

February 22, 2011

TO: Members of the Transportation Review 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 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 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 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 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 make the proposed schedule as shown in the attachment, 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 Congestions Management Process 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 Congestion Management Process (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 CPM 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 (RTP), this tool is available for Lead Agency's 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.

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."

As noted in the attached Annual Update Schedule, the deadlines for revised project information are fast paced. MAG will need the commitment of all Lead Agency's to make this rebalancing process work effectively. We appreciate the work of you and your dedicated staff. MAG is available to meet any time, and please contact me or Christina Hopes with any questions at (602) 254-6300 or eyazzie@azmag.gov, chopes@azmag.gov.