

April 7, 2014

TO: Members of the MAG Regional Council Executive Committee

FROM: Mayor Scott Smith, City of Mesa, Chair

SUBJECT: MEETING NOTIFICATION AND TRANSMITTAL OF TENTATIVE AGENDA FOR
THE MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE

Monday, April 14, 2014 - 12:00 Noon
MAG Office, Suite 200 - Ironwood Room
302 North 1st Avenue, Phoenix

A meeting of the MAG Regional Council Executive Committee has been scheduled for the time and place noted above. Members of the Committee may attend the meeting either in person or by telephone conference.

Please park in the garage under the building. Bring your ticket to the meeting, parking will be validated. For those using transit, the Regional Public Transportation Authority will provide transit tickets for your trip. For those using bicycles, please lock your bicycle in the bike rack in the garage.

Pursuant to Title II of the Americans with Disabilities Act (ADA), MAG does not discriminate on the basis of disability in admissions to or participation in its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Denise McClafferty at the MAG office. Requests should be made as early as possible to allow time to arrange the accommodation.

If you have any questions regarding the Executive Committee agenda items, please contact me at 480-644-2388. For MAG staff, please contact Dennis Smith, MAG Executive Director, or Denise McClafferty, Regional Program Manager, at (602) 254-6300.

MAG EXECUTIVE COMMITTEE
TENTATIVE AGENDA
APRIL 14, 2014

COMMITTEE ACTION REQUESTED

1. Call to Order

The meeting of the Executive Committee will be called to order.

2. Call to the Audience

An opportunity will be provided to members of the public to address the Executive Committee 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. Members of the public will be requested not to exceed a three-minute time period for their comments. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the Executive Committee requests an exception to this limit. Please note that those wishing to comment on action agenda items will be given an opportunity at the time the item is heard.

2. Information and discussion.

ITEMS PROPOSED FOR CONSENT*
BY THE EXECUTIVE COMMITTEE

*3A. Approval of the March 17, 2014 Executive Committee Meeting Minutes

*3B. On-Call Consulting Services Selection for Travel Survey - Data Application

The fiscal year (FY) 2014 MAG Unified Planning Work Program and Annual Budget, approved by the MAG Regional Council in May 2013, includes includes \$4,500,000 for a three-year project, On-call Consulting Services for Travel Survey - Data Application. The main purpose of the project is to collect regional travel survey data from residential households and non-residential establishments within the same time frame for the purpose of re-calibrating and improving regional travel forecasting models, updating regional travel forecast, and providing information required for a variety of planning applications at MAG and MAG

3A. Approval of the March 17, 2014 Executive Committee meeting minutes.

3B. Recommend approval of the list of on-call consultants for Area of Expertise A (Regional Travel Surveys): Cambridge Systematics, Inc., Parsons Brinckerhoff, Inc., Texas A&M Transportation Institute, Westat Inc. For Area of Expertise B (Data Application, Data Analysis and Model Development): Arcadis U.S., Inc., Caliper Corporation, Cambridge Systematics, Inc., Parsons Brinckerhoff, Inc., Westat Inc. . For Area of Expertise C (Traffic and Infrastructure Data Collection and Data Management): American Transportation Research Institute, Cambridge Systematics, Inc., Midwestern Software Solutions, LLC, Traffic Research & Analysis, Inc., for a total amount not to exceed \$4,500,000.

member agencies. A request for qualifications was advertised on January 30, 2014, for technical assistance in three areas of expertise: (A) Regional Travel Surveys, (B) Data Application, Data Analysis and Model Development and © Traffic and Infrastructure Data Collection and Data Management. Ten proposals were received by the February 28, 2014, deadline. On March 18, 2014, the multi-agency evaluation team met and recommended consultants to MAG to perform the technical assistance. Please refer to the enclosed material.

ITEMS PROPOSED TO BE HEARD
BY THE EXECUTIVE COMMITTEE

4. Discussion of the Development of the FY 2015 MAG Unified Planning Work Program and Annual Budget

Each year, the MAG Unified Planning Work Program and Annual Budget is developed incrementally in conjunction with member agency and public input. The Work Program is reviewed each year by the federal agencies and approved by the Regional Council in May. This presentation and review of the draft FY 2015 MAG Unified Planning Work Program and Annual Budget represents the budget document development to date. The elements of the budget document are about 60 percent complete and updates to the draft budget document are included with this item. The Intermodal Planning Group meeting which is a budget review by our federal partners (Federal Highway Administration and Federal Transit Administration) was held on March 28, 2014 and informal comments from this meeting are included. Final approval of the Draft MAG Unified Planning Work Program and Annual Budget is scheduled for the May meetings of the Management Committee, Executive Committee and Regional Council. Please refer to the enclosed material.

4. Information and input on the development of the fiscal year (FY) 2015 MAG Unified Planning Work Program and Annual Budget.

5. Information on the Development of a Fund Balance Policy

In the March 17, 2014 Executive Committee meeting, staff was requested to provide a draft guidance document addressing fund balance. The Executive Committee recommended that the guidance include guidance similar to the best practice recommendations made by the Government Finance Officers Association (GFOA) for fund balance. This presentation provides information for discussion and input on development of a MAG Fund Balance guidance document that also includes draft options when fund balance amounts are either over or under recommended amounts. Please refer to the enclosed material.

6. Arizona Mexico Commission Summer Plenary Session

The Arizona-Mexico Commission (AMC) is Arizona's premier cross-border nonprofit organization with a long-standing tradition of promoting mutual prosperity between Arizona and Mexico. On June 19-20, 2014 at the JW Marriott Camelback Inn, the AMC will host its annual Summer Plenary Session themed "Arizona & Sonora: Evolution of a Region." Each year, MAG sponsors the AMC Summer Plenary Session at \$2,500. This year the "Gala Dinner Table Sponsor" provides a reserved table for 10 at the Gala Dinner; one (1) all event complimentary registration; additional plenary registrations at \$300 member rate; and the company name on the Gala Dinner table.

It was suggested by AMC staff that MAG consider becoming an AMC Silver Sponsor at \$5,000. This replaces the Business Membership MAG currently holds. Becoming a Silver Sponsor will provide six (6) AMC memberships; a company listing on the AMC website and Catalyst magazine; annual sponsor recognition; three complimentary

5. Information, discussion and input.

6. Information, discussion and input.

registrations and a free booth opportunity at the Arizona Plenary. Staff will provide a brief update.

7. Update on the Desert Peaks Awards

The Desert Peaks Awards were created in 1998 as a means of recognizing agencies and individuals who have demonstrated a commitment to promoting, recognizing, and attaining the ideals of regionalism. The Desert Peaks Awards are held on a biennial basis and will be held following the Annual Meeting on June 25, 2014, at the Sheraton Phoenix Downtown Hotel, 340 North 3rd Street, Phoenix, AZ 85004. Staff will provide an update on nominations received, judging panel selection, and sponsorships received to date.

8. Request for Future Agenda Items

Topics or issues of interest that the Executive Committee would like to have considered for discussion at a future meeting will be requested.

9. Comments from the Committee

An opportunity will be provided for the Executive Committee members to present a brief summary of current events. The Executive 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.

Adjournment

7. Information and discussion.

8. Information.

9. Information.

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE

March 17, 2014

MAG Offices, Ironwood Room
302 N. 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Scott Smith, Mesa, Chair	#Mayor Gail Barney, Queen Creek
Mayor Michael LeVault, Youngtown, Vice Chair	Mayor Marie Lopez Rogers, Avondale
Mayor W.J. “Jim” Lane, Scottsdale, Treasurer	Mayor Lana Mook, El Mirage
	*Mayor Greg Stanton, Phoenix

* Not present

Participated by video or telephone conference call

1. Call to Order

The Executive Committee meeting was called to order by Chair Smith at 12:06 p.m.

2. Call to the Audience

Chair Smith stated that according to the MAG 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 Smith stated no comment cards had been received.

3. Approval of Executive Committee Consent Agenda

Chair Smith noted that prior to action on the consent agenda, members of the audience are provided an opportunity to comment on consent items that are being presented for action. Following the comment period, committee members may request that an item be removed from the consent agenda.

Chair Smith requested a motion to approve the consent agenda. Mayor Lane moved to approve consent items #3A-#3C. Mayor LeVault seconded the motion and the motion carried unanimously.

3A. Approval of the February 18, 2014 Executive Committee Meeting Minutes

The Regional Council Executive Committee, by consent, approved the February 18, 2014 Executive Committee meeting minutes.

3B. Approval of Transit Planning Agreement

The Regional Council Executive Committee, by consent, recommended approval of the transit planning agreement (MOU) to be forwarded to the Federal Transit Administration and included in the FY 2015 MAG Unified Planning Work Program and Annual Budget.

The current Transit Planning Agreement was approved by Regional Council in March 2010 and signed by all parties in April 2010. Since then, a new federal transportation authorization bill, Moving Ahead for Progress in the 21st Century (MAP-21) was signed into law in July 2012, which has changed requirements for regional transportation planning. Valley Metro, MAG, and the City of Phoenix have been working on revising the Transit Planning Agreement to meet the new federal requirements since August 2013. The revisions include clarifications regarding transit representation on MAG Committees, regional transit planning coordination roles, inclusion of the Regional Programming Guidelines for Federal Transit Formula Funds in the programming process, acknowledgment of new funding sources, inclusion of the public hearing requirements, and new sections on performance measurement, safety plans & asset management, Title VI as required under MAP-21.

3C. Amendment to the FY 2014 MAG Unified Planning Work Program and Annual Budget to Accept Funding to Develop an Early Literacy Mapping Pilot Project with Read On America

The Regional Council Executive Committee, by consent, approved to accept the \$40,000 grant from Virginia G. Piper Charitable Trust and approved to amend the FY 2014 MAG Unified Planning Work Program to develop an early literacy map in partnership with Read On America.

On March 10, 2014, a \$40,000 grant from Virginia G. Piper Charitable Trust was awarded to Regional Community Partners to develop an early literacy map. The grant will support development of an interactive map with corresponding charts, tables, and training materials for Maricopa County and Pinal County that includes Census demographic data, school data, and indicators identified and provided by Read on Arizona. This item is to accept this \$40,000 grant and approve an amendment to the MAG FY 2014 Unified Planning Work Program and Annual Budget (UPWP) to develop an early literacy map in partnership with Read On Arizona.

4. Discussion of the Development of the FY 2015 MAG Unified Planning Work Program and Annual Budget

Rebecca Kimbrough, MAG Fiscal Services Manager, stated that MAG's draft Unified Planning Work Program and Annual Budget for FY 2015 was on the agenda for information and discussion. She added that the MAG budget is presented incrementally each year from January

through May and that the detailed draft budget is about sixty percent complete. Ms. Kimbrough stated that this month she was presenting the draft budget documents, including the detailed work program, program narratives and the estimated budget amounts for each project and program, and the Programs In Brief summary of new projects proposed for FY 2015.

Ms. Kimbrough stated since the draft budget was presented to the committee last month, MAG has added one new project called the Onboard Survey of Transit Users. She added that this project is a joint project with Regional Public Transportation Authority (RPTA), and the project will perform a detailed survey of transit users to determine rider characteristics and that this information feeds into the MAG travel demand model. Ms. Kimbrough noted the FY 2015 budget will be reviewed at the Intermodal Planning Group meeting scheduled on March 28, 2014. She stated that this budget review is conducted by the Federal Highway Administration and the Federal Transit Administration. Other partners invited to attend the review are the Environmental Protection Agency, City of Phoenix, RPTA, Valley METRO, ADOT and the Arizona Department of Environmental Quality. She added that any comments from the meeting will be presented back to this committee.

Chair Smith thanked Ms. Kimbrough for her presentation and asked if there were any comments or questions from the committee. There were none.

5. Information on the Development of a Fund Balance Policy

Rebecca Kimbrough, MAG Fiscal Services Manager, stated that at the last committee meeting, staff was requested to provide policy options for maintaining the MAG fund balance. The committee felt that a fund balance policy should be created in consideration of unanticipated events that could affect the financial condition of MAG. She added that the committee also requested that staff provide the minimum amounts for MAG Dues and Assessments that would keep MAG whole, and provide information on the programs that are paid for out of dues and assessments. Ms. Kimbrough stated that a memorandum was provided to committee members with the information for discussion on the development of a MAG Fund Balance Policy and information on amounts needed for MAG Dues and Assessments.

Ms. Kimbrough stated that expenses that are covered at MAG by undesignated fund balance and are items considered, for the most part, unallowable under federal cost principles. These costs are for items such as retreats and meetings that are not associated with federal eligible projects such as those meetings for the intergovernmental representatives, staff meetings, the lobbying portion of costs associated with membership dues for staff, and costs over the assessment amount of the projects that are paid for with assessment funding. She stated that costs associated with the direct purchase of capital items do affect cash flow, although the capital purchase costs are recovered in following years through depreciation expenses, which are recaptured each year over the life of the asset.

Ms. Kimbrough stated that the Government Finance Officers' Association (GFOA) recommends, as a best practice, that a fund balance policy be in place and that adequate levels

of fund balance to mitigate a cash flow shortage be maintained. She indicated that adequate levels at MAG are considered to be about two to three months of expenditures, depending on the revenue collection time frame. She stated that considering the level of current MAG expenditures, to meet this goal, undesignated fund balance would be between \$3.9 and \$5.8 million. The GFOA also recommends as a best practice that the policy should address a situation for an entity that drops below a targeted fund balance, and that it be replenished within a three-year period. She noted that these best practices are recommended, but not required.

Ms. Kimbrough provided and explained four options for consideration in setting a fund balance policy for unassigned funds at MAG. These options included in Option 1: MAG can maintain a minimum unassigned fund balance in its General Fund ranging from [xx] percent to [xx] percent of [the prior year's expenditures and outgoing transfers]. This minimum fund balance would be set at a percentage needed to protect against cash flow shortfalls related to the timing of projected revenue receipts for a period of [xx] months as determined by the Executive Committee. The majority of funding at MAG is received on a cost reimbursement basis that can take up to 90 days and typically takes about 60 days for the reimbursement to be posted by MAG, so in order to ensure necessary cash flow according to this policy, the target amount for General Fund balance would need to be set for a two to three month period. Using the prior year's expenses on the financial statements, the General Fund balance is currently at \$4,153,229 and expenses are \$23,587,941. The General Fund balance is currently about 17.6 per cent of prior year expenses. Using a period of two months expenses as a target, the General Fund balance target would be set at about \$3.9 million or about 16.5 percent, and using three months' expenses as a target, the General Fund balance would be set at about \$5.8 million or about 24.6 per cent of expenses. Current practices have shown that a General Fund balance somewhere between these two percentages has worked for MAG in the past in managing cash flow.

Option 2: MAG can maintain no fund balance in its General Fund and do a call to members on an emergency assessment basis when necessary. Or, under this scenario, in place of calling members on an emergency basis, MAG could set up a line of credit. As shown in Attachment A, certain special assessments do not cover the costs of the project and member dues are used to cover these costs. A reconciliation of the special assessment expenses could be completed at the end of each fiscal year that would result in MAG proposing an increase of assessments for the next fiscal year in order to fund projects covered by assessments at 100 percent. (Under this option, this amount would not be determined until November upon completion of the financial audit.);

Option 3: MAG can maintain a small General Fund balance to cover a smaller percentage than option 1 with a call to the members for anything over that percentage. (This is a combination of the above two options.);

Option 4: MAG can cut back or eliminate programs that are funded from assessments.

Ms. Kimbrough stated that upon determining a fund balance policy, the committee may also wish to consider procedures for replenishing fund balance deficiencies and procedures for

surplus amounts of fund balance if a fund balance target amount is set. Or, alternatively, if it is decided to not set a fund balance goal, amounts charged for dues and assessments could be set to vary each year depending on the prior year program costs. Ms. Kimbrough also provided documentation showing the minimum dues and assessments costs as well as the estimates for FY 2014 and 2015. The documentation provided the breakdown of the costs by program area for the fiscal years since MAG Dues and Assessments were reduced beginning in FY 2010 through actual costs for FY 2013. She added that the FY 2014 and proposed FY 2015 MAG Dues and Assessments revenues were also provided, as well as the estimates for FY 2014 and FY 2015 costs. Mr. Smith added that the special assessment programs are causing some of the issues and discussed the Solid Waste Committee assessment, the 911 assessment, and Human Services Planning and Homelessness Planning assessments, all of which are currently drawing from dues. He suggested that at the end of each year, this committee could review what items did not pay for themselves so that this body could decide what the appropriate action should be moving forward.

Chair Smith stated that he appreciates all the work Ms. Kimbrough has done. He added that there are really two issues. One is a fiscal policy issue and the other is a budgeting issue. The fiscal policy issue is that MAG has never had a formal fund balance policy. Having a formal policy will force action on the underfunded issues and how we allocate monies and deal with assessments. Mayor Lane stated that if there is an element of risk on how we make these assessments and determine the revenues that we received off these assessments versus our projected expenditures that we do not have a control over, it does run into a possible need of a reserve. He asked how MAG forecasts the revenues to be received on these special assessments versus the costs. Mr. Smith stated that special assessments were initially set up at the 100 percent level, it was when dues were cut to the 50 percent level when MAG ran into trouble. Mayor Lane asked that when MAG cut the revenue coming in through the dues, were modifications made in the expenditures. Mr. Smith stated that for the past five years, the remainder came from the reserves and now it is just too low. Mayor LeVault asked, based on the documentation received, does the FY 2015 projection that shows a surplus after the dues have been restored to 100 percent. Ms. Kimbrough stated that was correct. Mayor LeVault added that from his position he would be in favor of injecting as much stability into the system as we can to prevent any major problems.

Chair Smith stated that the question remains on how much in the reserves will this body hold. He added that the reason why we wanted this reserve was primarily to support the cash flow situation, because most of the activities, especially with the federal governments on a 60-90 day reimbursement schedule. The other is like a contingency balance to handle regular cash flow discrepancies. Mr. Smith stated that sometimes federal funds do not cover all of the costs, such as the Brookings expenses, which meant that \$75,000 came out of the dues that took this fund balance down.

Chair Smith stated that perhaps the fund balance policy could be a minimum of two or three months of operating costs to handle regular cash flow discrepancies and a half percent to cover contingencies, or as a policy, we allow ourselves to dip into the cash flow with the

understanding it has to be made up. With no other questions or comments from the committee, Chair Smith requested that Ms. Kimbrough prepare a two-part policy guideline to present at the next meeting.

6. Annual Performance Review of the MAG Executive Director

Mayor Lopez Rogers moved that the Executive Committee go into executive session regarding the annual performance review of the MAG Executive Director. Mayor Lane seconded the motion and the motion carried unanimously. The meeting went into executive session at 12:36 p.m. The Executive Committee reconvened regular session at 12:58 p.m.

7. Possible Action on the Annual Performance Review of the MAG Executive Director

Mayor LeVault made a motion to adopt a resolution based on the discussion that took place in the Executive session to increase the base salary of the Executive Director by the agreed upon amount of increase, which would be 50 percent of the ultimate pool percentage increase for the employees, plus four days of vacation. The increase for the Executive Director would be retroactive to January 1, 2014, and the cap of the pool of funds budgeted for performance-based staff salaries would be 4.64 percent. The Executive Committee discussed that the final pool percent increase for employees will be determined with the approval of the MAG FY 2015 Unified Planning Work Program and Annual Budget at the May 28, 2014 Regional Council meeting. Mayor Lopez Rogers seconded the motion and the motion carried unanimously.

8. Request for Future Agenda Items

Chair Smith asked if there were any requests for future agendas items. There were none.

9. Comments from the Committee

Chair Smith asked if there were any comments from the committee. Mayor Barney stated that he wanted to apologize for not being at this meeting in person. He added that he was meeting with Congressman Matt Salmon.

Adjournment

There being no further business, the Executive Committee adjourned at 1:01 p.m.

Chair

Secretary

MARICOPA ASSOCIATION OF GOVERNMENTS

INFORMATION SUMMARY... for your review

DATE:

April 7, 2014

SUBJECT:

On-Call Consulting Services Selection for Travel Survey - Data Application

SUMMARY:

The fiscal year (FY) 2014 MAG Unified Planning Work Program and Annual Budget, approved by the MAG Regional Council in May 2013, includes \$4,500,000 for On-Call Consulting Services for Travel Survey - Data Application. The main purpose of the three-year project is to collect regional travel survey data from residential households and non-residential establishments. The data collection efforts include a household travel survey, an establishment survey and complementary specialized travel surveys and traffic data collections. The survey data will be used to re-calibrate and improve regional travel forecasting models, update regional travel forecasts, and provide information required for a variety of planning applications at MAG and MAG member agencies. A request for qualifications was advertised on January 30, 2014 for technical assistance in three areas of expertise: (A) Regional Travel Surveys, (B) Data Application, Data Analysis and Model Development, and (C) Traffic and Infrastructure Data Collection and Data Management. Ten proposals were received by the February 28, 2014, deadline. On March 18, 2014, the multi-agency evaluation team met and recommended consultants to MAG to perform the technical assistance.

Ten Statements of Qualifications (SOQs) were received from Arcadis U.S., Inc., American Transportation Research Institute, Caliper Corporation, Cambridge Systematics, Inc., Midwestern Software Solutions, LLC, Parsons Brinckerhoff, Inc., Texas A&M Transportation Institute, Traffic Research & Analysis, Inc., Westat Inc., and Wilson & Company, Inc. A multi-agency evaluation team reviewed the SOQs and recommended to MAG that the following firms be included on a MAG on-call consulting list for Travel Survey - Data Application:

Area of Expertise A (Regional Travel Surveys): Cambridge Systematics, Inc., Parsons Brinckerhoff, Inc., Texas A&M Transportation Institute, Westat Inc.

Area of Expertise B (Data Application, Data Analysis and Model Development): Arcadis U.S., Inc., Caliper Corporation, Cambridge Systematics, Inc., Parsons Brinckerhoff, Inc., Westat Inc.

Area of Expertise C (Traffic and Infrastructure Data Collection and Data Management): American Transportation Research Institute, Cambridge Systematics, Inc., Midwestern Software Solutions, LLC, Traffic Research & Analysis, Inc.

PUBLIC INPUT:

No public input has been received.

PROS & CONS:

PROS: This project will enable MAG and MAG member agencies to ensure that emerging planning and travel forecasting needs are addressed in a timely manner, and proper data and transportation modeling tools are available to support future transportation policy decisions and transportation project evaluations. An equally important outcome of the project is availability to the MAG member agencies of the new updated travel survey data sets. The previous data set for a household survey was collected in 2008-2009 and fell on the economic downturn years. Collection of the new data sets is planned for 2015-2016 and will provide a better base for the future planning decisions. There is no recent regional establishment survey data available for the region and the survey has not been conducted at MAG in the past decade. Delaying the work element could compromise the efficiency of the transportation planning and forecasting work required for ongoing and future highway and transit projects and transportation policy decision evaluation.

CONS: None.

TECHNICAL & POLICY IMPLICATIONS:

TECHNICAL: This project will ensure that MAG can continue to provide high quality travel forecasts to MAG member agencies and MAG stakeholders. The surveys will collect the main data sets required for transportation system analysis and forecasting. The data must be collected periodically in order to keep regional travel forecasts relevant and sensitive to various policy scenarios.

POLICY: The project will improve the ability of the MAG regional travel demand model and data analysis efforts to provide information to policy decision makers regarding regional travel patterns and overall regional highway and transit travel demand.

ACTION NEEDED:

Recommend approval of the list of on-call consultants for Area of Expertise A (Regional Travel Surveys): Cambridge Systematics, Inc., Parsons Brinckerhoff, Inc., Texas A&M Transportation Institute, Westat Inc. For Area of Expertise B (Data Application, Data Analysis and Model Development): Arcadis U.S., Inc., Caliper Corporation, Cambridge Systematics, Inc., Parsons Brinckerhoff, Inc., Westat Inc. For Area of Expertise C (Traffic and Infrastructure Data Collection and Data Management): American Transportation Research Institute, Cambridge Systematics, Inc., Midwestern Software Solutions, LLC, Traffic Research & Analysis, Inc., for a total amount not to exceed \$4,500,000.

PRIOR COMMITTEE ACTIONS:

This is on the April 9, 2014 MAG Management Committee agenda for recommendation to approve.

On March 18, 2014, a multi-agency evaluation team reviewed the SOQs and recommended to MAG approval of the list of on-call consultants:

Area of Expertise A (Regional Travel Surveys): Cambridge Systematics, Inc., Parsons Brinckerhoff, Inc., Texas A&M Transportation Institute, Westat Inc.

Area of Expertise B (Data Application, Data Analysis and Model Development): Arcadis U.S., Inc., Caliper Corporation, Cambridge Systematics, Inc., Parsons Brinckerhoff, Inc., Westat Inc.

Area of Expertise C (Traffic and Infrastructure Data Collection and Data Management):

American Transportation Research Institute, Cambridge Systematics, Inc., Midwestern Software Solutions, LLC, Traffic Research & Analysis, Inc.

SOQ EVALUATION TEAM

Anubhav Bagley, Maricopa Association of Governments

Arash Mirzaei, North Central Texas Council of Governments

Darlanne Mulmat, San Diego Association of Governments

Denise Lacey, Maricopa County Department of Transportation

Deng Bang Lee, Arizona Department of Transportation

Ratna Korepella, Valley Metro

Tim Strow, Maricopa Association of Governments

Vladimir Livshits, Maricopa Association of Governments

CONTACT PERSON:

Vladimir Livshits, (602) 254-6300

MARICOPA ASSOCIATION OF GOVERNMENTS

INFORMATION SUMMARY... for your review

DATE:

April 7, 2014

SUBJECT:

Development of the Fiscal Year 2015 MAG Unified Planning Work Program and Annual Budget

SUMMARY:

Each year staff develops the MAG Unified Planning Work Program and Annual Budget. The Work Program is reviewed in the spring by the federal agencies and presented for approval to the Regional Council in May. The proposed budget information is being presented incrementally in parallel with the development of the budget (see Prior Committee Actions below for the presentation timeline of the budget). This presentation and review of the draft fiscal year (FY) 2015 MAG Unified Planning Work Program and Annual Budget represents the document development to-date.

The MAG Management Committee reviewed the development of the Work Program and Annual Budget at its meetings on January 8, 2014, February 12, 2014, March 12, 2014 and April 9, 2014. The Regional Council Executive Committee reviewed the development of the Work Program and Annual Budget at its meetings on January 21, 2014, February 18, 2014 and March 17, 2014. The Regional Council reviewed the development of the Work Program and Annual Budget at its meetings on January 29, 2014, February 26, 2014 and March 26, 2014. The newly proposed projects and the first draft of the FY 2015 MAG Unified Planning Work Program and Annual Budget with estimated funding and expenditure amounts were presented at these meetings. Since new projects were presented in March, the 2015 Grand Avenue Transit Users Feasibility Study has been added for \$100,000. This is a pass-thru amount for a joint MAG-Regional Public Transportation Authority (RPTA) project and to study the need and feasibility of different levels of bus transit improvements in the Grand Avenue corridor over a period of time. This project description is included along with all of the newly proposed projects in the Draft FY 2015 "MAG Programs in Brief."

As a metropolitan planning organization and council of governments, MAG is responsible for an \$8.7 billion transportation improvement program. For FY 2015, it is estimated that MAG oversees approximately \$829.1 million in program funding. To develop the necessary federal documents in transportation and air quality requires a highly skilled staff. MAG is in competition with private consulting firms for the qualified staff needed to perform this work. Retaining key employees is vital to maintaining a quality workforce and work product for our region. For FY 2015, MAG is recommending that a proposed 4.64 percent for an amount of \$375,000 be included for FY 2015 budgeted salaries and that any increases to individual MAG salaries be performance based. In FY 2010 and FY 2012, no increases were provided. From FY 2010 to FY 2014 the average annual compounded increase over this period is 3 percent, and with the proposed increase, the average annual compounded increase from FY 2010 to 2015 would be 3.27 percent. The annual performance evaluation is the basis for any potential salary increases for MAG staff. Each MAG staff has an annual performance evaluation in June and may receive an increase based on this evaluation.

MAG is requesting one staff position for FY 2015 for a GIS Analyst I. The GIS Program in Information Services is responsible for developing and maintaining a large number of regional geospatial data sets; performing analyses; providing map authoring services; and developing and maintaining on-line mapping applications.

The Intermodal Planning Group meeting was held March 28, 2014. This meeting included a review and comments on the draft FY 2015 MAG budget by the Federal Highway Administration, the Federal Transit Administration, the Arizona Department of Transportation (ADOT), the City of Phoenix and other related parties. Presentations were made by MAG, Valley Metro Rail, and the City of Phoenix. Comments from the attendees of this meeting were quite complimentary. The comments included mentioning the impressive work that MAG is doing, and MAG was called "best in class." No suggestions for improvement were made at this meeting. Additional formal comments will be forthcoming and communicated to you.

In addition to the detailed MAG Unified Planning Work Program and Annual Budget, a summary budget document, "MAG Programs in Brief," is produced that allows our members to quickly decipher the financial implications of the MAG budget. The summary document includes the list of proposed new projects with summary narratives. The final "MAG Programs in Brief" will present any changes to staff positions and the budgeted resources needed to implement these items.

Information for this presentation of the draft budget documents is included for your early review and input. Enclosed for your information are proposed budget revisions to the draft FY 2015 MAG Unified Planning Work Program and Annual Budget.

The information is considered draft and is subject to change as the budget continues through the review process.

PUBLIC INPUT:

None.

PROS & CONS:

PROS: In January and February proposed new projects and dues and assessments were reviewed. In March, MAG presented a draft summary for the FY 2015 budget document, "MAG Programs in Brief." The revisions to the consultant pages for new and carryforward consultants were also presented in March along with the updated budgeted positions, overall funding allocations, and a copy of the executed Transit Planning Agreement.

CONS: None.

TECHNICAL & POLICY IMPLICATIONS:

TECHNICAL: TECHNICAL: Federal transportation law requires a metropolitan planning organization to develop a unified planning work program that meets the requirements of federal law. Additionally, the MAG By-Laws require approval and adoption of a budget for each fiscal year and a service charge schedule.

POLICY: As requested by the MAG Executive Committee and subsequently approved by the Regional Council in May 2002, the MAG Work Program and Annual Budget detail is being presented earlier to the Management Committee and there is increased notice to members on the budget. MAG is providing a budget summary that outlines new programs and presents the necessary resources to implement these programs. This summary allows member agencies to quickly decipher the financial implications of such programs prior to their approval for implementation.

ACTION NEEDED:

Information and discussion.

PRIOR COMMITTEE ACTIONS:

This item is on the April 9, 2014 MAG Management Committee agenda for information and discussion.

This item was on the March 26, 2014, MAG Regional Council agenda for information and discussion.

MEMBERS ATTENDING

- Mayor Scott Smith, Mesa, Chair
- Mayor Michael LeVault, Youngtown, Vice Chair
- Vice Mayor Robin Barker, Apache Junction
- Mayor Marie Lopez Rogers, Avondale
- Mayor Jackie Meck, Buckeye
- Councilmember Mike Farrar, Carefree
- Councilmember Reginald Monachino, Cave Creek
- Mayor Jay Tibshraeny, Chandler
- Mayor Lana Mook, El Mirage
- * Mayor Tom Rankin, Florence
- * President Ruben Balderas, Fort McDowell Yavapai Nation
- Mayor Linda Kavanagh, Fountain Hills
- Mayor Steven Holt, Gila Bend
- * Governor Gregory Mendoza, Gila River Indian Community
- Mayor John Lewis, Gilbert
- Mayor Jerry Weiers, Glendale
- Mayor Georgia Lord, Goodyear
- Mayor Rebecca Jimenez, Guadalupe
- Mayor Thomas Schoaf, Litchfield Park
- Mayor Christian Price, City of Maricopa
- * Supervisor Steve Chucuri, Maricopa County
- * Mayor Scott LeMarr, Paradise Valley
- # Councilmember Cathy Carlat, Peoria
- Mayor Greg Stanton, Phoenix
- * Supervisor Todd House, Pinal County
- Mayor Gail Barney, Queen Creek
- * President Diane Enos, Salt River Pima-Maricopa Indian Community
- Mayor W. J. "Jim" Lane, Scottsdale
- Mayor Sharon Wolcott, Surprise
- Mayor Mark Mitchell, Tempe
- * Mayor Adolfo Gamez, Tolleson
- Mayor John Cook, Wickenburg
- Jack Sellers, State Transportation Board
- * Joseph La Rue, State Transportation Board
- Roc Arnett, Citizens Transportation Oversight Committee

* Those members neither present nor represented by proxy.

Attended by telephone conference call.

+ Attended by videoconference

This item was on the March 17, 2014, MAG Executive Committee agenda for information and discussion.

MEMBERS ATTENDING

- Mayor Scott Smith, Mesa, Chair
- Mayor Michael LeVault, Youngtown, Vice Chair
- Mayor W.J. "Jim" Lane, Scottsdale, Treasurer
- # Mayor Gail Barney, Queen Creek
- Mayor Marie Lopez Rogers, Avondale
- Mayor Lana Mook, El Mirage
- * Mayor Greg Stanton, Phoenix

* Not present

Participated by video or telephone conference call

This item was on the March 12, 2014, MAG Management Committee agenda for information and discussion.

MEMBERS ATTENDING

- Dr. Spencer Isom, El Mirage, Chair
- Miranda DeWitt for Christopher Brady, Mesa
- # Matt Busby for George Hoffman, Apache Junction
- David Fitzhugh, Avondale
- Stephen Cleveland, Buckeye
- * Gary Neiss, Carefree
- Peter Jankowski, Cave Creek
- Rich Dlugas, Chandler
- Charles Montoya, Florence
- Alfonso Rodriguez for Phil Dorchester, Fort McDowell Yavapai Nation
- Ken Buchanan, Fountain Hills
- Rick Buss, Gila Bend
- * David White, Gila River Indian Community

- Patrick Banger, Gilbert
- Cathy Colbath for Brenda S. Fischer, Glendale
- Brian Dalke, Goodyear
- # Rosemary Arellano, Guadalupe
- Darryl Crossman, Litchfield Park
- Gregory Rose, City of Maricopa
- * Jim Bacon, Paradise Valley
- Jeff Tyne for Carl Swenson, Peoria
- Ed Zuercher, Phoenix
- # Greg Stanley, Pinal County
- * Tracy Corman for John Kross, Queen Creek

- * Bryan Meyers, Salt River Pima-Maricopa Indian Community
- Brad Lundahl for Fritz Behring, Scottsdale
- * Chris Hillman, Surprise
- Andrew Ching, Tempe
- # Chris Hagen for Reyes Medrano, Tolleson
- Joshua Wright, Wickenburg
- Jeanne Blackman, Youngtown
- Brent Cain for John Halikowski, ADOT
- John Hauskins for Tom Manos, Maricopa Co.
- Wulf Grote for Steve Banta, Valley Metro/RPTA

* Those members neither present nor represented by proxy.

Participated by telephone conference call. + Participated by videoconference call.

This item was on the February 26, 2014, MAG Regional Council agenda for information and discussion.

MEMBERS ATTENDING

- Mayor Scott Smith, Mesa, Chair
- Mayor Michael LeVault, Youngtown, Vice Chair
- * Vice Mayor Robin Barker, Apache Junction
- Mayor Marie Lopez Rogers, Avondale
- Mayor Jackie Meck, Buckeye
- Councilmember Mike Farrar, Carefree
- Councilmember Reginald Monachino, Cave Creek
- # Mayor Jay Tibshraeny, Chandler
- Mayor Lana Mook, El Mirage
- Mayor Tom Rankin, Florence
- * President Ruben Balderas, Fort McDowell Yavapai Nation
- Mayor Linda Kavanagh, Fountain Hills
- * Mayor Steven Holt, Gila Bend
- * Governor Gregory Mendoza, Gila River Indian Community
- Mayor John Lewis, Gilbert
- Mayor Jerry Weiers, Glendale
- # Mayor Georgia Lord, Goodyear

- Mayor Rebecca Jimenez, Guadalupe
- Mayor Thomas Schoaf, Litchfield Park
- # Mayor Christian Price, City of Maricopa
- * Supervisor Steve Chucuri, Maricopa County
- * Mayor Scott LeMarr, Paradise Valley
- # Councilmember Cathy Carlat, Peoria
- Mayor Greg Stanton, Phoenix
- * Supervisor Todd House, Pinal County
- Mayor Gail Barney, Queen Creek
- * President Diane Enos, Salt River Pima-Maricopa Indian Community
- * Mayor W. J. "Jim" Lane, Scottsdale
- * Mayor Sharon Wolcott, Surprise
- Mayor Mark Mitchell, Tempe
- * Mayor Adolfo Gamez, Tolleson
- Mayor John Cook, Wickenburg
- Jack Sellers, State Transportation Board
- Joseph La Rue, State Transportation Board
- Roc Arnett, Citizens Transportation Oversight Committee

* Those members neither present nor represented by proxy.

Attended by telephone conference call. + Attended by videoconference

This item was on the February 18, 2014 MAG Regional Council Executive Committee agenda for information and discussion.

MEMBERS ATTENDING

- Mayor Scott Smith, Mesa, Chair
- Mayor Michael LeVault, Youngtown, Vice Chair
- Mayor W.J. "Jim" Lane, Scottsdale, Treasurer

- * Mayor Gail Barney, Queen Creek
- # Mayor Marie Lopez Rogers, Avondale
- Mayor Lana Mook, El Mirage
- * Mayor Greg Stanton, Phoenix

Mayor Mark Mitchell, Tempe
* Mayor Adolfo Gamez, Tolleson
Mayor John Cook, Wickenburg
Victor Flores, State Transportation Board

Joseph La Rue, State Transportation Board
Roc Arnett, Citizens Transportation
Oversight Committee

* Those members neither present nor represented by proxy.

Attended by telephone conference call.

+ Attended by videoconference

This item was on the January 21, 2014, MAG Executive Committee agenda for information and discussion.

MEMBERS ATTENDING

* Mayor Scott Smith, Mesa, Chair
Mayor Michael LeVault, Youngtown,
Vice Chair
Mayor W.J. "Jim" Lane, Scottsdale,
Treasurer

* Mayor Gail Barney, Queen Creek
Mayor Marie Lopez Rogers, Avondale
Mayor Lana Mook, El Mirage
Mayor Greg Stanton, Phoenix

* Not present

Participated by video or telephone conference call

This item was on the January 8, 2014 MAG Management Committee for information and discussion.

MEMBERS ATTENDING

Dr. Spencer Isom, El Mirage, Chair
Christopher Brady, Mesa, Vice Chair
Matt Busby for George Hoffman,
Apache Junction
Charlie McClendon, Avondale
* Stephen Cleveland, Buckeye
* Gary Neiss, Carefree
Rodney Glassman, Cave Creek
Patrice Kraus for Rich Dlugas, Chandler
* Charles Montoya, Florence
* Phil Dorchester, Fort McDowell
Yavapai Nation
Ken Buchanan, Fountain Hills
Rick Buss, Gila Bend
* David White, Gila River Indian Community
Marc Skocypec for Patrick Banger,
Gilbert
Brent Stoddard for Brenda S. Fischer,
Glendale
* Brian Dalke, Goodyear

Rosemary Arellano, Guadalupe
Darryl Crossman, Litchfield Park
* Trisha Sorensen, City of Maricopa
* Jim Bacon, Paradise Valley
Carl Swenson, Peoria
Ed Zuercher, Phoenix
Greg Stanley, Pinal County
John Kross, Queen Creek
* Bryan Meyers, Salt River
Pima-Maricopa Indian Community
Brad Lundahl for Fritz Behring, Scottsdale
Chris Hillman, Surprise
Marge Zylla for Andrew Ching, Tempe
* Reyes Medrano, Tolleson
Joshua Wright, Wickenburg
Jeanne Blackman, Youngtown
Brent Cain for John Halikowski, ADOT
John Hauskins for Tom Manos, Maricopa Co.
John Farry for Steve Banta,
Valley Metro/RPTA

* Those members neither present nor represented by proxy.

Participated by telephone conference call.

+ Participated by videoconference call.

CONTACT PERSON:

Rebecca Kimbrough, MAG Fiscal Services Manager, (602) 452-5051

April 7, 2014

TO: Members of the Regional Council Executive Committee

FROM: Becky Kimbrough, MAG Fiscal Services Manager

SUBJECT: INFORMATION ON THE DEVELOPMENT OF A FUND BALANCE POLICY

In both the February and March Executive Committee meetings, the committee discussed that a fund balance policy should be created in consideration of unanticipated events that could affect the financial condition of MAG. In the March 17, 2014 Executive Committee meeting, staff was requested to provide draft guidance on a MAG General Fund Balance with procedural guidelines for using the fund balance of the General Fund. The committee requested that the procedural guidelines reflect the Government Finance Officers' Association (GFOA) best practice recommendations for setting General Fund Balance guidelines.

The GFOA best practice recommends maintaining fund balance at a level that will cover two to three months of operating costs depending on the revenue collection timeframe in order to ensure that cash flow is not impacted, to cover costs that are paid for by the General Fund, and to handle unexpected expenses. Considering the level of current MAG expenditures, to meet this goal, undesignated fund balance would be between \$3.9 and \$5.8 million. The GFOA also recommends as a best practice that if an entity drops below a targeted fund balance, that it be replenished within a set period. These best practices are recommended but not required. This memorandum and the attachments provide information and a draft for MAG Fund Balance guidance. These guidelines would apply to procedures for using fund balance including procedures to cover costs of projects funded by assessments where the cost amount exceeds the assessed amount.

Primary sources of MAG revenue include federal funds, state sales tax funds, private grant funds, local funds and dues and assessments used to cover program costs. All of these revenues are reported in Special Revenue Funds, separate from the General Fund. Revenues are equal to expenditures in each of the Special Revenue Funds and these funds generally do not have a fund balance, or, if they do, the fund balance is reserved and cannot be used on other projects. General Fund revenue includes funding that is undesignated, or unreserved, and the majority of the revenues in the General Fund that are undesignated come from the dues and assessments not used to cover expenses during the fiscal year. Beginning in FY 1998 through FY 2009, MAG Dues and Assessments that became undesignated were, on average, about \$128,000 a year. This is the funding that accumulated as part of the General Fund balance.

In developing the draft MAG undesignated fund balance guidance, we have incorporated the General Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions, into the draft. Incorporating the GASB Statement No. 54 guidance is recommended by the GASB and the GFOA to be included as part of a fund balance policy for governmental reporting. This draft policy is included as Attachment A.

(Attachment A)

MAG Fund Balance Policy in Accordance with GASB Statement No. 54

The following policy has been adopted by the MAG Executive Committee, which acts as the Finance Committee for MAG, in order to address the implications of Governmental Accounting Standards Board (“GASB”) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions. Refer to Attachment I, Governmental Accounting Standards Board (“GASB”) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions, for the definitions provided along with this guidance.

The policy is created in consideration of unanticipated events that could adversely affect the financial condition of MAG and jeopardize the continuation of necessary programs. This policy will ensure that MAG maintains adequate fund balances and reserves in order to:

- a. Provide sufficient cash flow for daily financial needs,
- b. Offset significant economic downturns or revenue shortfalls, and
- c. Provide funds for unforeseen expenditures related to emergencies.

Minimum unassigned fund balance

MAG will maintain a minimum unassigned fund balance in its General Fund ranging from 20 percent to 25 percent of the prior year’s total audited expenditures. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts.

Replenishing deficiencies

When fund balance falls below the minimum 20 percent range, MAG will replenish shortages/deficiencies using the budget strategies and timeframes described below. The following budgetary strategies shall be utilized by MAG to replenish funding deficiencies:

The MAG Executive Committee can consider reducing expenditures to eliminate any structural deficit or, MAG Regional Council can increase revenues or pursue other funding sources, or, some combination of the two options.

Minimum fund balance deficiencies shall be replenished within the following time periods:

Deficiency resulting in a minimum fund balance between 15 percent and 20 percent shall be replenished over a period not to exceed three years.

Deficiency resulting in a minimum fund balance of less than 15 percent shall be replenished over a period not to exceed five years.

Surplus fund balance

Should unassigned fund balance of the General Fund ever exceed the maximum 25 percent range, MAG Regional Council will consider such fund balance surpluses for use as a reduction to member dues and

assessments and/or one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

Implementation and review

Upon adoption of this policy the MAG Executive Committee authorizes the MAG Executive Director to establish any standards and procedures which may be necessary for its implementation. The MAG Executive Director shall review this policy at least annually and make any recommendations for changes to the MAG Executive Committee.

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(Attachment I)

MAG Fund Balance Policy Definitions in Accordance with GASB Statement No. 54

Fund type definitions

The following definitions will be used in reporting activity in governmental funds at MAG. MAG may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The General Fund is used to account for all financial resources not accounted for and reported in another fund.

Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Debt service funds are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition of capital assets.

Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support MAG's purposes.

Fund balance reporting in governmental funds

Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB Statement No. 54:

Nonspendable fund balance

Definition – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Classification – Nonspendable amounts will be determined before all other classifications and consist of the following items (as applicable in any given fiscal year):

- MAG will maintain a fund balance equal to the balance of any long-term outstanding balances due from others (including other funds of MAG).
- MAG will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset with liabilities and actually result in fund balance).
- MAG will maintain a fund balance equal to the corpus (principal) of any permanent funds that are legally or contractually required to be maintained intact.
- MAG will maintain a fund balance equal to the balance of any land or other nonfinancial assets held for sale.

Restricted fund balance

Definition – includes amounts that can be spent only for the specific purposes stipulated by external resource providers or through enabling legislation.

Committed fund balance

Definition – includes amounts that can be used only for the specific purposes determined by a formal action of the MAG Executive Committee.

Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the MAG Executive Committee.

Assigned fund balance

Definition – includes amounts intended to be used by MAG for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Authority to Assign

The MAG Executive Committee delegates to the **MAG Executive Director** or his/her designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned fund balance

Definition – includes the residual classification for MAG's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Operational guidelines

The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts

Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting

Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in a separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

Prioritization of fund balance 'use'

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of MAG to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of MAG that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

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