

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL EXECUTIVE COMMITTEE MEETING
January 9, 2006
MAG Offices
302 North 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Keno Hawker, Mesa, Chair
Mayor Woody Thomas, Litchfield Park,
Vice Chair
Mayor Mary Manross, Scottsdale, Treasurer
Mayor Wendy Feldman-Kerr, Queen Creek

* Mayor Phil Gordon, Phoenix
Mayor Joan Shafer, Surprise
Mayor James M. Cavanaugh, Goodyear

* Not present

Participated by videoconference or telephone conference call

1. Call to Order

The Executive Committee meeting was called to order by Chair Keno Hawker at 12:08 p.m.

Chair Hawker 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.

2. Call to the Audience

Chair Hawker noted that according to MAG's public comment process, members of the audience who wish to speak are requested to fill out the public comment cards. He stated that there is a three minute time limit. Public comment is provided at the beginning of the meeting for 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 Hawker stated that there were no public comment cards received.

3. Approval of Consent Agenda

Chair Hawker stated that public comment would be heard before action was taken on the consent items. Each speaker is provided with a total of three minutes to comment on the consent agenda. After hearing public comments, any member of the Committee can request that an item be removed from the consent agenda and considered individually. Chair Hawker stated that agenda items #3A and #3B were on the consent agenda, and #3C was removed from the consent agenda. Chair Hawker stated that there were no public comment cards received.

Mayor Feldman-Kerr moved to approve consent agenda items #3A and #3B. Mayor Thomas seconded, and the motion carried unanimously.

3A. Approval of the November 14, 2005 Executive Committee Meeting Minutes

The Executive Committee, by consent, approved the November 14, 2005 meeting minutes.

3B. MAG Continuum of Care Regional Committee on Homelessness Katrina Disaster Administering Agency Recommendation

The Executive Committee, by consent, approved the MAG Continuum of Care Regional Committee on Homelessness Executive Committee's recommendation of the City of Phoenix to be named as the region's Katrina Disaster Housing Assistance Program (KDHAP) Administering Agency (KAA). The Federal Emergency Management Agency (FEMA), through a Mission Assignment, has tasked the Department of Housing and Urban Development (HUD) to assume a major role in Hurricane Katrina relief efforts. HUD implemented the Katrina Disaster Housing Assistance Program (KDHAP) to achieve housing stability for certain special needs populations of evacuees. To meet these needs, HUD is supplementing housing search and rent subsidy assistance with housing stabilization assistance. HUD has recommended that the MAG region appoint a KDHAP Administering Agency (KAA). The KAA will be responsible for overall management of HUD funds for eligibility verification, housing search and housing stabilization for qualified persons who were left homeless due to the hurricane. HUD requires that a human services agency act as the KAA and be nominated by its local Continuum of Care Committee.

3C. Status Update on the June 30, 2005 Single Audit and Management Letter Comments, MAG's Comprehensive Annual Financial Report (CAFR) and OMB Circular A-133 Reports (i.e., "Single Audit") for the Fiscal Year Ended June 30, 2005

The public accounting firm of Deloitte & Touche LLP has completed the audit of MAG's Comprehensive Annual Financial Report (CAFR) and Single Audit for the fiscal year ended June 30, 2005. The firm's opinion is being completed and will be forwarded to the MAG office.

This agenda item was removed for the consent agenda due to not receiving the public accounting firm's opinion until later in January. This item will be on the February Executive Committee agenda.

4. Particulate Pollution Update

Lindy Bauer updated the members on particulate pollution. Ms. Bauer stated that the 43rd Avenue site has had 13 exceedances of the 24 hour PM-10 standard since April 4, 2005. The Durgano site also had 13 exceedances since November 3, 2005. She noted that the region was experiencing stagnant weather conditions. The EPA allows no more than three exceedances per monitor over a three year period for the PM-10 24-hour standard. Ms. Bauer stated that it appears that MAG will need to initiate the preparation of a Five Percent Plan for submission to EPA by December 31, 2007. She noted that Five Percent Plan would take two years to complete. The Plan must show a reduction in PM-10 emissions of five percent per year until the standard is attained. This Five Percent Plan is required to be based upon the most recent emissions inventory. Ms. Bauer explained that every monitor in the nonattainment area must have clean data in 2006, 2007 and 2008 in order to attain the standards at the monitors. She added that sanctions would be imposed for failure to submit a plan, failure to implement any plan requirement, failure to make any required

submission and if EPA disapproved the plan. Ms. Bauer noted that if the region fails to meet the standards at the monitors, additional measures to reduce emissions by five percent per year would be needed until attainment is met. In addition, EPA advised looking at their new particulate standards, which were proposed on December 20, 2005. EPA has proposed revoking the 24-hour PM-10 standard except in areas with violating monitors and a population of 100,000. She noted that EPA will not revoke the 24-hour PM-10 standard to areas like Maricopa until 2013. Ms. Bauer stated that it is important that the region attain the 24-hour PM-10 standard as quickly as possible

Ms. Bauer noted some observations at monitors have been by ADEQ, Maricopa County and MAG. She also noted that representatives from Phoenix, Maricopa County, and MAG met to step up dust control efforts in hotspot areas by implementing a daily street sweeping pilot test, dust suppressants on unpaved shoulders, police enforcement for speed limits and parking and passing on shoulders. Ms. Bauer stated other recent actions include an inquiry on ADEQ enforcement of agricultural measures, information on potential PM-10 industrial sources in hotspot areas was provided to the Arizona Rock Products Association, the Peoria approach for dust control was sent to the MAG member agencies, and a workshop on model dust control ordinance will be scheduled for late January. She then updated the members on the status of the Maricopa County Dust Control Program. Maricopa County has filled seven out of the 10 vacant positions.

Mayor Manross stated that the City of Scottsdale has a similar ordinance to Peoria. She discussed the importance of eliminating exceedances at the 43rd Avenue and the Durango sites. Mayor Manross asked how we address that aggressively. Ms. Bauer replied that the two sites are near to another. She noted that MAG is working with Maricopa County and Phoenix to reduce the number of exceedances, such as addressing unpaved shoulders. Ms. Bauer stated that the EPA has indicated that there may be legal challenges to the new coarse particulate standard. Mr. Smith stated that all of Rule 316 is not being enforced because of litigation. Mayor Manross stated that is a huge part of the problem. Mr. Smith stated that the stakeholders meeting will consider a model ordinance and best practices. He noted that cities can do all they can, but those two monitors still need to be brought under control. Mayor Shafer asked who controls enforcement on the sites and gravel operations. Ms. Bauer replied that Maricopa County controls the Rule 316 permits.

Chair Hawker distributed copies of Mesa's ordinance. He noted that Mesa will be revising their ordinance, as well as cross training people. He also noted that we may want to consider a public campaign, such as the tail pipe emissions reporting. Chair Hawker stated that he is not comfortable leaving this as it is now. He stated that this is not acceptable and asked what can be done. Ms. Bauer suggested following through with Rock Products and working on the sites where the monitors are in exceedances. There are already several region-wide measures in place. Chair Hawker asked if MAG, as an organization, could do anything. Ms. Bauer stated that MAG can support efforts underway by Maricopa County and the City of Phoenix. She noted that the County asked for assistance from the cities at the December 2005 Regional Council meeting. She also stated that Rock Products should be at the table. Mayor Cavanaugh stated that the rules seem to exempt the agricultural community. Ms. Bauer replied that the agricultural communities are not totally exempt from regulation. She noted that the Legislature required the Arizona Department of Environmental Quality to come up with Best Management Practices for agriculture. These best management practices are included in the revised MAG 1999 Serious Area Particulate Plan for

PM-10. Ms. Bauer also stated that for the Five Percent Plan, all sources will be on the table. Chair Hawker thanked Ms. Bauer for her report.

5. Discussion of the Development of the FY 2007 MAG Unified Planning Work Program and Annual Budget

Dennis Smith reported that each year, the Unified Planning Work Program and Annual Budget is developed in conjunction with member agency and public input. He noted that the Work Program is reviewed each year by the federal agencies in the spring and approved by the Regional Council in May. Mr. Smith reviewed the draft Dues and Assessments and the proposed budget production timeline. He noted that the budget workshop is scheduled for February 16, 2006. Mr. Smith also stated that the annual dues and assessments are apportioned according to per capita populations and are increased using the inflation factor for the MAG Regional Freeway System for FY 2007, which is seven percent. Mr. Smith stated that the difference between the dues from last year and the dues this year is approximately \$39,000. Chair Hawker thanked Mr. Smith for his update.

6. Update on Construction Costs and Possible Impact on the ADOT Life Cycle Program

Eric Anderson reported on the Challenge of Construction Forum held on January 6, 2006. He noted that some of the problems identified were that construction costs have increased 20 to 50 percent over the past year. He stated that due to the growth in the state and region, there have been high levels of activity. Mr. Anderson reported that there are shortages in commodities, such as cement and steel, while the price in these commodities continues to increase. He reported that attendees of the forum agreed that there is a high level of volatility and uncertainty in the industry. Another concern is the bidding process. He noted that there are fewer bidders and the bids are coming in higher. Mr. Anderson gave examples of the increased cost of materials. He noted that cement in August 2005 was \$100 per ton, which increased to \$117 per ton in October. The current bid for cement is \$180 per ton. He explained that steel in 2003 was \$.55 per pound, \$.91 per pound in 2004 and \$1.03 in 2005. Mr. Anderson stated that aggregate for concrete has increased 30 percent in the past year, along with increased processing and hauling costs and reduced availability of sources.

Mr. Anderson gave an example of the impact on project costs. He noted that the Red Mountain Freeway from Power to University had a program estimate of \$144 million. ADOT received two bids and the new estimate was 48 percent higher at \$213 million. He reported that schools, housing and commercial projects are experiencing the same effects. Mr. Anderson then reported on commodity issues. He noted that Arizona produces substantially less than the state demands in cement. Arizona produces 50 to 75 percent of its needs. He also noted that Arizona has problems in its capacity to expand, mainly due to permitting and mining leases. In addition, Arizona has issues in its capacity to transport the commodity. Mr. Anderson noted that there are also issues with aggregate, petroleum, steel, lumber and PVC conduit.

Mr. Anderson stated that forum attendees agreed that there are problems with labor shortages. He noted that with the high level of construction in the state, there is a lack of available skilled and unskilled labor. He also reported that there is a 40 percent turnover of workers in the

industry. It was also mentioned that there is a lack of adequate apprenticeship and training programs in the state and a lack of management talent in companies.

Mr. Anderson reviewed the summary of solutions as a result of the construction forum. He noted that there is no “silver bullet” solution and that these issues will need to be addressed in multiple ways. He noted that each suggested solution carries with it other issues. Mr. Anderson stated that one solution could be to share the risk for cost and schedule changes. This would shift some of the risk to the public sector. He reported that it was also suggested to reduce the need for “special” materials. Mr. Anderson stated that another potential solution would be to market the metropolitan and state construction activity nationally to expand the pool of bidders. He stated that dealing with the cement shortage by relieving the duty on Mexican cement, negotiating supply agreements and modifying the liquidated damages clause in contracts was also discussed. Mr. Anderson stated the managing the Life Cycle Program is also very important. He noted that \$150 million worth of projects may need to be moved out of 2006 into 2007, which is 25 percent of the program. He also reported that sales tax revenues are up, but will not eliminate the problem. Mr. Anderson noted that the next step is to present this information to the Transportation Policy Committee (TPC), meet with ADOT on the impacts on the program and make recommendations to the TPC on balancing the program.

Chair Hawker asked, in regards to cost index on cement, how would you model the programs with that type of uncertainty. Mr. Anderson replied that we would have to look at cost risk that the public sector would have and try to quantify that. Chair Hawker stated if there is a commodity futures market that you could hedge against future cost increases. Mr. Anderson replied that hedging schemes was a suggested solution. He noted that the public sector has not typically been very good at hedging, but airlines have used it in the past to offset fuel costs.

Mayor Cavanaugh asked who is recommending moving \$150 million worth of projects. Mr. Anderson replied that the CFO at ADOT makes that recommendation. Mayor Cavanaugh suggested that if we are modifying the Plan to this extent, we need more than just the recommendation of the CFO at ADOT. He stated that the Governor should be aware that \$150 million worth of projects may be delayed. He noted that there may be other funds available to ADOT for the Plan. Mr. Smith suggested that a discussion take place with ADOT regarding briefing the Governor’s office between now and the next TPC meeting. Chair Hawker suggested also including a listing of the projects within that \$150 million.

7. Homeless Planning Strategies

Chair Hawker introduced David Smith, Maricopa County Manager. David Smith addressed the committee on the support for the Human Service Campus, as well as the other funding streams for housing options and supported services. Mr. Smith stated that ideas have been discussed to establish a multi-source, permanent funding stream that is not dependent on state and local government funds, with which to build/purchase permanent housing options and supportive services. He explained the potential sources include revenue generated from the sale of naming rights and utilization of vacant Maricopa County land parcels. Front Row Marketing Services was awarded a consultant contract to provide municipal marketing services to analyze and develop incremental revenue streams for Maricopa County. Mr. Smith noted that Front Row has been successful across the nation in developing corporate and philanthropic sponsorships in the

community, establishing marketing programs and raising millions of dollars to support community program and new facilities. He also discussed using Industrial Development Authorities as a financing tool and exploring the possibility of the Authorities loaning their own funds at below market rates.

Chair Hawker commented on the tastefulness and standards when it comes to the participation of government agencies. Mayor Manross stated that Scottsdale developed a naming rights policy that is very conservative. She explained that cities need to be careful not to exploit. Chair Hawker agreed and stated that the County may not have the problems that cities would have with municipal marking. David Smith noted that this could help to free up money for cities and town for other issues. Dennis Smith stated that the County is still requesting money for the public sector to help complete the Human Services Campus. He noted that this agenda item will move forward to the Management and Regional Council this month. Chair Hawker thanked Mr. Smith for his report.

8. Local Government Partnership to Address Crime Prevention

David Smith reported on the Maricopa County Crime Prevention Plan and the local government partnership to address crime prevention. He explained that with the increasing cost in the criminal justice system for enforcement, adjudication, and corrections, Maricopa County is exploring the possibility of working with local government stakeholders to cooperatively address crime prevention efforts. Mr. Smith stated that the 1/5 cent sales tax approved by voters in 1998 allows for capital building projects associated with criminal justice. He noted that the average daily population in jail has increased 32 percent from an average of 7,557 inmates in FY 2002 to an average of 9,976 inmates in FY 2006 through November 2005. The average length of stay in jail has increased 23 percent from 23.8 days in FY 2002 to 29.3 day in FY 2006 through November 2005. Mr. Smith stated that the financial and societal costs are staggering with the budget for the Justice System agencies for Maricopa County at \$575 million or 22 percent of the total budget. He added that felony convictions and incarceration can lead to loss of jobs, loss of benefits and disintegrated ties to family and friends.

Mr. Smith listed some examples of current crime prevention efforts. He noted that the County established a Citizens Jail Oversight Committee, updated the 1997 Jail Master Plan, established a Five Year Strategic Plan and a Juvenile Probation Community Collaboration. He explained that future crime prevention ideas to be explored for FY 2007 include: more community collaborations; MAG Crime Prevention Task Force; additional substance abuse treatment, especially for methamphetamine addictions; housing alternatives to jail; new County funding for proven crime prevention program; evidence-based programming and County jail discharge planning. Mr. Smith stated that the County is requesting assistance in the implementation of a task force to develop crime prevention programs and alternative strategies.

Mayor Thomas asked why substance abuse treatment is low on the list when 60 percent of the inmate population is due to drugs. David Smith replied that it must be addressed because this is what creates the chronically ill. Mayor Cavanaugh stated that some cities have gangs while other do not. He noted that it is Goodyear's objective to continue to have no gangs. He asked if the County could help in any way with this objective. David Smith replied that the County could

help. He noted that the establishment of gangs depends on the risk factors versus the protection factors. The risk factors include drop out and teen pregnancy rates, while the protection factors includes stable homes, graduation rates and whether a city has a boys and girls club. Mr. Smith stated that he will have someone contact the City of Goodyear. Dennis Smith stated that the idea is for the County to launch an effort to establish a task force, which includes local jurisdictions, to work together to develop crime prevention programs and alternative strategies. Chair Hawker thanked David Smith for his report.

9. Annual Performance Review of the MAG Executive Director

The employment agreement entered into with the MAG Executive Director in January 2003 provided that the Executive Committee conduct an annual performance review in consultation with the Regional Council. On November 14, 2005, the Executive Committee agreed to move forward with the evaluation survey for the MAG Executive Director's performance review. As part of the evaluation, the goals/work emphasis areas and results for the past year are included, along with the proposed goals/work emphasis areas for the coming year.

On November 18, 2005, the survey was sent to the members of the Regional Council to receive their input on the review. A survey was also sent to the members of the Executive Committee. The results of the completed surveys were summarized and distributed to the Executive Committee.

Mayor Thomas moved to recess the meeting and go into executive session to discuss personnel matters relating to the MAG Executive Director's review and salary. Mayor Shafer seconded, and the motion carried unanimously.

The Executive Committee reconvened to take action regarding the review and make a salary determination. Mayor Thomas moved to increase the MAG Executive Director's salary from \$160,000 to \$170,000 annually, effective January 1, 2006. Mayor Shafer seconded, and the motion carried unanimously.

10. Adjournment

Mayor Shafer moved to adjourn the Executive Committee meeting. Mayor Cavanaugh seconded, and the motion carried unanimously.

There being no further business, the meeting was adjourned at 1:38 p.m.

Chair

Secretary