

MARICOPA ASSOCIATION OF GOVERNMENTS

INFORMATION SUMMARY... for your review

DATE:

March 1, 2011

SUBJECT:

Arterial Life Cycle Program Deficit and Scenarios for Balancing the Program

SUMMARY:

In November 2010, the Arizona Department of Transportation released a revised Regional Area Road Fund (RARF) projection that indicated a \$232 million reduction in forecasted revenues allocated to the Arterial Life Cycle Program (ALCP) for the remainder of the half-cent sales tax. The adopted ALCP Policies and Procedures provide guidance to defer projects in priority order when there is a program deficit. Due to the sizable deficit, two alternative scenarios were developed to balance the ALCP. The ALCP Working Group favored Scenario III. MAG staff presented the alternative scenarios to balance the ALCP to the Transportation Policy Committee (TPC) on February 16, 2011. The TPC recommended approval of Scenario III, which prorates the reduction proportionally across the Lead Agencies. Please review the attached memorandum for more information.

PUBLIC INPUT:

None.

PROS & CONS:

PROS: The recommended scenario III to balance the deficit in the ALCP will allow the annual update process to begin and the ALCP to be fiscally balanced.

CONS: None.

TECHNICAL & POLICY IMPLICATIONS:

TECHNICAL: By state law, the Arterial Life Cycle Program (ALCP) has to be fiscally constrained and managed through a life cycle program. Approving the rebalancing Scenario III, will allow MAG and member agencies that have projects in the ALCP to move forward with programming projects that are fiscally constrained through the life of the Prop. 400 sales tax.

POLICY: This rebalancing Scenario III will be an exception to the currently approved ALCP Policies and Procedures.

ACTION NEEDED:

Information and discussion.

PRIOR COMMITTEE ACTIONS:

Transportation Review Committee: On February 24, 2011, the Transportation Review Committee heard this item for information and discussion.

MEMBERS ATTENDING

Peoria: David Moody
ADOT: Steve Hull

* Avondale: David Fitzhugh
Buckeye: Scott Lowe

Chandler: RJ Zeder for Patrice Kraus
 # El Mirage: Lance Calvert
 * Fountain Hills: Randy Harrel
 * Gila Bend: Eric Fitzer
 * Gila River: Sreedevi Samudrala for Doug Torres
 * Gilbert: Tami Ryall
 Glendale: Terry Johnson
 * Goodyear: Cato Esquivel
 Guadalupe: Gino Turrubiarres
 # Litchfield Park: Paul Ward for Woody Scoutten
 Maricopa County: John Hauskins

Mesa: Mike James for Scott Butler
 Paradise Valley: Bill Mead
 Phoenix: Rick Naimark
 Queen Creek: Tom Condit
 RPTA: Bob Antilla for Bryan Jungwirth
 Scottsdale: Dave Meinhart
 Surprise: Bob Beckley
 Tempe: Robert Yabes for Chris Salomone
 Valley Metro Rail: John Farry
 * Wickenburg: Rick Austin
 Youngtown: Grant Anderson for Lloyce Robinson

EX-OFFICIO MEMBERS ATTENDING

* Street Committee: Dan Cook, City of Chandler
 * ITS Committee: Nicolaas Swart, Maricopa County

Bicycle/Pedestrian Committee: Katherine Coles, City of Phoenix
 * Transportation Safety Committee: Julian Dresang, City of Tempe

* Members neither present nor represented by proxy.
 + Attended by Videoconference
 # Attended by Audioconference

Transportation Policy Committee: On February 16, 2011, the MAG Transportation Policy Committee recommended Scenario III methodology in bridging the funding gap in the Arterial Life Cycle Program. The motion passed with one no vote (*italics*).

MEMBERS ATTENDING

Mayor Scott Smith, Mesa, Chair
 Councilwoman Peggy Neely, Phoenix, Vice Chair
 Ron Barnes, Total Transit
 # Mayor Bob Barrett, Peoria
 Dave Berry, Swift Transportation
 * Jed Billings, FNF Construction
 Councilmember Jack Sellers, Chandler
 * Councilmember Shana Ellis, Tempe
 # Councilmember Dick Esser, Cave Creek
 * Mark Killian, The Killian Company/Sunny Mesa, Inc.
 # Mayor Jim Lane, Scottsdale

* Phil Matthews, Salt River Pima-Maricopa Indian Community
 * Mayor Jackie Meck, Buckeye
 Vice Mayor Les Presmyk, Gilbert
 * Mayor Marie Lopez Rogers, Avondale
 * Mayor Elaine Scruggs, Glendale
 Karrin Kunasek Taylor, DMB Properties
 # Mayor Lyn Truitt, Surprise
 # Supervisor Max W. Wilson, Maricopa County
 Victor Flores, State Transportation Board
 * F. Rockne Arnett, Citizens Transportation Oversight Committee

* Not present
 # Participated by telephone conference call
 + Participated by videoconference call

CONTACT PERSON:

Eileen O. Yazzie, Transportation Programming Manager, (602) 254-6300.

March 1, 2011

TO: Members of the MAG Management Committee

FROM: Eileen Yazzie, Transportation Programming Manager

SUBJECT: TRANSPORTATION POLICY COMMITTEE POLICY GUIDANCE ON BALANCING
THE ARTERIAL LIFE CYCLE PROGRAM

Due to a decrease in actual and forecasted revenues, the Arterial Life Cycle Program (ALCP) is no longer fiscally constrained as required by Arizona Revised Statute 28-6352(B). On February 16, 2011, MAG staff requested policy guidance from the MAG Transportation Policy Committee (TPC) on the preferred methodology to rebalance the Arterial Life Cycle Program (ALCP). The TPC voted to reduce each ALCP Lead Agency's share of the program under Scenario III as presented to the ALCP Working Group and the TPC.

BACKGROUND

In November 2010, the Arizona Department of Transportation (ADOT) released an updated Regional Area Road Fund (RARF) revenue forecast that indicated an additional \$232 million reduction in ALCP program revenues from the 2009 forecast. The ALCP is no longer fiscally constrained as a result of the decrease in forecasted RARF revenues.

In previous years, MAG staff relied on the deficit policy to rebalance the ALCP when a deficit of program funds occurred. The deficit policy established in the ALCP Policies and Procedures adopted by the MAG Regional Council on December 9, 2009, stated that "ALCP Projects may be delayed if there is a deficit of Program funds. ALCP Projects will be delayed in priority order of the ALCP." Under the current policy, some Lead Agencies would be affected more so than other agencies depending on the programmed year/phase for reimbursement identified in the approved ALCP and Regional Transportation Plan (RTP). Due to the current policy's disproportionate impact to some Lead Agencies, MAG staff requested policy guidance from the MAG TPC on the preferred method to rebalance the ALCP.

METHODOLOGY TO REBALANCE THE ALCP

Upon receipt of the revised forecast, MAG staff conducted analysis and determined that the ALCP, as currently programmed, would be out of balance starting in FY 2012. The analysis also indicated that an *estimated* \$200 million in programmed reimbursements would need to be deferred to an unfunded year in the program to maintain the fiscal balance of the program.

The MAG Transportation Policy Committee voted to apply Scenario III to rebalance the ALCP. Under Scenario III, each Lead Agency's allocation or "share" of the program will be applied to the reduction amount needed to maintain the fiscal balance of the program. Previous reimbursements will be included in the determination of each agency's allocation; however, Lead Agencies will not be required to repay

previous reimbursements, as consistent with the approved *Policies*¹. Table I details the estimated “share” by Lead Agency and RTP Phase.

TABLE I. ESTIMATED IMPACT OF SCENARIO III BY LEAD AGENCY

Lead Agency	Phase I	Phase II	Phase III	Phase IV	Phase V	Total	% of ALCP	Estimated Reduction	Remaining Regional Funds
	(in Millions)								
Carefree	\$ -	\$ -	\$ 5.4	\$ -	\$ -	\$ 5.4	0.3%	\$ 0.7	\$ 4.7
Chandler	\$ 26.7	\$ 19.8	\$ 57.5	\$ 33.3	\$ 2.4	\$ 139.7	8.2%	\$ 17.7	\$ 122.0
Gilbert	\$ 19.2	\$ 51.6	\$ 11.3	\$ 59.5	\$ 2.0	\$ 143.6	8.4%	\$ 18.2	\$ 125.3
Fountain Hills	\$ 0.4	\$ 3.1	\$ 2.6	\$ -	\$ -	\$ 6.0	0.4%	\$ 0.8	\$ 5.3
Maricopa County	\$ 34.4	\$ 80.2	\$ 201.7	\$ 86.3	\$ -	\$ 402.6	23.6%	\$ 51.1	\$ 351.5
Mesa	\$ 6.5	\$ 52.2	\$ 154.2	\$ 237.4	\$ 7.9	\$ 458.2	26.8%	\$ 58.2	\$ 400.1
Peoria	\$ 46.6	\$ 30.7	\$ -	\$ 17.9	\$ 2.7	\$ 97.9	5.7%	\$ 12.4	\$ 85.5
Phoenix	\$ -	\$ 99.3	\$ -	\$ 14.1	\$ 2.4	\$ 115.7	6.8%	\$ 14.7	\$ 101.0
Scottsdale	\$ 25.5	\$ 104.8	\$ 138.8	\$ 65.4	\$ 5.1	\$ 339.5	19.9%	\$ 43.1	\$ 296.4
TOTALS	\$ 159.3	\$ 441.6	\$ 571.4	\$ 513.9	\$ 22.4	\$ 1,708.7	100.0%	\$ 216.9	\$ 1,491.8

**As programmed in the FY11 ALCP approved July 28, 2010*

MAG staff will begin working with Lead Agencies through the annual update process to begin revising project schedules, costs, and scopes immediately. To meet the proposed schedule, Lead Agencies will need to internally prioritize, plan, and modify their projects for the reductions. MAG staff has developed new forms to aid in this rebalancing and annual update, and will be providing a training session on how to use the forms. Additionally, we can meet with your agency to work through ideas and balancing scenarios as needed.

CONGESTION MANAGEMENT PROCESS

MAG is also requesting that the MAG Congestion Management Process (CMP) analysis tool is used in the Lead Agency’s evaluation process when rebalancing the ALCP projects in your community. In October 2010, MAG completed the update of the CMP. As part of the federal transportation authorization, MPO’s are required to have a CMP integrated into their planning process. The outcome of the MAG CMP is a dynamic excel driven analysis tool. It was designed with maximum flexibility and integrates both quantitative and qualitative measures depending on the needs of the user. As congestion is a performance measure of MAG’s Regional Transportation Plan, this tool is available for Lead Agencies to use when rebalancing their ALCP projects. MAG staff will provide initial training on using the CMP tool, yet, it will be the Lead Agency’s responsibility to utilize and integrate the analysis into the decision making process for rebalancing the ALCP projects in your community.

MAG will need the commitment of all Lead Agencies to make this rebalancing process work effectively. We appreciate the work of you and your dedicated staff. MAG is available to meet any time. Please contact me or Christina Hopes with any questions at (602) 254-6300 or at eyazzie@azmag.gov, chopes@azmag.gov.

¹ Per Section 260.A.3, “Lead Agencies and other agency(ies)/jurisdiction(s) ... will not be liable to reimburse ... the Program if a Program deficit occurs in the future.”