

**MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
REGIONAL COUNCIL MEETING**

December 19, 2007  
MAG Office, Saguaro Room  
Phoenix, Arizona

**MEMBERS ATTENDING**

Mayor James M. Cavanaugh, Goodyear, Chair	Councilmember Patricia Jimenez for Mayor
# Mayor Mary Manross, Scottsdale, Vice Chair	Rebecca Jimenez, Guadalupe
* Councilmember Robin Barker, Apache Junction	Mayor Thomas Schoaf, Litchfield Park
Mayor Marie Lopez Rogers, Avondale	* Supervisor Don Stapley, Maricopa County
# Mayor Bobby Bryant, Buckeye	Mayor Keno Hawker, Mesa
Mayor Wayne Fulcher, Carefree	Mayor Ed Winkler, Paradise Valley
Councilmember Dick Esser, Cave Creek	Mayor Bob Barrett, Peoria
# Councilmember Jeff Weninger for	Councilmember Peggy Neely, Phoenix
Mayor Boyd Dunn, Chandler	# Mayor Art Sanders, Queen Creek
Mayor Fred Waterman, El Mirage	Vice President Martin Harvier for President
President Raphael Bear, Fort McDowell	Diane Enos, Salt River Pima-Maricopa
Yavapai Nation	Indian Community
Councilmember Ginny Dickey for	* Mayor Joan Shafer, Surprise
Mayor Wally Nichols, Fountain Hills	# Mayor Hugh Hallman, Tempe
* Mayor Fred Hull, Gila Bend	* Mayor Adolfo Gamez, Tolleson
* Governor William Rhodes, Gila River Indian	# Mayor Ron Badowski, Wickenburg
Community	Mayor Michael LeVault, Youngtown
Mayor Steven Berman, Gilbert	* Joe Lane, State Transportation Board
* Mayor Elaine Scruggs, Glendale	Felipe Zubia, State Transportation Board
	F. Rockne Arnett, Citizens Transportation
	Oversight Committee

\* Those members neither present nor represented by proxy.

# Attended by telephone conference call.

+ Attended by videoconference call.

1. Call to Order

The meeting of the MAG Regional Council was called to order by Chair James M. Cavanaugh at 5:05 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair Cavanaugh noted that Mayor Ron Badowski, Mayor Bobby Bryant, Mayor Hugh Hallman, Mayor Mary Manross, Mayor Art Sanders, and Councilmember Jeff Weninger, as proxy for Mayor Boyd Dunn, were participating by telephone. He introduced additional proxies for the meeting: Councilmember Ginny Dickey for Mayor Wally Nichols, and Councilmember Patricia Jimenez for Mayor Rebecca Jimenez.

Chair Cavanaugh stated that this was the last Regional Council meeting for Mayor Shafer. A Resolution of Appreciation was prepared in recognition of her service to the region. Chair Cavanaugh presented a Resolution of Appreciation to Harry Wolfe, MAG Senior Project Manager, upon his retirement from MAG after 24 years.

Chair Cavanaugh noted materials at each place: information on the House Appropriations Request for agenda item #4 and supplemental material for agenda item #9 that was previously faxed. He reported that the Transportation Policy Committee took action on December 12, 2007, and unanimously recommended approval of agenda items #5E and #5F. Chair Cavanaugh stated that parking validation and transit tickets were available from MAG staff.

### 3. Call to the Audience

Chair Cavanaugh noted that public comment cards were available to members of the audience who wish to speak on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Citizens are requested not to exceed a three minute time period for their comments. A total of 15 minutes is provided for the Call to the Audience agenda item, unless the Regional Council 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 Cavanaugh recognized public comment from Dianne Barker, who stated that she rode her bike and the bus to the meeting and expressed thanks for the transit tickets. Ms. Barker spoke about the successes she has experienced by participating as a citizen. She said that an acquaintance told her she spoke at Regional Council meetings to get her three minutes of fame, but organizations have listened to some of her suggestions. For example, Mr. Arnett took Ms. Barker's concerns to the city; she and other citizens helped to make the Regional Transportation Plan multimodal; and she succeeded in getting a bus bid reexamined. She commented that she was doing her duty as a citizen. Ms. Barker said that she enjoyed the holiday email MAG sent out and wished everyone a happy holiday. Chair Cavanaugh thanked Ms. Barker for her comments.

### 4. Executive Director's Report

Dennis Smith, MAG Executive Director, provided a report to the Regional Council on activities of general interest.

Mr. Smith stated that the Desert Peaks Awards will be held at the Biltmore Resort on June 25, 2008. He said that the nomination forms have been mailed out and are available online. Mr. Smith noted that recommendations for judges from member agencies are needed.

Mr. Smith stated that the COG Directors, working with the Department of Economic Security (DES) and the Governor's Office, initiated improving the statewide population process. He said that Governor Napolitano formed the Arizona Data Estimates and Projections Task Force, which forwarded 28 recommendations to the Governor. He advised that 36 positions at DES will now be under the direction of the Department of Commerce, a State Demographer will be hired, and the Arizona Futures Commission for strategic planning will be created. Mr. Smith stated that AZFACTS replaces the State POPTAC for technical population issues and there will be a process in place for those who wish to appeal their population numbers. Mr. Smith expressed his thanks to MAG staff members, Rita Walton, Jeff Romine, Anubhav Bagley and Harry Wolfe, who worked on this effort.

Mr. Smith reported that the summary of the FY 2008 transportation appropriations measure was at each place. He said that the measure is on its way to the President for signature. Mr. Smith advised that the measure provides \$65.5 billion more in budgetary resources for the transportation department and the highway program formula appears to be intact. Mr. Smith said that they have heard that transit earmarks are being cut by two percent.

Mr. Smith noted that Nathan Pryor, MAG Senior Policy Planner, would be available to answer questions regarding the appropriation measure.

Chair Cavanaugh thanked Mr. Smith for his report. No questions from the Council were noted.

5. Approval of Consent Agenda

Chair Cavanaugh noted that agenda items #5A through #5H were on the consent agenda.

Chair Cavanaugh noted that no public comment cards had been received for the consent agenda. Chair Cavanaugh asked members if they had any questions or any requests to hear an item individually. None were noted. With no further discussion of the consent agenda, Chair Cavanaugh called for a motion to approve consent agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, and #5H. Mayor Barrett moved, Councilmember Esser seconded, and the motion passed unanimously.

5A. Approval of the October 24, 2007 Meeting Minutes

The Regional Council, by consent, approved the October 24, 2007 meeting minutes.

5B. Pedestrian and Bicycle Design Assistance Programs

The Regional Council, by consent, approved the following projects for funding from the Design Assistance Program: City of Scottsdale, 70th Street Pedestrian and Bicycle Connection (\$55,000); Town of Gilbert, Pedestrian Safety & Traffic Calming Demonstration Project (\$75,000); Town of Gilbert, Bicycle Crossing Safety and Improvement Demonstration Phase II Project (\$90,000); City of Peoria, New River Underpass at Olive Avenue (\$125,000). The FY 2008 MAG Unified Planning Work Program and Annual Budget, approved by the Regional Council in May 2007, includes \$200,000 for the Pedestrian Design Assistance Program and \$300,000 for the Bicycle/Shared-Use Design Assistance Program. Four project applications were submitted by member agencies. The Pedestrian Working

Group, the Bicycle Task Force, the Transportation Review Committee and the Management Committee recommended the four Design Assistance projects for approval.

5C. MAG Regional Bikeway Master Plan

The Regional Council, by consent, approved the MAG Regional Bikeway Master Plan. In June 2005, the MAG Regional Council approved \$150,000 of Congestion Mitigation and Air Quality (CMAQ) funding for the development of the MAG Regional Bikeway Master Plan. The Master Plan serves as a guide for improving, expanding and connecting the MAG region's bicycle facility network. The MAG Pedestrian Working Group, the MAG Bicycle Task Force, the Transportation Review Committee and the Management Committee recommended the MAG Regional Bikeway Master Plan for approval.

5D. Arterial Life Cycle Program Status Report

A status report on the Arterial Life Cycle Program (ALCP) for the period between July and September 2007 includes an update on ALCP Project work, the remaining FY 2008 ALCP schedule, and ALCP revenues and finances. This item was on the agenda for information.

5E. Update to the Arterial Life Cycle Program Policies and Procedures

The Regional Council, by consent, approved the proposed changes to the previously approved December 13, 2006 ALCP Policies and Procedures. The Arterial Life Cycle Program (ALCP) Policies and Procedures, approved by the MAG Regional Council on December 13, 2006, required revisions. The proposed revisions include a section on Regional Area Road Fund (RARF) closeout policies and other minor technical refinements. The Transportation Review Committee, the Management Committee, and the Transportation Policy Committee recommended approval of the revisions.

5F. Amendment to the FY 2008 MAG Unified Planning Work Program to Include a Transportation Survey

The Regional Council, by consent, approved an amendment to the FY 2008 MAG Unified Planning Work Program and Annual Budget to include \$55,000 for a transportation survey measuring regional and statewide attitudes, opinions and interests. In December 2006, the MAG Regional Council approved MAG's participation in a Statewide Intrastate Mobility Reconnaissance Study. This study is nearing completion, and transportation framework studies are about to be initiated throughout the state. To better understand public attitudes regarding transportation needs, potential solutions and timing, a public opinion survey is being recommended. The scientific household telephone survey would explore citizen attitudes regarding transportation issues and potential solutions on a regional and statewide basis in addressing mobility needs. On December 12, 2007, the Transportation Policy Committee recommended approval of the amendment.

5G. Proposed 2008 Revisions to MAG Standard Specifications and Details for Public Works Construction

The MAG Standard Specifications and Details Committee has completed its review of proposed 2008 revisions to the MAG Standard Specifications and Details for Public Works Construction. These revisions are currently being reviewed by MAG Member Agency Public Works Directors and/or

Engineers. It is anticipated that the annual update packet will be available for purchase in early January 2008. This item was on the agenda for information.

5H. Approval of the Draft July 1, 2007 Maricopa County and Municipality Resident Population Updates

The Regional Council, by consent, approved the July 1, 2007 Maricopa County and Municipality Resident Population Updates. MAG staff has prepared draft July 1, 2007, Maricopa County and Municipality Resident Population Updates. The Updates, which are used to allocate \$23 million in lottery funds to local jurisdictions, prepare local budgets and set expenditure limitations were prepared using the 2005 Census Survey for Maricopa County as the base and housing unit data supplied and verified by MAG member agencies. Because the July 1, 2007 County control total prepared by the Arizona Department of Economic Security (DES) was draft when considered by the MAG Population Technical Advisory Committee (POPTAC) and MAG Management Committee, it was recommended for approval provided that the draft Maricopa County control total is within one percent of the final control total. The final county control total was approved by the State Population Technical Advisory Committee on December 7, 2007 and is within one percent of the final control total.

6. Commuter Rail Strategic Plan

Rick Pilgrim, URS Corporation, provided an update on the Commuter Rail Strategic Plan, which was initiated in February 2007. Mr. Pilgrim stated that the overall project approach was to convene stakeholders from around the region to define requirements for commuter rail in the MAG region and northern Pinal County, and to develop consensus for commuter rail in the Regional Transportation Plan. Mr. Pilgrim stated that the orienting theme is including a balance of physical requirements and jurisdictional requirements.

Mr. Pilgrim explained the different types of rail technology: light rail, an example of which is the system which will be operative in Phoenix by the end of next year; heavy rail, an example of which is the BART subway system in San Francisco; and commuter rail, an example of which is the Trinity Railway Express in Dallas that uses a locomotive train.

Mr. Pilgrim stated that commuter rail can benefit consumers by providing longer trips in congested corridors, offering relief in peak periods to parallel highways, providing service to urban centers, offering consistent travel times in the future, and providing links to developing areas. He noted that the purposes for trips by commuter rail include daily AM and PM peak period and occasional midday, evening, and weekend travel. Mr. Pilgrim stated that commuter rail would transfer to other transit connections, such as bus or light rail.

Mr. Pilgrim noted that 21 systems are currently operating in the nation, with 26 systems either proposed or in the planning stages. He advised that the Denver, Salt Lake City, Seattle, Dallas, and Houston regions, with which the MAG region competes for employers and skilled employees, are investing in rail.

Mr. Pilgrim stated that there is a need for transportation options due to population and traffic growth, transportation cost increases, air quality concerns, economic sustainability, and implementing existing railroad alignments for uses other than freight.

Mr. Pilgrim stated that in developing the strategic plan, an analysis evaluated the Strengths, Weaknesses, Opportunities, and Threats and identified the physical, operational, jurisdictional and financial opportunities and constraints in the region. Mr. Pilgrim displayed a map that showed the areas identified by stakeholders that might be appropriate for commuter rail.

Mr. Pilgrim stated that the proposed goals for the strategic plan include employing commuter rail to shape growth, improving transportation mobility opportunities, providing a seamless and cost effective transportation option, promoting sustainability, and increasing public/private cooperation toward implementing commuter rail.

Mr. Pilgrim then reviewed the implementation framework. He said that the concept system plan was developed from information in a previous MAG study and through input from stakeholders. The concept system plan includes utilization of the freight rail lines that are currently in place in the study area: the BNSF Grand Avenue, Union Pacific (UP) Mainline Chandler, the UP Mainline Southeast, the UP Mainline Yuma/West, and the UP Mainline Tempe. Mr. Pilgrim stated that the concept plan also considers potential alignments in developing areas.

Mr. Pilgrim said that implementing commuter rail will require decisions on governance and administration, cooperation with the railroads, and funding. He noted three potential commuter rail scenarios: the Get Started - a single corridor, low cost of entry option; the Starter System - a two or more corridors, moderate cost of entry option; the Regional System - a multiple corridors, high cost of entry option.

Mr. Pilgrim stated that the final stakeholders meeting took place the last week of October. He advised that a draft final report would be brought before the Council in February 2008. Chair Cavanaugh thanked Mr. Pilgrim for his update.

Chair Cavanaugh recognized public comment from Greta Rogers, a resident of Ahwatukee. She said that she thought light rail would be successful in the central part of the city and in the extensions, but she had serious doubts about its fiscal return. Ms. Rogers stated that the better use of transportation money and for moving a large number of people and congestion relief would be the railroads. She said that she was encouraged and gratified that MAG is working on this. Chair Cavanaugh thanked Ms. Rogers for her comments.

Mr. Arnett referenced the map shown in the presentation and asked Mr. Pilgrim if there was another map that extended from the southeast subarea to US 60 and the central subarea to Apache Junction. Mr. Pilgrim replied that another map had been drafted and should have been included in the presentation. He advised that the new map would be included in the final recommendation.

President Bear asked what was being done to coordinate with the Indian communities during the planning stages. Mr. Pilgrim replied that there have been meetings with the Gila River Indian

Community to initially discuss opportunities and connections. He said that they have been interactive with the Pinal County planners because they are in the process of a comprehensive plan update. Mr. Pilgrim stated that the Salt River Pima Maricopa Indian Community would not be affected by any of the commuter rail alignments shown in the presentation. He advised that the Gila River Indian Community would not be affected by any extensions of existing lines, but if they extended to Maricopa or Coolidge, they would have an interest. Mr. Pilgrim stated that Pinal County is also interested in how those connections will be made.

#### 7. Building a Quality Arizona (BQAZ) Update

Mr. Smith stated that the Building a Quality Arizona effort began a couple of years ago. He said that the Arizona Councils of Governments and Metropolitan Planning Organizations (COG/MPO) Association has been meeting to seek a solution to mobility concerns throughout the state. Mr. Smith stated that there are many questions due to impending growth and how that affects building new roads, widening existing roads and accelerating projects in the MAG Regional Transportation Plan.

Mr. Smith stated that as a result of these meetings, a statewide Reconnaissance Study was initiated. He advised that the modeling tool from this study shows a phenomenal growth of traffic in Arizona. Mr. Smith reported that at the same time there is outreach to ADOT, the business community, and the regional partners, MAG staff has been conducting the Hassayampa and Hidden Valley studies, which have involved more than 150 stakeholder meetings.

Mr. Smith said that they realized an incredible amount of involvement with the development community was needed to reach a consensus. He noted that the COG/MPO Association agreed to conduct a number of transportation framework studies using a common methodology. The results would then be rolled into a statewide plan. Mr. Smith stated that this would not have happened without the great leadership at the State Transportation Board, who helped by approving \$7 million for the framework studies. He expressed his appreciation to Mr. Zubia for his leadership in this effort. Mr. Smith stated that ADOT has hired a master consultant who will knit the framework studies together. He added that the framework studies will take 12 months to complete.

Mr. Smith stated that the Governor's office requested a snapshot of the challenges facing the state. He noted that this will be developed by early spring. Mr. Smith stated that election dates in 2008, 2009, 2010, or later have been discussed. He referenced the critical needs box on the chart included in the agenda packet. Mr. Smith stated that staff advised the Governor's office and ADOT that it is problematic for MAG to develop a comprehensive list because of Clear Air Act requirements that any plan, program, or project approved by MAG needs to undergo air quality conformity analysis, which is a two-month to three-month process. Mr. Smith noted that this means a plan would have to be done by February to accommodate a 2008 election.

Eric Anderson, MAG Transportation Director, stated that a compromise was reached because of the requirements MAG must meet. Three categories were created: 1) Regional Transportation Plan projects that could use additional funding, for example, doing project accelerations or covering cost increases. Mr. Anderson noted that from a statewide perspective, widening I-10 or I-17 would fall into this category. 2) Conceptual Projects, such as the I-10 bypass. He said that a study is underway which is

looking at the feasibility of developing an alternative to I-10. 3) Unknown Projects, which could include projects resulting from the transportation frameworks studies or from the MAG Regional Transit Study that just got underway.

Mr. Anderson that in the development of the critical needs list they had concerns for the statewide process creating a short term list that could divert interest. He said that MAG is moving cautiously on the critical needs definition. Mr. Anderson stated that staff feels that the compromise language in the packet and the three categories will help people understand statewide transportation needs. Mr. Smith noted that Chair Cavanaugh represented all of the regions when he spoke at the Chamber Transportation Summit about the importance of the transportation frameworks being done well; otherwise there might not be another attempt at a tax for a few years.

Chair Cavanaugh recognized public comment from Greta Rogers, who said that Mr. Schorr, a State Transportation Board member, proposed the I-10 truck bypass to take vehicles from Wilcox and Benson, intersect with I-8 near Casa Grande, then to SR 85, and connect with I-10 west of Phoenix. Ms. Rogers stated that this would be a tremendous reliever for I-10 traffic, which is bumper to bumper from Phoenix to Tucson. She commented that I-10 has not been improved since it was built more than 40 years ago. Ms. Rogers stated that the I-10 bypass could eliminate the need for the South Mountain bypass and blowing up part of the mountain. She commented that two major bypasses are not needed 35 miles apart, which is the distance between I-8 and Pecos Road. Ms. Rogers encouraged MAG to look into this. She said that several public meetings on Mr. Schorr's proposal have been held, and suggested that meetings be held in Laveen and Tolleson, which are areas that will be affected most directly by the bypasses. Chair Cavanaugh thanked Ms. Rogers for her comments.

Councilmember Neely moved to recommend having MAG work cooperatively with the Arizona Department of Transportation and the Arizona COG and MPO Association in developing the transportation framework studies that will set the future transportation direction for Arizona. Also to have MAG work cooperatively with ADOT to provide information that will describe the transportation challenges facing this region, including representative projects that are part of the approved Regional Transportation Plan. In addition, assist ADOT in describing future needs as part of the transportation framework studies. Mr. Arnett seconded. Chair Cavanaugh asked members if there was discussion of the motion.

President Bear encouraged the input of Native Americans in this effort. He thanked Mr. Smith for giving a presentation to the InterTribal Council of Arizona on BQAZ.

With no further discussion, the vote on the motion passed unanimously.

#### 8. Five Percent Plan for PM-10

Lindy Bauer, MAG Environmental Director, stated that the MAG 2007 Five Percent Plan for PM-10 is due to the Environmental Protection Agency by December 31, 2007. She advised that it is required by the Clean Air Act for Serious PM-10 nonattainment areas that did not meet the standard by the attainment date of December 31, 2006. Ms. Bauer stated that the Five Percent Plan must show a five percent per year reduction in emissions until the standard is attained at the monitors. She advised that

the Plan must also demonstrate attainment via modeling and three years of clean data at the monitors, 2008, 2009, and 2010 are needed for attainment.

Ms. Bauer displayed charts of PM-10 monitoring data. She said that the 24 hour PM-10 standard was exceeded on 11 days, but the Arizona Department of Environmental Quality is investigating them for natural events. Ms. Bauer stated that the Five Percent Plan for PM-10 demonstrates that the committed measures will reduce PM-10 emissions by at least five percent per year and demonstrates attainment of the PM-10 standard as expeditiously as practicable, which is 2010. She stated that a public hearing on the draft plan was conducted on December 12, 2007, and the MAG Air Quality Technical Advisory Committee recommended adoption of the Plan. Ms. Bauer expressed her appreciation to the cities, towns, the county, and the Legislature for their extensive commitments to implement measures. She requested their continued support by implementing the measures as quickly as possible, which is needed to reach attainment.

Chair Cavanaugh recognized public comment from Greta Rogers, who stated that particulate pollution is an ongoing problem in the Valley. She said that mining, a major industry, was not mentioned. Ms. Rogers commented that sand and gravel mining companies in the Salt and Agua Fria rivers are egregious violators of dust control. She reported that she and other citizens have brought this to the attention of Bob Kard, Director of the Maricopa County Air Quality Department, but little to nothing has been done. Ms. Rogers disputed that natural events caused exceedances because natural events are tornado- or hurricane-like winds. She urged MAG to keep close attention to the mining industry in the Valley and ensure enforcement is enacted and followed vigorously. Chair Cavanaugh thanked Ms. Rogers for her comments.

Chair Cavanaugh recognized public comment from Steve Brittle, who echoed Ms. Rogers's statements. Mr. Brittle stated that the Five Percent Plan will fail because it failed to address the real cause of PM-10 exceedances. He said that MAG should plan on losing its highway funds. Mr. Brittle commented that the Coyote monitor in Sun City has had two exceedances since it opened in March. He stated that there are clusters of sand and gravel outfits in the area, and the residents are not commuting to work. Mr. Brittle stated that the residents have been complaining for a long time. He reported that he and others took movies of the sand and gravel companies operating at night when there is no enforcement. Mr. Brittle stated that the region will never be in compliance because the sand and gravel companies are clustered around the monitors. Mr. Brittle stated that citizen complaints are never investigated and no matter how many violations occur, nothing is ever done. He stated that Fisher Sand and Gravel has dozens of violations and just opened in January. Chair Cavanaugh thanked Mr. Brittle for his comments.

Councilmember Peggy Neely moved to adopt the MAG 2007 Five Percent Plan for PM-10 for the Maricopa County Nonattainment Area. Mayor Bob Barrett seconded.

Before a vote was taken, Councilmember Neely stated that Phoenix staff has reviewed the Five Percent Plan and attended meetings. She stated that Ms. Bauer and staff had done an outstanding job of putting together the plan according to the Phoenix experts, and needed to be commended for that.

Mr. Smith expressed his thanks to Ms. Bauer and the Environmental Division staff. He commented that it was hard to imagine the amount of work that went into the Five Percent Plan. For example, the December 2007 Regional Council meeting had to be rescheduled twice in order to have the plan on the agenda. Mr. Smith stated that the County has put millions of dollars into hiring inspectors. He stated that if this plan is not enforced there will be problems.

Chair Cavanaugh complimented Ms. Bauer and added that she had a superb reputation.

The vote on the motion carried unanimously.

9. Update on the Regional Office Center

Mr. Smith expressed his thanks to Mayor Hawker, Chair of the Building Lease Working Group, for his leadership with the partnering agencies, to the Executive Committee; to the City of Phoenix, especially Councilmember Neely and City Manager Frank Fairbanks, for their offer of favorable business terms; to the partnering agencies, Valley Metro and Valley Metro Rail; and to the Regional Council. Mr. Smith stated that the Valley Metro and Valley Metro Rail Boards had met earlier that day and had positive votes on the Regional Office Center (ROC).

Alana Chávez, MAG Management Analyst and project manager for the ROC, expressed her appreciation to the partners and staff members who worked on the project. She noted that two letters of support for the ROC were received: from Don Keuth, President of the Phoenix Community Alliance, and from Steve Brueckner, President of the Roosevelt Action Association. Ms. Chávez added that Sherry Rampy, a Roosevelt Action Association board member and representing the development project across Second Avenue, was present and could answer questions.

Ms. Chávez stated that five items were recommended for approval: 1) a signed Letter of Intent for Purchase of Property, 2) the Memorandum of Cooperation by the partnering agencies, 3) the Terms for a Development Agreement with the City of Phoenix, 4) the Design-Build Team Rankings, and 5) the Resolution of Indemnification with Ryan Companies for \$525,000. Ms. Chávez provided background on the project to date. She then reviewed the building size statistics, agency capital costs, the average debt service, and the average total lease payment per agency, and the cost per square foot for each agency.

Mayor Berman asked about the \$32.45 cost per square foot displayed on one of the slides. James Sult, Piper Jaffray, stated that the figure is the annual lease rate per square foot over thirty years, not necessarily the cost per square foot for construction.

Ms. Chávez reviewed the average lease rates downtown, with 2009 rates ranging from \$28 to \$35 per square foot. She said that these rates will undoubtedly increase over time, as projections show 2039 rates in the range of \$47 to \$58 per square foot. Ms. Chávez reviewed the cost allocation estimates to each agency, which were included as Exhibit A in the Memorandum of Cooperation in the agenda material.

Ms. Chávez then proceeded to items recommended for approval: 1) the signed Letter of Intent to purchase property. She said if approved, the landowner will take the property off the market for a

monthly land option cost until close of escrow. Ms. Chávez stated that two payments of approximately \$38,000 each would be split equally among the three partnering agencies to cover payments for December and January.

Ms. Chávez addressed the Memorandum of Cooperation. She said that each partnering agency will contribute \$330,000 toward expenditures to date, which include legal fees, the land option payments through August 2008, and the \$525,000 indemnification with Ryan.

Ms. Chávez addressed the Terms for a Development Agreement with the City of Phoenix (GPLET). She said that this item was on the Phoenix City Council agenda that evening.

Ms. Chávez addressed the Design-Build Team Rankings recommended by the Executive Committee and Building Lease Working Group. She said that following evaluations of their proposals per the Title 34 process, the team ranked McCarthy/DMJM first, Sundt/Smith Group second, and Ryan/RNL third.

Ms. Chávez addressed the Resolution of Indemnification with Ryan Companies for \$525,000. She said that this would provide access to the documents completed by the earlier design team and added that the usage of the information will move the project ahead more quickly.

Ms. Chávez stated that if the Regional Council approved the five items, the next steps would include paying the landowner the two monthly payments of \$38,307 to keep the land off the market, executing the purchase and sale agreement with David Kaye, forming the Regional Office Center LLC, going through the Phoenix IDA application for bond financing, working with the underwriters to identify the financing indicator to realize the best time opportunity to sell the bonds, and working with the Design-Build Team to negotiate the preliminary design and pre-construction services budget of the design build contract. Chair Cavanaugh thanked Ms. Chávez for her presentation.

Chair Cavanaugh recognized public comment from Sherry Rampy, a resident of the Roosevelt Historic District and one of the board members of the Roosevelt Action Association. She said that she also represents the development team restoring 816 and 822 N. Second Avenue and a new building at 814 N. Second Avenue. Ms. Rampy advised that all of these organizations support the Regional Office Center being built in their neighborhood. She commented that the building will enhance the neighborhood and bring in additional economic development. Chair Cavanaugh thanked Ms. Rampy for her comments.

Chair Cavanaugh requested that Mayor Hawker, Chair of the Building Lease Working Group, address the Council on the project. Mayor Hawker noted that this has been a two-year effort, and the re-procurement under Title 34 was a setback. He stated that if Regional Council members looked at this as they would their city hall, it could be an asset. An agency that leases its space moves and leases again and again. He said that one thing to consider is that once a building is owned free and clear, more money can be put into regional operations and plans. Mayor Hawker commented that building a building will allow that at the end of 30 years. He stated that MAG will spend even more money by continuing to lease. Mayor Hawker stated that his analysis showed this is a good business decision. If he were a business investor, he would choose to do this instead of lease. Mayor Hawker challenged MAG, Valley Metro and METRO to streamline operations, combine staff, and save money. He

expressed that because he felt there was a nexus between development, transportation and water, he was disappointed that the Arizona Municipal Water Users Association chose not to join as a partner in the building. He expressed his hope they would reconsider in the future. Mayor Hawker stated that he was totally in favor of the project and added that the Boards of Valley Metro and METRO have agreed. He urged Regional Council members to support the Regional Office Center.

Chair Cavanaugh asked if there was any discussion on the Letter of Intent item. Mayor Berman expressed his appreciation for the hard work done by MAG staff, which presumably had been paid to do the work. He stated his agreement with Mayor Hawker that it is better to purchase than rent, however, he was concerned that this was the wrong property at the wrong price. Mayor Berman commented that real estate prices have been decreasing, not increasing, and he did not think it made sense for agencies to pay someone to keep their property off the market. He stated that location is not what drives the cost of real estate, it is the use. If you cannot build on a property, it is not worth much. Mayor Berman stated that \$144 per square foot is off the chart for real estate and didn't think any municipality would spend that amount for a government building. He added that he was not saying the property was not worth it, he just thought it was very expensive. Mayor Berman stated that the only justification of cost is the allowance for high rise use. He stated that there is abundant land at \$14 to \$16 per square foot and he was not sure the three agencies needed a high rise, anyway. Mayor Berman commented that he thought the costs were extraordinarily high for a public building and land at \$360 per square foot. He advised that he would vote against the building, not that he did not appreciate the work and understand the need, but because the cost of this property is exceptionally high. Mayor Berman commented on the state budget shortfall and the state legislators will be looking at making up that difference. He said that there is already a public perception that the cities are loaded with money. Mayor Berman said that he hoped half of the Regional Council would join him in opposing this project.

Councilmember Neely stated that Mayor Berman's opinion on the building has not changed since day one. She said she appreciated his opinion, but wanted to discuss this process. Councilmember Neely recalled how hard the Building Lease Working Group worked to find a site. She said that Mayor Hawker's outstanding leadership brought together differing opinions. Councilmember Neely stated that MAG currently leases space and will need to decide what to do. She noted that MAG is short of space in the current building and recent discussions revealed that a storage area would need to be converted to accommodate a contemplated staff member. Councilmember Neely stated that the downtown market is currently in a high level of activity. She expressed her concern for not having a signed letter of intent with Mr. Kaye, and noted her appreciation for MAG and legal staff working with him to get this together. Councilmember Neely stated that this project has been thoroughly vetted and the agencies have agreed. She advised that the GPLET was passed by the Phoenix City Council that afternoon and she requested that it be passed contingent upon approval tonight by the Regional Council. Councilmember Neely stated that Mayor Hallman asked for things to be examined and in good faith, that was accomplished. She commented that Phoenix did not try to force the decision that the building should be located in Phoenix, but it ended up there because it should be a regional place for everyone. Councilmember Neely commented on the design build team rankings. She said she was the most skeptical but they worked through the process and the resolution with Ryan addresses concerns regarding indemnification. Councilmember Neely advised that Ryan will be owed money one way or another, and now the drawings can be utilized on the existing project. She commented that sometimes not everyone

is in agreement, but it is time to move forward; MAG is getting a good interest rate and needs to do this. Councilmember Neely requested that members support this and vote for the future.

Councilmember Esser stated his support for the project. He asked for clarification of the payment, which was mentioned as a lump sum payment in the letter of intent and mentioned as time payments in the presentation. Ms. Chávez clarified that the land option payment was different from the purchase price and that the purpose of the land option payment is to keep the land off the market until the close of escrow.

Mayor Schoaf stated that he was relatively new to this process, and had served on the Executive Committee for the past one and one-half years. Over time, his views on the project have changed. Mayor Schoaf stated that he was critical at the beginning because not all of the details had been finalized, but the documents are now in good shape and the agreements are in place. He stated that the question is how this building makes sense for MAG as an organization. Mayor Schoaf stated his agreement with Mayor Berman about the cost of the land and building. He said that the problem was the combination of land and building and what that says to the citizens we represent. Mayor Schoaf stated that today, MAG has 24,000 square feet of space, which is approximately 300 square feet per person. He said that he wondered if this was an appropriate number, so he went to various cities and found that their square footage ran from a low of 240 square feet to 500 square feet, with an average of 300 square feet. Mayor Schoaf noted that he found 300 square feet per person was a good number and was actually being used as a basis by cities for their future plans. He stated that the new building will double the amount of MAG's space, but he has not seen where the amount of MAG staff will double. Also in the building will be a 42,000 square foot conference center just for meetings. Mayor Schoaf commented that what concerns him is MAG paying for all of the meeting space and paying to double the square footage of office space MAG has currently. He stated that he thought that it was not a good plan. Mayor Schoaf expressed that he would oppose approval of the building, because it is too much building and too much cost.

Mayor Sanders departed the meeting.

Mr. Smith stated that an analysis on past growth was done to determine future space needs. He stated that the MAG organization is very lean and conservative, and noted that the transportation division of the Dallas COG alone exceeds the size of the entire MAG organization. Mr. Smith stated that Mayor Schoaf was right, this building is all about meeting space. MAG is the most intensive organization for meetings, but other organizations will also use the meeting space. MAG stepped up and assumed the cost to make this project happen. If that was reconsidered, he was not sure the other partners would be able to participate. Mr. Smith referred to Mayor Berman's question on the construction cost. He said that Al Dreska, a consultant from Parson's/3DI working on the project, examined the costs extensively. Mr. Smith noted that when the cost of \$300 per square foot was given to the Management Committee during a presentation, the committee said if the building could be built for that amount, to go ahead and build it. Mr. Smith stated that as far as the location, it was the Regional Council's decision to select this site that was centrally located. He noted that about 25 sites were considered. Mr. Smith stated that MAG will grow. The region will double in population. Mr. Smith stated that MAG's job is to harness the talent from the cities, towns, county and Indian communities into the decision making process. He commented on how MAG's planning expertise is being used to assist the state. Mr. Smith stated that

a decision is needed on this. He requested that the Regional Council please make a motion to lease if it does not approve the Regional Office Center, because MAG has to move. Mr. Smith advised that Phoenix has told MAG that Phoenix needs this space, and that the lease rate is a very low rate that will not continue. He stated that MAG will have to pay one way or another.

Mayor Badowski stated that he had listened to both sides and more than agreed with Mr. Smith. He indicated his belief that this building could not be overbuilt. MAG will look back in five to seven years and say this was a wise decision.

Chair Cavanaugh asked if there were any questions on the Memorandum of Cooperation.

Mayor Lopez Rogers stated that she wanted to make overall comments on the project. She said that when this project began, she was excited and thought building a building was a good idea. Mayor Lopez Rogers commented that Proposition 400 is now in jeopardy and some projects in the outer years might not get funded. Mayor Lopez Rogers stated that the cost of the building made her uneasy. She said that she had been in a memorandum of cooperation before and that did not work out well. Mayor Lopez Rogers stated that she had voted against the building at the RPTA Board meeting and she would vote against the building tonight.

Chair Cavanaugh asked if there were questions on the Terms for a Development Agreement with the City of Phoenix.

Mayor Berman stated that one thing he appreciated about this project was concessions by the City of Phoenix to make the project work. He asked that his compliments be forwarded on.

Chair Cavanaugh asked if there were questions on the Design-Build Team Rankings recommended by the Executive Committee and Building Lease Working Group: 1) McCarthy/DMJM; 2) Sundt/Smith Group; 3) Ryan/RNL. None were noted.

Chair Cavanaugh asked if there were questions on the Resolution of Indemnification with Ryan Companies for \$525,000.

Mayor Berman stated that he thought the number was lower at the Executive Committee meeting. Marlene Pontrelli, MAG General Counsel on the building, stated that the number originally requested was nearly \$800,000, and was negotiated to \$525,000 with Ryan providing all deliverables, including surveys, plans, and designs. Ms. Chávez noted that the deliverables are noted in the revised Exhibit A in Attachment D of the Settlement Agreement.

Mr. Arnett stated that the building is a well-designed and crafted package. He made a motion to approve the following: 1) Signed Letter of Intent with the landowner to purchase property; 2) Memorandum of Cooperation between MAG, the Regional Public Transportation Authority (RPTA) and Valley Metro Rail (METRO); 3) Terms for a Development Agreement with the City of Phoenix; 4) Design-Build team rankings; and 5) Resolution of Indemnification with Ryan Companies for \$525,000.

Mayor Hawker commented that as the CTOC representative Mr. Arnett was only allowed to vote on transportation issues. He added that he brought this up because he wanted to avoid any controversy over who made the motion.

Councilmember Esser moved approval of the following: 1) Signed Letter of Intent with the landowner to purchase property; 2) Memorandum of Cooperation between MAG, the Regional Public Transportation Authority (RPTA) and Valley Metro Rail (METRO); 3) Terms for a Development Agreement with the City of Phoenix; 4) Design-Build team rankings; and 5) Resolution of Indemnification with Ryan Companies for \$525,000. Mayor Barrett seconded. The motion passed, with Mayor Berman, Mayor Lopez Rogers, and Mayor Schoaf voting no.

Mayor Hallman announced that he needed to leave the meeting for another board meeting. He expressed his appreciation for the opportunity to participate.

Councilmember Neely stated that Mayor Hawker ought to be thanked for the extensive hours of work on this project and leadership provided during the process. The Regional Council applauded Mayor Hawker.

Mr. Smith stated that it would have been easier for only MAG to build a building, but instead tried to do this for all of the region. He thanked the Regional Council for their vote.

10. Comments from the Council

An opportunity will be provided for Regional Council members to present a brief summary of current events. The Regional Council 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.

President Bear submitted a letter for the record that expressed the concern of Fort McDowell community regarding a wastewater treatment plant. Mr. Smith noted that if action is taken on this request for a 208 amendment, the item could be before the Regional Council in January.

Chair Cavanaugh encouraged members to attend the annual Continuum of Care luncheon on January 7, 2008. Mr. Smith noted that the keynote speaker is an expert on Appreciative Inquiry, which is an approach to addressing challenges in a positive manner.

There being no further business, the Regional Council meeting adjourned at 7:00 p.m.

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Chair

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Secretary