

DRAFT MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
TRANSPORTATION REVIEW COMMITTEE

September 22, 2011

Maricopa Association of Governments Office  
302 North First Avenue, Suite 200, Saguaro Room  
Phoenix, Arizona

MEMBERS ATTENDING

\*Peoria: David Moody, Chair  
Scottsdale: David Meinhart, Vice-Chair  
ADOT: Kwi-Sung Kang  
Avondale: Shirley Gunther for David  
Fitzhugh  
\*Buckeye: Scott Lowe  
Chandler: Dan Cook for Patrice Kraus  
El Mirage: Lance Calvert  
Fountain Hills: Randy Harrel  
Gila Bend: Eric Fitzer  
\*Gila River: Doug Torres  
Gilbert: Ken Maruyama for Tami Ryall  
Glendale: Bob Darr for Terry Johnson  
Goodyear: Cato Esquivel  
Guadalupe: Gino Turrubiarres  
Litchfield Park: Paul Ward for Woody  
Scoutten

Maricopa County: Clem Ligocki for John  
Hauskins  
Mesa: Jeff Martin for Scott Butler  
Paradise Valley: Bill Mead  
Phoenix: Shane Silsby for Rick Naimark  
Queen Creek: Tom Condit  
RPTA: Bryan Jungwirth  
Scottsdale: Dave Meinhart  
Surprise: Bob Beckley  
Tempe: Chad Heinrich  
Valley Metro Rail: Ben Limmer for John  
Farry  
\*Wickenburg: Rick Austin  
\*Youngtown: Grant Anderson for Lloyce  
Robinson

EX-OFFICIO MEMBERS ATTENDING

Street Committee:  
\* 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

OTHERS PRESENT

Eric Anderson, MAG  
Christina Hopes, MAG  
Roger Herzog, MAG  
Nathan Pryor, MAG  
Steve Tate, MAG  
Eileen Yazzie, MAG  
Jenna Goad, Glendale

Andy Granger, Peoria  
Mike Sabatini, Michael Baker  
Robert Reiss, Gannett Fleming Inc.  
Art Brooks, Strand Assoc.  
Ashleigh Hope, MCDOT  
Nicole Patrick, MCDOT

1. Call to Order

Vice-Chairman David Meinhart from the City of Scottsdale called the meeting to order at 10:01 a.m.

2. Approval of Draft September 22, 2011 Minutes

Vice-Chairman Meinhart asked if there were any changes or amendments to the September 22, 2011 meeting minutes, and there were none. Mr. Paul Ward from City of Litchfield Park motioned to approve the minutes. Mr. Dan Cook from the City of Chandler seconded, and the motion passed by a unanimous voice vote of the Committee.

3. Call to the Audience

Vice-Chairman Meinhart announced that he had not received any cards requesting to speak and moved on to the next item on the agenda.

4. Transportation Director's Report

Vice-Chairman Meinhart invited Mr. Eric Anderson to present the Transportation Director's Report. Mr. Anderson briefly discussed the remodeling of the MAG Regional Meeting Center. He invited MAG Member Agencies to use the meeting space to conduct regional business. He noted that the remodeling effort came in under budget for a variety of reasons that included LED lighting donated by the City of Phoenix, table tops refurnished by the Arizona Correctional Industries, and half-price floor tiles in the lobby.

Mr. Anderson announced that Regional Area Road Fund (RARF) revenues continued to be positive. He stated the FY 2011 revenues came in 3.4 percent higher than FY 2010 revenues. He added that RARF revenue collections for the last nine months of FY 2011 were positive. Mr. Anderson stated that RARF revenue collections for FY 2012 also were positive noting that collections for the first two months of the fiscal year were 7.2 percent higher than forecasted.

Mr. Anderson reported that the Arizona Department of Transportation (ADOT) would release revised forecasts for the Regional Area Road Fund and the Highway User Revenue Fund (HURF) in the fall. He stated that ADOT panel meetings would be conducted next week to discuss the inputs for the revenue projection models.

Mr. Anderson announced that HURF revenues for FY 2011 were up 0.9 percent over the forecast and that \$1.2 billion in HURF revenues had been collected in FY 2011. Mr. Anderson reported that HURF revenue collections for the first two months of FY 2012 were down 0.4 percent. He stated that ADOT had forecasted an increase of 0.9 percent of HURF revenues for FY 2012. Mr. Anderson attributed the minimal growth to soft gas tax and vehicle license fee collections.

Next, Mr. Anderson discussed the regional Salt Lake City trip, which was scheduled for the 13<sup>th</sup> and 14<sup>th</sup> of October 2011. He stated the trip was being coordinated by Mr. Marc Pearsall, MAG Transportation Planner III. Mr. Anderson encouraged individuals interested in participating in the trip to contact Mr. Pearsall for additional information. Mr. Anderson stated that the trip would consist of touring multi-modal facilities owned and operated by the Utah Transit Authority.

Mr. Anderson informed the Committee that the Local Transportation Assistance Fund (LTAFF) II sweep was declared invalid by the courts because the sweep violated the State Implementation Plan (SIP) for air quality in the region. He expressed uncertainty about what would happen given the ruling. He discussed potential scenarios, which included the legislature reinstating the fund or the removal of the fund from the SIP.

Vice-Chairman Meinhart inquired if there were any comments or questions regarding the agenda item. Mr. Bryan Jungwirth from Valley Metro/RPTA inquired when the next ADOT revenue forecast would be released. Mr. Anderson replied that he anticipated the forecast would be released towards the end of October. Vice-Chairman Meinhart inquired if there were any additional questions, and there were none.

5. Consent Agenda

Addressing the next item of business, Vice-Chairman Meinhart directed the Committee's attention to the consent agenda. He asked the Committee if there were any questions or comments regarding consent agenda item 5a on the Amendment and Administrative Modification to the Fiscal Year (FY) 2011 - 2015 MAG Transportation Improvement Program (TIP) or 5b on Unprogrammed Federal Fund Balances. There were none. Mr. Jeff Martin from the City of Mesa motioned to approve the consent agenda. Mr. Clem Ligocki from Maricopa County seconded, and the motion passed with a unanimous voice vote of the Committee.

6. Transportation Review Committee Chair and Vice Chair Appointments

Vice-Chairman Meinhart invited Ms. Christina Hopes from MAG to present on Transportation Review Committee (TRC) Chair and Vice Chair appointments. Ms. Hopes announced that TRC Chairman David Moody's term as Chair would expire at the end of December 2011 under the MAG Committee Operating Policies and Procedures. She stated that when his term expired Vice-Chairman Meinhart would ascend to the Chair position leaving a vacancy in the Vice-Chair position. Ms. Hopes encouraged Committee members interested in serving as the next Vice-Chair of the TRC to submit letters of interest to Chair of the MAG Regional Council. She stated that letters of interest should be submitted no later than November 1, 2011.

7. FY2011 and 2012 Adjustments of Local Sponsored Federal Funded Projects

Moving on, Vice-Chairman Meinhart asked Ms. Eileen Yazzie, MAG Transportation Programming Manager, to present on the Fiscal Year (FY) 2011 and 2012 Adjustments of Local

Sponsored Federal Funded Projects. Ms. Yazzie directed the Committee to revised materials for the agenda item at their places.

Ms. Yazzie stated that MAG Staff had been notified by several member agencies that certain projects programmed with Congestion Mitigation and Air Quality (CMAQ) funds would not obligate in Federal Fiscal Year (FFY) 2011. She added that MAG also had been notified by ADOT that additional federal funded projects would not be obligated during FFY 2011. She stated that as a follow-up to these notifications, MAG Staff had encouraged each MAG Member Agency to review the progress of their federally funded projects anticipated to obligate during FFY 2011 and to verify that the projects were programmed accurately.

Ms. Yazzie reported that five projects programmed for obligation in FFY 2011 would not obligate by the end of the FFY. She stated the three of the five projects were first time deferral requests. She stated that the remaining two projects were sponsored by the City of Tempe. Ms. Yazzie reported that under the current Draft Federal Fund Programming Principles that agencies requesting to defer a federally funded project for a second time or more were required to submit a letter of explanation in addition to the deferral request. She directed the Committee's attention to the deferral letters from the City of Tempe at their places.

Next, Ms. Yazzie addressed ADOT deferral requests for projects funded with Transportation Enhancement, Safe Routes to School, and Highway Safety Improvement Program funds. She directed the Committee's attention to a table that listed the ADOT deferral requests as well as other amendments to the MAG TIP for federally funded ADOT-led projects.

Mr. Gino Turrubiarres from the Town of Guadalupe requested that Ms. Yazzie refresh the Committee on the procedures and limits for deferring federally funding projects. Ms. Yazzie stated that currently MAG was operating under the Draft Federal Fund Programming Principles, which had been in place for the last two years. She acknowledged that the next item on the agenda would address proposed revisions to the current Draft Federal Fund Programming Principles. Ms. Yazzie stated that the current principles allowed sponsoring agencies a one-time deferral of federally funded projects. She added that under the current principles, sponsoring agencies were required to submit a justification letter for requests to defer a federally funded project for a second time or more.

Ms. Yazzie addressed the deferral requests submitted by the City of Tempe. She explained that the City was waiting to receive approval for a categorical exclusion for one of the projects. She stated that the City anticipated receiving the approval within the next four to six weeks, which would result in the project obligating in early FFY 2012. She added that the City had encountered a right-of-way issue on the second project, which caused the delay in obligation.

Mr. Lance Calvert from the City of El Mirage inquired how the requested deferrals would impact the CMAQ program and if there were any negative effects of approving the requested deferrals. Ms. Yazzie replied that the deferrals would put additional pressure on ADOT to use the obligation authority associated with the projects. She stated that historically ADOT had returned the obligation authority to the region the following year; however, ADOT and the Federal Highway Administration (FHWA) had encouraged MAG to refine the current federal

fund process to avoid the practice in the future.

Vice-Chairman Meinhart inquired if there were any additional questions or comments about the agenda item, and there were none. Mr. Jeff Martin from the City of Mesa motioned to recommend approval of projects to be deferred from FFY2011 to FFY2012 or later, approval of project changes and additions for new ADOT federal fund projects, and recommend approval to amend and modify the FY2011-2015 Transportation Improvement Program, and as appropriate, to the Regional Transportation Plan 2010 Update. Mr. Jungwirth second the motion, and the motion passed by a unanimous voice vote of the Committee.

8. DRAFT Federal Fund Programming Guidelines and Procedures

Vice-Chairman Meinhart invited Ms. Yazzie to present the Draft Federal Fund Programming Guideline and Procedures. Ms. Yazzie directed the Committee's attention to the attachments for the agenda item, which included a memorandum explaining the history of the programming guidelines as well as a copy of the proposed Draft Federal Fund Programming Guidelines and Procedures.

Ms. Yazzie informed the Committee that in 2009, the MAG Management Committee created the MAG Federal Fund Working Group to address project deferrals, project development at small and/or inexperienced agencies, project costs, and local financial commitment. She stated that over the last few years MAG Staff had coordinated with the Federal Fund Working Group to develop the Draft Federal Fund Programming Guidelines and Procedures.

Ms. Yazzie reported that during the development of the Draft Federal Fund Programming Guidelines and Procedures, MAG Staff had conducted research and evaluated six peer Metropolitan Planning Organizations (MPOs) and Councils of Governments (COGs) regarding their local sponsored federal aid project process. She stated that research indicated that MAG should monitor federal fund projects against project milestones and facilitate better up-front scoping of projects. Ms. Yazzie reported that some peer organizations used investigation teams to monitor the progress of federally funded projects. She added that most peer agencies did not allow second deferrals for federally funded projects noting that when a second deferral was permitted that additional documentation was required. Ms. Yazzie stated that several of the peer organizations had dynamic TIPs, which allowed projects to advance if they had met the necessary requirements and achieved the specified milestones.

Next, Ms. Yazzie highlighted proposed revisions included in the Draft Federal Fund Programming Guidelines and Procedures. She noted that proposed revisions established a more bureaucratic process aimed at shoring up the federal fund process by facilitating project obligation. She explained that the proposed process included more deadlines and project milestones.

Ms. Yazzie informed the Committee that the proposed process included project reports semi-annually. She stated that action would be taken on federally funded projects twice a year based on Federally Funded Project Status Reports. She explained that the proposed process would

move away from the annual Federal Fund Closeout Process. Ms. Yazzie reported that the proposed process would include a dynamic TIP programming process. She stated the proposed guidelines and procedures refined allowable project scope changes and established an appeals process.

Then, Ms. Yazzie addressed proposed revisions by section of the Draft Federal Fund Programming Guidelines and Procedures. She directed the Committee's attention to Section 200 of the draft, which was a new section. She stated that Section 200 addressed local project sponsor responsibilities and timelines. Ms. Yazzie referenced a table in Section 200 that outlined the five to six year process for federally funded projects. She stated that the process was divided into five steps, which included the application process, the TIP approval process, and the local fund commitment period.

Ms. Yazzie reported that the proposed process required local funding commitments to be programmed in the sponsoring agency's Capital Improvement Program (CIP). She stated that member agencies would have 11 months for construction projects and 23 months for non-construction projects to get the local funds programmed in an approved CIP.

Mr. Eric Anderson, MAG Transportation Director, informed the Committee that the ADOT State Transportation Improvement Program (STIP) Process recently had been reviewed by FHWA. He reported that the review had resulted in several findings and that FHWA and the Federal Transit Authority (FTA) were focusing on fiscal constraint in TIPs and STIPs. Mr. Anderson stated that local agency sponsor verbal verification of local funding commitment was no longer sufficient for funding verification. He explained a financial plan that demonstrated fiscal constraint and that documented funding sources for projects in the first two years of the TIP was now required by FHWA and FTA.

Mr. Dan Cook from the City of Chandler stated that typically funding in an approved CIP indicated committed funds in the first year and planned commitments in the remaining years of the CIP. He inquired if this would be sufficient to meet the federal requirements. Mr. Anderson replied that he believed that would be sufficient.

Moving on, Ms. Yazzie addressed additional requirements proposed in Section 200. She stated that local sponsors would be required to show continuous progress towards project completion. She stated that if continuous progress was not demonstrated, then the local sponsor may be faced with deferrals or deletions from the MAG Federal Fund Program.

Then, Ms. Yazzie discussed Sections 300 and 400 of the Draft Federal Fund Programming Guidelines and Procedures. She stated that steps two and three of the project development process were addressed in these sections. She explained that the proposed language regarding the application process was based on the Draft Federal Fund Programming Principles and that the section detailed the application and programming process. Ms. Yazzie stated that step three addressed local agency funding commitments. She explained that under the proposed guidelines and procedures, projects would be deleted from the program if the local sponsor could not demonstrate a financial commitment to the project.

Ms. Yazzie reported that Section 500 addressed steps four and five of the project development process. She stated that six months prior to project kick-off MAG would require a project schedule with a list of established project milestones before federal funds would be programmed in the first year of an approved TIP.

Ms. Yazzie announced that a Federal Fund Project Status Report would be presented through the MAG Committee process on a semi-annual basis. She explained that the reports would be presented in December/January and June/July committee cycles. She stated that the Committee's would take action on the status report each time. Ms. Yazzie explained that acting on the status report would be similar to a semi-annual Federal Fund Closeout Process based on project readiness.

Moving on, Ms. Yazzie discussed the dynamic TIP process, which was divided into three tiers. She stated that Tier 1 applied to upcoming fiscal year projects. She explained that Tier 1 projects would need to meet three milestones before they would be programmed in the first year of an approved TIP. She stated the milestones that must be met included: (1) 60 percent design plans completed, (2) environmental clearance documents submitted, and (3) right-of-way appraisals completed. Ms. Yazzie announced that the City/Town Engineer would be required to stamp the documentation certifying the information was accurate. She stated that once the project was approved for programming the first year of the TIP that the local sponsor would have one month after Regional Council approval to complete the outstanding items.

Mr. Turrubiarres requested clarification on the obtaining environmental clearances before a project could proceed. Ms. Yazzie explained that under federal law, environmental clearances must be obtained before certain types of work could be conducted on a project. She added that the requirement for environmental clearances to be submitted, not approved, applied to projects being programmed with federal funds in the first year of an approved TIP. Mr. Cook inquired if this requirement was applicable to construction funding only noting that the requirements wouldn't be applicable to a federally funded design phase. Mr. Cook added that the draft guidelines and procedures should be clarified to make the distinction between design and construction work on a federally funded project. A brief discussion followed. Ms. Yazzie stated that she would provide additional clarification in the draft guidelines and procedures for CE projects and other non-construction related federally funded work phases.

Vice-Chairman Meinhart stated that he did not recall the Federal Fund Working Group requiring a City/Town Engineer to sign off on the three milestone requirements. He expressed concern that the requirement may cause the process to become inelastic. Ms. Yazzie replied that MAG Staff had been asked by the Federal Fund Working Group to determine the specific milestones that would be tied to the programming process. She stated that MAG Staff coordinated with three member agencies to develop the specifics of the milestones and that the PE stamp requirement was suggested during those coordination efforts. A brief discussion followed.

Mr. Cook addressed the issue of the City/Town Engineer certifying the materials. He explained that if a professional engineer (PE) was making a judgement, then they have to stamp the materials by law. He emphasized that if a PE signs the documentation then it would be certified

by law. Mr. Cook supported the PE stamp requirement stating that he had seen numerous plans submitted as 60-70 percent complete, when the plans were closer to 30 percent complete. Mr. Cook suggested that a possible compromise would be to have another PE, in lieu of the City/Town Engineer, stamp the required materials. The discussion continued.

Mr. Clem Ligocki from Maricopa County stated that ADOT had a requirement that plans could not be beyond 30 percent unless environmental clearances were approved. He stated that the 60 percent requirement was in conflict with ADOT's requirements. He explained that with the revised ADOT Local Government Manual slated for release in December that ADOT was sticking to the 30 percent requirement. Mr. Ligocki stated that a Design Concept Report (DCR), which must be submitted at 30 percent, must be stamped by a PE. He suggested that the cover page over the DCR be submitted in lieu of having a PE stamp the programming documentation. The discussion continued.

Ms. Yazzie stated that she would continue to coordinate with MAG Member Agencies on these requirements after the meeting and before the draft guidelines were presented to the MAG Management Committee. She stated that she would be contacting the member agencies for additional input regarding this issue.

Moving on, Ms. Yazzie discussed Tier 2. She explained that in Tier 2, if a local sponsor wanted to advance a federally funded project into the current year, then the projects would be subject to the same milestones as Tier 1 projects. She explained that these requirements would prevent the advancement of a project that was not ready to go. She noted that the advancement of Tier 2 projects would occur in August once the deferral or deletion of Tier 1 projects had been determined.

Ms. Yazzie discussed Tier 3. She explained that Tier 3 would address unprogrammed federal funds in the upcoming year due to project deferrals and deletions. She stated that under draft programming guidelines and procedures, the priorities for programming of unprogrammed federal funds would be addressed through the MAG Committee Process in the June/July cycle before the start of the upcoming federal fiscal year. She explained that the approach would clarify the programming priorities before funding availability occurred.

Then, Ms. Yazzie presented Section 600 of the Draft Federal Fund Programming Guidelines and Procedures, which provided guidance on project deferrals and deletions. She stated that under Section 600, a project may be deferred once before it is deleted. She explained that projects that were unable to obligate after the first deferral would fall into one of two categories. She stated that the first category would apply for projects that failed to make continuous progress due to local sponsor issues or constraints. She explained that projects that fell into that category would be deleted from the MAG Federal Fund Program and from the approved TIP.

Ms. Yazzie stated that projects that were that were delayed due to external factors, such as processing delays at ADOT or environmental issues, would fall into the second category. She explained projects delayed due to external factors would be presented through the MAG Committee Process for a vote on whether to keep the project in the MAG Federal Fund Program. Ms. Yazzie stated that the majority of the projects in this category would likely be

deferred instead of deleted from the federal fund program.

Ms. Yazzie informed the Committee that Section 800 addressed allowable project changes. She stated that a change in project location by 0.25 miles or more or a change in project type would not be permitted under the draft guidelines and procedures. She explained if change of that nature was required, the project would be deleted from the MAG Federal Fund Program and the funds would be made available for reprogramming in the region. She noted that the local sponsor was allowed to resubmit the revised project for federal funding consideration during the normal application process.

Next, Ms. Yazzie presented the appeals process as outlined in Section 900. She reported that the proposed appeals process was suggested by the majority of the peer MPOs and COGs. She stated that under the proposed process, local sponsors contesting the deletion of project due to insufficient progress on the project as a result of local sponsor issues or constraints would be required to present the appeal to the MAG Regional Council. She stated that if the appeal was approved by the Regional Council, then the project would be deferred to a later year.

Ms. Yazzie addressed post obligation milestones and progress. She stated that once a project had obligated, MAG would continue to monitor the progress of federally funded projects to ensure continuous progress. She explained that these requirements were related to FHWA and FTA's commitment to deobligate inactive projects. Mr. Eric Anderson noted that the FHWA Arizona Division Office was being held accountable for inactive projects and had been given a directive to keep inactive projects below four percent.

Ms. Yazzie summarized the next steps for the Draft Federal Fund Programming Guidelines and Procedures. She stated that MAG Staff would continue to coordinate with member agencies on additional revisions and incorporate the input given by the Committee into the draft as the guidelines and procedures moved forward to the MAG Management Committee for review and approval. She announced that once the draft was approved by the Regional Council that MAG Staff would contact each member agency to request milestone data on federally funded projects in the approved MAG TIP. She stated that MAG would present a status report on federally funded projects in the December/January committee cycle for action. She added that once the guidelines and procedures were approved, MAG Staff would seek input on programming priorities for FFY 2012 in October.

Mr. Turrubiarres inquired if member agencies requesting an appeal would be required to present to the Transportation Review Committee or if the agency would present directly to the MAG Regional Council. Ms. Yazzie replied project deferrals and deletions would be presented to the TRC and proceed through the MAG Committee process for approval. She stated that if an agency wanted to appeal a proposed deletion, then the agency would be required to present the appeal to the MAG Regional Council concurrently with the requests to defer and delete federally funded project in accordance with the Federal Fund Programming Guidelines and Procedures.

Mr. Cook expressed concerns about the 11 month requirement to secure funding for construction projects. He explained that if an agency missed the CIP programming deadlines

by one month that it could take an additional 13 to 15 months before the funding could be listed in approved CIP. He encouraged MAG to review the time limits regarding funding commitments in light of the CIP programming process. He noted that this occurrence was possible albeit an exception to the general rule.

Mr. Paul Ward from Litchfield Park requested clarification on the post obligation tracking requirements. Ms. Yazzie stated that MAG would monitor the progress of obligated projects for three reporting periods once the project obligated. Mr. Ward commented that projects may be active even if they are considered inactive due to failure to submit an invoice to ADOT and FHWA.

Vice-Chairman Meinhart stated that starting in FFY 2015 that MAG would begin programming projects to the federal aid maximum. He stated that this was a key factor in tying performance to the programming guidelines and procedures. Ms. Yazzie informed the Committee that the Regional Transportation Plan (RTP) currently required bike/pedestrian and intelligent transportation systems (ITS) projects to be funded at a 70 percent regional and 30 percent local match split. She stated that with the approval of the draft guidelines that the local match for these categories would be lowered to the federal requirements to facilitate project completion due to the economy downturn.

Vice-Chairman Meinhart noted that combining currently programmed federal aid projects, which had been encouraged by MAG, was not addressed in the draft. Ms. Yazzie stated that MAG continued to support project consolidation to facilitate project obligation and completion. She stated that MAG Staff would develop an implementation plan to address currently programmed federal fund projects.

Vice-Chairman Meinhart inquired if there were any additional questions or comments regarding the agenda item. There were none, and he proceeded to the next item on the agenda.

9. 2011 Annual Report on Status of the Implementation of Proposition 400

Vice-Chairman Meinhart invited Mr. Roger Herzog, MAG Senior Transportation Planner, to present on the 2011 Annual Report on the Status of the Implementation of Proposition 400 (Annual Report). Mr. Herzog informed the Committee that Arizona Revised Statute 28-6354 required that annually MAG issue a report on the status of projects funded through Proposition 400. He stated the Annual Report addressed projects programmed in the Freeway Life Cycle Program (FLCP), the Arterial Life Cycle Program (ALCP), and the Transit Life Cycle Program (TLCP). Mr. Herzog announced that a public hearing on the Annual Report would be held in November 2011.

Mr. Herzog stated that during FY 2010, the costs and revenues in the life cycle programs were rebalanced due to the downturn in the economy. He stated that in FY 2011, revenue forecasts were updated and indicated that future revenues would be lower than had been estimated in FY 2010. Mr. Herzog reported that the FY 2011 forecast for half-cent revenues for FY 2012 through FY 2026 was 23.7 percent lower than the estimate in the 2010 Annual Report. He

noted that forecasts of ADOT funds dedicated to the MAG region for FY 2012 through FY 2026 were 3.5 percent lower than the 2010 estimate.

Mr. Herzog announced that FY 2011 half-cent sales tax receipts were 3.4 percent higher than the FY 2010 receipts. He noted that FY 2011 was the first year since FY 2007 that there was an increase in annual collections. He stated that collections for FY 2011 remained 21.1 percent lower than FY 2007 collection.

Mr. Herzog informed the Committee that in FY 2010, a rebalancing of costs and revenues in the FLCP was accomplished through project scope reevaluation, cost estimate adjustments, and schedule revisions. He explained the rebalancing was needed to address a deficit of approximately \$6.6 billion in the program. Mr. Herzog reported that in FY 2011, lower revenue forecasts resulted in a recurrence of an imbalance between projected costs and expected revenues in the FLCP.

Mr. Herzog announced a current deficit of approximately \$453 million in the FLCP had been estimated through FY 2026. He stated this was approximately six percent of the projected total expenditures for the period FY 2012-2026. He reported that MAG and ADOT were coordinating on measures to restore the fiscal balance to the FLCP adding that it was anticipated program would be balanced by the end of FY 2011. Mr. Herzog presented several slides that listed freeway and highway projects that had been completed to date. He also presented a list of projects had gone out to bid or were underway in FY 2011.

Mr. Herzog announced that approximately \$31 million was reimbursed to lead agencies in the ALCP for completed projects and projects underway in FY 2011. He reported that \$208 million had been reimbursed to-date for ALCP projects. He noted that 28 ALCP projects had been completed as of the end of FY 2011. Mr. Herzog informed that Committee that 49 ALCP project agreements had been executed to date.

Mr. Herzog reported that lead agencies had deferred \$41 million programmed for reimbursement in the ALCP from FY 2011 to a later year in the program. Then, Mr. Herzog addressed the deficit of program funds in the ALCP. He announced that a \$196.5 million reduction in ALCP had been required to restore the fiscal balance of the program due to a decline in program revenue. He stated that MAG and Lead Agency staff had coordinated on the reprogramming effort to restore the fiscal balance. He announced that the fiscally balanced FY 2012 Arterial Life Cycle Program had been adopted by the MAG Regional Council in September 2011. Mr. Herzog also reported that 24 projects would be under construction and that \$103 million was programmed for reimbursement in FY 2012.

Moving on, Mr. Herzog discussed the Transit Life Cycle Program (TLCP). He reported that a balanced program was achieved in FY 2009 by delaying the implementation of numerous projects. He announced that in FY 2010, the program was refined further, especially service levels on supergrid regional bus routes, to allow more routes to be retained. Mr. Herzog stated that the TLCP costs were not in balance with project funds in FY2011. He attributed the imbalance to the continued economic downturn and the decrease in estimated future revenues. He announced that a deficit of approximately \$581 million had been identified between FY

2012 to 2026.

Mr. Herzog stated that a balance previously was achieved by delaying the implementation of numerous projects and reducing the scope of many other projects. He noted that simply delaying future projects to balance the TLCP had become increasingly difficult. He reported a significant effort was started in FY 2011 to assess the TLCP funded services in operation.

Mr. Herzog explained that during FY 2012, after modifications to existing services are complete, RPTA/METRO would move forward with rebalancing the TLCP by adjusting future services and capital projects to meet the projected revenues. He reported that public input would be solicited before any final decisions were made. He anticipated that a balanced program would be identified by the end of calendar year 2011.

Mr. Herzog announced that significant progress since the start of Transit Life Cycle Program. He stated that the light rail starter system had opened, 11 Bus Rapid Transit (BRT) routes had been implemented, and seven regional bus grid routes had been implemented. He reported that the Central Mesa light rail transit extension and the Tempe Streetcar was scheduled for completion in FY 2016 as well as the addition of nine new bus routes over the next five years.

Next, Mr. Herzog discussed the financial and performance audit of Proposition 400. He stated that the audit was required by State law once every five years. He reported that MAG had participated in the audit and that the final report was anticipated in the fall. He stated that MAG would hold a public meeting once the audit findings are released.

Mr. Cook stated that the Mr. Herzog's report included several positive pieces of information about the implementation of Proposition 400. He encouraged MAG to have the Public Information Officers from MAG, Valley Metro, and ADOT discuss the accomplishments of the programs to date.

Vice-Chairman Meinhart inquired if there were any additional questions or comments about the agenda item. There were none, and he proceeded to the next item on the agenda.

#### 10. Federal Transportation Funds Outlook

Vice-Chairman Meinhart invited Mr. Eric Anderson, MAG Transportation Director, to provide an update on the Federal Transportation Funds Outlook. Mr. Anderson stated that as part of the agenda item, he would provide his interpretation of events that had occurred in Washington, D.C. regarding transportation federal funds. He noted a recent discussion with former US Department of Transportation Secretary, Ms. Mary Peters, who concurred with his general perspective of events.

Mr. Anderson reported that the Federal Reserve had announced a refinancing plan of the federal debt by switching from a shorter-term to a longer-term maturities. He stated that the plan was intended to lower interest rates further. He explained that the Federal Reserve had taken the position that the problem with the economy was interest rates. Mr. Anderson stated that from

his perspective, he believed the issue was uncertainty in the economy, federal taxes, and federal policy not the current interest rates. He noted that lowering the interests further would allow home owners to refinance existing mortgages at attractive interest rates citing the 30-year mortgage interest rates of 4 percent. He stated that if the Federal Reserve financial plan was implemented that the 30-year mortgage interest rates may drop again.

Moving on, Mr. Anderson discussed the Obama Administration's Jobs Bill, which would serve as a second stimulus package. He stated that the Jobs Bill was patterned after the American Recovery and Reinvestment Act (ARRA) of 2009. He noted that if passed, the Jobs Bill would be funded at half of ARRA. He reported that the Jobs Bill could allocate \$600 million in transportation funding and \$60-\$80 million in transit funding statewide.

Mr. Anderson stated he anticipated the Jobs Bill would not be approved by the US Congress this fall. He explained that approving the Jobs Bill would add another \$400-\$500 billion to the federal deficit being addressed by the Federal Deficit Commission. Mr. Anderson reported that the Commission had been tasked to determine \$1.5 trillion in reductions to the federal deficit by the end of December 2011. He stated that the Commission's recommendation would be sent to the US Congress for an up-or-down vote. He explained that if the US Congress failed to approve the Commission's recommendations, then across the board cuts would be implemented to reduce the federal deficit. Mr. Anderson stated that no one wanted the across the board cuts to programs, but acknowledged the current stalemate environment at the federal level could result in the Draconian method being implemented to reduce the deficit.

Next, Mr. Anderson addressed transportation funding. He stated that the US Congress had passed a continuing resolution through March 2012 for the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). He explained that the continuing resolution was a key piece of legislation because the federal gas tax was set to expire on September 30, 2011. He stated that if the continuing resolution had not been passed, then the federal gas tax would have expired, which would equate to a loss of \$100 million a day in revenues deposited into the Highway Trust Fund.

Mr. Anderson stated that the continuing resolution authorized the current level of funding through March 2012 assuming the appropriations bill is passed. He stated that at that level of funding there was built-in deficit spending on the Highway Trust Fund that could not be sustained. He explained that the sustainability of the Highway Trust Fund was the crux of the transportation reauthorization discussion. He stated that Congress would have to decide whether to reduce federal transportation spending by 30 percent to keep the Highway Trust Fund solvent, increase transportation spending by finding an alternative sources of funding from other programs, or increase revenues.

Mr. Anderson announced that Representative John Mica had introduced a six-year transportation reauthorization bill for \$229 billion, which would be significantly lower than the funding authorized in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and subsequent continuing resolutions. He stated that Senator Barbara Boxer had proposed a two-year authorization that would maintain current funding levels, which could not be sustained without addressing the solvency of the Highway

Trust Fund. Mr. Anderson opined that neither option was likely to occur in the next six months. He stated that he did not believe there would be a long-term transportation reauthorization until after the presidential election.

Mr. Anderson reported that there were several transportation program on the “hit list” to address the funding deficit. He stated that programs, such as high-speed rail, might be eliminated or significantly crippled by funding cuts. He noted the mixed signals in Congress regarding repairing the infrastructure versus discussions to facilitate new programs, such as the high-speed rail initiatives.

Vice-Chairman Meinhart inquired if the Committee had any questions or comments regarding the presentation. Mr. Jungwirth stated that he concurred with the points raised by Mr. Anderson during the discussion. He added that the Highway Trust Fund would be bankrupt in the first three months of 2013 if spending was maintained at the existing levels without an alternative source of revenues. He noted that the Mass Transit Account would face a similar situation in 2014. A brief discussion followed about the planning assumptions regarding future federal funds.

Vice-Chairman Meinhart inquired if the revenue shortfall could impact projects that had obligated or transit projects that had been awarded federal grants. Mr. Anderson replied that he believed the impacts would affect future not current projects and awards.

Vice-Chairman Meinhart inquired if there were any additional questions or comments. There were none, and this concluded the agenda item.

11. Request for Future Agenda Items

Chairman Moody inquired if the members had any topics or issues of interest they would like to have considered for discussion at a future Committee meeting. There were none, and Chairman Moody moved onto the next agenda item.

12. Member Agency Update

Chairman Moody inquired if the member agencies had any updates for the benefit of the Committee. There were none, and Chairman Moody moved onto the next agenda item.

13. Next Meeting Date

Moving on, Chairman Moody informed members in attendance that the next regularly scheduled meeting of the Committee would be held on Thursday October 27, 2011, at MAG. There be no further business, Chairman Moody adjourned the meeting at 11:27 a.m.