum of Care Consolidated Application for the Maricopa Region. The release of the 2007 application is anticipated in the next few months. Since 1999, \$106 million has been awarded to the MAG region. In 2005, the region received more than \$20 million for 48 homeless service providers. Although the announcement has not yet been made, it is anticipated that our region will be awarded comparably in 2006. Technical assistance is available and provided by MAG staff to any new or renewal applicants interested in applying for funding. This item was on the agenda for information and discussion.

4G. Human Services Coordination Transportation Plan Short-Term Strategies

The Management Committee, by consent, recommended approval of the Human Services Transportation Plan Short-Term Strategies. In June 2006, the MAG Regional Council approved the development of a plan to coordinate human services transportation in compliance with new

SAFETEA-LU regulations. These regulations state that any agency applying for Job Access and Reverse Commute (JARC) funds, New Freedom funds or for the 5310 Elderly and Persons with Disabilities Transportation Program must demonstrate they are in compliance with a locally developed coordination plan. These three funding sources cannot be accessed unless such a plan is in place as of July 1, 2007. A stakeholders group with representatives from MAG member agencies, transportation providers and non-profit agencies is in the process of developing a plan for the MAG region. Short-term strategies have been identified for the 5310 application process that begins in March. This item is presented so that the 5310 application process may proceed in a timely manner. The same short-term strategies would also apply for the JARC and New Freedom applications later this year.

4H. Discussion of the Development of the FY 2008 MAG Unified Planning Work Program and Annual Budget

Each year, the MAG Unified Planning Work Program and Annual Budget is developed in conjunction with member agency and public input. The Work Program is reviewed each year by the federal agencies in April and approved by the Regional Council in May. To provide an early start in developing the Work Program and Budget, this presentation is an overview of MAG's draft proposed new projects for the FY 2008 Work Program. The updated draft budget time line and estimated dues and assessments are included in the budget materials. This item was on the agenda for input on the development of the FY 2008 MAG Unified Planning Work Program and Annual Budget.

5. Air Quality Update

Lindy Bauer, MAG Environmental Director, stated that PM-10 was the most difficult air quality problem that faced the MAG region. Ms. Bauer displayed a chart that showed exceedances by monitor. She noted that the West 43rd Avenue and the Durango monitors had the highest numbers of exceedances in both 2005 and 2006. Ms. Bauer advised that in 2006 there were 21 days that monitors exceeded the PM-10 standard in the Maricopa County nonattainment area.

Ms. Bauer stated that because the area could not meet the standard, MAG has been working on developing a Five Percent Plan for PM-10. She noted that the Plan is due to the Environmental Protection Agency (EPA) by December 31, 2007. Ms. Bauer advised that the region must reduce emissions by five percent per year until standard is attained. She noted that the five percent reduction would be based on the most recent emissions inventory. Ms. Bauer stated that three years of clean data at the monitors—for 2007, 2008, and 2009—are needed for attainment, or additional years of five percent reductions will need to be added to the plan.

Ms. Bauer stated that consulting firms were hired for the MAG PM10 Source Attribution and Deposition Study. She said that the consultant had been assessing existing meteorological and PM-2.5 and PM-10 data to evaluate exceedance conditions. Ms. Bauer added that the consultants especially focused on the Durango and West 43rd Avenue monitoring sites. She said that they collected data from November 15, 2006 through December 14, 2006 during stagnant conditions.

Ms. Bauer displayed photographs of conditions that contribute to the PM-10 problem around the West 43rd Avenue and Durango monitors, including trackout, unpaved roads and shoulders and dragout, open burning, agriculture, unpaved lots, and vehicle activity on unpaved lots.

Ms. Bauer stated that Maricopa County is currently working on the inventory of annual PM-10 emissions. She indicated that even small sources close to a monitor can present big problems. Ms. Bauer displayed a draft list of preliminary PM-10 measures, such as having dust managers at construction sites; extensive dust control training; strengthening trackout provisions; implementing Rule 316 for nonmetallic mineral processing; reducing off-road vehicle use; paving/stabilizing dirt roads, shoulders, and parking lots; prohibiting new dirt roads; stabilizing vacant lots; increasing fines for open burning; and implementing agricultural measures.

Ms. Bauer provided copies of photographs that showed dust control projects undertaken by the City of Phoenix. She noted that the City has spent almost \$18 million on these projects, which include paving alleys, shoulders, parking lots, and roads, and sweeping.

Ms. Bauer outlined the schedule for the Five Percent Plan for PM-10. She noted that commitments by member agencies to implement measures would be requested in June 2007. Ms. Bauer stated that action on the Plan by the Regional Council is anticipated in December 2007. Following action, the Plan would be submitted to ADEQ and EPA. She noted that EPA could make its adequacy finding for the conformity budget in March 2008.

Ms. Bauer then addressed the Committee on the Eight-Hour Ozone Plan which is due to the EPA by June 15, 2007. She noted that the Maricopa County nonattainment area has had no monitors with violations of the Eight-Hour Ozone Standard for two years. Ms. Bauer advised that attainment of the standard is required by June 15, 2009.

Ms. Bauer displayed the list of committed measure in the One-Hour Ozone Maintenance Plan. She advised that with these existing committed maintenance and contingency measures, the region should be able to reach attainment.

Ms. Bauer stated that a recent court ruling vacated EPA's Phase 1 Eight-Hour Ozone Implementation Rule, which included the classification of the nonattainment areas. She added that the EPA may tighten the Eight-Hour Ozone Standard. Designations may be made by 2011. Ms. Bauer stated that the Governor issued an Air Quality Executive Order which requires ADEQ to develop an Air Quality Improvement Action Plan by March 31, 2007. She advised that the Executive Order contains requirements that must be met by jurisdictions who receive funding from the Arizona Department of Transportation. Chair Beasley thanked Ms. Bauer for her report and asked members if they had questions.

Mr. Cleveland expressed his appreciation to Ms. Bauer, member agencies, the business community, and environmental and regulatory bodies on the effort. He stated that it is important that everyone look at the tentative schedule and what is expected of each member agency. Mr. Cleveland noted that each member agency is expected to adopt measures at a community level to use as tools in the process. He indicated that member agencies are required to submit their measures to MAG in June. Mr. Cleveland stated that member agency staff will be coming to

their managers soon with the measures to decide which ones to take to their elected officials for adoption. He advised that if not enough measures are adopted and the model does not work, this will need to come back through the process. Mr. Cleveland added that the Plan must be submitted to EPA in December. He advised that the region needs to reduce five percent of 91,000 tons of emissions each year. The measures have to exceed that effort of reducing emissions while keeping growth from adding to the tonnage.

Holly Ward, Community and Media Relations Manager for Maricopa County, provided a report on the County's new public education campaign, Bring Back Blue. Ms. Ward stated that the Board of Supervisors approved \$1.025 million for the campaign, which is designed to inform the public about what they can do to reduce particulate pollution. Ms. Ward stated that the campaign consulted with stakeholders to determine effective outreach, conducted four focus groups and telephone surveys. She said the research indicated that the highest concern was for the health of children and elderly.

Ms. Ward stated that the campaign kicked off on January 16, 2007. She said that the campaign includes billboard advertising and a website. Ms. Ward stated that the website contains a list of twelve actions the public can do to reduce particulate pollution. She said the public can take a pledge on the website and receive a certificate.

Ms. Ward stated that advertising will also appear in the *East Valley Tribune*, *The Arizona Republic*, *Prensa Hispana*, and *La Voz*, along with 30-second television commercials. Ms. Ward then played the commercials. She stated that they hope to continue the campaign because the Five Percent Plan will be in place for several years. Chair Beasley thanked Ms. Ward for her report.

6. 2005 Census Survey Cost Allocations

In December 2003, the MAG Regional Council approved the methodology used to allocate 2005 Census Survey costs among member agencies. Preliminary costs incurred by each member agency were calculated using an estimate of 2005 population. When the final 2005 Census Survey population figures were issued, the costs were recalculated using the approved methodology and updated Census costs. At the January 30, 2007 MAG Census Survey Oversight Subcommittee (CSOS) meeting, members recommended applying the approved methodology to the final census costs. For three jurisdictions, the costs to be incurred were 10-14 times higher than originally estimated because their population growth was slightly higher than the 3.6 percent growth rate used in the approved methodology. As a result their cost was based on share of sample size rather than share of population. Due to concerns raised at the CSOS meeting over the method for distributing costs, MAG staff has developed an alternative cost allocation. This alternative cost allocation adjusts the allocation recommended by CSOS to hold harmless member agencies with a population less than 25,000 and a growth rate less than 6 percent in the 2005 Census Survey. This alternative would result in \$116,500 in costs not currently covered by member agencies. If recommended, MAG could use federal funds to pay the cost difference.

Heidi Pahl, MAG Planner, stated that the requested motion was to recommend adjusting the cost allocation recommended by the Census Survey Oversight Subcommittee to hold harmless member agencies with a population less than 25,000 and a growth rate less than 6 percent in the 2005 Census Survey. Mr. Pettit moved, Vice Chair Dolan seconded, and the motion carried unanimously.

7. Legislative Update

Matthew Clark, MAG Senior Policy Planner, reported on legislative items of interest. He first reported on transportation bills. Mr. Clark stated that SB 1172 increases the maximum maturity date for state highway bonds from 20 years to 30 years and had passed the Finance Committee on February 7th. Mr. Clark reported that SB 1585 deals with converting HOV lanes to toll lanes. He stated that SB 1586 deals with unsolicited proposals for transportation construction projects. Mr. Clark noted that another bill being watched is SB 1587, which would repeal a section on privatized transportation projects and requires ADOT to establish innovative partnerships. Mr. Clark stated that SB 1635 deals with public/private partnerships and converting HOV lanes to toll lanes. He stated that HB 2682 establishes a Blue Ribbon Transportation Committee.

Mr. Clark reported on air quality bills. He said that SB 1552 deals with the adoption of local ordinances in regard to air pollution. Mr. Clark stated that SB 1603 allows for tax credits for monies used for paving or covering areas in nonattainment areas.

Mr. Clark reported that SB 1265 would define Voice Over Internet Protocol (VoIP) as a telecommunications service, allowing it to be subject to the excise tax for 911. Mr. Smith noted that the Community Emergency Notification System (CENS), which telephones residents in case of an emergency, is projected to run out of funds in March 2008. He added that if SB 1265 passes, there is a possibility that there could be funding for CENS.

Mr. Manley asked how significant is the particulate level from leaf blowers. Ms. Bauer replied that emissions from leaf blowers is a small part of the regional inventory, about one percent; however, using them next to a monitor could be a problem. Mr. Cleveland added that an analysis showed that leaf blowers just move dust from one property owner to another, which does not eliminate the quantity of dust that should be removed by vacuuming or some other means.

Mr. Cleveland asked if research had been conducted by ADOT or by MAG on the consequences of legislation to convert HOV lanes to HOT lanes. Mr. Smith stated that MAG did an analysis of adding hybrids to HOV lanes and found that on certain portions of the HOV system, all HOV lanes are congested. Mr. Smith stated that MAG is against it. He added that three-person carpools might be a possibility.

8. Comments from the Committee

An opportunity will be provided for Management Committee members to present a brief summary of current events. The Management Committee is not allowed to propose, discuss,

deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

No comments from the Committee were noted.

There being no further business, the meeting adjourned at 1:25 p.m.

Secretary

Chairman