

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

April 14, 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 12:04 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Mayor Barney joined the meeting via teleconference.

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 LeVault moved to approve consent items #3A- #3B. Mayor Lopez Rogers seconded the motion and the motion carried unanimously.

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

The Regional Council Executive Committee, by consent, approved the March 17, 2014 Executive Committee meeting minutes.

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

The Regional Council Executive Committee, by consent, approved 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.

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 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 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.

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 added 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, along with the Programs In Brief summary of new projects proposed for FY 2015.

Ms. Kimbrough indicated that the first item on the draft budget update is a request for a staff position for FY 2015 for a GIS Analyst I in the Information Services Division. She added that this position is needed to assist in developing and maintaining regional datasets such as the new

labor datasets being created, enhancements to the employer database, and creation of a job center online data viewer, which has greatly improved the ability of our staff to maintain information that can support our member agencies.

Ms. Kimbrough stated that the next item on the budget is a proposed salary increase. Due to the downturn in the economy, MAG did not propose salary increases in FY 2010 or in FY 2012. She added that in 2011, MAG proposed a salary increase based on the results of an independent compensation study, that was performed in the spring of 2010 by Public Sector Personnel consultants. She noted that there were proposed increases in FY 2013 and FY 2014. Ms. Kimbrough stated that retaining key staff at MAG is essential to continuing quality work and indicated that MAG staff receives an annual performance evaluation every June and, based on their performance for the year, may receive a salary increase if one is included in the budget.

Ms. Kimbrough stated that MAG is recommending a proposed salary increase of up to 4.64% be included for FY 2015, and that any increases to individual MAG salaries will be performance based. The total proposed increase for FY 2015 would not exceed a maximum of \$375,000, which equates to an average increase over the last five years of 3.27 percent. Ms. Kimbrough reported that MAG has added a Bicycle and Pedestrian Associate for \$26,500 to proposed projects. The Bicycle and Pedestrian design assistance work is ongoing with a lot of activity throughout the year. This associate will lend assistance to this very active program and end work mid-year.

Ms. Kimbrough reported that the Intermodal Planning Group meeting was held on Friday, March 28, 2014 and that 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), City of Phoenix and other interested parties. Presentations were made by MAG, City of Phoenix, and METRO. She noted that these presentations were well received and discussions among the group on the elements of the Work Program were very positive with no recommendations for any changes coming from the group. She reported that the comments made were that the MAG work program is a valuable guide and that MAG's project work is "best in class" and any formal comments received from this meeting will be presented to this committee at a later meeting.

Ms. Kimbrough mentioned that these changes to the budget are the only remaining budget items that have not been covered in the presentations on the proposed budget for FY 2015. She added that next month, this committee will receive the complete draft detail budget document as a final draft presented for the committee's approval. 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 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. The committee felt that a fund balance policy should be created in consideration of unanticipated events that could affect the financial condition of MAG. Ms. Kimbrough 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. A memorandum and attachments were 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 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 time frame 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. The memorandum and the attachments provided 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.

Ms. Kimbrough stated that 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.

Ms. Kimbrough added that in developing the draft MAG undesignated fund balance guidance, staff 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. Attachments describing the MAG Fund Balance Policy in accordance with the GASB Statement No. 54 were included in the committee

agenda packet, which described policies on a minimum unassigned fund balance, replenishing deficiencies, surplus fund balance and implementation and review of the policy.

Ms. Kimbrough also provided documentation regarding the MAG Fund Balance Policy Definitions in accordance with the GASB Statement No. 54, defined fund types, reporting of governmental funds in fund balance reporting, classifying fund balance amounts, encumbrance reporting and prioritization of fund balance use.

Chair Smith asked if there were any questions or comments from the committee.

Mayor Lane commented that if MAG has a surplus in funds, it will create a choice on whether we maintain the surplus or we use the credit towards dues. He suggested that we should review consultant expenditures and see if savings can be made there. Mr. Smith commented that the majority of consultants are funded out of federal funds and would not affect the fund balance. He added that if we have issues with federal funds, this committee could have an in depth review.

Ms. Kimbrough stated when you are looking at the federal highway funds, this is always a break even fund balance and does not impact our overall fund balance. The only impact to our fund balance is spending out of the general fund. She added that in terms of consultant projects that MAG does, those are almost always reported in the Special Revenue funds because cost equals revenue. Mayor Lane commented that his concern on contract situations is that perhaps they are less than true to the municipality mission suggesting that this may be an area that we should look into deeper, either through this committee or a subcommittee could be formed.

Mr. Smith stated that he would welcome that and this could be part of the formal review that will take place next month. Ms. Bisman stated that committee members were getting away from the agenda item and that this should be mentioned under future agenda items. Mr. Smith stated that regardless of the flavor of the funds we should always make sure that we give the budget a lot of scrutiny. He added that the general fund is primarily impacted by the special assessments.

Chair Smith stated that he appreciates all the work Ms. Kimbrough has done. Chair Smith requested that staff change the wording to include “reduction or credit” to member dues and assessments, so that it is not viewed as a permanent reduction. He added that Ms. Kimbrough has been given well defined direction to continue with the proposal as amended and bring it back next month on the consent calendar for approval.

6. Arizona Mexico Commission Summer Plenary Session

Denise McClafferty, Regional Program Manager, stated that 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. She added that each year, MAG sponsors the AMC Summer Plenary Session with a \$2,500 sponsorship and it was suggested by

AMC staff that MAG consider becoming an AMC Silver Sponsor at \$5,000. Ms. McClafferty stated that this would replace the Business Membership MAG currently holds and by becoming a Silver Sponsor MAG will receive six (6) AMC memberships; a company listing on the AMC website and Catalyst magazine; annual sponsor recognition; three complimentary registrations and a free exhibit booth at the Arizona Plenary Session.

Ms. McClafferty added that this year the event will take place on June 19 & 20, 2014 at the JW Marriott Camelback Inn and that 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. Ms. McClafferty added that it is important to support the AMC in their efforts with Mexico.

Chair Smith thanked Ms. McClafferty for her update and asked if there were any questions or comments from the committee.

Mayor Stanton stated that MAG and cities are doing cutting edge work and that we should do this investment if we get to hold our own session, which gives this a higher value. Chair Smith agreed with Mayor Stanton and added that great work is being done at the city and regional level. Mayor Lopez Rogers agreed that AMC would like more inclusion of local elected officials in their sessions, and also agreed that we need to have a session that will attract the mayors from Sonora. Mayor Lane stated further exposure is appropriate to advance, but we do not want to be in competition with the state.

Mayor Stanton stated if we want to attract new attendees to the session we can focus on the city to city partnerships. He added having this organization involved and holding a session would add a lot of value to the AMC and potentially bring in a lot more people from the Sonora side to participate. Chair Smith added that evolving business and political relationships are the reality for the future. Staff was directed to see if AMC would add a local government-Arizona-Sonora session with the Silver Sponsorship. The Gala Dinner table sponsor was adequate if the timing was not appropriate.

7. Update on the Desert Peaks Awards

Kelly Taft, MAG Communications Manager, stated that the Desert Peaks Awards program is held on a biennial basis. This year, it will be held following the Regional Council Annual Meeting on Wednesday, June 25, 2014, at the Sheraton Phoenix Downtown Hotel. The Regional Council Annual meeting will begin at 5:00, the reception at 5:30, and the awards program at approximately 6:15. She added that as in years past, MAG will provide two drink tickets and parking validation for attendees and heavy hors d'oeuvres will be provided.

Ms. Taft stated that the eight judges that are on the judging panel include Kerwin Brown, Greater Phoenix Black Chamber of Commerce; Boyd Dunn, former Mayor of Chandler and current Superior Court Judge; Diane B. McCarthy, Director, Business Partnerships and Government Affairs West-MEC; Art Othon, President and CEO of El Bravo Sky Harbor LLC;

George Pettit, former Gilbert Town Manager and Professor of Practice of the School of Public Affairs, Arizona State University; David Smith, former Maricopa County Supervisor and COO of the Society of St. Vincent de Paul and Claudia Walters, former Mesa City Councilwoman and Executive Vice President of the Mesa United Way. She added that MAG has also received \$21,850 in sponsorships to help offset the costs of this event.

Ms. Taft reported that MAG received a total of 21 nominations and the judges met on April 4, 2014, to determine award recipients. The recipients selected include: *Public Partnership*: Northern Parkway Phase One (Sarival Avenue to Dysart Road); *Public Private Partnership (two recipients)*: Greater Phoenix Age-Friendly Network; "Don't Let Our Air Go Up In Smoke" Winter No Burn Campaign 2013-2014; *Professional Service*: Charles P. McClendon, former Avondale City Manager; *Regional Partnership*: East Valley Recycling Alliance; *Outstanding Economic Development Champion*: West Valley Partners - Luke Forward Campaign; and *Regional Excellence (two recipients)*: Buckeye Mayor Jackie Meck and Chandler Mayor Jay Tibshraeny. Ms. Taft indicated that all recipients are being informed via telephone and will also receive a written letter. MAG will also be presenting a Lifetime Achievement Award to Congressman Ed Pastor during the event.

Ms. Taft reminded the committee that this year invitations will be sent electronically and staff will be taking RSVPs through EventBrite. She added that there is no cost to attend this event and that e-mail invitation will be sent through EventBrite the week of May 5, 2014. She noted that staff will be asking all of the Executive Committee members who are planning to attend this event to be on stage to present the awards to the recipients. She also reminded the committee that instead of reading the descriptions, MAG will utilize video narrations of the projects. Chair Smith thanked Ms. Taft for the update and asked if there were any comments or questions for the committee. Mr. Smith added that staff broke a record in obtaining over \$21,000 in sponsorships.

8. Request for Future Agenda Items

Chair Smith asked if there were any requests for future agendas items. Mayor Lane requested that this committee consider the review of consultant and/or ongoing contracts through a subcommittee be put on a future agenda. He added that in view of the extent of dollars spent in this area and whether there is a continuing need for some of them is something he would like to see looked at more specifically.

Chair Smith stated that one would be an agenda item and one would be direction. He added that this committee gave direction to staff to include an analysis so that and this would be a specific item during the budget review. Chair Smith stated a separate item would be needed to determine whether a subcommittee is needed. Mayor Lane stated he would like a future agenda item on whether we want to establish a subcommittee.

9. Comments from the Committee

Chair Smith asked if there were any comments from the committee. Mayor Lopez Rogers recognized that this was Chair Smith's last meeting and thanked him for his leadership. Chair Smith stated that he was deeply proud to be involved with MAG for the past six years and thanked the Executive Director for his leadership and vision as where we could go as a region, with cities taking the direct lead. He added that we have laid the foundation and now we need to continue to build upon it. Mr. Smith thanked Chair Smith for his comments and stated that Chair Smith has done a great job.

Adjournment

There being no further business, the Executive Committee adjourned at 12:53 p.m.

Chair

Secretary