



## Executive Director's Report

As a result of our current economic conditions, we have been in the position of reporting foreclosure, unemployment and declining sales tax information. Although this information is challenging, it is important to keep our current conditions and trends in perspective. Arizona is a great place to live and raise a family. Communicating a positive outlook is not only good public policy, it is imperative to growing a vibrant economy. With the creation of the MAG Economic Development Committee, we are on our way to supporting the business community in making a difference for our economy.

It is important to confront the brutal truth. Our economy needs to change. How we confront the economy is important. As a veteran city manager once told me, "you share your strength, not your weakness." The strength of this region is impressive. We have a world-class freeway system and two great regional airports. The light rail system links the urban core. We are adjacent to California, the 8th largest economy in the world, and to Mexico, the 13th largest economy in the world. A significant portion of the nation's freight moves through Arizona. We have two major research universities, Arizona State University and University of Arizona. The Thunderbird School of Global Management is consistently rated the best international business school in the world. Our challenge is to focus on our strengths and create a regional identity that moves this region and the state forward.

On a personal note, my father grew up in the Great Depression. Often he spoke about that period of time and going to the Civilian Conservation Corps to find a job. He persevered and prevailed. Most of us are more fortunate than those who experienced that period of history. We have it great in Arizona. It is time to move forward.

**For more information, please contact Dennis Smith, MAG Executive Director, (602) 254-6300.**

## Regional Council Meeting Report for Wednesday, October 27, 2010

### Action Items

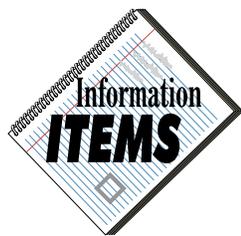


#### Economic Development Committee Composition Approved

The Regional Council approved a refined mission statement, officers, and expanded composition of the new MAG Economic Development Committee (EDC). As defined in its mission statement, the role of the EDC is to "develop an opportunity-specific and action-oriented plan that fosters and advances a plan for the MAG region dealing with infrastructure, especially transportation infrastructure, that would further economic development opportunities." The EDC will not exceed

24 members and will include 12 MAG member agency elected officials appointed by the MAG Regional Council, including the Central City, Maricopa County, five West Valley, and five East Valley representatives. The committee will also include 11 business representatives and one representative from the Arizona Department of Transportation. The chair of the EDC will be the immediate past chair of the MAG Regional Council, while the vice chair will be the current Regional Council chair. The chair and vice chair of the Transportation Policy Committee will also be included as part of the 24-member committee.

**For more information, please contact Denise McClafferty, MAG Management Analyst, (602) 254-6300.**



## **Information Items**

### **2010 Report on the Status of the Implementation of Proposition 400**

The Regional Council received the 2010 Annual Report on the Status of the Implementation of Proposition 400. The proposition was approved by voters in 2004 and authorized the extension of a half-cent sales tax for transportation. The law requires that MAG issue an annual report on the life cycle programs for freeways/highways, arterial streets, and transit.

MAG staff reported that fiscal year (FY) 2010 sales tax receipts were 8.9 percent lower than the receipts from FY 2009, marking the third consecutive decline in year-over-year receipts. Since FY 2007, the year-over-year decreases have been 3.1 percent, 13.7 percent and 8.9 percent.

Due to declining revenues, the Freeway Life Cycle Program experienced a major imbalance between costs and revenues. Measures were taken to rebalance the program in FY 2010, including solutions involving value engineering, project re-scoping and program management changes, which resulted in \$2.4 billion in cost savings. An additional \$4.4 billion in savings came through project deferrals. Despite the challenges, significant progress has been made since the start of the program in 2006. Fourteen miles of new freeways are under construction, and projects that are either completed or underway include 119 miles of new HOV lanes on existing freeways, 60 miles of new general purpose lanes, and 13 projects to install or improve interchanges.

For the Arterial Streets Life Cycle Program (ALCP), \$22 million in reimbursements were shifted beyond FY 2026 to achieve a balanced program. Lead agencies have deferred the use of \$38 million in federal and regional funding from FY 2010 to later years. To date, 20 ALCP projects have been completed. During the next five years, work will proceed on various phases of 87 different projects.

The Transit Life Cycle Program achieved a balanced program in FY 2009 by delaying the implementation of numerous projects. During FY 2010, the program was further refined to allow more routes to be retained on supergrid regional bus routes. Since

the start of the program, there has been significant progress in the transit arena as well. The light rail starter system opened, 11 bus rapid transit (BRT)/express bus routes and seven regional bus grid routes were implemented, and seven additional new bus routes will be implemented over the next five years. Other major projects to be completed by FY 2026 include 16 BRT/express bus routes, 24 regional grid bus routes, and the addition of 25.7 miles of high capacity or light rail transit.

Staff noted that a performance audit by the Auditor General is required every five years. FY 2010 is the first year of the audit and a firm has been hired by the Auditor General to perform the required audit. Work on this audit has yet to begin, but the final report is due in October 2011. The annual report concluded with an overview of ongoing issues, including economic challenges and transportation revenue collection, uncertainties surrounding federal transportation funding, continued reviews of project scope and costs, and potential program adjustments.

**For more information, please contact Roger Herzog, MAG Senior Project Manager, (602) 254-6300.**

### **Update on Exceptional Events and MAG Five Percent Plan for PM-10**

The Regional Council was provided with an update of a potential federal disapproval of the MAG Five Percent Plan for PM-10. On September 3, 2010, the Environmental Protection Agency (EPA) signed a notice to be published in the Federal Register proposing to disapprove portions of the Five Percent Plan. The EPA contends the plan does not adequately control emissions of coarse particulate matter. Although it did approve portions of the plan, the partial disapproval has the same consequences as a disapproval, which could ultimately result in sanctions for the region. The most immediate sanction would be a conformity freeze. Under a freeze, only projects in the first four years of the Transportation Improvement Program could proceed, and no new projects could be added until a new plan is submitted.

Among the issues leading to the partial disapproval was EPA's decision not to concur with findings by MAG and the Arizona Department of Environmental Quality (ADEQ) regarding four high-wind exceptional events. Exceptional events refer to exceedances that are caused by circumstances outside of a plan's control, such as those caused by high winds or wildfires. MAG and ADEQ believe four exceedances at the West 43rd Avenue monitor in 2008 were caused as a result of high-wind exceptional events. EPA has stated there are flaws with the Exceptional Events Rule, but that it must enforce the flawed rule.

Staff reported that on October 1, 2010, a videoconference was conducted with EPA to discuss issues with the EPA Exceptional Events Rule and recommendations from ADEQ and MAG. On October 4, 2010, MAG and ADEQ sent a letter to EPA requesting a 60-day extension of the comment period for the proposed action on the Five Percent Plan. On October 7, 2010, EPA granted an extension of the public comment period to October 20, 2010. On October 8, 2010, an air quality discussion

was again held with EPA to discuss the review of the ADEQ Exceptional Events Document and potential solutions to avoid a conformity freeze.

The air quality agencies and members of the private sector did provide comment on the EPA's proposed disapproval by the October 20th deadline, including a letter signed by members of the Regional Council. The letter described the potential devastating impact of a conformity freeze on the region, summarized the many aggressive actions the region has taken to address dust pollution, and expressed concerns over the implementation and interpretation of the Exceptional Events Rule. The EPA has said that it will issue a final decision on the plan on January 28, 2011.

**For more information, please contact Lindy Bauer, MAG Environmental Director, (602) 254-6300.**

### **Next Regional Council Meeting**

Due to the Thanksgiving holiday, the Regional Council will not meet in November but will meet earlier in December. The next meeting of the MAG Regional Council is scheduled for Wednesday, December 8, 2010, at 5:00 p.m. in the Saguaro Room, 302 N. 1st Avenue, Phoenix. Agenda items are expected to include recommended approval of a locally preferred alternative for the Tempe South project, including a modern streetcar on a Mill Avenue alignment; an update on revised sales tax and Highway User Revenue Fund projections; an update on federal fund programming principles and Congestion Mitigation and Air Quality project change requests; and an air quality update. Additional agenda items are pending.

**For more information, please contact Dennis Smith, MAG Executive Director, (602) 254-6300.**