

September 8, 2010

TO: Members of the Transportation Policy Committee

FROM: Mayor Scott Smith, Mesa, Chair

SUBJECT: NOTIFICATION OF MEETING AND TRANSMITTAL OF TENTATIVE AGENDA

Meeting - 4:00 p.m.

Wednesday, September 15, 2010

MAG Office, Suite 200 - Saguaro Room

302 N. First Avenue, Phoenix

A meeting of the Transportation Policy Committee is scheduled for the time and place noted above. Members of the Committee may attend the meeting either in person, by videoconference, or by telephone conference call. As determined at the first meeting of the Committee, proxies are not allowed. Members who are not able to attend the meeting are encouraged to submit their comments in writing, so that their view is always a part of the process.

For those attending in person, 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 admission to or participation in its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Valerie Day at the MAG office. Requests should be made as early as possible to allow time to arrange the accommodation.

Refreshments and a light snack will be provided. If you have any questions, please contact Eric Anderson, MAG Transportation Director, or Dennis Smith, MAG Executive Director, at (602) 254-6300.

c: MAG Regional Council
MAG Management Committee

**TRANSPORTATION POLICY COMMITTEE
TENTATIVE AGENDA
September 15, 2010**

	<u>COMMITTEE ACTION REQUESTED</u>
1. <u>Call to Order</u>	
2. <u>Pledge of Allegiance</u>	
3. <u>Call to the Audience</u> An opportunity will be provided to members of the public to address the Transportation Policy 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. Citizens 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 Transportation Policy Committee requests an exception to this limit. Please note that those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.	3. Information.
4. <u>Approval of Consent Agenda</u> Prior to action on the consent agenda, members of the audience will be 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. Consent items are marked with an asterisk (*).	4. Recommend approval of the Consent Agenda.

ITEMS PROPOSED FOR CONSENT*

*4A. <u>Approval of the July 21, 2010, Meeting Minutes</u>	4A. Review and approval of the July 21, 2010, meeting minutes.
*4B. <u>Amendment of the MAG Regional Transportation Plan 2010 Update</u> On July 28, 2010, the MAG Regional Council approved the Fiscal Year (FY) 2011-2015 Transportation Improvement Program (TIP) and the MAG Regional Transportation Plan (RTP) 2010 Update. In late July, due to reductions in revenues,	4B. Recommend approval of an amendment to the MAG Regional Transportation Plan 2010 Update to incorporate public transit service level adjustments resulting from reductions in revenues, including repeal of the Local Transportation Assistance Fund, that were reflected in public transit service schedules published in July 2010, contingent upon a finding of conformity of the FY 2011-2015 MAG

including repeal of the Local Transportation Assistance Fund (LTAF), transit service level adjustments were finalized by transit service providers and reflected in transit schedules published in July 2010. These changes impacted the transit service levels in the RTP 2010 Update and the corresponding transportation network modeling assumptions. An air quality conformity regional emissions analysis reflecting the new modeling assumptions has been conducted and indicates that the TIP and RTP will not contribute to violations of federal air quality standards. The MAG Transportation Review Committee recommended approval on August 31, 2010. On September 8, 2010, the Management Committee recommended approval. Please refer to the enclosed material.

Transportation Improvement Program and the MAG Regional Transportation Plan 2010 Update with applicable air quality plans.

ITEMS PROPOSED TO BE HEARD

5. Use of Public Private Partnerships in the MAG Region

At the July 2010 meeting, an overview presentation on why Public Private Partnerships PPP's are being explored, how PPP's have been used in other states and regions, and examples of the type of projects in Arizona that may be candidates for PPP consideration was provided. Additional information about the types of PPP projects that might be applicable to the MAG region will be provided. One type of project might involve adding a managed lane network to the system. Managed lanes are freeway lanes that use road pricing to manage the amount of traffic in the lane in order to maintain certain speed levels. MAG conducted a similar study in 2002 that showed that such a concept could work in a number of corridors. Given the age of the previous study and that the characteristics of the system have changed, a study to examine the feasibility of implementing a managed lane network for the MAG region would be useful. Such a study would determine the overall feasibility of such a system including such elements as operating characteristics, corridor priorities for implementation, pricing strategies, enforcement and other operational issues, and revenue potential. In addition, a survey and focus groups to gauge the

5. Information, discussion and possible action to recommend that MAG conduct a Managed Lane Feasibility Study and public opinion survey on attitudes toward P3s, tollroads, and managed lanes.

public's attitudes about P3s, tollroads, and managed lanes would be useful.

6. Proposal to Advance the Construction for a Portion of the Williams Gateway Freeway

Mesa has requested consideration of a proposal to advance the construction for the segment of the Williams Gateway Freeway from the Santan Freeway to Ellsworth Road. Funding for the construction of this segment is programmed in Fiscal Year (FY) 2016 and Mesa is proposing to advance construction to FY 2012. A request to accelerate the design, right of way and construction of this segment was originally approved by MAG in January 2009. The legislature subsequently swept the funds that had been designated for the interest expense for the accelerated project. In May 2009, MAG approved a request by Mesa to accelerate only the design and right of way and that the funding that has been programmed for the advanced acquisition of right of way in the corridor be used to cover the interest expense associated with the financing necessary to accelerate the design and right of way activity. The Arizona Department of Transportation (ADOT) is currently acquiring the right of way and is starting the final design for the segment. To advance construction, Mesa is proposing to issue Highway Project Advancement Notes (HPANs), which are secured by the city's excise tax, to fund the accelerated construction. Since Mesa would issue the debt, there is no impact on the freeway program's financing capacity. The program currently estimates construction costs at \$158.3 million. Recent ADOT estimates place construction costs at \$119 million due in large part to the competitive bidding environment. Advancing construction of this project to January 2012 could potentially save the Program a substantial amount of money. The financial analysis for the proposed acceleration includes issuing \$130 million of HPANs to support the construction of the project. The net interest expense on the debt to advance construction is estimated to be \$21.2 million. The interest expense would be funded in part using the \$10 million set aside by the State Legislature to fund the acceleration of the SR-802. In addition, interest expense would be reduced by any savings from the

6. Recommend approval of the Mesa request to advance the construction of an interim connection of the Williams Gateway Freeway between the Santan Freeway and Ellsworth Road by approximately four years, to be incorporated into the MAG FY 2011 to FY 2015 Transportation Improvement Program for FY 2012 and the Regional Transportation Plan 2010 Update for an air quality conformity analysis, and authorize the MAG Executive Director to enter into an agreement with ADOT and Mesa.

original \$8 million that was allocated for interest expense from the advancement of design and right of way acquisition for the SR-802 due to lower than anticipated interest costs. This is estimated to be approximately \$2.0 million. The net interest expense after the \$10 million state set aside and any savings from the original interest expense fund allocation, would be divided equally between the Freeway Program and Mesa, as stated in the MAG Highway Acceleration Policy adopted in February 2008. Mesa and the Freeway Program would be responsible for about \$4.6 million each of interest expense based on the financial analysis. The Program share of the interest cost represents an additional cost to the Program, however, this added cost would be offset by the accelerated construction for the project as long as the rate of inflation exceeds one half of the interest rate on the financing. The financial analysis assumes an interest rate of 4.25 percent on the notes. ADOT currently uses a three percent inflation rate for construction, so there would be a net cost savings to the program as a result of the proposed acceleration. Mesa understands and agrees that if the schedule for the project is delayed due to higher program costs and/or lower program revenues, the reimbursement to Mesa would be delayed as other projects are also delayed. On September 8, 2010, the Management Committee recommended approval. Please refer to the enclosed material.

7. State of Transit in the Region

Through the MAG Committee process starting at the Transit Committee, MAG programs transit projects to be funded with federal funds while working cooperatively with MAG member agencies, the designated grant recipient (City of Phoenix), and the transit operators in the region: the City of Glendale, the City of Peoria, the City of Phoenix, the Regional Public Transportation Authority (RPTA), the City of Scottsdale, the City of Surprise, the City of Tempe, and Valley Metro Rail (METRO). Fiscal Year (FY) 2010 was a transition year for transit programming. In the past, the effort was led by RPTA, using prioritized guidelines as explained in the attachment. Last year, the responsibility shifted to MAG. FY 2011 will

7. Information and discussion.

continue to be a transition year for transit programming. MAG needs to develop regional transit programming guidelines/priorities/evaluation criteria for federal funds and a process on how to integrate Transportation Life Cycle Program (TLCP) material changes to the Regional Transportation Plan (RTP) through the MAG Committee process. An overview of the State of Transit in the Region will be presented to aid member agency leaders in providing input to staff and the MAG Transit Committee in developing the regional transit programming guidelines/priorities/evaluation criteria for federal funds. Please refer to the enclosed material.

8. Update on Exceptional Events and MAG Five Percent Plan for PM-10

On July 2, 2010, the Environmental Protection Agency (EPA) published the proposed consent decree in the Federal Register, which indicated that EPA would propose action on the MAG Five Percent Plan for PM-10 by September 3, 2010, and finalize the action by January 28, 2011. The Arizona Department of Environmental Quality (ADEQ) submitted comments requesting that the schedule in the consent decree be delayed for at least six months to ensure that a final decision on exceptional events will be made by EPA based upon the best scientific information available. The Salt River Pima-Maricopa Indian Community, Maricopa County and MAG submitted comments in support of the ADEQ comments. On August 2, 2010, the ADEQ transmitted supplemental information to EPA regarding the June 4, 2008 exceptional event and again requested that Region IX revisit its May 21, 2010 decision to not concur with the ADEQ exceptional events documentation. MAG has been providing assistance with the supplemental information and more will be forthcoming. On August 24, 2010, EPA sent a letter to ADEQ indicating that EPA will be proposing action on the Five Percent Plan on September 3, 2010, and that EPA will be addressing the exceptional events in that action. MAG has also been conducting outreach to the Congressional Delegation as directed by the Regional Council. On August 30, 2010, the Arizona Congressional Delegation sent a

8. Information and discussion.

letter to EPA expressing concern with recent EPA decisions on exceptional events and the MAG Five Percent Plan for PM-10. In addition, the California Air Resources Board sent a letter to EPA expressing concern with the EPA denial of the Imperial County exceptional events. On August 17, 2010, the Imperial County Air Pollution Control District approved the pursuit of all appropriate legal remedies to challenge EPA's limited disapproval of their dust control rules, tied to the disapproval of the exceptional events. On September 1, 2010, ADEQ and MAG sent a joint letter to EPA to express concern with the process used by EPA to implement the Exceptional Events Rule and to request an extension of at least six months before EPA proposes action on the Five Percent Plan. On September 3, 2010, the EPA Regional Administrator signed a Federal Register notice that proposed partial approval and partial disapproval of the Five Percent Plan for PM-10 for the Maricopa County nonattainment area. The notice is expected to be published within two weeks. Please refer to the enclosed material.

9. Request for Future Agenda Items

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

10. Comments from the Committee

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

9. Information and discussion.

10. Information.