MARICOPA
ASSOCIATION of
GOVERNMENTS
302 North 1st Avenue, Suite 300 ▲ Phoenix, Arizona 85003
Phone (602) 254-6300 ▲ FAX (602) 254-6490
E-mail: mag@mag.maricopa.gov ▲ Web site: www.mag.maricopa.gov

March 12, 2007

TO: Members of the MAG Regional Council Executive Committee and Members of the Building Lease Working Group

FROM: Mayor James M. Cavanaugh, City of Goodyear, Chair and Mayor Keno Hawker, City of Mesa

SUBJECT: MEETING NOTIFICATION AND TRANSMITTAL OF TENTATIVE AGENDA FOR THE JOINT MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE AND THE BUILDING LEASE WORKING GROUP

Monday, March 19, 2007 - 12:00 noon
MAG Office, Suite 200 - Cholla Room
302 North 1st Avenue, Phoenix

A joint meeting of the MAG Regional Council Executive Committee and the Building Lease Working Group (BLWG) has been scheduled for the time and place noted above. Members of the Committee and the Working Group may attend the meeting either in person, by telephone conference, or by video conference.

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 admissions to or participation in its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Denise McClafferty at the MAG office. Requests should be made as early as possible to allow time to arrange the accommodation.

If you have any questions regarding the Executive Committee agenda items, please contact Mayor James Cavanaugh at (623) 882-7782. For the BLWG, please contact Mayor Keno Hawker at (480) 644-2388. For MAG staff, please contact Dennis Smith, MAG Executive Director, at (602) 254-6300.

TENTATIVE AGENDA

COMMITTEE ACTION REQUESTED

1. Call to Order

The joint meeting of the Executive Committee and the Building Lease Working Group (BLWG) will be called to order.

2. Call to the Audience

An opportunity will be provided to members of the public to address the Executive Committee and the Building Lease Working Group (BLWG) 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. Members of the public 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 Executive Committee or the BLWG requests an exception to this limit. Please note that those wishing to comment on action agenda items will be given an opportunity at the time the item is heard.

2. Information and discussion.

ITEMS PROPOSED TO BE HEARD BY THE EXECUTIVE COMMITTEE AND THE BUILDING LEASE WORKING GROUP

3. Update on the Regional Office Center

On January 8, 2007, the Executive Committee and Building Lease Working Group were provided an update on the progress of the Regional Office Center, which included a cost estimate based on the schematic design package. It was suggested that staff moved forward to the partnering agencies' boards of directors with the cost estimates. At the February 14, 2007 MAG Management Committee meeting, an update on the cost estimates for the Regional Office Center was provided. Staff was directed to continue to move forward on this project and to provide additional detailed financial information on the Regional Office Center. At the February Building Lease Working Group (BLWG), a report was provided on the proposed transaction to purchase the Regional Office Center, as well as a review of the detailed financial data. Due to

3. Recommend authorizing MAG to enter into a Memorandum of Understanding for the Regional Office Center with the Phoenix Industrial Development Authority and the Regional Office Center LLC; and to execute a lease for 30 years for the MAG space in the Regional Office Center, estimated at 113,430 total square feet, for an estimated cost of approximately $39,772,272 over thirty years.

the complexity of this project, the BLWG requested a workshop be held to review the details. At the February 28, 2007 MAG Regional Council meeting, the proposed transaction process and the detailed financial information were distributed in preparation for the workshop. Due to the workshop being planned, no action was requested from the Regional Council. The workshop was scheduled for March 5, 2007 at 12:00 noon in the MAG Saguaro Room. A report on the workshop will be provided. Please refer to the enclosed material.

4. Adjournment of the Building Lease Working Group

5. Approval of Executive Committee Consent Agenda

   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 (*).

5. Approval of the Executive Committee Consent Agenda.

ITEMS PROPOSED FOR CONSENT*
BY THE EXECUTIVE COMMITTEE

*5A. Approval of the January 8, 2007 Executive Committee Meeting Minutes

5A. Review and approve the January 8, 2007 Executive Committee meeting minutes.

*5B. Approval to Amend the MAG FY 2007 Unified Planning Work Program and Annual Budget to Provide Additional Funding for Air Quality Technical Assistance On-Call Services

   In September 2006, the MAG Regional Council approved the qualified consulting firms for the Air Quality Technical Assistance On-Call Services. The FY 2007 MAG Unified Planning Work Program included $250,000 for this project. Additional services may be needed to ensure that adequate resources are available for MAG to obtain technical expertise in air quality modeling and plan development required for the MAG Five Percent Plan for PM-10 and Eight-Hour Ozone Plan for the nonattainment areas in

5B. Approval of an amendment to the MAG FY 2007 Unified Planning Work Program and Annual Budget to provide for an additional $300,000 of federal funding for the Air Quality Technical Assistance On-Call Services.

Maricopa County. The workload has increased due to the complexity of the modeling and responding to several information requests from the Legislature and other stakeholders while facing tight deadlines for plan development. The additional federal funding requested from the Work Program would increase the current on-call budget from $250,000 to $550,000. Please refer to the enclosed material.

*5C. Approval to Amend the FY 2007 MAG Unified Planning Work Program and Annual Budget to Provide Additional Funding for MAG Air Quality Technical Consultant Assistance

On October 16, 2006, the MAG Regional Council Executive Committee approved an amendment to the FY 2007 MAG Unified Planning Work Program and Annual Budget to include an associate contract with Cathy Arthur for air quality technical assistance services not to exceed $70,000. Ms. Arthur has extensive experience with the MAG air quality models. Additional technical assistance is now needed for the air quality modeling and plan development for the MAG Eight-Hour Ozone Plan, due to EPA in June 2007, and the MAG Five Percent Plan for PM-10 due to the EPA in December 2007. The modeling and plan development workload has increased due to the complexity of the modeling and technical information requests from the Legislature and other stakeholders. Ms. Arthur will continue to provide technical assistance with the MAG PM-10 Source Attribution and Deposition Study, transportation conformity analyses, and evaluation of congestion mitigation and air quality improvement projects. The additional federal funding requested from the Work Program is $30,000, which would increase the current associate contract amount from $70,000 to $100,000.

5C. Approval to amend the FY 2007 MAG Unified Planning Work Program and Annual Budget to provide for an additional $30,000 for the associate contract for MAG Air Quality Technical Consultant Assistance.

*5D. Update on the National Surface Transportation Policy & Revenue Study Commission

On February 23, 2007, MAG and ADOT staff provided testimony at the National Surface Transportation Policy and Revenue Commission Field Hearing in Las Vegas. ADOT testified

5D. Information and discussion.

before the Commission on many of the issues that rural Arizona is facing. MAG submitted testimony to the commission that highlighted some transportation and infrastructure issues that urban Arizona faces. The MAG testimony focused on the following points: 1) the USDOT should refocus its mission with respect to federal role in the national transportation system; 2) the USDOT should ensure a fair and equitable share of transportation funds; 3) the USDOT should play a role to increase communication between and among states by reinstating the Intermodal Planning Group (IPG) conferences, especially for the inter Mountain states: and 4) the USDOT should assume leadership in establishing a stable revenue source for transportation. Please refer to the enclosed material.

*5E. Request for a Contract Specialist I Position for the MAG Summary of Budgeted Positions

On January 8, 2007, the Executive Committee conducted an executive session to discuss personnel matters relating to the MAG Executive Director's Performance Evaluation. As a follow-up to this discussion, it is being requested that additional staff be provided for MAG. An immediate need to add a Contract Specialist I in the Fiscal Services Division is requested due to the increased number of contracts that are processed. This position is not in the current budget, but due to vacancy savings, the cost of adding this position will be covered by the current personnel budget.

5E. Information, discussion and approval to add a Contract Specialist I position to the MAG Summary of Budgeted Positions.

ITEMS TO BE HEARD BY EXECUTIVE COMMITTEE

6. Discussion of the Draft FY 2008 MAG Unified Planning Work Program and Annual Budget and Expenditures and Projects in the MAG Unified Planning Work Program and Annual Budget

Each year, the MAG Unified Planning Work Program and Annual Budget is developed incrementally in conjunction with member agency and public input. The Work Program is reviewed each year by the federal agencies and approved by the Regional Council in May. This presentation and review of the draft FY 2008

6. Input on the development of the FY 2008 MAG Unified Planning Work Program and Annual Budget.

MAG Unified Planning Work Program and Annual Budget represents the budget document development to-date. Please refer to the enclosed material.

7. Regional Planning Dialogue Update

On December 13, 2006, the Regional Council approved moving forward with the Statewide Intrastate Mobility Reconnaissance Study that was recommended by the COG/MPO Chairs and Directors. The Scope of Work was distributed for review by the COG/MPO Directors and business leaders. The Request for Proposals (RFP) was advertised on January 18, 2007 and a pre-bid conference was held on January 25, 2007. Proposals were received at MAG on February 8, 2007. The COG/MPO Chairs and Directors will meet on March 23, 2007 to hear a presentation from the recommended consultant. The MAG Regional Council will be requested to consider selecting a consultant at the March 28, 2007 meeting. In addition, the Governor's Growth Cabinet requested a summary of recommendations for consideration at the February 23, 2007 Listening Session. A letter from the MAG Regional Council Chair on behalf of the Arizona COG/MPO Association was forwarded to the Governor's Growth Cabinet. An update will be provided on the Regional Planning Dialogue process. Please refer to the enclosed material.

7. Information and discussion.

8. South Mountain Freeway Update

The planned South Mountain Freeway is a key component of the regional freeway system that provides a critical linkage between the east valley and the west valley and that will provide an alternative to I-10. The preparation of the Environmental Impact Statement (EIS) started in July 2001 with a scheduled completion in 2004. The current schedule has the completion in mid- to late-2008. A discussion of the status of the South Mountain Freeway EIS will be held with possible recommendation made to ensure timely construction of the freeway.

8. Information, discussion and possible action.

9. MAG 40th Birthday Celebration

On April 12, 2007, the Maricopa Association of Governments will celebrate 40 years of serving our region's residents. At the January 8, 2007 MAG Executive Committee meeting, information regarding celebration ideas was provided. On February 16, 2007, a survey was sent to Regional Council members seeking input on ideas for marking this important occasion. Results of the survey indicated that a majority of members prefer to celebrate the event through an open house event prior to the April 25, 2007 Regional Council meeting, and that an expanded invitation list be developed. MAG is seeking additional input from the committee regarding the event specifics as well as names of individuals to include on the invitation list.

9. Information, discussion and input.

10. Legislative Update

An update will be provided on legislative issues of interest.

10. Information and discussion.

11. Adjournment

Agenda Item #3

REGIONAL OFFICE CENTER FACT SHEET

This information is based on estimates and projections and includes, but is not limited to, the following assumptions:

- Amortization of costs over 30 years at 5.25 percent
- Total cost of the project is estimated at $86,938,057
- There are three owners: MAG, RPTA, and VMR
- Rate of return is 4.25 percent
- Operating costs used standard $9.06 per square foot of tower space

Exhibit A shows the summary Preliminary Sources and Uses for the funding of the ROC over a thirty year period and a ROC Occupancy Cost breakdown by partner.

1. What revenue source will each agency use to fund their portion of the Regional Office Center?

MAG

MAG's portion of the lease payments for the building will continue to be allocated using an indirect cost rate across all allowable funding sources, such as federal funds assigned for transportation planning/studies, sales tax funds assigned for administration, and MAG dues. The MAG indirect cost plan/rate is approved each year by the Arizona Department of Transportation (ADOT) that serves as the cognizant federal agency for MAG. The indirect cost rate is also audited each year. The land portion of the cost will be separated from the cost of the building and paid using allowable sources such as sales tax, dues and unrestricted reserve funds. MAG's dues and assessments will not be increased to cover any of these costs beyond the allowable index factor that has been assigned annually for several years.

AMWUA

On February 22, 2007, the AMWUA Board voted not to participate as a partnering agency in the Regional Office Center. AMWUA's information was removed from the attached detailed analysis.

RPTA

In the new Transit Life Cycle Program (TLCP) financial model, a portion of the RARF and PTF dollars may be combined and used for operational/administrative expenses. This is assuming that the combination of funding will be approved by the RPTA Board. RPTA does not have membership dues.

VMR

The primary source of revenue are contributions from VMR Member Cities, which fund the cost of VMR's operations. In addition to Member city contributions, Federal and Regional funding for capital construction projects will fund a portion of the Agency's administrative costs (including a share of the ROC office space) Cost of office space is allocated to capital projects based on analysis of staff time and space required to deliver the project. Each Member's cost share of operating and capital costs are determined during the annual budget process

2. What is the cost to each city for the Regional Office Center?

See attached Exhibit B for the Average Annual Regional Office Center Cost by city for VMR and Exhibit C for the purchase analysis detail for VMR over a thirty year period and over a forty year period.

3. Will the projected additional funding needed to pay the cost of the building in the earlier years of the lease impact transportation projects that rely on federal or state funding?

MAG - MAG funding will not impact dollars for transportation projects. MAG will use all allowable revenue sources including federal funds and sales tax funds assigned to planning. A small portion of MAG Federal Surface Transportation funds that can be used for transportation projects have historically been assigned in the Transportation Improvement Program for transportation/air quality studies. In recent years, MAG has not used these funds.

RPTA - RPTA funds will not impact dollars for transportation projects. Funding for the lease/purchase of the Regional Office Center will be from the administrative portion of the Prop 400 source and unrestricted funding.

VMR - The administrative costs which are allocated to capital construction projects will rise in years 2009 through 2015. The cost increases will impact the cost of the capital projects which are underway during those years, most notably the Northwest Extension Project. A rough estimate of the additional cost attributable to that project as a result of the ROC versus current-lease is $300,000 to $400,000.

4. What is the total cost per square foot for the building as a whole?

Exhibit D provides a detailed breakdown of the cost of the building as a whole, including the total cost per square foot.

5. What are the tenant improvements (TI) and the operating costs for the building as a whole and by partnering agency?

Exhibit D also includes the estimated tenant improvements highlighted in yellow and operating expenses highlighted in green for the building as a whole over thirty years. Exhibits F through H show the estimated tenant improvement costs for each agency under the heading "Build Out" highlighted in yellow and the operating expenses for each agency listed under "Proportionate Share of Expense" highlighted in green.

6. What happens if an agency does not participate in this project?

AMWUA decided not to participate in the Regional Office Center, and this is still a viable project. However, if any other agency decides not to participate, significant changes in the preliminary design would have to be made.

7. What happens if an agency wants to relocate after being in the Regional Office Center for "X" number of years?

Each agency would enter into a lease (with an option to purchase at the end of the lease term). As with any commercial lease, any modification to the lease terms would have to be agreed to or otherwise resolved according to the terms of the agreement. Terms and conditions for potential subleases could be included in the lease language.

8. What is the proposed timeline for this project?

See attached Exhibit J.

9. How did each agency determine their growth estimates?

MAG - looked at the percentage of growth over the last 9 years and averaged that percentage out to 2025. This is an annual growth rate of approximately 5 percent.

RPTA - looked at the positions needed if regionalization would occur with all centralized functions housed in the Regional Office Center. If regionalization occurs incrementally, additional space could be leased to offset costs. Some of the growth space includes correcting current inadequate space.

VMR - An analysis of staffing levels required to support the Regional Transportation Plan construction schedule was made. A combination of VMR staff, City Staff, and contractors (about 150 people) are currently housed in the 101 Building to support the CPEV LRT project design and construction. As extension projects commence, design and construction management professionals will occupy space as well as VMR staff managing both construction and operations activities. Current space leased for offices is 45,000 square feet. Projected office space requirement drops to 33,800 sq ft to house 130 people based on constructing 37 miles of LRT from years 2009 through 2026.

10. What is the overall market value at the end of 30 years?

Entity	Proportional Share %	
MAG	45.75%	$58,151,440
RPTA	34.20%	$43,470,584
VMR	20.05%	$25,484,948
Total		$127,106,972

These numbers are based on a 238,585 square foot building and a market estimate of $127,106,972 in 2039. This calculation uses a current cost per square foot of a comparable building which currently sells for $300 a square foot. The calculation projects a 2 percent annual increase over 30 years using the building square footage.

11. What is the Net Present Value allocation for years 30 through 39.5?

Estimate Net Present Value allocation for years 30+ to 39.5	
MAG	$32,881,967
RPTA	$24,580,618
VMR	$14,410,567
Total	$71,873,121

12. What happens if the Regional Office Center is not constructed?

Each agency would be responsible for their own future office space. MAG options would include:

1) Lease the 4th floor in the current building, which could sustain MAG for approximately 5 to 10 years. (Due to both MAG and RPTA needing additional space, one agency would have to move from the current building).

2) Lease office space in another location other than the current building. This option would separate the regional transportation agencies.

If you have any questions regarding this information, please contact Denise McClafferty at the MAG office at 602-254-6300.

CONSOLIDATED

Regional Office Center
(The Industrial Development Authority of the City of Phoenix, Arizona)
$95,100,000
Government Office Building Lease Revenue Bonds, Series 2009
Comprised of:
$87,600,000 Construction Bonds
$7,500,000 Land Acquisition Bonds

Series 2009 Bonds Dated and Delivered: February 15, 2009

PRELIMINARY SOURCES AND USES OF FUNDS

	Construction Bonds Series 2009	Land Acquisition Bonds Series 2009	Combined Bonds Series 2009
Sources of Funds:	$87,600,000.00	$7,500,000.00	$95,100,000.00
Series 2009 Lease Revenue Bonds			
Original Issue Premium			
Accrued Interest	-	-	-
Total Sources of Funds	$87,600,000.00	$7,500,000.00	$95,100,000.00
Uses of Funds:			
Project Construction/ Land Acquisition	$80,088,057	$6,850,000	$86,938,057
Costs of Issuance	227,500.00	22,500.00	250,000.00
Underwriting Fee [1]	463,000.00	42,500.00	505,500.00
Bond Insurance [.50%] [2]	870,069.75	74,495.44	944,565.19
Deposit to Debt Service Reserve Fund [3]	5,948,000.00	509,250.00	6,457,250.00
Deposit to Bond Fund [4]	3,373.25	1,254.56	4,627.81
Total Uses of Funds	$87,600,000.00	$7,500,000.00	$95,100,000.00

Footnotes:

[1] Underwriting fees: Combined Series 2009 - (.50%) discount +$30,000 U/W counsel fee
[2] Represents the estimated debt service insurance premium (.50% total debt service)
[3] Represents the estimated Reserve Requirement
[4] Represents contingency amount due to rounding

Regional Office Center
Summary Sheet

EXHIBIT A

	Maricopa Association of Governments	Regional Public Transportation Authority	Valley Metro Rail	Regional Office Center
Occupancy Assumptions				
Owners				
Owner Office Space	45,484	59,279	33,831	138,594
Owner share of shafts & common areas	15,654	20,402	11,643	47,699
Total Square Footage for Owners	**61,138**	**79,681**	**45,474**	**186,293**
Owner Percent of Building Space	32.82%	42.77%	24.41%	
Non-Owners				
Conference Center Space	41,946			41,946
Media Room/Roof-Top Terrace/Hub	6,050			6,050
Non-owner share of shafts & common areas	4,296			4,296
Total Square Footage for Non-Owners	**52,292**			**52,292**
Total Square Footage	**113,430**	**79,681**	**45,474**	**238,585**
Total Percentage of Building Space	47.54%	33.40%	19.06%	
Parking Spaces	**188**	**245**	**140**	**573**
Percentage of Parking Spaces	32.81%	42.76%	24.43%	
Costs				
Land and Construction Costs				
Building Shell	$14,833,422	$10,420,012	$5,946,708	$31,200,142
Build-Out (TI's)	$11,797,327	$3,115,540	$2,227,926	$17,140,793
Land	$2,248,046	$2,929,873	$1,672,081	$6,850,000
Parking Space Costs	$5,551,674	$7,234,894	$4,134,225	$16,920,793
Other Shared Costs	$5,341,801	$6,038,406	$3,446,123	$14,826,331
Total Land and Construction Costs	**$39,772,270**	**$29,738,725**	**$17,427,062**	**$86,938,057**
Cost per Square Foot	$350.63	$373.22	$383.23	$364.39
Percent of Cost	45.75%	34.20%	20.05%	
Financing Costs	**$3,733,912**	**$2,791,939**	**$1,636,092**	**$8,161,943**
Total Costs	**$43,506,182**	**$32,530,664**	**$19,063,154**	**$95,100,000**

Average Annual Regional Office Center Costs By Valley Metro Rail Cities

EXHIBIT B

Agency	30 Year Average 2009 to 2039	10 Year Average 2040 to 2049	40 Year Average 2009 to 2049
Phoenix	$1,195,052	$912,464	$1,124,405
Tempe	$375,454	$224,269	$337,658
Mesa	$132,916	$89,489	$122,059
Glendale	$89,493	$75,414	$85,973
Total	**$1,792,915**	**$1,301,636**	**$1,670,095**

EXHIBIT C

Valley Metro Rail
Regional Office Center Space
Purchase Analysis Cash Flow Detail

Fiscal Year	Phoenix	Tempe	Mesa	Glendale	Total
2009 (4 months)	$284,784	$131,118	$24,789	$3,000	$443,691
2010	$1,032,161	$475,221	$89,846	$10,874	$1,608,102
2011	$1,040,727	$479,164	$90,591	$10,964	$1,621,446
2012	$1,050,336	$483,589	$91,428	$11,065	$1,636,418
2013	$1,143,230	$415,861	$79,670	$11,157	$1,649,917
2014	$1,158,941	$421,576	$80,765	$11,310	$1,672,592
2015	$1,164,503	$423,599	$81,153	$11,364	$1,680,619
2016	$1,007,246	$473,083	$204,888	$11,473	$1,696,689
2017	$1,017,039	$477,683	$206,880	$11,584	$1,713,186
2018	$960,585	$427,084	$181,919	$160,484	$1,730,072
2019	$975,414	$433,678	$184,728	$162,961	$1,756,781
2020	$1,135,913	$355,880	$146,623	$126,444	$1,764,860
2021	$1,148,677	$359,879	$148,271	$127,865	$1,784,693
2022	$1,160,239	$363,501	$149,763	$129,152	$1,802,656
2023	$1,173,222	$367,569	$151,439	$130,597	$1,822,827
2024	$1,192,916	$373,739	$153,981	$132,789	$1,853,425
2025	$1,199,322	$375,746	$154,808	$133,502	$1,863,378
2026	$1,321,157	$324,719	$129,571	$109,191	$1,884,638
2027	$1,336,698	$328,539	$131,095	$110,476	$1,906,808
2028	$1,352,817	$332,501	$132,676	$111,808	$1,929,801
2029	$1,378,709	$338,865	$135,215	$113,948	$1,966,737
2030	$1,385,882	$340,628	$135,919	$114,541	$1,976,969
2031	$1,403,412	$344,936	$137,638	$115,990	$2,001,976
2032	$1,420,580	$349,156	$139,322	$117,409	$2,026,466
2033	$1,439,473	$353,800	$141,175	$118,970	$2,053,417
2034	$1,471,832	$361,753	$144,348	$121,644	$2,099,577
2035	$1,477,765	$363,211	$144,930	$122,135	$2,108,040
2036	$1,497,752	$368,124	$146,890	$123,787	$2,136,553
2037	$1,519,126	$373,377	$148,986	$125,553	$2,167,043
2038	$551,075	$135,445	$54,046	$45,545	$786,112
2039	$450,027	$110,610	$44,136	$37,194	$641,967
30 Year Average	**$1,195,052**	**$375,454**	**$132,916**	**$89,493**	**$1,792,915**
2040	$1,408,121	$346,094	$138,100	$116,379	$2,008,694
2041	$759,567	$186,689	$74,494	$62,777	$1,083,527
2042	$782,354	$192,290	$76,728	$64,660	$1,116,033
2043	$805,825	$198,059	$79,030	$66,600	$1,149,514
2044	$829,999	$204,001	$81,401	$68,598	$1,183,999
2045	$854,899	$210,121	$83,843	$70,656	$1,219,519
2046	$880,546	$216,424	$86,358	$72,776	$1,256,105
2047	$906,963	$222,917	$88,949	$74,959	$1,293,788
2048	$934,172	$229,604	$91,618	$77,208	$1,332,601
2049	$962,197	$236,493	$94,366	$79,524	$1,372,579
10 Year Average	**$912,464**	**$224,269**	**$89,489**	**$75,414**	**$1,301,636**
40 Year Average	**$1,124,405**	**$337,658**	**$122,059**	**$85,973**	**$1,670,095**

CONSOLIDATED PURCHASE ANALYSIS
REGIONAL OFFICE CENTER

COLDWELL BANKER COMMERCIAL METRO

Purchase Analysis
Build-to-Suit
March 1, 2007

CONSOLIDATED

Occupancy Assumptions:	
Owner/Occupied Square Footage	238,585
Third Party Tenancy	0
Total Building Square Footage	238,585

Purchase Assumptions:	
Purchase Price per SF	$364.39
Construction Cost	$80,088,057
Land Cost	$6,850,000

Financing Assumptions:	
Purchase Equity	$0

Other Costs:	
Moving Expense	$0
FF & E	0
$15.00 sf refurbishment allowance - yr 10	3,578,775
$30.00 sf refurbishment allowance - yr 20	7,157,550
Other	0
Other	0
Total Other Costs	$10,736,325

Annual Cash Flow

	4-months to June, 2009	12 months to June, 2010	12 months to June, 2011	12 months to June, 2012	12 months to June, 2013	12 months to June, 2014	12 months to June, 2015	12 months to June, 2016	12 months to June, 2017	12 months to June, 2018	12 months to June, 2019
Cash Flow from Retail	($11,718)	$90,233	$92,940	$95,728	$98,600	$70,518	$104,605	$107,743	$110,976	$114,305	$78,934
573 Parking Spaces @ $50 /sp/mo	$114,600	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800
Expenses											
Property Taxes	238,585	737,228	759,345	782,125	805,589	829,757	854,650	880,290	906,699	933,900	961,917
Insurance	15,906	49,150	50,625	52,144	53,708	55,319	56,979	58,688	60,449	62,262	64,130
Utilities	159,057	491,486	506,231	521,418	537,061	553,173	569,768	586,861	604,467	622,601	641,279
Janitorial	76,347	235,912	242,989	250,279	257,787	265,521	273,487	281,692	290,143	298,847	307,812
R & M/Security/Services	151,104	466,911	480,918	495,346	510,206	525,512	541,277	557,515	574,240	591,467	609,211
Salaries/Benefits/Admin.	39,764	122,871	126,557	130,354	134,265	138,293	142,442	146,715	151,116	155,649	160,318
Facility Management	39,764	122,871	126,557	130,354	134,265	138,293	142,442	146,715	151,116	155,649	160,318
Total Operating Expenses	720,527	2,226,429	2,293,222	2,362,020	2,432,881	2,505,868	2,581,045	2,658,476	2,738,230	2,820,375	2,904,985
Capital Items & Lease-Up Costs											
Tenant Improvements/Refurbishments	119,293	357,876	357,878	357,878	357,878	357,878	357,878	357,878	357,878	357,878	357,878
Moving Cost	0	0	0	0	0	0	0	0	0	0	0
Capital Reserve	19,882	61,435	63,278	65,176	67,131	69,145	71,219	73,356	75,557	77,824	80,159
Total Capital Items	139,175	419,311	421,156	423,054	425,009	427,023	429,097	431,234	433,435	435,702	438,037
Debt Service (inclusive of Bond Insurance)	1,564,516	6,158,547	6,156,635	6,160,785	6,155,473	6,155,960	6,156,722	6,157,497	6,158,023	6,158,035	6,157,273
Annual CASH Cost	**2,321,336**	**8,370,254**	**8,434,273**	**8,506,331**	**8,570,963**	**8,674,533**	**8,718,459**	**8,795,664**	**8,874,912**	**8,956,007**	**9,077,561**
Per Square Foot	**$9.73**	**$35.08**	**$35.35**	**$35.65**	**$35.92**	**$36.36**	**$36.54**	**$36.87**	**$37.20**	**$37.54**	**$38.05**

Occupancy Cost Calculation

Cost per sf Occupied	$9.73	$35.08	$35.35	$35.65	$35.92	$36.36	$36.54	$36.87	$37.20	$37.54	$38.05
Less: Principal Payments	$0.00	($6.14)	($6.45)	($6.81)	($7.15)	($7.52)	($7.92)	($8.34)	($8.78)	($9.24)	($9.72)
Adjusted Gross Annual Occupancy Cost	**$9.73**	**$28.94**	**$28.90**	**$28.84**	**$28.77**	**$28.84**	**$28.62**	**$28.53**	**$28.42**	**$28.30**	**$28.33**

30-Year Average Annual Gross Cash Cost **$38.74**

30-Year Average Adjusted Gross Annual Occupancy Cost **$25.45**

CONSOLIDATED PURCHASE ANALYSIS
REGIONAL OFFICE CENTER

COLDWELL BANKER COMMERCIAL METRO

CONSOLIDATED

Bond Issue		Expenses		Inflation & Other	
Borrowing	87,600,000	Property Taxes	$3.00	Expenses	3%
LTV	100%	Insurance	$0.20	Capital Reserve	$0.25
Bond Rate	5.25%	Utilities	$2.00		
Amortization	30 Years	Janitorial	$0.96	Length of analysis	360 Months
Loan Fee	0%	R & M/Security/Services	$1.90		
		Salaries/Wages/Admin	$0.50		
		Facility Management	$0.50		
		Total Expenses/SF	$9.06		

Annual Cash Flow

	12 months to June, 2020	12 months to June, 2021	12 months to June, 2022	12 months to June, 2023	12 months to June, 2024	12 months to June, 2025	12 months to June, 2026	12 months to June, 2027	12 months to June, 2028	12 months to June, 2029
Cash Flow from Retail	$121,266	$124,904	$128,651	$132,511	$89,926	$140,581	$144,798	$149,142	$153,616	$100,025
573 Parking Spaces @ $50 /sp/mo	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800
Expenses										
Property Taxes	990,775	1,020,498	1,051,113	1,082,646	1,115,125	1,148,579	1,183,036	1,218,527	1,255,083	1,292,735
Insurance	66,054	68,036	70,077	72,179	74,344	76,574	78,871	81,237	83,674	86,184
Utilities	660,517	680,333	700,743	721,765	743,418	765,721	788,693	812,354	836,725	861,827
Janitorial	317,046	326,557	336,354	346,445	356,838	367,543	378,569	389,926	401,624	413,673
R & M/Security/Services	627,487	646,312	665,701	685,672	706,242	727,429	749,252	771,730	794,882	818,728
Salaries/Benefits/Admin.	165,128	170,082	175,184	180,440	185,853	191,429	197,172	203,087	209,180	215,455
Facility Management	165,128	170,082	175,184	180,440	185,853	191,429	197,172	203,087	209,180	215,455
Total Operating Expenses	2,992,135	3,081,900	3,174,356	3,269,587	3,367,673	3,468,704	3,572,765	3,679,948	3,790,348	3,904,057
Capital Items & Lease-Up Costs										
Tenant Improvements/Refurbishments	357,878	357,878	357,878	357,878	357,878	357,878	357,878	357,878	357,878	357,878
Moving Cost	0	0	0	0	0	0	0	0	0	0
Capital Reserve	82,564	85,041	87,592	90,220	92,927	95,715	98,586	101,544	104,590	107,728
Total Capital Items	440,442	442,919	445,470	448,098	450,805	453,593	456,464	459,422	462,468	465,606
Debt Service (inclusive of Bond Insurance)	6,155,472	6,162,372	6,157,185	6,160,172	6,155,548	6,158,310	6,157,672	6,158,372	6,159,885	6,156,685
Annual CASH Cost	**9,122,983**	**9,218,487**	**9,304,560**	**9,401,546**	**9,540,300**	**9,596,226**	**9,698,303**	**9,804,800**	**9,915,285**	**10,082,523**
Per Square Foot	**$38.24**	**$38.64**	**$39.00**	**$39.41**	**$39.99**	**$40.22**	**$40.65**	**$41.10**	**$41.56**	**$42.26**
Cost per sf Occupied	$38.24	$38.64	$39.00	$39.41	$39.99	$40.22	$40.65	$41.10	$41.56	$42.26
Less: Principal Payments	($10.23)	($10.79)	($11.34)	($11.95)	($12.55)	($13.22)	($13.92)	($14.65)	($15.42)	($16.22)
Adjusted Gross Annual Occupancy Cost	**$28.01**	**$27.85**	**$27.66**	**$27.46**	**$27.44**	**$27.00**	**$26.73**	**$26.45**	**$26.14**	**$26.04**

COLDWELL BANKER COMMERCIAL METRO

Patti Boyd Gentry and Gee Gee Entz

CONSOLIDATED

Annual Cash Flow

	12 months to June, 2030	12 months to June, 2031	12 months to June, 2032	12 months to June, 2033	12 months to June, 2034	12 months to June, 2035	12 months to June, 2036	12 months to June, 2037	12 months to June, 2038	8 months June, 2039
Cash Flow from Retail	$162,971	$167,860	$172,896	$178,083	$105,826	$188,928	$194,596	$200,434	$206,447	$137,631
573 Parking Spaces @ $50 /sp/mo	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$343,800	$229,200
Expenses										
Property Taxes	1,331,517	1,371,463	1,412,607	1,454,985	1,498,635	1,543,594	1,589,902	1,637,599	1,686,727	$1,124,485
Insurance	88,770	91,433	94,176	97,001	99,911	102,908	105,995	109,175	112,450	$74,967
Utilities	887,682	914,312	941,741	969,993	999,093	1,029,066	1,059,938	1,091,736	1,124,488	$749,659
Janitorial	426,083	438,865	452,031	465,592	479,560	493,947	508,765	524,028	539,749	$359,833
R & M/Security/Services	843,290	868,589	894,647	921,486	949,131	977,605	1,006,933	1,037,141	1,068,255	$712,170
Salaries/Benefits/Admin.	221,919	228,577	235,434	242,497	249,772	257,265	264,983	272,932	281,120	$187,413
Facility Management	221,919	228,577	235,434	242,497	249,772	257,265	264,983	272,932	281,120	$187,413
Total Operating Expenses	4,021,180	4,141,816	4,266,070	4,394,051	4,525,874	4,661,650	4,801,499	4,945,543	5,093,909	3,395,940
Capital Items & Lease-Up Costs										
Tenant Improvements/Refurbishments	357,878	357,876	357,876	357,878	357,876	357,878	357,876	357,876	357,876	238,584
Moving Cost	0	0	0	0	0	0	0	0	0	0
Capital Reserve	110,960	114,289	117,718	121,250	124,888	128,635	132,494	136,469	140,563	144,780
Total Capital Items	468,838	472,165	475,594	479,128	482,764	486,513	490,370	494,345	498,439	383,364
Debt Service (inclusive of Bond Insurance)	6,158,510	6,159,572	6,154,347	6,157,573	6,158,197	6,155,698	6,154,547	6,158,960	(882,189)	0
Annual CASH Cost	**10,141,757**	**10,261,893**	**10,379,315**	**10,508,869**	**10,717,209**	**10,771,133**	**10,908,020**	**11,054,614**	**4,159,912**	**3,412,473**
Per Square Foot	**$42.51**	**$43.01**	**$43.50**	**$44.05**	**$44.92**	**$45.15**	**$45.72**	**$46.33**	**$17.44**	**$14.30**
Cost per sf Occupied	$42.51	$43.01	$43.50	$44.05	$44.92	$45.15	$45.72	$46.33	$17.44	$14.30
Less: Principal Payments	($17.08)	($17.98)	($18.90)	($19.91)	($20.96)	($22.05)	($23.20)	($24.44)	($25.71)	$0.00
Adjusted Gross Annual Occupancy Cost	**$25.43**	**$25.03**	**$24.60**	**$24.14**	**$23.96**	**$23.10**	**$22.52**	**$21.89**	**($8.27)**	**$14.30**

PURCHASE ANALYSIS
REGIONAL OFFICE CENTER
MARICOPA ASSOCIATION OF GOVERNMENTS

EXHIBIT F

COLDWELL BANKER COMMERCIAL METRO

MARICOPA ASSOCIATION of GOVERNMENTS

Occupancy Assumptions:	
Office Space	45,484
Conference Center	41,946
Media Room/Roof-Top Terrace/Hub	6,050
Share of shafts & common-Owner %	15,654
Share of shafts & common-Non-Owner%	4,296
Total Square Footage	113,430
Total Square Footage for Ownership %	61,138
Percentage of Building	47.54%
Percent of Owners	32.82%
Total Parking Spaces	573
MAG Spaces	188
Percentage of Cost	32.81%

Construction Cost:	Cost/SF	Total Cost	% of Total Cost
Shell Building	$130.77	14,833,422	47.54%
Build-Out	$104.01	11,797,327	68.83%
Proportionate Share Costs			
Land	$19.82	2,248,046	32.82%
Sitework	$11.92	1,352,086	47.52%
Shared Costs-Owners	$33.54	3,804,824	32.82%
Shared Costs-All	$1.63	184,891	47.66%
Parking Cost	$48.94	5,551,674	32.81%
Total Cost/SF	$350.63	39,772,270	**45.75%**

	4-months to June, 2009	**12 months to June, 2010**	**12 months to June, 2011**	**12 months to June, 2012**	**12 months to June, 2013**	**12 months to June, 2014**	**12 months to June, 2015**	**12 months to June, 2016**	**12 months to June, 2017**	**12 months to June, 2018**
Parking Income	37,600	112,800	112,800	112,800	112,800	112,800	112,800	112,800	112,800	112,800
Proportionate Share of Retail Cash Flow	(3,846)	29,615	30,503	31,418	32,361	23,144	34,331	35,361	36,422	37,515
Proportionate Share of Expense	($342,539)	($1,058,444)	($1,090,198)	($1,122,904)	($1,156,592)	($1,191,290)	($1,227,029)	($1,263,839)	($1,301,755)	($1,340,806)
Proportionate Share of Debt	(715,766)	(2,817,535)	(2,816,661)	(2,818,559)	(2,816,129)	(2,816,352)	(2,816,700)	(2,817,055)	(2,817,296)	(2,817,301)
Proportionate Share of Cap. Reserve	(9,452)	(29,206)	(30,082)	(30,985)	(31,914)	(32,872)	(33,858)	(34,873)	(35,920)	(36,998)
Refurbishment	(56,712)	(170,134)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)
Cash Flow	(1,090,715)	(3,932,904)	(3,963,773)	(3,998,365)	(4,029,609)	(4,074,705)	(4,100,591)	(4,137,741)	(4,175,884)	(4,214,925)
Cash Cost per Square Foot	$9.62	$34.67	$34.94	$35.25	$35.53	$35.92	$36.15	$36.48	$36.81	$37.16
Less Pro-Rata Principal Reduction	$0.00	($5.91)	($6.21)	($6.55)	($6.88)	($7.24)	($7.62)	($8.03)	($8.45)	($8.89)
Adjusted Gross Occupancy Cost	$9.62	$28.76	$28.73	$28.70	$28.65	$28.68	$28.53	$28.45	$28.36	$28.27

Average Cash Cost per Square Foot **$38.44** **Average Adjusted Cost** **$25.66**

PURCHASE ANALYSIS
REGIONAL OFFICE CENTER
MARICOPA ASSOCIATION OF GOVERNMENTS

COLDWELL BANKER COMMERCIAL METRO

MARICOPA ASSOCIATION of GOVERNMENTS

Financing Cost Allocation:

Total Finance Cost of Purchase:	$8,161,941
Total Finance Cost MAG:	$3,733,911

	12 months to June, 2019	12 months to June, 2020	12 months to June, 2021	12 months to June, 2022	12 months to June, 2023	12 months to June, 2024	12 months to June, 2025	12 months to June, 2026	12 months to June, 2027	12 months to June, 2028	12 months to June, 2029
Parking Income	112,800	112,800	112,800	112,800	112,800	112,800	112,800	112,800	112,800	112,800	112,800
Proportionate Share of Retail Cash Flow	25,906	39,799	40,993	42,223	43,490	29,514	46,139	47,523	48,948	50,417	32,828
Proportionate Share of Expense	($1,381,030)	($1,422,461)	($1,465,135)	($1,509,089)	($1,554,362)	($1,600,992)	($1,649,022)	($1,698,492)	($1,749,447)	($1,801,931)	($1,855,989)
Proportionate Share of Debt	(2,816,952)	(2,816,128)	(2,819,285)	(2,816,912)	(2,818,279)	(2,816,163)	(2,817,427)	(2,817,135)	(2,817,455)	(2,818,147)	(2,816,683)
Proportionate Share of Cap. Reserve	(38,108)	(39,251)	(40,428)	(41,641)	(42,891)	(44,177)	(45,503)	(46,868)	(48,274)	(49,722)	(51,214)
Refurbishment	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)	(170,135)
Cash Flow	(4,267,519)	(4,295,376)	(4,341,190)	(4,382,754)	(4,429,377)	(4,489,153)	(4,523,148)	(4,572,307)	(4,623,563)	(4,676,718)	(4,748,393)
Cash Cost per Square Foot	$37.62	$37.87	$38.27	$38.64	$39.05	$39.58	$39.88	$40.31	$40.76	$41.23	$41.86
Less Pro-Rata Principal Reduction	($9.36)	($9.84)	($10.39)	($10.91)	($11.49)	($12.08)	($12.73)	($13.39)	($14.10)	($14.84)	($15.61)
Adjusted Gross Occupancy Cost	$28.26	$28.03	$27.88	$27.73	$27.56	$27.50	$27.15	$26.92	$26.66	$26.39	$26.25

PURCHASE ANALYSIS
REGIONAL OFFICE CENTER
MARICOPA ASSOCIATION OF GOVERNMENTS

EXHIBIT F

COLDWELL BANKER COMMERCIAL METRO

Patti Boyd Gentry and Gee Gee Entz

MARICOPA ASSOCIATION of GOVERNMENTS

	12 months to June, 2030	12 months to June, 2031	12 months to June, 2032	12 months to June, 2033	12 months to June, 2034	12 months to June, 2035	12 months to June, 2036	12 months to June, 2037	12 months to June, 2038	8 months June, 2039
Parking Income	112,800	112,800	112,800	112,800	112,800	112,800	112,800	112,800	112,800	75,200
Proportionate Share of Retail Cash Flow	53,487	55,092	56,745	58,447	34,732	62,006	63,867	65,783	67,756	45,171
Proportionate Share of Expense	($1,911,669)	($1,969,019)	($2,028,090)	($2,088,932)	($2,151,600)	($2,216,148)	($2,282,633)	($2,351,111)	($2,421,644)	($1,614,430)
Proportionate Share of Debt	(2,817,518)	(2,818,004)	(2,815,614)	(2,817,090)	(2,817,375)	(2,816,232)	(2,815,705)	(2,817,724)	403,601	0
Proportionate Share of Cap. Reserve	(52,750)	(54,333)	(55,963)	(57,642)	(59,372)	(61,153)	(62,988)	(64,877)	(66,824)	(68,828)
Refurbishment	(170,135)	(170,134)	(170,134)	(170,135)	(170,134)	(170,135)	(170,134)	(170,134)	(170,134)	(113,423)
Cash Flow	(4,785,785)	(4,843,598)	(4,900,256)	(4,962,552)	(5,050,949)	(5,088,862)	(5,154,793)	(5,225,263)	(2,074,445)	(1,676,310)
Cash Cost per Square Foot	$42.19	$42.70	$43.20	$43.75	$44.53	$44.86	$45.44	$46.07	$18.29	$14.78
Less Pro-Rata Principal Reduction	($16.44)	($17.30)	($18.19)	($19.16)	($20.17)	($21.22)	($22.32)	($23.51)	($24.74)	$0.00
Adjusted Gross Occupancy Cost	$25.75	$25.40	$25.01	$24.59	$24.36	$23.64	$23.12	$22.56	($6.45)	$14.78

D R A F T

PURCHASE ANALYSIS
REGIONAL OFFICE CENTER
VALLEY METRO RAIL

EXHIBIT G

COLDWELL BANKER COMMERCIAL METRO

METRO

Occupancy Assumptions:		**Construction Cost:**	Cost/SF	Total Cost	% of Total Cost
Office Space	33,831	Shell Building	$130.77	5,946,708	19.06%
Share of shafts & common	11,643	Build-Out	$48.99	2,227,926	13.00%
	0	Proportionate Share Costs			
Total Square Footage	45,474	Land	$36.77	1,672,081	24.41%
		Sitework	$11.93	542,505	19.07%
Percentage of Building	19.06%	Shared Costs-Owners	$62.23	2,829,495	24.41%
Percent of Owners	24.41%	Shared Costs-All	$1.63	74,123	19.11%
Total Parking Spaces	573	Parking Cost	$90.91	4,134,225	24.43%
VMR Spaces	140				
Percentage of Cost	24.43%	Total Cost/SF	$383.23	17,427,062	20.05%

	4-months to June, 2009	12 months to June, 2010	12 months to June, 2011	12 months to June, 2012	12 months to June, 2013	12 months to June, 2014	12 months to June, 2015	12 months to June, 2016	12 months to June, 2017	12 months to June, 2018
Parking Income	28,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000
Proportionate Share of Retail Cash Flow	(2,860)	22,026	22,687	23,367	24,068	17,214	25,534	26,300	27,089	27,902
Proportionate Share of Expense	($137,332)	($424,357)	($437,088)	($450,201)	($463,707)	($477,618)	($491,947)	($506,706)	($521,907)	($537,563)
Proportionate Share of Debt	(313,685)	(1,234,789)	(1,234,405)	(1,235,237)	(1,234,172)	(1,234,270)	(1,234,423)	(1,234,578)	(1,234,684)	(1,234,686)
Proportionate Share of Cap. Reserve	(3,790)	(11,710)	(12,061)	(12,423)	(12,795)	(13,179)	(13,574)	(13,982)	(14,401)	(14,833)
Refurbishment	(22,737)	(68,211)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)
Cash Flow	(452,404)	(1,633,041)	(1,645,079)	(1,658,706)	(1,670,818)	(1,692,065)	(1,698,622)	(1,713,178)	(1,728,115)	(1,743,392)
Cash Cost per Square Foot	$9.95	$35.91	$36.18	$36.48	$36.74	$37.21	$37.35	$37.67	$38.00	$38.34
Less Pro-Rata Principal Reduction	$0.00	($6.46)	($6.79)	($7.16)	($7.52)	($7.91)	($8.33)	($8.77)	($9.24)	($9.72)
Adjusted Gross Occupancy Cost	$9.95	$29.45	$29.39	$29.32	$29.22	$29.30	$29.02	$28.90	$28.76	$28.62

Average Cash Cost per Square Foot **$39.43** **Average Adjusted Cost** **$25.45**

PURCHASE ANALYSIS
REGIONAL OFFICE CENTER
VALLEY METRO RAIL

COLDWELL BANKER COMMERCIAL METRO

METRO

Financing Cost Allocation:

Total Finance Cost of Purchase:	$8,161,941
Total Finance Cost VMR:	$1,636,092

	12 months to June, 2019	12 months to June, 2020	12 months to June, 2021	12 months to June, 2022	12 months to June, 2023	12 months to June, 2024	12 months to June, 2025	12 months to June, 2026	12 months to June, 2027	12 months to June, 2028	12 months to June, 2029
Parking Income	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000
Proportionate Share of Retail Cash Flow	19,268	29,601	30,489	31,404	32,346	21,951	34,316	35,345	36,406	37,498	24,416
Proportionate Share of Expense	($553,690)	($570,301)	($587,410)	($605,032)	($623,183)	($641,878)	($661,135)	($680,969)	($701,398)	($722,440)	($744,113)
Proportionate Share of Debt	(1,234,533)	(1,234,172)	(1,235,556)	(1,234,516)	(1,235,114)	(1,234,187)	(1,234,741)	(1,234,613)	(1,234,754)	(1,235,057)	(1,234,415)
Proportionate Share of Cap. Reserve	(15,278)	(15,737)	(16,209)	(16,695)	(17,196)	(17,712)	(18,243)	(18,790)	(19,354)	(19,935)	(20,533)
Refurbishment	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)	(68,212)
Cash Flow	(1,768,445)	(1,774,821)	(1,792,898)	(1,809,051)	(1,827,359)	(1,856,038)	(1,864,015)	(1,883,239)	(1,903,312)	(1,924,146)	(1,958,857)
Cash Cost per Square Foot	$38.89	$39.03	$39.43	$39.78	$40.18	$40.82	$40.99	$41.41	$41.85	$42.31	$43.08
Less Pro-Rata Principal Reduction	($10.23)	($10.76)	($11.35)	($11.93)	($12.57)	($13.21)	($13.91)	($14.64)	($15.41)	($16.23)	($17.06)
Adjusted Gross Occupancy Cost	$28.66	$28.27	$28.08	$27.85	$27.61	$27.61	$27.08	$26.77	$26.44	$26.08	$26.02

PURCHASE ANALYSIS
REGIONAL OFFICE CENTER
VALLEY METRO RAIL

EXHIBIT G

COLDWELL BANKER COMMERCIAL METRO

Patti Boyd Gentry and Gee Gee Entz

METRO

	12 months to June, 2030	12 months to June, 2031	12 months to June, 2032	12 months to June, 2033	12 months to June, 2034	12 months to June, 2035	12 months to June, 2036	12 months to June, 2037	12 months to June, 2038	8 months June, 2039
Parking Income	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	56,000
Proportionate Share of Retail Cash Flow	39,781	40,975	42,204	43,470	25,832	46,117	47,501	48,926	50,394	33,596
Proportionate Share of Expense	($766,437)	($789,430)	($813,113)	($837,506)	($862,632)	($888,510)	($915,166)	($942,620)	($970,899)	($647,266)
Proportionate Share of Debt	(1,234,781)	(1,234,994)	(1,233,947)	(1,234,593)	(1,234,718)	(1,234,217)	(1,233,987)	(1,234,871)	176,879	0
Proportionate Share of Cap. Reserve	(21,149)	(21,783)	(22,437)	(23,110)	(23,804)	(24,518)	(25,253)	(26,011)	(26,791)	(27,595)
Refurbishment	(68,212)	(68,211)	(68,211)	(68,212)	(68,211)	(68,212)	(68,211)	(68,211)	(68,211)	(45,474)
Cash Flow	(1,966,798)	(1,989,443)	(2,011,504)	(2,035,951)	(2,079,533)	(2,085,340)	(2,111,116)	(2,138,787)	(754,628)	(630,739)
Cash Cost per Square Foot	$43.25	$43.75	$44.23	$44.77	$45.73	$45.86	$46.42	$47.03	$16.59	$13.87
Less Pro-Rata Principal Reduction	($17.97)	($18.92)	($19.89)	($20.94)	($22.05)	($23.19)	($24.40)	($25.71)	($27.05)	$0.00
Adjusted Gross Occupancy Cost	$25.28	$24.83	$24.34	$23.83	$23.68	$22.67	$22.02	$21.32	($10.46)	$13.87

D R A F T

PURCHASE ANALYSIS
REGIONAL OFFICE CENTER
REGIONAL PUBLIC TRANSPORTATION AUTHORITY

EXHIBIT H

COLDWELL BANKER COMMERCIAL METRO

Valley Metro

Occupancy Assumptions:		**Construction Cost:**	Cost/SF	Total Cost	% of Total Cost
Office Space	59,279	Shell Building	$130.77	10,420,012	33.40%
Share of shafts & common	20,402	Build-Out	$39.10	3,115,540	18.18%
	0	Proportionate Share Costs			
Total Square Footage	79,681	Land	$36.77	2,929,873	42.77%
		Sitework	$11.93	950,230	33.40%
Percentage of Building	33.40%	Shared Costs-Owners	$62.23	4,958,622	42.77%
Percent of Owners	42.77%	Shared Costs-All	$1.63	129,554	33.40%
Total Parking Spaces	573	Parking Cost	$90.80	7,234,894	42.76%
RPTA Spaces	245				
Percentage of Cost	42.76%	Total Cost/SF	$373.23	29,738,725	34.20%

	4-months to June, 2009	**12 months to June, 2010**	**12 months to June, 2011**	**12 months to June, 2012**	**12 months to June, 2013**	**12 months to June, 2014**	**12 months to June, 2015**	**12 months to June, 2016**	**12 months to June, 2017**	**12 months to June, 2018**	**12 months to June, 2019**
Parking Income	49,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Proportionate Share of Retail Cash Flow	(5,012)	38,594	39,752	40,945	42,173	30,162	44,742	46,084	47,466	48,890	33,762
Proportionate Share of Expense	($240,637)	($743,568)	($765,875)	($788,851)	($812,517)	($836,893)	($862,000)	($887,860)	($914,495)	($941,930)	($970,187)
Proportionate Share of Debt	(535,064)	(2,106,223)	(2,105,569)	(2,106,988)	(2,105,172)	(2,105,338)	(2,105,599)	(2,105,864)	(2,106,044)	(2,106,048)	(2,105,787)
Proportionate Share of Cap. Reserve	(6,640)	(20,518)	(21,133)	(21,767)	(22,420)	(23,093)	(23,785)	(24,499)	(25,234)	(25,991)	(26,771)
Refurbishment	(39,841)	(119,521)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)
Cash Flow	(778,194)	(2,804,236)	(2,825,347)	(2,849,183)	(2,870,458)	(2,907,684)	(2,919,164)	(2,944,661)	(2,970,829)	(2,997,601)	(3,041,505)
Cash Cost per Square Foot	$9.77	$35.19	$35.46	$35.76	$36.02	$36.49	$36.64	$36.96	$37.28	$37.62	$38.17
Less Pro-Rata Principal Reduction	$0.00	($6.29)	($6.61)	($6.97)	($7.32)	($7.70)	($8.11)	($8.54)	($8.99)	($9.46)	($9.96)
Adjusted Gross Occupancy Cost	$9.77	$28.90	$28.85	$28.79	$28.70	$28.79	$28.53	$28.42	$28.29	$28.16	$28.21

Average Cash Cost per Square Foot **$38.76** **Average Adjusted Cost** **$25.16**

D R A F T

PURCHASE ANALYSIS
REGIONAL OFFICE CENTER
REGIONAL PUBLIC TRANSPORTATION AUTHORITY

EXHIBIT H

COLDWELL BANKER COMMERCIAL METRO

Valley Metro

Financing Cost Allocation:

Total Finance Cost of Purchase:	$8,161,941
Total Finance Cost RPTA:	$2,791,939

	12 months to June, 2020	12 months to June, 2021	12 months to June, 2022	12 months to June, 2023	12 months to June, 2024	12 months to June, 2025	12 months to June, 2026	12 months to June, 2027	12 months to June, 2028	12 months to June, 2029	12 months to June, 2030
Parking Income	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Proportionate Share of Retail Cash Flow	51,868	53,424	55,026	56,677	38,463	60,129	61,933	63,791	65,704	42,782	69,706
Proportionate Share of Expense	($999,293)	($1,029,272)	($1,060,150)	($1,091,954)	($1,124,713)	($1,158,454)	($1,193,208)	($1,229,004)	($1,265,875)	($1,303,850)	($1,342,966)
Proportionate Share of Debt	(2,105,171)	(2,107,531)	(2,105,757)	(2,106,779)	(2,105,197)	(2,106,142)	(2,105,924)	(2,106,163)	(2,106,681)	(2,105,586)	(2,106,210)
Proportionate Share of Cap. Reserve	(27,574)	(28,401)	(29,253)	(30,131)	(31,035)	(31,966)	(32,925)	(33,913)	(34,930)	(35,978)	(37,058)
Refurbishment	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)	(119,522)
Cash Flow	(3,052,692)	(3,084,302)	(3,112,656)	(3,144,709)	(3,195,004)	(3,208,955)	(3,242,646)	(3,277,811)	(3,314,304)	(3,375,154)	(3,389,050)
Cash Cost per Square Foot	$38.31	$38.71	$39.06	$39.47	$40.10	$40.27	$40.70	$41.14	$41.59	$42.36	$42.53
Less Pro-Rata Principal Reduction	($10.47)	($11.05)	($11.61)	($12.23)	($12.85)	($13.54)	($14.25)	($15.00)	($15.79)	($16.61)	($17.49)
Adjusted Gross Occupancy Cost	$27.84	$27.66	$27.45	$27.24	$27.25	$26.73	$26.45	$26.14	$25.80	$25.75	$25.04

PURCHASE ANALYSIS
REGIONAL OFFICE CENTER
REGIONAL PUBLIC TRANSPORTATION AUTHORITY

COLDWELL BANKER COMMERCIAL METRO

Patti Boyd Gentry and Gee Gee Entz

Valley Metro

	12 months to June, 2031	12 months to June, 2032	12 months to June, 2033	12 months to June, 2034	12 months to June, 2035	12 months to June, 2036	12 months to June, 2037	12 months to June, 2038	8 months June, 2039
Parking Income	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	98,000
Proportionate Share of Retail Cash Flow	71,797	73,951	76,170	45,264	80,808	83,232	85,729	88,301	58,868
Proportionate Share of Expense	($1,383,256)	($1,424,753)	($1,467,495)	($1,511,521)	($1,556,866)	($1,603,572)	($1,651,679)	($1,701,229)	($1,134,153)
Proportionate Share of Debt	(2,106,574)	(2,104,787)	(2,105,890)	(2,106,103)	(2,105,249)	(2,104,855)	(2,106,364)	301,709	0
Proportionate Share of Cap. Reserve	(38,169)	(39,315)	(40,494)	(41,709)	(42,961)	(44,249)	(45,577)	(46,944)	(48,353)
Refurbishment	(119,521)	(119,521)	(119,522)	(119,521)	(119,522)	(119,521)	(119,521)	(119,521)	(79,681)
Cash Flow	(3,428,723)	(3,467,425)	(3,510,231)	(3,586,590)	(3,596,790)	(3,641,965)	(3,690,412)	(1,330,684)	(1,105,319)
Cash Cost per Square Foot	$43.03	$43.52	$44.05	$45.01	$45.14	$45.71	$46.31	$16.70	$13.87
Less Pro-Rata Principal Reduction	($18.41)	($19.36)	($20.39)	($21.46)	($22.58)	($23.76)	($25.02)	($26.33)	$0.00
Adjusted Gross Occupancy Cost	$24.62	$24.16	$23.66	$23.55	$22.56	$21.95	$21.29	($9.63)	$13.87

PURCHASE LEASE COST COMPARISON - YEARS 31 TO 40

Proposed Savings in years 31 to 40:
Discount Rate 6.00%

For simplicity, all other projected income items are not taken into account for calculation of cost of ownership for years 31-40.

	Ownership Costs			Leasing Costs 2% Annual Growth Rate Beg $33/sq ft				
	**Refurbishment	Operating Expenses	Total	Base Rent	Exp. Pass-Through	Parking	Total	**DIFFERENCE**
	$4,771,700	5,246,722	$10,018,422	14,261,402	$0	243,625	$14,505,027	($4,486,605)
		5,404,124	$5,404,124	14,546,630	$143,091	243,625	$14,933,346	($9,529,222)
		5,566,248	$5,566,248	14,837,563	$290,474	243,625	$15,371,662	($9,805,414)
		5,733,235	$5,733,235	15,134,314	$442,280	243,625	$15,820,219	($10,086,984)
		5,905,232	$5,905,232	15,437,000	$598,639	243,625	$16,279,264	($10,374,032)
		6,082,389	$6,082,389	15,745,740	$759,689	267,988	$16,773,417	($10,691,028)
		6,264,861	$6,264,861	16,060,655	$925,570	267,988	$17,254,213	($10,989,352)
		6,452,807	$6,452,807	16,381,868	$1,096,428	267,988	$17,746,284	($11,293,477)
		6,646,391	$6,646,391	16,709,506	$1,272,412	267,988	$18,249,906	($11,603,515)
		6,845,783	$6,845,783	17,043,696	$1,453,675	267,988	$18,765,359	($11,919,576)
TOTAL 10-YEARS OF COSTS			$64,919,492				$165,698,695	($100,779,203)
		NET PRESENT VALUE	**48,418,154**			**NET PRESENT VALUE**	**$120,291,306**	**($71,873,152)**

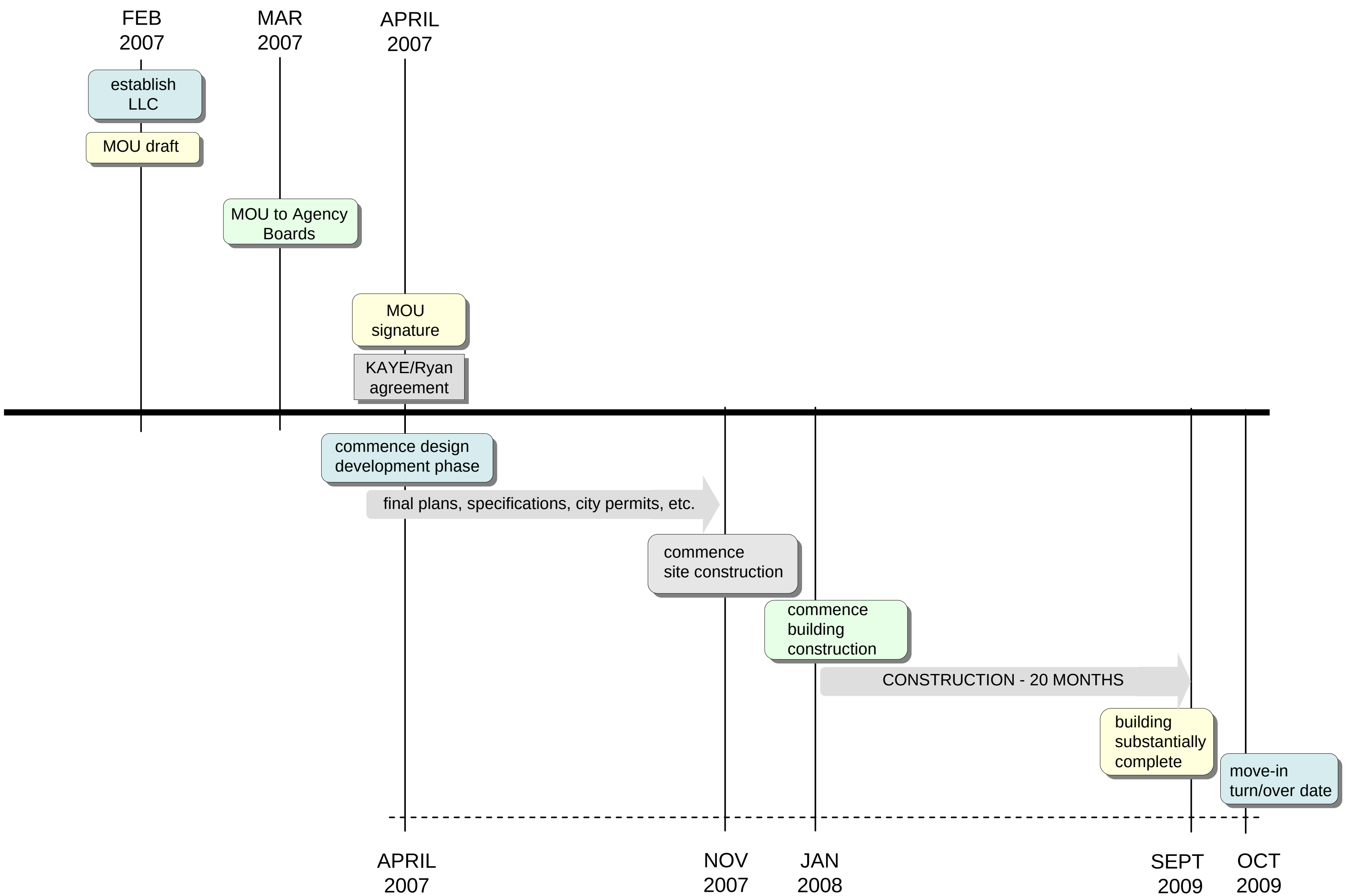
Est Cost of Ownership vs Lease Beginning With Year 31-Refurbishment & Operating Expenses

Owner Percent Allocation	**45.75%**	**34.20%**	**20.05%**	
Fiscal Year	**MAG**	**RPTA**	**VMR**	**Total Purchase (under) over Lease**
*2040 - Ownership	4,583,428	3,426,300	2,008,694	$10,018,422
2040 - Lease	6,636,050	4,960,719	2,908,258	$14,505,027
2040 - Lease vs Purchase (purchase - savings)	(2,052,622)	(1,534,419)	(899,564)	($4,486,605)
2041 - Ownership	2,472,387	1,848,210	1,083,527	$5,404,124
2041 - Lease	6,832,006	5,107,204	2,994,136	$14,933,346
2041 - Lease vs Purchase (purchase savings)	(4,359,619)	(3,258,994)	(1,910,609)	(9,529,222)
2042 - Ownership	2,546,558	1,903,657	1,116,033	$5,566,248
2042 - Lease	7,032,535	5,257,109	3,082,018	$15,371,662
2042 - Lease vs Purchase (purchase savings)	(4,485,977)	(3,353,452)	(1,965,985)	(9,805,414)
2043 - Ownership	2,622,955	1,960,766	1,149,514	$5,733,235
2043 - Lease	7,237,750	5,410,515	3,171,954	$15,820,219
2043 - Lease vs Purchase (purchase savings)	(4,614,795)	(3,449,749)	(2,022,440)	(10,086,984)
2044 - Ownership	2,701,644	2,019,589	1,183,999	$5,905,232
2044 - Lease	7,447,763	5,567,509	3,263,992	$16,279,264
2044 - Lease vs Purchase (purchase savings)	(4,746,119)	(3,547,920)	(2,079,993)	(10,374,032)
2045 - Ownership	2,782,693	2,080,177	1,219,519	$6,082,389
2045 - Lease	7,673,838	5,736,509	3,363,070	$16,773,417
2045 - Lease vs Purchase (purchase savings)	(4,891,145)	(3,656,332)	(2,143,551)	(10,691,028)
2046 - Ownership	2,866,174	2,142,582	1,256,105	$6,264,861
2046 - Lease	7,893,802	5,900,941	3,459,470	$17,254,213
2046 - Lease vs Purchase (purchase savings)	(5,027,628)	(3,758,359)	(2,203,365)	(10,989,352)
2047 - Ownership	2,952,159	2,206,860	1,293,788	$6,452,807
2047 - Lease	8,118,925	6,069,229	3,558,130	$17,746,284
2047 - Lease vs Purchase (purchase savings)	(5,166,766)	(3,862,369)	(2,264,342)	(11,293,477)
2048 - Ownership	3,040,724	2,273,066	1,332,601	$6,646,391
2048 - Lease	8,349,332	6,241,468	3,659,106	$18,249,906
2048 - Lease vs Purchase (purchase savings)	(5,308,608)	(3,968,402)	(2,326,505)	(11,603,515)
2049 - Ownership	3,131,946	2,341,258	1,372,579	$6,845,783
2049 - Lease	8,585,152	6,417,753	3,762,454	$18,765,359
2049 - Lease vs Purchase (purchase savings)	(5,453,206)	(4,076,495)	(2,389,875)	(11,919,576)
	MAG	**RPTA**	**VMR**	**Total Purchase (under) over Lease**
Total Ownership Costs Over 10 Years After Purchase	29,700,668	22,202,465	13,016,359	$64,919,492
Total Lease Costs Over 10 Years After Purchase	75,807,153	56,668,956	33,222,588	$165,698,697
Total Cost Difference Purchase (less than) Lease	(46,106,485)	(34,466,491)	(20,206,229)	(100,779,205)
Total Net Present Value of Cost- Purchase	$22,151,305	$16,559,009	$9,707,840	$48,418,154
Total Net Present Value of Cost- Lease	$55,033,272	$41,139,627	$24,118,407	$120,291,306
Total Net Present Value- Purchase (less than) Lease	($32,881,967)	($24,580,618)	($14,410,567)	($71,873,152)

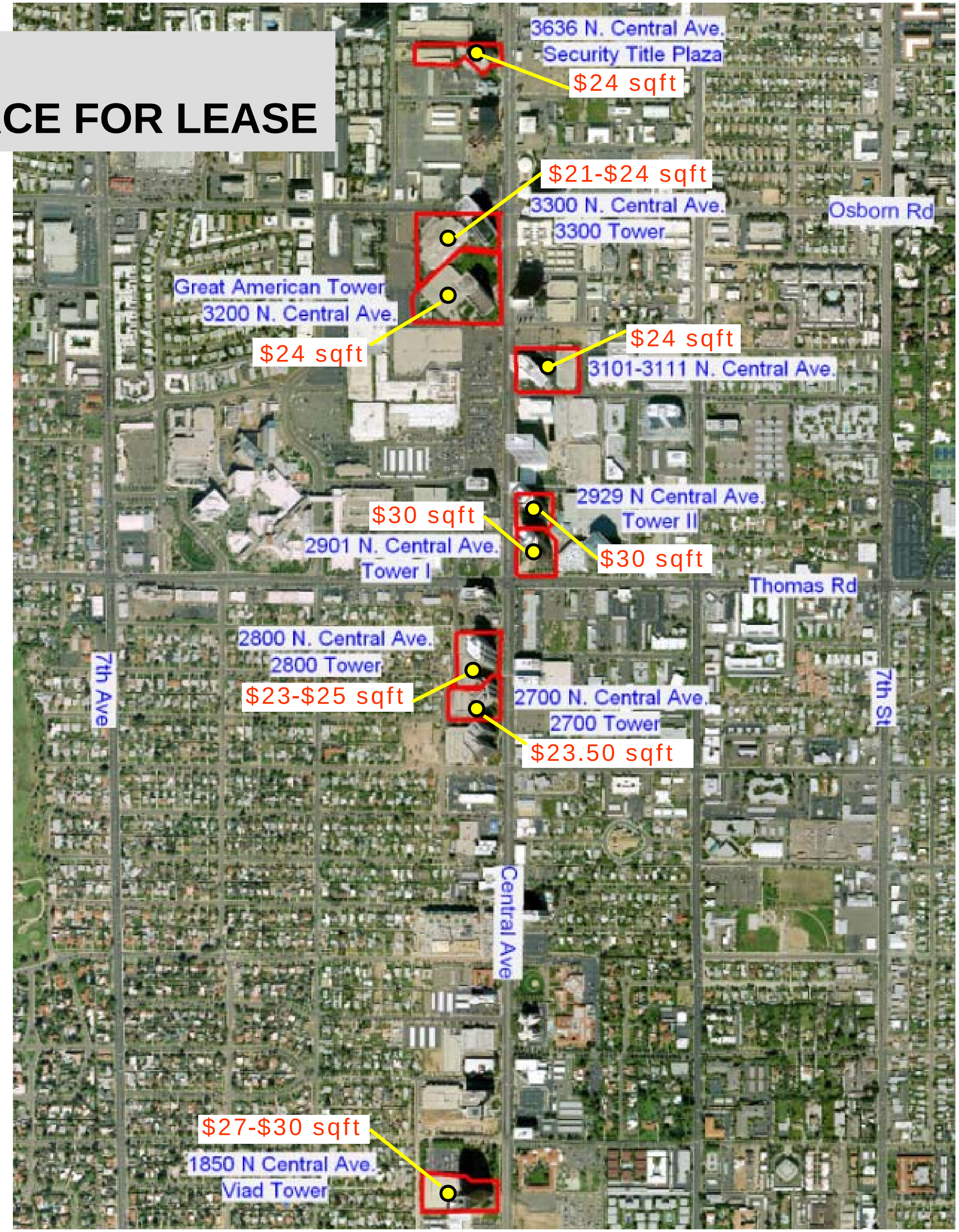
* refurbishment estimate for FY 2040 is $4,771,700; this will be allocated among the owners in FY 2040.
** refurbishment estimate if $20/sq ft

REGIONAL OFFICE CENTER PROJECT TIMELINE

EXHIBIT J



CLASS A
OFFICE SPACE FOR LEASE



OSBORN RD

THOMAS RD

OAK ST

Source Coldwell Banker Commercial Feb 2007

CLASS B
OFFICE SPACE FOR LEASE

Source: Coldwell Banker Commercial – Feb 2007

CLASS A AND B SIGNED LEASES IN 2006/2007

INDIAN SCHOOL RD

THOMAS RD

MC DOWELL RD

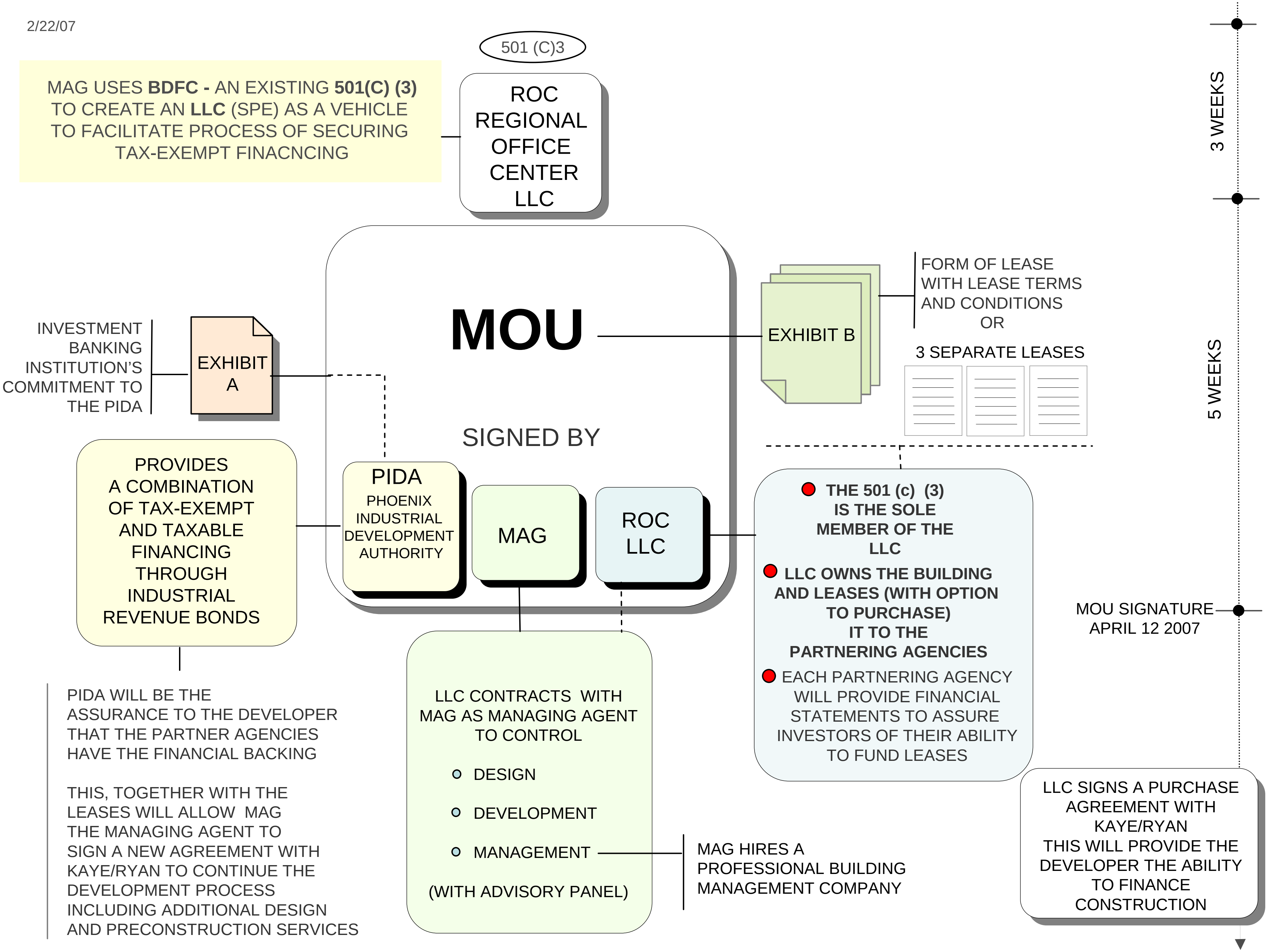
VAN BUREN ST

Source: Coldwell Banker Commercial – Feb 2007

LAND SALE COMPS (LAST 9 MONTHS)

Source: Coldwell Banker Commercial – Feb 2007

2/22/07


MAG USES BDFC - AN EXISTING 501(C) (3) TO CREATE AN LLC (SPE) AS A VEHICLE TO FACILITATE PROCESS OF SECURING TAX-EXEMPT FINACNCING
501 (C)3
ROC REGIONAL OFFICE CENTER LLC
3 WEEKS
MOU
INVESTMENT BANKING INSTITUTION'S COMMITMENT TO THE PIDA
EXHIBIT A
EXHIBIT B
FORM OF LEASE WITH LEASE TERMS AND CONDITIONS OR
3 SEPARATE LEASES
5 WEEKS
SIGNED BY
PIDA
PHOENIX INDUSTRIAL DEVELOPMENT AUTHORITY
MAG
ROC LLC
PROVIDES A COMBINATION OF TAX-EXEMPT AND TAXABLE FINANCING THROUGH INDUSTRIAL REVENUE BONDS
THE 501 (c) (3) IS THE SOLE MEMBER OF THE LLC
LLC OWNS THE BUILDING AND LEASES (WITH OPTION TO PURCHASE) IT TO THE PARTNERING AGENCIES
EACH PARTNERING AGENCY WILL PROVIDE FINANCIAL STATEMENTS TO ASSURE INVESTORS OF THEIR ABILITY TO FUND LEASES
MOU SIGNATURE APRIL 12 2007
PIDA WILL BE THE ASSURANCE TO THE DEVELOPER THAT THE PARTNER AGENCIES HAVE THE FINANCIAL BACKING
THIS, TOGETHER WITH THE LEASES WILL ALLOW MAG THE MANAGING AGENT TO SIGN A NEW AGREEMENT WITH KAYE/RYAN TO CONTINUE THE DEVELOPMENT PROCESS INCLUDING ADDITIONAL DESIGN AND PRECONSTRUCTION SERVICES
LLC CONTRACTS WITH MAG AS MANAGING AGENT TO CONTROL
DESIGN
DEVELOPMENT
MANAGEMENT
(WITH ADVISORY PANEL)
MAG HIRES A PROFESSIONAL BUILDING MANAGEMENT COMPANY
LLC SIGNS A PURCHASE AGREEMENT WITH KAYE/RYAN THIS WILL PROVIDE THE DEVELOPER THE ABILITY TO FINANCE CONSTRUCTION

UPDATED
REGIONAL OFFICE CENTER (ROC)
PROPOSED TRANSACTION

OVERVIEW:

The Maricopa Association of Governments (MAG), Regional Public Transportation Authority (RPTA), and Valley Metro Rail (VMR) (each individually a "Party," and collectively the "Parties") intend to provide for the construction of a new facility (the "Regional Office Center" or "Building") to include office space for each of the Parties, as well as meeting and other spaces that will meet the increasing needs of the Parties, their elected and appointed officials, and the public.

The Building and attendant infrastructure improvements (the "Improvements") will be constructed by Ryan Companies on property owned by David Kaye and located on the northwest corner of First Avenue and West McKinley Street in Phoenix (the "Property"), pursuant to the terms of a Purchase Agreement, as further defined herein. When the Building and Improvements have been completed to the satisfaction of the Parties, and a certificate of occupancy has been issued by the City of Phoenix, the Building and the Property will be purchased for the benefit of the Parties, as more particularly set out herein.

PURCHASE AND FINANCING:

The Regional Office Center is expected to cost approximately $86.9 million, and will be financed by the Phoenix Industrial Development Corporation (the "IDA"). In order to take advantage of IDA financing, the Building Development Finance Corporation, an existing Arizona non-profit corporation which is an IRC Section 501(c)(3) corporation (the "BDFC"), will, as the sole member, form a special-purpose Arizona limited liability company (the "Buyer LLC"). The Buyer LLC will borrow the funds to purchase the Building (including the Improvements) and the Property from the IDA, and will enter into a Purchase Agreement with Kaye/Ryan. The Purchase Agreement will provide that the Building and Improvements are to be delivered as a Design-Build project and in accordance with plans and specifications incorporated into the Purchase Agreement. The IDA will provide financing for the Purchase through Industrial Revenue Bonds.

The Buyer LLC, as Lessor, will enter into leases with MAG, RPTA and VMR as Lessees, for their respective spaces in the Building. The Buyer LLC will grant a first-lien deed of trust on the Building and the Property to the IDA as security for the loan.

DESIGN AND CONSTRUCTION:

Kaye/Ryan will, pursuant to the Purchase Agreement, develop design and construction documents, secure building permits, demolish existing improvements on the Property, construct the Building and Improvements, and take all additional acts necessary to satisfy the terms of the Purchase Agreement.

THE MOU:

The Building and Improvements, including the offices, conference center, parking structure and other common areas will be designed, constructed and managed under the supervision and control of MAG, pursuant to a Memorandum of Understanding between the IDA, the Buyer LLC, and MAG (the "MOU"). The MOU will also provide for the disposition of revenues from parking and retail and sub-leased space. The investment banking institution's commitment to the IDA to sell the bonds, and the Leases, will be attached to the MOU as exhibits.

MAG will be advised in matters related to the ROC by an Advisory Panel comprised of representatives of each of the Parties. MAG may choose to retain the services of a professional building management company for building management purposes.

THE LEASES:

As noted above, the Buyer LLC will enter into Leases with each of the Parties. The Lease provisions will include, but not be limited to:

1. Identification of limited, clearly identifiable sources of revenue for each of the Parties:

    a. MAG – Federal Highway funds, sales taxes (portion assigned to administrative expenses), local unrestricted contributions
    b. RPTA – Federal Transit funds, sales taxes (portion assigned to administrative expenses), and unrestricted PTF.
    c. VMR – local cost share funds
    d. AMWUA – local contributions

2. Lease with option to purchase for $1.00 at end of 30-year lease (bond) term.

3. Rents to cover loan payments and building overhead.

4. Detail responsibilities regarding common spaces, identify shared costs, provide for operation and maintenance of the Building and the Property, and provide appropriate breach of lease, insurance, and other appropriate terms.

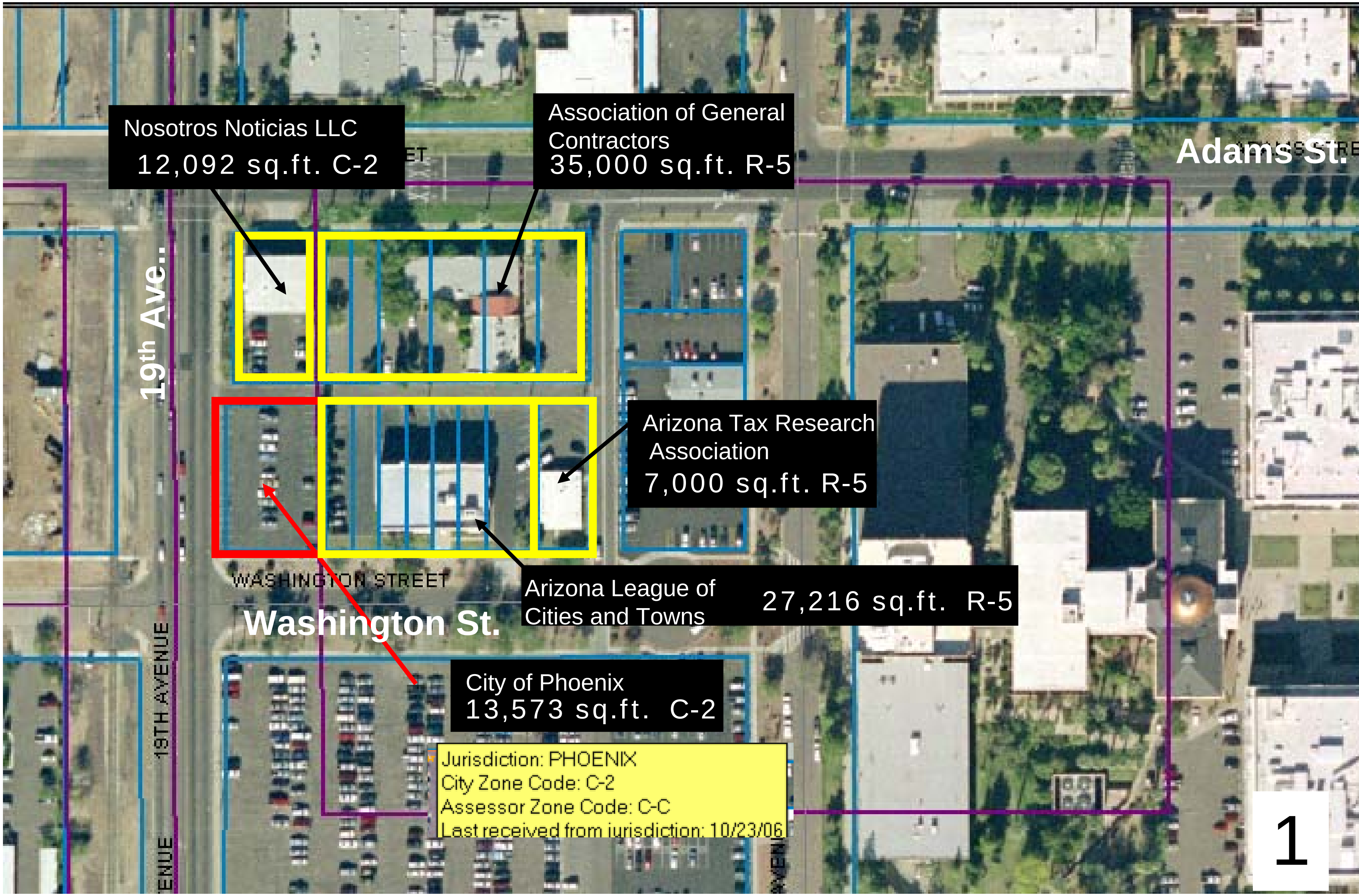
5. Agreement of the Buyer LLC that at end of lease term, if any of the Parties wishes to exercise the option to purchase its leased premises, the Buyer LLC will take all of the acts necessary to create a condominium at the Parties' sole cost, and to create a property owners association.

6. Conference center, lobby, etc. become "common area" managed by MAG pursuant to an agreement with the Buyer LLC.

DELIVERY OF PROJECT TO BUYER LLC:

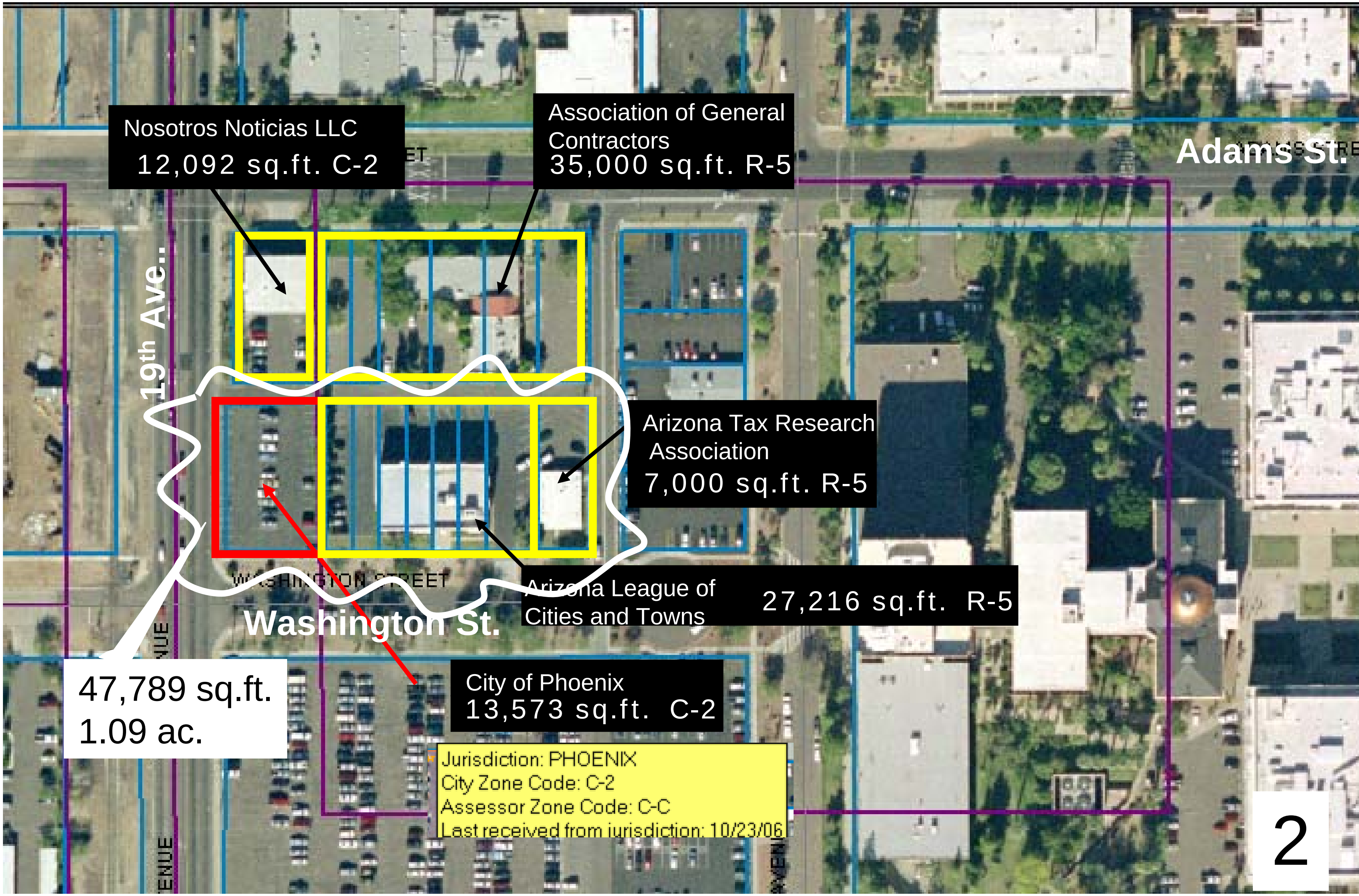
Upon completion of the construction per previously agreed to plans and specifications, the Buyer LLC closes the loan with the Phoenix IDA and disburses payment to Kaye/Ryan.

Arizona League of Cities and Towns – and adjacent parcel information 3/9/07



DRAFT

Arizona League of Cities and Towns – and adjacent parcel information 3/9/07

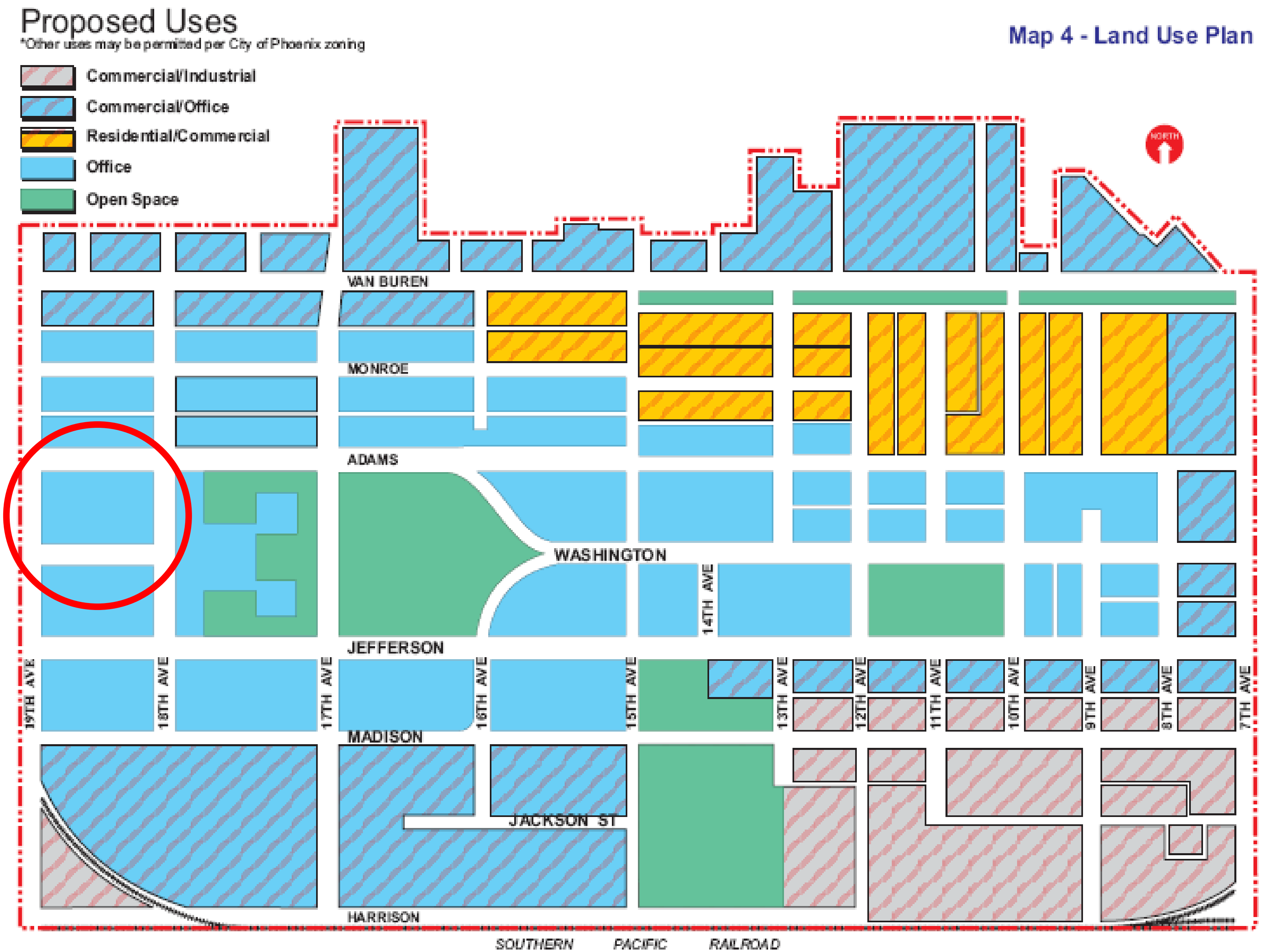


DRAFT


Adams St.
STREET
19th Ave..
19TH AVENUE
WASHINGTON STREET
Washington St.
AVENUE
R-5 District
Setbacks
Front – 20 ft.
Rear – 15 ft.
Side – 5 ft.
C-2 District
Setbacks
Front – 25 ft.
Rear – 25 ft.
Side – 10 ft.
3

DRAFT

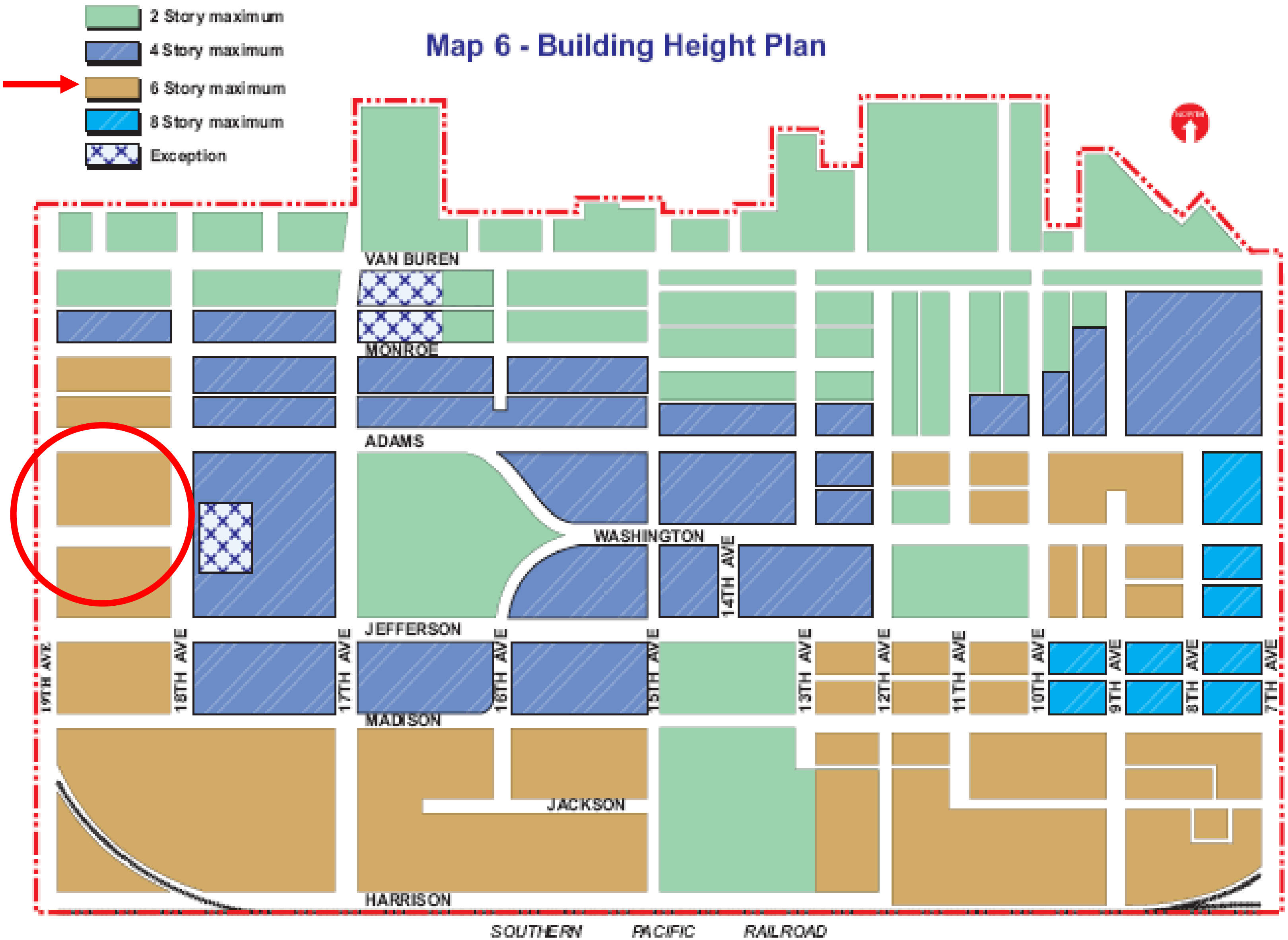
Capitol District Development Guidelines



LEGISLATIVE GOVERNMENTAL MALL COMMISSION

The Governmental Mall Commission was established by the Legislature in 1985 in order to develop and main comprehensive long-range plan for the development of the Governmental Mall area. The Commission is com of representatives from State, County and City government as well as from the general public.

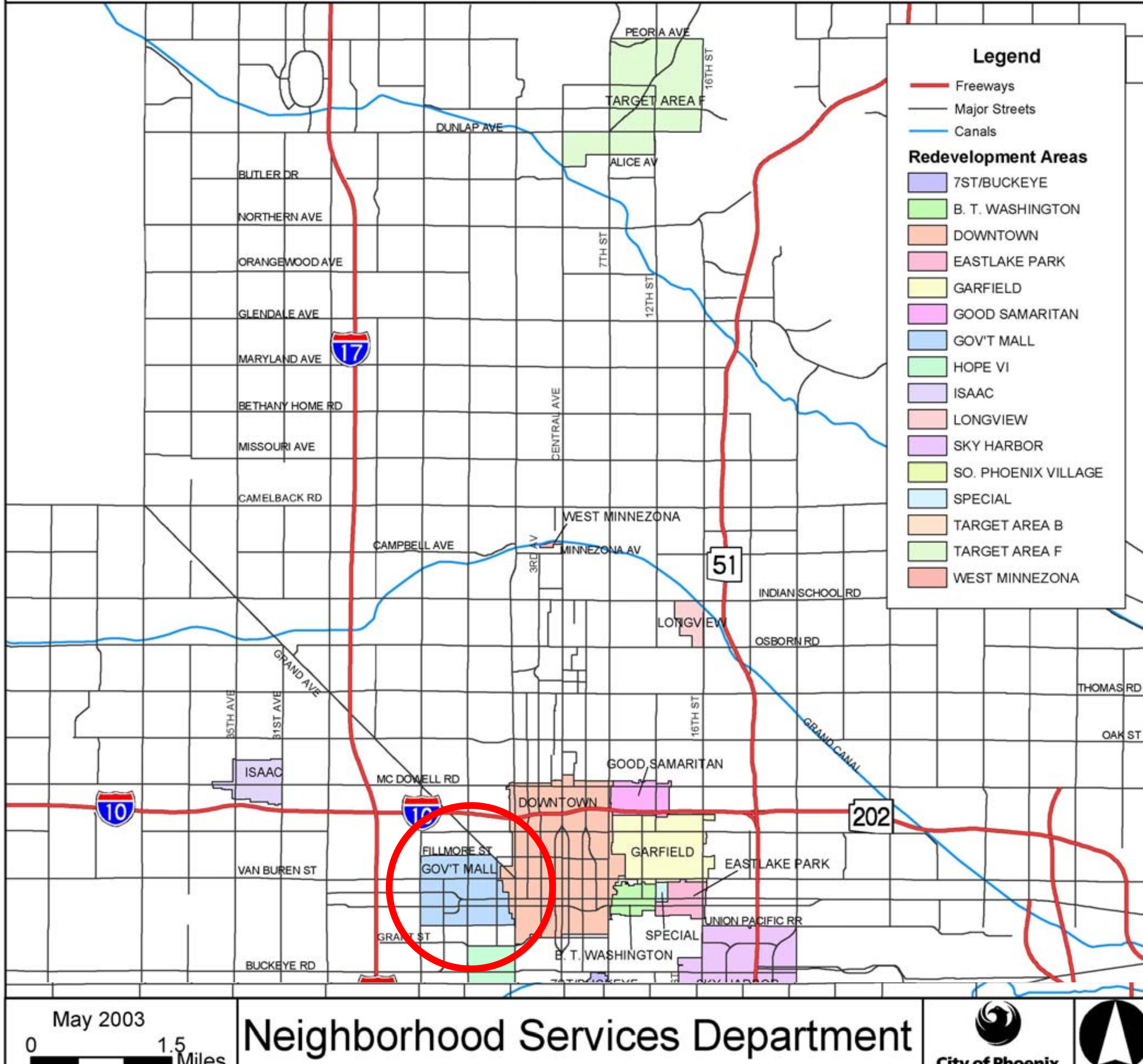
Capitol District Development Guidelines



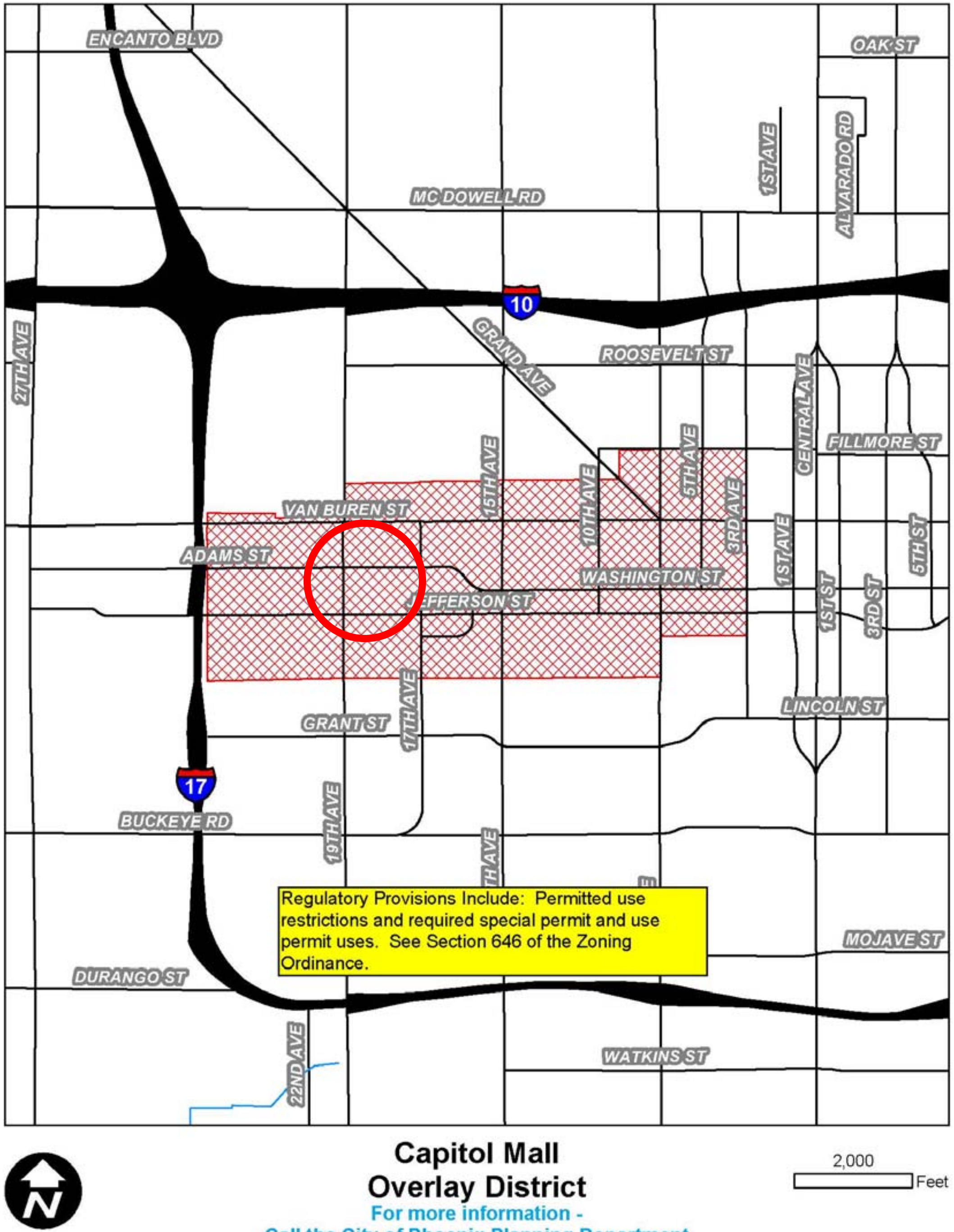
LEGISLATIVE GOVERNMENTAL MALL COMMISSION

The Governmental Mall Commission was established by the Legislature in 1985 in order to develop and main comprehensive long-range plan for the development of the Governmental Mall area. The Commission is com of representatives from State, County and City government as well as from the general public.

Redevelopment Areas



Neighborhood Services Department



Capitol Mall
Overlay District

For more information -
Call the City of Phoenix Planning Department
(602) 262-7131

Capitol Mall Centennial Plan - Not a regulatory plan (for reference only)

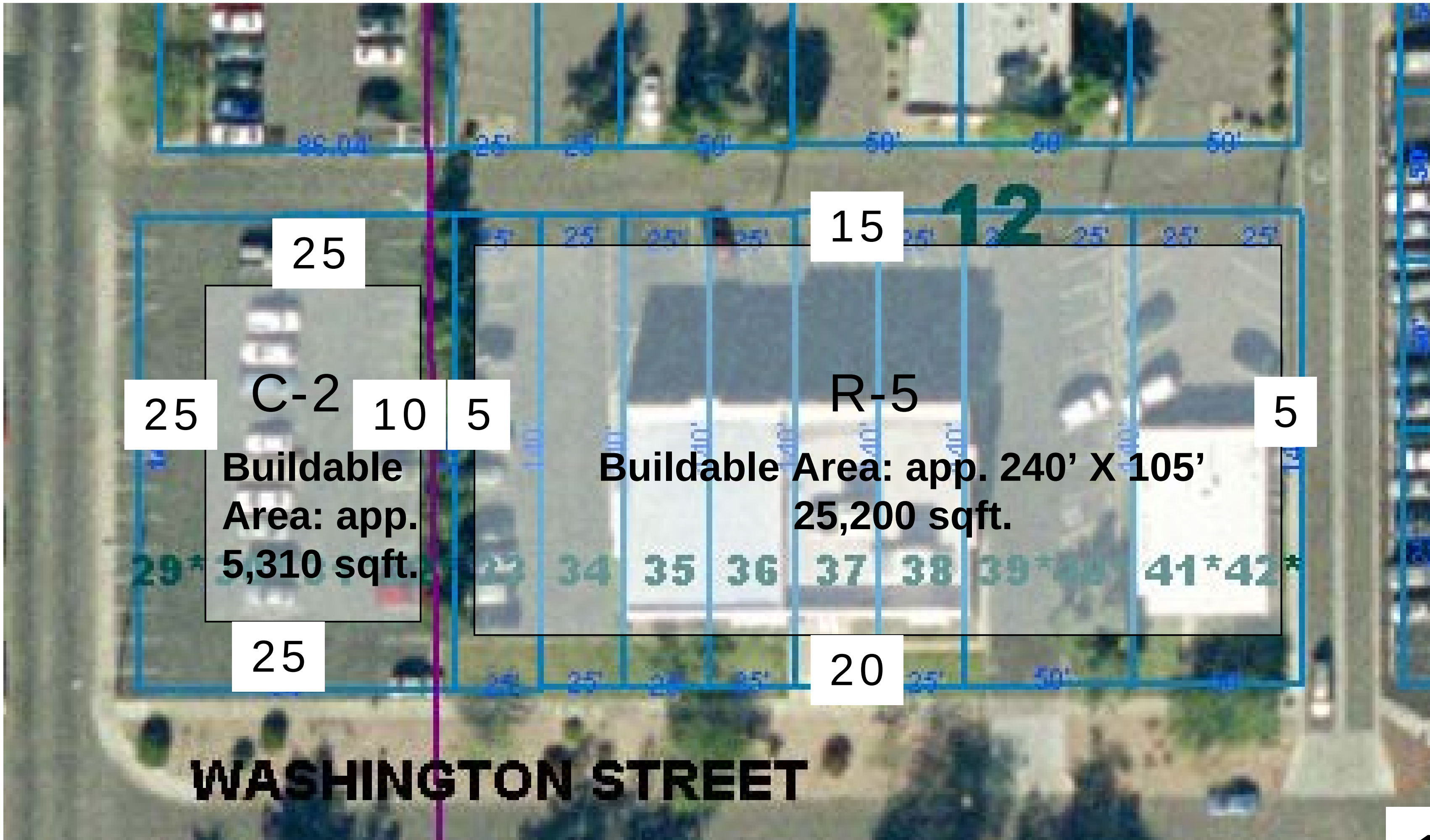
3 Park and Ride parking structure connected to new bus transit depot

Arizona League of Cities and Towns – and adjacent parcel information 3/9/07

Required District setbacks without a rezoning

Arizona League of Cities and Towns – and adjacent parcel information 3/9/07

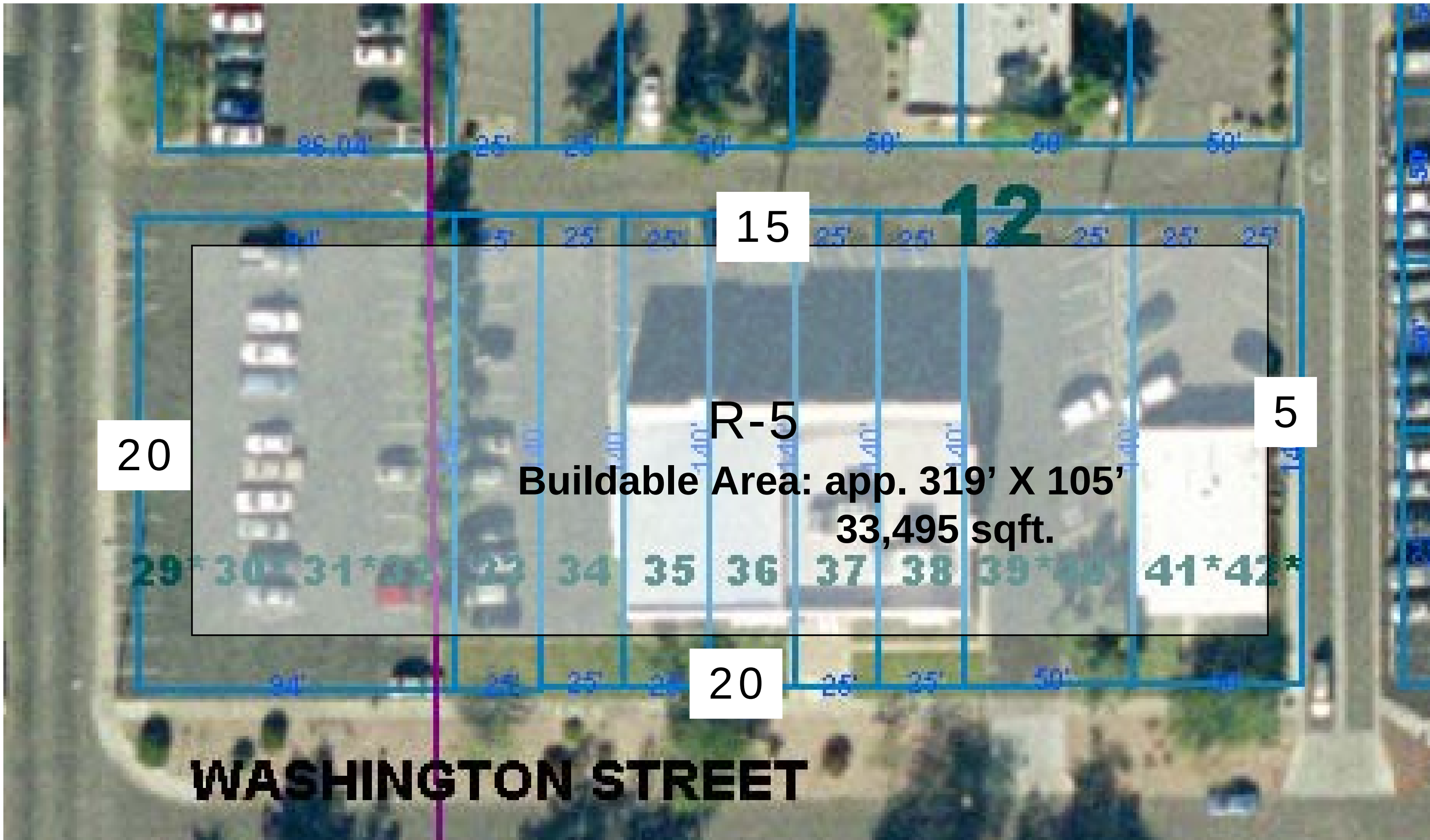
Required District setbacks
without a rezoning



Arizona League of Cities and Towns – and adjacent parcel information 3/9/07

Required District setbacks

rezoning the assembly to R-5



DRAFT

Required District setbacks
rezoning the assembly to R-5

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
JOINT MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE
AND THE BUILDING LEASE WORKING GROUP
January 8, 2007
MAG Offices, Cholla Room
302 North 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor James M. Cavanaugh, Goodyear, Chair
* Mayor Mary Manross, Scottsdale, Vice Chair
\# Mayor Joan Shafer, Surprise, Treasurer
Mayor Steven M. Berman, Gilbert
Mayor Keno Hawker, Mesa
Mayor Thomas L. Schoaf, Litchfield Park
Councilmember Peggy Neely, Phoenix

BUILDING LEASE WORKING GROUP MEMBERS ATTENDING

Mayor Keno Hawker, Mesa, Chair
Mayor James M. Cavanaugh, Goodyear
* Councilmember Ron Clarke, Paradise Valley
Frank Fairbanks, Manager, City of Phoenix

PARTNERING AGENCIES ATTENDING

Steve Olson, Arizona Municipal Water Users Authority
Bryan Jungwirth for David Boggs, Valley Metro
Rick Simonetta, Valley Metro Rail

* Not present
\# Participated by videoconference or telephone conference call

1. Call to Order

The Executive Committee and Building Lease Working Group meeting was called to order by Chair James M. Cavanaugh at 12:00 p.m. Chair Cavanaugh stated that Mayor Shafer was participating in the meeting by telephone. He noted that addenda to the agenda, items #5D and #11 were at each place. Chair Cavanaugh stated that public comment cards were available for those members of the public who wish to comment. He noted that transit tickets were available from Valley Metro for those using transit to come to the meeting. Parking validation was available from MAG staff for those who parked in the parking garage.

2. Call to the Audience

Chair Cavanaugh noted that according to MAG's public comment process, members of the audience who wish to speak are requested to fill out the public comment cards and stated that there is a three minute time limit. Public comment is provided at the beginning of the meeting for items that are not on the agenda that are within the jurisdiction of MAG, or non-action agenda items that are on the agenda for discussion or information only. Chair Cavanaugh stated that no public comment cards were received.

3. Update on the Regional Office Center

Chair Cavanaugh turned the gavel over to Mayor Hawker for the Building Lease Working Group meeting. Mayor Hawker introduced Denise McClafferty, MAG Management Analyst, who began the update on this item.

Ms. McClafferty stated that the Executive Committee and Building Lease Working Group were last provided an update on the progress of the Regional Office Center on October 16, 2006. At that time, the Executive Committee authorized further indemnification to Kaye/Ryan for the development of a refined schematic design package. Ms. McClafferty stated that the schematic design package was then advertised to the subcontracting community to receive construction cost bids. She said that MAG staff was provided with a total cost of $91 million based on the schematic design package.

Ms. McClafferty stated that a value engineering process was conducted, which included both hard and soft costs, and three cost options were developed. She noted that these three options were included in the memorandum in the agenda packet. Ms. McClafferty explained that Option A would eliminate an office tower floor and the underground parking level. The cost of Option A is approximately $79 million. She said that Option B would include retaining the initial gross square footage and the tenant improvements for all growth space. The cost of Option B is approximately $86 million. Ms. McClafferty stated that Option C would include retaining the initial gross square footage but eliminates the tenant improvements on the sixth floor. The cost of Option C is approximately $85 million. Ms. McClafferty stated that all three options include cost savings from the value engineering process.

Ms. McClafferty stated that in the interim since the agenda was mailed, an Option D had been developed for a total of $86.9 million. She explained that it was developed after staff had discussions with each partnering agency director to update them on the estimated building cost and the value engineering process. Ms. McClafferty stated that the Directors felt it would be a good idea to not eliminate an office tower floor because of growth, and this would most likely not allow the elimination of a parking level.

Ms. McClafferty stated that when this project began in January 2005, the goals were the same as they are today: To build a regional office center that would house regional agencies and be convenient for elected officials and the public; to build a conference center that could accommodate all four regional agencies' meetings and that would provide the convenience and security for elected officials to attend these meetings; building a parking garage that would provide secure parking for elected officials and accommodate the agencies' meetings.

Monique de los Rios-Urban, MAG Senior Program Manager, provided a review of the renderings of the building as included in the schematic design package. Ms. de los Rios-Urban spoke about the amenities that could be provided by the building, such as proximity to light rail, I-10, and arterials, and secure parking for elected officials.

Ms. de los Rios-Urban stated that when the value engineering process was conducted, approximately 50 items were proposed to be eliminated. Among these items, one office tower level and one parking level were proposed to be eliminated. She advised that after discussion with agency directors, it was decided that the office tower floor and the parking level would be retained in the program. Ms. de los Rios-Urban described the features of the building, including a four-level parking garage with 570 spaces plus a secured underground level of 100 spaces for member agency officials' use and 40 spaces for residents of the adjacent mixed-use project; a 42,000 square foot conference center; a 200,000 square foot, six-story office tower; and a rooftop terrace. She noted that Kaye/Ryan have proposed a residential wrap project that will be developed concurrently with the regional office center.

Ms. de los Rios-Urban noted that in designing the building, it was important to conform with the City of Phoenix Transit-oriented Development Guidelines, the Downtown Development Guidelines, and proposed Urban Form Study. She spoke about the facade design features that reduce energy consumption. Ms. de los Rios-Urban stated that a space of approximately 4,000 square feet to house a restaurant or retail is planned at the street level. She noted that translucent glazing for the building is proposed to avoid the closed-in look. The street level perimeter is recessed and trees are proposed to provide shading.

Ms. de los Rios-Urban stated that the 50 items considered for elimination represented about $10 million. She said that one item that was kept with minor modifications was the design of the east tower facade to retain energy efficiency. Ms. de los Rios-Urban advised that no major concessions were made to the conference center or to the tenant improvements budget. She also noted that the rooftop terrace was retained, but some of the materials were modified, as well as xeriscape garden on the fifth floor Conference Center. Ms. de los Rios advised that the value engineering process resulted in a $3.9 million reduction.

Ms. de los Rios-Urban showed more views of the building and explained the parking access. She noted that reducing the 4,000 square foot lobby was proposed, but the agencies decided to retain the original design. Ms. de los Rios-Urban stated that the television studio would be kept on the street level, but buildout and equipment would happen at a later date. She explained that no compromises were made to the Conference Center, because that is a signature part of the building. Ms. de los Rios-Urban stated that it has 18 corporate meeting rooms. Within this is a hi-tech Regional Council chamber, and three Boards of Directors meeting rooms. Ms. de los Rios-Urban stated that ballroom, which can be divided into six meeting rooms, could accommodate 300 people. There is a 5,000 square foot hospitality area for breakout rooms and reception, restrooms, a kitchen, and a training room. She displayed the areas accessible only to staff and those accessible by the public. Ms. de los Rios-Urban noted that the conference facility is designed with state-of-the-art audio visual technology.

Mayor Berman asked why residential units were included. Ms. de los Rios-Urban replied that the Roosevelt Historic Neighborhood is adjacent to the building site and from the beginning of the process, the neighborhood was included in discussions. She advised that it was important to the neighborhood to have a residential or combined office/residential component. Ms. de los Rios-Urban stated that staff followed City of Phoenix guidelines of the downtown core and wanted to introduce a mixed use development. Ms. de los Rios-Urban also noted that the site is actually two different parcels and Kaye/Ryan would retain the parcel on the west side of the development for the residential component. Mayor Berman asked for clarification of the residential parking arrangements. Ms. de los Rios-Urban stated that the 40 residential stalls are proposed to be integrated into the underground parking level. Dennis Smith noted that the proposed residential development would face the historic neighborhood. He commented that it was better to accommodate their parking to get as much office space and parking as possible.

Mayor Hawker asked if the residential vehicles would have direct access from their units to the parking garage. Ms. de los Rios-Urban replied that preliminary plans show that access will be directly from the underground parking to the residential component. Mayor Hawker noted that the material included two different costs for the land–$6 million and $9 million. Mr. Smith stated that the land price is negotiable and staff thinks $6.85 million would be used for the negotiations. Mayor Hawker asked how that negotiation would be handled. Mr. Smith stated that the project team would handle the negotiations. Mayor Hawker stated that he was not overly excited about the slits on the outside wall of the parking garage. Ms. de los Rios-Urban stated that the redesign will be part of the design development package and will be revisited. Mayor Hawker asked about window coverings. Ms. de los Rios-Urban replied that the tenant improvements component includes window coverings for the entire building.

Mayor Hawker commented that he was surprised at the number of breakout and conference rooms. He asked how that number was determined. Ms. de los Rios-Urban replied that before the schematic design was developed, staff, working collaboratively with the other agencies, developed a matrix to understand the nature of the meeting room demand. Ms. de los Rios-Urban stated that this matrix was also used to determine the final number of parking spaces. Ms. McClafferty noted that the AMWUA and RPTA meet on the same day. Each agency having a board room makes it easier to move from one meeting to the other without delay or disruption.

Mayor Shafer asked if staffs have had an opportunity to review this because they are the ones who will be working there. Ms. de los Rios-Urban noted that at the beginning of the process, staff from all agencies participated in the exercise to determine their needs. This input was entered into the matrix and considered as the schematic design was developed.

Mayor Hawker said that he thought there would be some synergy to eliminate duplication of rooms and staff. He commented that he was surprised and disappointed that each agency would have its own board room.

Mayor Cavanaugh commented that he thought the building was first class and the conference center is superb. He stated that he was very supportive of this project. Mayor Cavanaugh asked for clarification that the $3.9 million was the value engineering after coordination with tenants. Ms. de los Rios-Urban replied that was correct. She said that staff had meetings with agency directors during the value engineering process and received their input. Ms. de los Rios-Urban noted that the result of the value engineering was a $3.9 million reduction. Mayor Cavanaugh remarked that the preliminary cost was $78 million. Mr. Smith replied that was the informal number provided by Kaye/Ryan at the beginning of the process, but the refined number was higher. Mayor Cavanaugh asked if the next presentation would be about the ability to afford that. Mr. Smith replied that was correct.

Mr. Fairbanks stated that he was impressed that the building gives the image of being open, progressive, and future-oriented, which is aligned with the image of the organizations. He added that consideration might be given that those in the historic neighborhood along Second Avenue might not appreciate progressive and modern. He suggested that an historic facade, which is relatively inexpensive, be added to the residential face. Ms. de los Rios-Urban noted that this is an important point to consider and added that the design is very schematic sketch level. She noted that within this neighborhood is the Portland Place project, which is very modern.

Al Dreska, Senior Project Director for 3D International, addressed the Committee. He said he has been assisting in managing the project since July 2006. In addition, he assisted in the value engineering and plan review process, and completed a cost estimate to evaluate the cost proposal submitted by Kaye/Ryan. Mr. Dreska stated that the focus has been construction and design costs. He said that one factor is the timing and duration of construction. Mr. Dreska noted that in the past year, construction costs were escalating at the rate of one-half of one percent per month. He advised that there has been some stabilization, but material costs are still volatile. Mr. Dreska stated that upon review, his firm found the overall costs are reasonable for the nature and location of the project at this time. He added that his firm's cost estimate exceeded Kaye/Ryan's proposal by 7.5 percent.

GeeGee Entz, Coldwell Banker, provided a list of actual tenant leases signed for Class A office space in the past six months. The sources were Cushman Wakefield, the broker representing Renaissance One and Two, and CB Richard Ellis. Ms. Entz stated that leases ranged from a low of $28.25 to a high of $42 per square foot, with an escalation every year. She advised that when renewals have been coming up in the downtown market, there have been huge increases. Ms. Entz noted that the Class A downtown vacancy rate is 5.2 percent, and 6.3 percent overall, and is not increasing. Ms. Entz stated that an important factor to consider is that the agencies would own a building. She mentioned that the selling price for One Renaissance increased $8.8 million from March to June 2005. Ms. Entz stated that having a building 100 percent leased for 30 years adds value to a building. She explained that $86 million based on a seven percent return equals more than $108 million, and seven percent is a conservative figure. Ms. Entz commented that it is not just the cost, but the equity value in the building.

Rebecca Kimbrough, MAG Fiscal Services Manager, presented an update on costs. She reviewed the assumptions used in the analysis. Ms. Kimbrough stated that a cost of $86.9 million for the building and the land was used. The owners are MAG, RPTA, Valley Metro Rail, and AMWUA; non-owners are considered the conference center, the rooftop terrace, the TV studio, and the regional hub. Ms. Kimbrough stated that costs are allocated to owners and non-owners for shell and tenant improvement costs. She explained that costs are allocated to owners only for land costs and other costs such as garage, retail space, green wall, UPS system, employee showers, etc. Ms. Kimbrough noted that revenue reimbursements on parking, retail space, and leasing extra space were not included in this estimate. The reimbursement to the owners of the residential parking spaces was included.

Ms. Kimbrough stated that the average annual cost estimate for MAG is $3.7 million, or $34 per square foot, and includes the conference center, rooftop terrace, TV studio, and regional hub. The average annual cost for RPTA is estimated at $2.5 million, or $36 per square foot. The average annual cost for Valley Metro Rail is $1.8 million, or $36 per square foot. The average annual cost for AMWUA is estimated at $350,000, or $37 per square foot.

Mayor Hawker asked for clarification of how the cost per square foot was determined. Ms. Kimbrough replied that staff had the cost estimate for the conference center and the MAG tenant improvements. They took the cost and square footage and allocated among the owners spaces such as the parking garage, shared spaces, and land. This was done on a 30-year average.

Mr. Fairbanks asked if the per square foot costs were in today's dollars which would be inflated, or were they the first year cost when the building is completed. Ms. Kimbrough replied that these prices are in today's dollars. She added that a present value has not been completed because the numbers had only been received Friday.

Mr. Jungwirth asked if the analysis included the capital and operating costs of the space but did not include the offsets of revenue. Ms. Kimbrough replied that was correct. They included a debt reserve return assumed at 4.25 percent. She noted that the repurchase of the parking spaces for the west side residential was included, but any estimated revenue from leasing retail space was not included.

Mayor Hawker asked if the partially shelled portion of the building was to remain empty and would be allocated among all owners. Ms. Kimbrough replied that the shelled space was allocated to RPTA and Valley Metro Rail for their projected growth. This was allocated on a basis of the original program. About 12,515 square feet were not included in the tenant improvements at that point and that was the number that was used. Mayor Hawker asked if those agencies could rent or lease that space in the interim. Ms. Kimbrough replied that at this point, this has not been extensively discussed with RPTA and Valley Metro Rail.

Mr. Jungwirth asked if they did tenant improvements, would that space be at the same rate proposed. Ms. Kimbrough replied that half of the floor would be improved. The $36 estimate is not tenant improved estimates, and includes all costs of land, operating costs, etc. Ms. Kimbrough stated that the tenant improvement costs are separate. Mr. Jungwirth asked if the effective rate would lower if they did the tenant improvements. Ms. Kimbrough replied that was correct, because they would have more square feet from which to allocate the costs.

Mayor Cavanaugh asked for clarification of the amount from MAG for principal and interest. Ms. Kimbrough replied the amount was on average $3.7 million annually. Ms. Kimbrough stated that MAG is currently at $22 per square foot, which does not include parking or offsite storage costs. She commented that MAG would be at the break-even point in 2029 if they stay in the current building. She stated that with Class A downtown space estimated at $33 per square foot, there is no break even point with a purchase.

Mayor Hawker asked the amount of parking and storage costs. Ms. Kimbrough replied that MAG enjoys a good rate on its current 2.5 year lease. She said she was unsure what MAG would pay for parking at the end of the lease.

Councilmember Neely asked if the cost of the conference center would be shared among all users or just MAG. Ms. Kimbrough replied that the conference center cost was broken out separately so the cost could be allocated differently later. Currently, the analysis shows MAG taking on the cost. Mr. Smith stated that meeting space was discussed a few times with the agency directors. MAG is the principal user and because of the equipment, MAG would request ownership and have a type of chargeback. He noted this could be minimal to the other agencies because MAG has a better opportunity to pay for the space with federal funds than the other agencies.

Ms. Kimbrough displayed a graph that showed the costs each year for 30 years. Mayor Hawker asked if a combined analysis with existing leases had been done. Mr. Smith stated that the average annual cost for the space MAG has now is $750,000 per year. If MAG expands in this building to the fourth floor and the bank space that would total 44,000 square feet at a cost of $1.3 million per year. To try to find the same space as MAG is trying to build, the cost would be $3.5 million per year. A custom building would be $3.7 million per year. Mr. Smith stated that the City of Phoenix has been gracious about offering the fourth and first floors to MAG, but the problem with staying in the current building is MAG probably has a horizon of 10 years here. He commented that a decision will need to be made at some point.

Mayor Hawker stated that Proposition 400 is a 20-year tax, but the analysis covers a 30-year period. Ms. Entz stated that a 20-year projection also had been done. Mayor Hawker stated that 15 years will be left on the tax by the time the agencies moved in and wondered how that would work. Mr. Smith stated that MAG has a greater funding stream than the other agencies. MAG has an indirect cost rate that could be used.

Mayor Hawker asked how much of Proposition 400 revenue is locked in as far as planning money. Mr. Smith noted that approximately $4 million is assigned for administration from Proposition 400. He commented that the question is whether MAG will be around, and added that in April 2007, MAG will celebrate its 40th anniversary. Mr. Smith replied that no action was being requested today from the Executive Committee, but if there was consensus, the next step would be to make presentations to each individual board to show them their costs. Mr. Smith noted that every delay costs money. He expressed his appreciation for all of the effort on the building to the City of Phoenix, the partnering agencies and to MAG staff. Mr. Smith stated that Jack DeBolske, the former Secretary of MAG, said recently during a meeting that MAG needs to build the building. Mr. DeBolske went on to say that when the League was going to build its building they could not afford it, but it ended up being the best decision they ever made. Mr. Smith noted that the worst case scenario, the building would be an asset to sell.

Mayor Hawker asked what parts of the building would not be marketable. Ms. Entz replied that the conference center and the TV studio would be the most obvious. However, those could be remodeled. She added that this would depend if the agencies were staying when the building was sold. Ms. Entz said that having tenants with a 20-year commitment means a higher return on investments.

Mayor Hawker asked how the sequence of costs worked until there was full occupancy. Ms. Entz replied that there are two years until the building would be ready for occupancy. She advised that it would be very easy to sublease the space. Because of the low rate and the long lead time the leases are very marketable. Ms. Entz commented that she foresees all agencies being able to move into the building when it is ready for occupancy. Mr. Smith added that RPTA's and MAG's leases expire at the same time. Valley Metro Rail has a need for consultant space, and they could use their existing space for that purpose. Mr. Smith noted that AMWUA has the bigger issue because its lease runs until 2009 or 2010.

Mayor Hawker asked about an increase in dues to finance the building. Mr. Smith replied that no increase in MAG dues is projected. The only increase planned is the usual increase based on an annual inflation factor. Mr. Smith stated that MAG has approximately $3.5 million allocated in the TIP for studies each year. Because revenues have been higher, MAG released it last year and has been able to handle costs with federal revenue. Mr. Smith said that staff feels that if overhead increases, much of it could be absorbed with federal funds. He added that this is why MAG has proposed to absorb the conference center, which helps out Valley Metro Rail and AMWUA.

Councilmember Neely expressed concern that inaction could result in a higher interest rate. She stated that she hoped the interest rate would be the same in six months. Councilmember Neely commented on the need to move forward with the project.

Mr. Fairbanks stated that the reality is that MAG will be more important than ever because there are more and more issues on which the cities and towns collaborate. He added that more freeway miles and buses will be needed. Mr. Fairbanks stated that in the long run, this building will help the member agencies work together better and help build a better region.

Mayor Cavanaugh asked for clarification of the ownership of the residential portion. Mr. Smith replied that David Kaye is the landowner, who has entered into an agreement with Ryan. He will be the owner and take the risk to build the units. Mayor Cavanaugh asked if retail and parking would be revenue sources. Mr. Smith replied that employees would be charged for parking, but that charge has not yet been determined.

Mayor Cavanaugh asked for clarification if the $1.5 million per year for 44,000 square feet was current or in the future. Ms. Kimbrough stated that increasing MAG's space to 44,000 square feet would happen incrementally. She noted that the City of Phoenix provided an opportunity to MAG to increase its space by offering the fourth floor and the bank on the first floor of the current building.

Mayor Cavanaugh expressed that he was in favor of moving ahead with the building, but was concerned that the cost differential doubles and will be that every year. Ms. Entz stated that in the cost differential between leasing vs. owning, the cost per square foot is less to own than to lease. She also noted that costs continue to rise.

Mayor Schoaf asked about the square footage that MAG will need. Mr. Smith replied that costs are increasing because there is much more space. The conference center is a superior facility to what MAG currently has. He stated that MAG would be going from 25,000 square feet to 110,000 square feet and needs 44,000 square feet today. Mr. Smith noted that staff believes the conference center will be full from the day it opens. He added that it would not be used by MAG staff alone, but by all agencies. Mr. Smith explained that member agencies currently use MAG meeting rooms, especially the Saguaro Room, for their meetings.

Mayor Schoaf stated that MAG's space would be 110,000 square feet, the conference center is 42,000 square feet, leaving almost 70,000 square feet. He asked if that 70,000 would be office space or did it include common areas and how the 70,000 square feet compares to the current need of 44,000 square feet. Rita Walton, MAG Information Services Manager, who worked on the cost analysis, explained that the 70,000 square feet are gross square feet; the net square feet for the MAG offices is just over 39,000 square feet. Ms. Walton stated that the conference center is 42,000 square feet, and the TV studio, regional hub and rooftop terrace total another 6,000 square feet. Also included in the 70,000 square feet are the lobbies, elevators, some of the garage space, etc. Ms. Entz noted that the conference center, even though MAG would be paying for it, is for all agencies' use.

Mayor Schoaf stated that costs would be increasing $2 million per year and it appears MAG would not be getting that much more space than a conference center and a nicer lobby area. He asked how does this kind of increase fit in with the budget. Mr. Smith replied that MAG has been frugal. The federal funds have increased every year and MAG does not spend those funds just because they have them. Mr. Smith commented that this allows MAG to release STP dollars. He said that MAG has in excess of $3 million each year. The idea is to spend the federal money first, then the sales tax, then use STP funds depending on the studies needed. Mr. Smith stated that staff thinks this will handle the cost.

Mayor Cavanaugh asked if there were any restraints on the use of federal funds. Ms. Kimbrough replied that staff met with Federal Highway Administration, who indicated that federal funds could be used for the building but not for the land.

Mr. Fairbanks stated that the City of Phoenix tried to be a good partner by being helpful to MAG. He noted that this building is Class B space and is owned by the City of Phoenix Transit Department. Mr. Fairbanks noted that the City has been approached by potential tenants because it has parking and downtown parking is limited. He advised that the City could make more money leasing MAG's space to others and added that they had another use for the other floors but offered them to MAG. Mr. Fairbanks stated that in a few years, MAG's rate will need to be increased to reflect the downtown market. He said that the City is part of the team, but cannot be put in the position of handing out a subsidy.

Mayor Hawker stated that there seemed to be interest in moving forward on the project and making presentations to the partners' Boards and then to the Regional Council.

4. Adjournment of the Building Lease Working Group

The Building Lease Working Group meeting adjourned at 1:20 p.m.

5. Approval of Executive Committee Consent Agenda

Chair Cavanaugh stated that public comment would be heard before action was taken on the consent items. Each speaker is provided with a total of three minutes to comment on the consent agenda. After hearing public comments, any member of the Committee can request that an item be removed from the consent agenda and considered individually. Chair Cavanaugh stated that agenda items #5A, #5B, #5C, and #5D were on the consent agenda. Chair Cavanaugh noted that no public comment cards had been turned in.

Chair Cavanaugh asked members if they had questions or comments on any of the consent agenda items. No comments were noted.

Mayor Hawker moved to approve consent agenda items #5A, #5B, #5C, and #5D. Mayor Schoaf seconded, and the motion carried unanimously.

5A. Approval of the November 13, 2006 Executive Committee Meeting Minutes

The Executive Committee, by consent, approved the November 13, 2006 Executive Committee meeting minutes.

5B. Status Update on the June 30, 2006 Single Audit and Management Letter Comments, MAG's Comprehensive Annual Financial Report (CAFR) and OMB Circular A-133 Reports (i.e., "Single Audit") for the Fiscal Year Ended June 30, 2006

The Executive Committee, by consent, recommended acceptance of the audit opinion issued on the MAG Comprehensive Annual Financial Report and Single Audit Report for the year ended June 30, 2006. The public accounting firm of Deloitte & Touche LLP has completed the audit of MAG's Comprehensive Annual Financial Report (CAFR) and Single Audit for the fiscal year ended June 30, 2006. An unqualified audit opinion was issued on December 28, 2006 on the financial statements of governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information. The independent auditors' report on compliance with the requirements applicable to major federal award programs, expressed an unqualified opinion on the Single Audit. The Single Audit report indicated there were no reportable conditions in MAG's internal control over financial reporting considered to be material weaknesses, no instances of noncompliance considered to be material and no questioned costs. The Single Audit report had no new or repeat findings. No new or repeat Management Letter comments were issued for the fiscal year ended June 30, 2006.

5C. Amendment of Valley Metro Rail Contract

The Executive Committee, by consent, approved amending the Valley Metro Rail contract to increase the budget by $60,000 to have ASU, Department of Civil and Environmental Engineering collect and analyze parking and mode usage data at ASU campuses. The FY 2007 MAG Unified Planning Work Program and Annual Budget, approved by the Regional Council in May 2006, includes a work element to study the 58-mile light rail system configuration. Valley Metro Rail is responsible for this task. The MAG Travel Demand Model is being used to update the demand projections. A peer review of the model was conducted in October 2006. One of the short term action items resulting from the review requires collection and analysis of data related to parking and mode usage at ASU campuses. The data is crucial for timely update and calibration of the MAG model and production of the updated travel projections. Timing of this data collection exercise is predetermined by ASU scheduling. It is important to initiate the study in January 2008 in order to obtain reliable and usable data sets that cover travel patterns at ASU campuses. MAG approached ASU and identified ASU faculty who can be instrumental in collecting ASU data and conducting the study. This consultant would collect the data required, analyze it and provide advice to Valley Metro Rail and MAG for relevant model refinements that had been recommended through the peer review process.

5D. Amendment to T&B Systems Contract

The Executive Committee, by consent, approved the amendment to the T&B contract to add $15,000 for a new total contract amount of $180,000. MAG is conducting a PM-10 Source Attribution and Deposition Study to identify the sources that contributed to violations of the federal air quality standard for PM-10 during stagnant conditions in 2005 and 2006. This information is critical in selecting control measures for the Five Percent Plan that will be most effective in attaining the PM-10 standard at monitors in the nonattainment area. MAG contracted with T&B Systems in June 2006 to perform particulate and meteorological monitoring and analysis for this study for a total cost of $165,000. The MAG contract with T&B Systems does not currently have funding for presentations on the field work. MAG staff is recommending that T&B present preliminary results to the Air Quality Technical Advisory Committee (TAC) on January 11, 2007. These results will be useful to the Air Quality TAC in developing effective control measures for the Five Percent Plan for PM-10. Additional presentations may be necessary before the T&B Systems contract ends in May 2007. MAG staff recommended that the current contract with T&B Systems be amended to add $15,000 for presentations by T&B Systems.

6. Discussion of the Development of the FY 2008 MAG Unified Planning Work Program and Annual Budget

Ms. Kimbrough addressed the Committee on the development of the FY 2008 Unified Planning Work Program and Annual Budget. Ms. Kimbrough stated that the draft Dues and Assessments were included in the agenda packet and were based on the average Consumer Price Index (CPI) for urban areas. She advised that the FY 2008 Dues and Assessments were estimated using a 3.2 percent inflation factor and will be revised upon receipt of the December 2006 CPI-U estimate. Ms. Kimbrough stated that the proposed budget production timeline was also included in the agenda packet. The timeline notes opportunities for early input into the development of the Work Program and Budget. Ms. Kimbrough noted that the Work Program will be presented monthly to the Management Committee, Executive Committee and Regional Council. Approval of the Work Program is anticipated in May 2007. Chair Cavanaugh thanked Ms. Kimbrough for her report. No questions from the Committee were noted.

7. Regional Planning Dialogue Update

Mr. Smith stated that at its December meeting, the Regional Council approved moving forward with the Statewide Intrastate Mobility Reconnaissance Study that was recommended by the COG/MPO Chairs and Directors. He said that the Scope of Work has been prepared and was distributed for review by the COG/MPO Directors and business leaders. Mr. Smith stated that the COG/MPO Directors will discuss the Scope at its meeting on January 10, 2007, after which the Request for Proposals will be advertised. He stated that the next step will be a meeting of the statewide group in March, followed by the selection of a consultant by the MAG Regional Council.

Mayor Hawker asked about ADOT's interaction with the study. Mr. Smith replied that ADOT had contributed $72,000 to the study and will be at the table for the Scope. Mayor Hawker asked the time horizon of the study. Mr. Smith replied that the focus of the study is a short-term reconnaissance to determine the choke points and then the consultant would develop the strategy for a long-term framework. Mayor Hawker commented that if this ties into the federal transportation initiatives, there might be some funding. Bob Hazlett, MAG Senior Engineer, noted that this possibility exists, provided a long-term planning horizon is evaluated, much like the framework studies that MAG has underway in the Hassayampa and Hidden Valleys.

8. Federal Transportation Initiatives

Matthew Clark, MAG Senior Policy Planner, stated that in May 2006, the U.S. Department of Transportation (USDOT) announced its National Strategy to Reduce Congestion on America's Transportation Network. He said that two programs have been announced. The first program is the Urban Partnership. Mr. Clark explained that the USDOT is looking for three to five regions to partner on developing a plan for tolling, transit, telecommuting, and technology to handle congestion. He stated that the USDOT has indicated it will provide expertise, technical knowledge, and financial subsidies to implement the technologies. Mr. Clark stated that for the partnership, businesses will need to agree to telecommuting strategies and political cooperation on what types of congestion policies could be put into place. He noted that the deadline for submission is April 30, 2007.

Mr. Clark stated that the second program is the establishment of a "Corridors of the Future" competition. He noted that this competition ties into the River of Trade Corridor Coalition (ROTCC). Mr. Clark explained that the ROTCC is in the process of assembling a multi-state coalition to advocate for increasing traffic flow and trade movement in the River of Trade Corridor, which includes I-10. He stated that in June 2006, the ROTCC asked MAG to become a partner in the coalition. Mr. Clark noted that membership in ROTCC would require that MAG host one event, which would involve an evening reception, a breakfast, an afternoon meeting and a dinner. He said that the cost is estimated at approximately $7,000.

Mr. Clark stated that the goal of the ROTCC is to assemble a coalition that could speak as one and advocate for additional funding to start to mitigate congestion along the corridor emanating from Long Beach, California. He stated that MAG has worked with the ROTCC in their submittal to the Corridors of the Future competition, which has now closed. Mr. Clark stated that the next stage of finalists will be announced soon. He added that Chair Cavanaugh had sent a letter in support of the River of Trade to the Transportation Secretary, Mary Peters. Mr. Clark noted that MAG has not yet become a member of ROTCC, but the invitation is open and MAG has offered to work with them cooperatively.

Mr. Clark stated that as part of SAFETEA-LU, a commission was established that will travel the country and listen to states on their ideas on how to better fund future transportation needs. He said that MAG offered a seat at the upcoming hearing in Long Beach and is working on putting together some draft testimony that will be delivered by Victor Mendez, the ADOT Director.

Chair Cavanaugh stated that it is time for a decision if MAG will join the ROTCC. He remarked that he did not see a downside to joining, and added that Mayor Manross had asked him to pass along her support for joining. Chair Cavanaugh asked the Executive Committee to discuss this and pass it up to the Regional Council. He noted that it is important that the testimony and the ROTCC meetings will be in Long Beach at the same time, and this could provide an opportunity for members to meet with them.

Mayor Berman expressed his support.

Mayor Hawker asked the potential gain for MAG by becoming members. Mr. Clark stated that financial commitment is not a part of the national strategy. If a financial commitment does come, ROTCC has indicated it will ask members to support those routes deemed by the USDOT as the highest areas of need. Mr. Clark mentioned that they hope to include investment in rail, expanded roadway capacity, or a bypass if warranted. Mr. Smith noted that one possibility might be improving SR-85 to a full freeway. He added that SR-85 is frequently used for freight not bound for the metropolitan area.

Councilmember Neely expressed concern that this could take money that may be coming to Arizona anyway, because it might not be Arizona they decide to improve. Mr. Clark stated that staff has spoken to them about this and they understand the problem of being a donor state. He said that staff continues to monitor this concern. Councilmember Neely commented that she would be supportive if they agreed to an above the line financial commitment.

Mayor Hawker asked about the ranking process and what would prevent communities from banding together to promote their projects. Mr. Clark replied that he understood that the goal of the Corridors of the Future competition is to remove politics from the process. He said that the USDOT will review the data and identify areas of need, then apply the necessary tools to mitigate congestion.

Mr. Smith stated that since this item was on the agenda for possible action, the Executive Committee could make a recommendation to the Regional Council, where there could be a broader discussion.

Chair Cavanaugh asked if there were additional opportunities for participation besides ROTCC. Mr. Clark noted that the Corridors of the Future competition was closed and they were not accepting further applications.

Mayor Hawker asked if staff had any recommendation. Mr. Clark replied that there were good and bad points to becoming members. He said that as long as MAG communicates with them, staff feels they could be a good partner to explain the region's needs; however, as with any process, when there are a lot of people in the room, issues get diluted. Mr. Smith commented that above the line is the most important aspect. If it is above the line, then there is strength in numbers.

Chair Cavanaugh commented that ROTCC would not have the authority to undermine MAG's committed funds.

Mayor Hawker brought up that this could impact the funding agreements for the light rail extension. He noted that the extension is in Proposition 400, but a federal match is still needed. Mayor Hawker asked if they could decide to put those federal funds on the River of Trade Corridor. Mr. Smith stated that Federal Highway Administration funds and Federal Transit Administration funds are separate.

Chair Cavanaugh stated that it would helpful for MAG to visit Long Beach in February and assist Mr. Mendez with the presentations and at the same time interact with the ROTCC. He said he thought he would be making that trip.

Mayor Hawker asked if MAG would be hosting its $7,000 event during the Long Beach meetings. Mr. Clark replied that MAG's events would be a separate occasion held here, if MAG chooses to join.

Chair Cavanaugh asked members if they would like this to be on the Regional Council agenda. Mayor Hawker agreed with having it on the agenda.

Mayor Schoaf there was any harm to MAG by not participating. Has MAG already joined by assisting with the "Corridors of the Future" proposal? Mr. Clark replied that staff believes they are not doing anything other than turning in the grant proposal. He noted that the MAG region is the largest region along the River of Trade corridor that has not joined the coalition. Mr. Clark stated that adding MAG's name to the membership, especially with Congressman Mitchell as a new member of the Transportation and Infrastructure Committee, might send a strong signal.

Councilmember Neely stated that a White Paper on the ROTCC, including Pros and Cons and a membership list might be helpful.

Chair Cavanaugh commented that because of the concerns expressed with losing funding, he would rather it be addressed at the Executive Committee before passing it on to the Regional Council. He directed that a White Paper could be drafted for discussion at the Executive Committee meeting. Chair Cavanaugh stated he would go to the Long Beach meetings in February and then the item could be presented to the Regional Council.

11. Legislative Update

This agenda item was taken out of order.

Mr. Clark updated members on legislative items of interest. He stated that Senator Burns has drafted legislation to move $450 million from the state's rainy day fund to the STAN account. He noted that the Appropriations Committee would be meeting January 9th and they hope to have it on the Governor's desk January 12th.

Mr. Clark stated that the City of Tucson is in support of PAG's legislative agenda that includes an indexing bill. He stated that Senator Jay Tibshraeny opened a folder on privatization. The goal of the bill is to modify state statute on tolling and open it up to public/private partnerships, benefit districts, HOT lanes, etc.

Mr. Clark stated that Senator John Huppenthal has held a few transportation meetings with stakeholders. He has spoken about point to point bidding. Mr. Clark noted that the Governor has spoken about a possible change in bonding from 20 years to 30 years to increase flexibility. Mr. Clark advised that extending the bond rating to 30 years may impact ADOT's bond rating, and may be more of a stopgap measure than a permanent fix. He noted that the State of the State address is anticipated to address this in greater detail.

9. Annual Performance Review of the MAG Executive Director

The employment agreement entered into with the MAG Executive Director in January 2003 provided that the Executive Committee conducts an annual performance review in consultation with the Regional Council. On November 14, 2006, the Executive Committee agreed to move forward with the evaluation survey for the MAG Executive Director's performance review. As part of the evaluation, the goals/work emphasis areas and results for the past year are included, along with the proposed goals/work emphasis areas for the coming year.

On November 28, 2005, the survey was sent to the members of the Regional Council to receive their input on the review. A survey was also sent to the members of the Executive Committee. The results of the completed surveys were summarized and will be discussed by the members of the Executive Committee. The Executive Committee will also discuss and provide input on the past and proposed regional goals/work emphasis areas.

The Executive Committee voted to recess the meeting and go into executive session to discuss personnel matters relating to the MAG Executive Director's review and salary at 2:00 p.m. The authority for such an executive session is A.R.S. § 38-431.03(A)(1).

The Executive Committee meeting reconvened to take action regarding the review and make a salary determination. Mayor Schoaf moved to increase the salary of the Executive Director to $182,500 to be allocated between salary and deferred compensation as he prefers. Councilmember Neely seconded, and the motion carried unanimously.

The action of the Executive Committee will be presented to the Regional Council for ratification.

10. Adjournment

There being no further business, the Executive Committee meeting adjourned at 2:25 p.m.

____

Chair

____

Secretary

NOTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
BUILDING LEASE WORKING GROUP
February 26, 2007
MAG Offices, Cholla Room
302 North 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor Keno Hawker, Mesa, Chair
Mayor James M. Cavanaugh, Goodyear
Frank Fairbanks, City of Phoenix

PARTNERING AGENCIES ATTENDING

Bryan Jungwirth for David Boggs, Valley Metro
John McCormack for Rick Simonetta, Valley Metro Rail
Steve Olson, Arizona Municipal Water Users Authority

* Not present
\# Participated by videoconference or telephone conference call

1. Call to Order

The Executive Committee and Building Lease Working Group meeting was called to order by Chair James M. Cavanaugh at 12:00 p.m. Chair Cavanaugh stated that Mayor Shafer was participating in the meeting by telephone. He noted that addenda to the agenda, items #5D and #11 were at each place. Chair Cavanaugh stated that public comment cards were available for those members of the public who wish to comment. He noted that transit tickets were available from Valley Metro for those using transit to come to the meeting. Parking validation was available from MAG staff for those who parked in the parking garage.

2. Update on the Regional Office Center

A report was provided on all the Regional Office Center agenda item that was on the February partnering agency management committee and board meetings. MAG staff reviewed the detail financial spreadsheets with the BLWG members. Staff received feedback on the detailed information. Legal counsel explained the proposed transaction for the Regional Office Center and the draft Memorandum of Understanding (MOU). The BLWG recommended holding a workshop to review the detailed financial information and the proposed transaction, and then present to partnering agency boards.

3. Adjournment

There being no further business, the Building Lease Working Group meeting adjourned at 3:45 p.m.

Agenda Item #5B

MARICOPA ASSOCIATION OF GOVERNMENTS INFORMATION SUMMARY... for your review

DATE:
March 12, 2007

SUBJECT:
Approval to Amend the MAG FY 2007 Unified Planning Work Program and Annual Budget to Provide Additional Funding for Air Quality Technical Assistance On-Call Services

SUMMARY:
In September 2006, the MAG Regional Council approved the qualified consulting firms for the Air Quality Technical Assistance On-Call Services. The FY 2007 MAG Unified Planning Work Program included $250,000 for this project. Additional services may be needed to ensure that adequate resources are available for MAG to obtain technical expertise in air quality modeling and plan development required for the MAG Five Percent Plan for PM-10 and Eight-Hour Ozone Plan for the nonattainment areas in Maricopa County. The workload has increased due to the complexity of the modeling and responding to several information requests from the Legislature and other stakeholders while facing tight deadlines for plan development. The additional federal funding requested from the Work Program would increase the current on-call budget from $250,000 to $550,000.

PUBLIC INPUT:
None.

PROS & CONS:
PROS: The procurement of the necessary on-call consultant services will enable MAG to obtain technical expertise in air quality modeling and plan development required for the MAG Five Percent Plan for PM-10 and Eight-Hour Ozone Plan for the nonattainment areas in Maricopa County.

CONS: None.

TECHNICAL & POLICY IMPLICATIONS:
TECHNICAL: The procurement of adequate technical assistance will provide consultant expertise to MAG in several areas, including: analysis of control measures, air quality modeling, air quality monitoring and meteorology, implementation of control measures, surveys and emissions inventories, statistical analysis of data, remote sensing, air quality plan preparation, CMAQ evaluation methods, and transportation conformity.

POLICY: In July 2002, the Environmental Protection Agency published a final rule approving the Revised MAG 1999 Serious Area Particulate Plan for PM-10. The Revised MAG 1999 Serious Area Particulate Plan includes most stringent measures, a modeling attainment demonstration showing attainment of the standard no later than December 31, 2006, and a request to extend the attainment date from 2001 to 2006. The region did not attain the standard in 2006 due to elevated monitor data recorded in late 2005 and early 2006. MAG is currently conducting the regional air quality modeling required for development of a MAG Five Percent Plan for PM-10 for the Maricopa County Nonattainment Area by December 31, 2007.

In addition, the Environmental Protection Agency published the final rule designating eight-hour ozone nonattainment areas, effective June 15, 2004. The eight-hour ozone nonattainment area in Maricopa and Pinal counties is classified under Subpart 1, referred to as "Basic" nonattainment, with an attainment date of June 15, 2009. MAG is currently conducting the regional air quality modeling required for development of a Eight-Hour Ozone Plan for the Maricopa County Nonattainment Area by June 15, 2007.

ACTION NEEDED:
Approval to amend the FY 2007 MAG Unified Planning Work Program and Annual Budget to provide for an additional $300,000 of federal funding for the Air Quality Technical Assistance On-Call Services.

PRIOR COMMITTEE ACTIONS:
On September 27, 2006 the Regional Council approved the firms for Air Quality Technical Assistance On-Call Services for an amount not to exceed $250,000.

MEMBERS ATTENDING

Mayor James M. Cavanaugh, Goodyear, Chair
Mayor Mary Manross, Scottsdale, Vice Chair
\+ Councilmember Dave Waldron for Mayor Douglas Coleman, Apache Junction
*Mayor Marie Lopez-Rogers, Avondale
\# Mayor Bobby Bryant, Buckeye
*Mayor Edward Morgan, Carefree
Vice Mayor Dick Esser, Cave Creek
Mayor Boyd Dunn, Chandler
Mayor Fred Waterman, El Mirage
*President Raphael Bear, Fort McDowell Yavapai Nation
*Mayor Wally Nichols, Fountain Hills
\+ Mayor Daniel Birchfield, Gila Bend
*Governor William Rhodes, Gila River Indian Community
Mayor Steven Berman, Gilbert
\# Mayor Elaine Scruggs, Glendale
*Mayor Bernadette Jimenez, Guadalupe
Mayor Thomas Schoaf, Litchfield Park
Supervisor Max Wilson, Maricopa County
Mayor Keno Hawker, Mesa
Mayor Ed Winkler, Paradise Valley
Vice Mayor Vicki Hunt for Mayor John Keegan, Peoria
Councilmember Peggy Neely, Phoenix
\+ Mayor Art Sanders, Queen Creek
*President Joni Ramos, Salt River Pima-Maricopa Indian Community
Councilmember Cliff Elkins for Mayor Joan Shafer, Surprise
\# Mayor Hugh Hallman, Tempe
*Mayor Adolfo Gamez, Tolleson
\+ Mayor Ron Badowski, Wickenburg
*Mayor Bryan Hackbarth, Youngtown
Joe Lane, State Transportation Board
*Felipe Zubia, State Transportation Board
\# F. Rockne Arnett, Citizens Transportation Oversight Committee

* Those members neither present nor represented by proxy.
\# Attended by telephone conference call.
\+ Attended by videoconference call.

Management Committee: On September 6, 2006, the MAG Management Committee recommended approval of the following firms for the Air Quality Technical Assistance On-Call Services for an amount not to exceed $250,000: E.H. Pechan and Associates be qualified in Air Quality Modeling; ENVIRON be qualified in Analysis of Control Measures, Air Quality Modeling, Implementation of Control Measures, Statistical Analysis of Data, Remote Sensing, Air Quality Plan Preparation, CMAQ Evaluation Methods, and Transportation Conformity; Sierra Research be qualified in Analysis of Control Measures, Air Quality Modeling, Implementation of Control Measures, Surveys and Emissions Inventories, Statistical Analysis of Data, Air Quality Plan Preparation, CMAQ Evaluation Methods, and Transportation Conformity; and that Technical & Business Systems be qualified in Analysis of Control Measures, Air Quality Modeling, Air Quality Monitoring and Meteorology, Statistical Analysis of Data, Remote Sensing, and Air Quality Plan Preparation.

MEMBERS ATTENDING

Ed Beasley, Glendale, Chair
Jan Dolan, Scottsdale, Vice Chair
\# George Hoffman, Apache Junction
Charlie McClendon, Avondale
Jeanine Guy, Buckeye
* Jon Pearson, Carefree
* Usama Abujbarah, Cave Creek
Mark Pentz, Chandler
Mark Fooks for B.J. Cornwall, El Mirage
Alfonso Rodriguez for Orlando Moreno, Fort McDowell Yavapai Nation
\# Tim Pickering, Fountain Hills
* Lynn Farmer, Gila Bend
* Joseph Manuel, Gila River Indian Community

George Pettit, Gilbert
* Stephen Cleveland, Goodyear
Mark Johnson, Guadalupe
Darryl Crossman, Litchfield Park
Jim Huling for Christopher Brady, Mesa
* Tom Martinsen, Paradise Valley
John Wendersky for Terry Ellis, Peoria
Frank Fairbanks, Phoenix
John Kross, Queen Creek
* Bryan Meyers, Salt River Pima-Maricopa Indian Community
Jim Rumpeltes, Surprise
Amber Wakeman for Will Manley, Tempe
* Reyes Medrano, Tolleson
# Shane Dille, Wickenburg
Lloyce Robinson, Youngtown
Dale Buskirk for Victor Mendez, ADOT
Mike Ellegood for David Smith, Maricopa County
David Boggs, Valley Metro/RPTA

* Those members neither present nor represented by proxy.
# Participated by telephone conference call.
+ Participated by videoconference call.

On August 10, 2006, a multi-jurisdictional Proposal Evaluation Team reviewed the proposals. The consensus of the multi-jurisdictional evaluation team was to recommend to MAG that the following firms be qualified for the Air Quality Technical Assistance On-Call Services in selected areas of expertise: E.H. Pechan and Associates be qualified in Air Quality Modeling; ENVIRON be qualified in Analysis of Control Measures, Air Quality Modeling, Implementation of Control Measures, Statistical Analysis of Data, Remote Sensing, Air Quality Plan Preparation, CMAQ Evaluation Methods, and Transportation Conformity; Sierra Research be qualified in Analysis of Control Measures, Air Quality Modeling, Implementation of Control Measures, Surveys and Emissions Inventories, Statistical Analysis of Data, Air Quality Plan Preparation, CMAQ Evaluation Methods, and Transportation Conformity; and that Technical & Business Systems be qualified in Analysis of Control Measures, Air Quality Modeling, Air Quality Monitoring and Meteorology, Statistical Analysis of Data, Remote Sensing, and Air Quality Plan Preparation.

<u>Proposal Evaluation Team</u>
Maricopa County: Jo Crumbaker
City of Phoenix: Gaye Knight
Arizona Department of Environmental Quality: Peter Hyde
City of Mesa: Scott Bouchie
City of Glendale: Doug Kukino
Arizona Department of Transportation Beverly Chenausky
MAG staff: Lindy Bauer, Cathy Arthur, and Dean Giles

CONTACT PERSON:
Lindy Bauer, (602) 254-6300.

Maricopa Association of Governments
Executive Director Dennis Smith

Testimony before the National Surface Transportation Policy and Revenue Study Commission
February 23, 2007

OVERVIEW

Mr. Chairman, members of the National Surface Transportation Policy and Revenue Study Commission my name is Dennis Smith and I am the Executive Director for the Maricopa Association of Governments. It is my pleasure to address you today on the transportation issues facing the urban metropolitan areas of Arizona. The issues facing these urban regions may be different from the problems our friends in rural Arizona face, but when one region is impacted, the entire state is affected.

Arizona and its urban areas face unique challenges in dealing with the pressures caused by rapid population growth. Urbanized areas in Arizona represent almost 90 percent of the population, ranking the state in the top 10 most urbanized states in the country. From 2000 to 2005, the Phoenix metropolitan area added another 576,000 individuals to its population, while the Tucson metropolitan area grew by almost 14 percent. By the year 2030, the population of Arizona is expected to be more than 10 million.

A quality transportation system is key to the economic vitality of Arizona and the urban areas. The Phoenix metropolitan area in 1985 was one of the first to enact a regional sales tax to build new highway infrastructure in response to the rapid population growth at the time and the lack of adequate state or federal resources. The construction program funded by this local tax initiative will result in the completion of 138 miles of new freeways in the metropolitan area.

In November 2004, the voters of Maricopa County reaffirmed their long-term commitment to providing transportation infrastructure by extending the 1985 local sales tax for another 20-year period. The tax extension is expected to generate more than $14 billion and will fund an additional 90 miles of new freeways and 900 lane-miles of expanded capacity for existing freeways. In addition, the extension is funding $1.5 billion of arterial street improvements, significant expansion of regional and express bus service, and 28 miles of extensions to the light rail system.

In addition to the regional sales tax in Maricopa County, a number of local cities in the region have enacted additional taxes dedicated to transportation. Other urban and urbanizing counties in Arizona are also taxing themselves for transportation improvements. In May 2006, Pima County passed a half-cent sales tax to fund extensive local street and transit improvements in its region. Both Pinal and Yavapai Counties have had a county-wide sales tax in place for transportation for many years. During the 2006 Arizona legislative session, more than $300 million of general fund monies were budgeted to accelerate critical highway projects around the state.

Even with the substantial commitment of state and local resources, Arizona is still far behind where it needs to be with respect to transportation infrastructure. Much of the growth that is expected over the next two decades will be in areas that lack infrastructure and the financial base to deal with the influx of new residents. Currently, we estimate that there are approximately 1.5 million housing units that are in the development pipeline in Maricopa County and Pinal County, which is about equal to the number of housing units that are on the ground today.

CONCEPTS FOR CONSIDERATION

Consider the Needs of Rapidly Growing Areas

With the completion of the interstate highway system, the national focus has shifted from expansion of infrastructure to maintenance and rehabilitation of older parts of the system. Although maintaining the value of our national transportation assets is of critical importance, the need to continue to expand capacity of the infrastructure cannot be neglected. Rapidly growing states and urbanized areas such as Arizona and the Phoenix and Tucson metropolitan areas have a vital need to add substantial capacity as well as maintaining the system that already is in place.

Not only are we living in a major metropolitan area, the central corridor of our state is identified as one of ten "Megapolitan" areas in the U.S. This "Sun Corridor" stretches from Tucson north through Phoenix and up to Prescott. It is projected that of the 10 million people living here in 2030, almost 9 million will live within the Sun Corridor.

Further examination of the concept of Megapolitan could be helpful in future transportation planning and funding decisions. Research conducted by Virginia Tech professor Robert Lang finds that Megapolitan-type planning now guides new infrastructure investment in many European cities. The interstate highways that run through Arizona and connect the state to our neighbors would benefit greatly from this type of unified planning. Transportation infrastructure is the economic engine that drives the U.S. economy. Recommending that the U.S. Census Bureau define what makes up a Megapolitan area would assist large urban areas in their efforts to develop large-scale transportation plans.

Professor Lang sums up this idea in a February 2005 article published by the Lincoln Institute of Land Policy.

> Federal transportation aid could be tied to Megapolitan planning much the way it has recently been linked to metropolitan areas. The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) required regions to form metropolitan planning organizations (MPOs) in order to receive federal money for transportation projects...
>
> At the moment there is no guiding vision of how to invest the nation's transportation funds... The interstates completed a nationwide project, begun in the nineteenth century

with canals and railways, to provide equal access and capacity across a continental nation. The investment paid off, as witnessed by the emergence of Sunbelt boomtowns such as Phoenix, but the next stage of American spatial evolution is at hand. The U.S. has moved beyond the simple filling in of its land and is now witnessing intensive Megapolitan growth. Infrastructure investment must move beyond basic links across the entire country to focus on significantly improving capacity within Megapolitan areas.

Increased Communication between Similar Regions

Increased communication between regions that have similar characteristics and transportation needs will encourage innovative thinking and provide new solutions to shared problems. We recommend that successful practices that were implemented in the past but have recently been discontinued be revisited. For example, until recently, the Intermodal Planning Group in Region IX met on an annual basis to discuss transportation challenges and share ideas on how to address these problems. However, a lack of resources forced the planning group to end its annual meeting and the opportunity to communicate with other regions was lost.

We recommend these opportunities be reinstituted. It would be appropriate for the U.S. Department of Transportation (USDOT) to hold annual meetings, or provide funding for organizations such as the National Association of Regional Councils to host meetings around the country, to bring together regions that have similar transportation planning and infrastructure needs. Encouraging policymakers and stakeholders to meet and share their ideas with other colleagues will help regions find new solutions to transportation problems.

In this regard, because of the common interests of the Arizona transportation community with other rapidly growing states of the Rocky Mountain region, it may be more appropriate for Arizona to be in Region VIII, rather than Region IX. This would place Arizona into a region that includes southwestern states that are experiencing rapid growth and expanding urban corridors, such as Colorado, Nevada, New Mexico, and Utah. Three of those four states have recently implemented new transit facilities and funded needed transportation infrastructure and their experience would greatly benefit Arizona.

Leadership in Changing the Transportation Funding System

The traditional sources of funding for transportation are eroding as the fuel taxes levied by states and the federal government are not adjusted to keep up with the increasing fuel economy of the vehicle fleet and continued inflation. In addition, the introduction of hybrids has further eroded the purchasing power of fuel taxes. Recent significant increases in construction and right-of-way costs have caused the transportation funding shortfall to be even more pronounced. Nationally and in several states, private funding is being discussed as a solution to the funding problem.

New ideas, such as congestion pricing, shadow tolling, and benefit districts should be part of the discussion. Private financial participation for new infrastructure can certainly provide some marginal benefit by providing additional leverage of public funding. However, this is not a panacea for the fundamental transportation funding problem. It is critical that public expectations be tempered to ensure that the public does not expect public-private partnerships to be the cure-all for the nation's transportation problems.

For many projects across the country, significant public sector funding will be needed to make toll projects financially viable for the private sector. Furthermore, all state transportation departments have a significant inventory of existing roads that need on-going maintenance and repair. Although some of these roads may have the potential to be converted to tollways, the vast majority are not viable candidates. Of the almost four million road miles in the United States, only 1.4 percent are classified as freeways and expressways. This means that almost 99 percent of the road miles are unlikely candidates for tolls. At the same time, the addition of tolling transportation facilities can have unintended consequences, such as the impact of increased travel on arterial streets and other non-tolled roadways.

With the increasing fuel economy and the move toward non-fossil fuel sources, an alternative to the gas tax is needed. The USDOT should be a leader in the research and implementation of a new system of transportation taxation with a target date for transition to a new system within the next 10 years. Some states are now experimenting with a mileage-based taxing system that may hold promise for a true, user-based tax system that can provide for differential pricing for the type of roadway used, time-of-day, and vehicle type.

Encourage the "Fair-Share" Distribution of Federal Transportation Funds

Arizona is one of many states that do not receive a fair-share return of federal transportation funds. Currently, many of the donor states are also some of the faster growing states in the country. These states, counties, cities and towns have been forced to address their growing transportation infrastructure needs without sufficient federal investment and support. Eight years ago, the Arizona Department of Transportation, then under the leadership of Transportation Secretary Mary Peters, led a discussion and agreement within Arizona about a cooperative process as a way to equitably allocate funds. Referred to as the "Casa Grande Resolves," the agreement that was reached in 1999 is still followed today. The easiest way to address the donor/donee inequity would be to institute something similar to the Casa Grande Resolves that establishes a fair formula distribution system for federal funding. Furthermore, transportation funding could be protected by some type of "lockbox" to ensure that policymakers are unable to shift funds that are dedicated to transportation needs to pay for other budget items.

We strongly urge that the federal system of allocating funds be examined to restore equity among the states. Arizona continues to be a donor state, receiving only about 90 cents for every dollar that is paid into the National Highway Trust Fund. This is even in light of the rapid growth in the state and the fact that federal lands, including Native American communities, and state lands, comprise a large portion of the state. We estimate that Arizona has lost approximately $500 million of federal highway funds over the last 10 years due to our donor status.

We recommend that Congressional earmarks be discouraged. Earmarks divert scarce transportation resources to many projects with questionable linkages to transportation or may not represent the highest and best use of the funding. Earmarked funds take away money already destined for Arizona, often which has already been planned and programmed. In other words, these earmarks take funds that are "below the line" and redirect them to other projects. Earmarked funds can also subvert the transportation planning process by imposing mandated projects on a state or region. Often the size of the Congressional earmark is not sufficient to complete the project, requiring the state or region to augment the project with other funds to ensure that the project can be completed as promised.

Continue Efforts to Streamline Processes

The USDOT continues to look for ways to streamline various processes and procedures to reduce redundancy and improve efficiency. Developing new transportation corridors is a long process, requiring years of study and analysis before construction can begin. For urban areas such as metropolitan Phoenix, new corridors may be identified 10, 20 or more years into the future.

As new corridors are identified, cities adapt their general land use plans to reflect the corridor, only to discover that the alignment may change. For example, in our region, a corridor alignment was defined in 1988 for the proposed South Mountain Freeway and some right-of-way was purchased to forestall development. Due to a downturn in the economy and increasing construction costs, the acquisition of the remaining right-of-way and construction had to be delayed. When funding became available, another environmental analysis was required to make the facility eligible for federal highway funds. This new analysis required that alternative corridors be examined, even though the communities had been planning for the facility along the original alignment, and caused consternation that the alignment might be moved.

Protecting new transportation corridors from encroachment is a critical element of providing for the future mobility needs of the region. We recommend that the USDOT provide tools for corridor preservation and that flexibility be given to states and regions to design processes that work within federal regulations. Once a corridor has been identified, studied, and selected, regions should not have to go back and study new alternatives or re-analyze the decision.

Another area that could be improved is the New Starts process that is used for fixed-guideway funding. Although the Phoenix metropolitan area was successful in receiving a full funding grant agreement for the initial 20-mile light rail transit (LRT) line that is under construction, this region is at a competitive disadvantage compared to other regions since light rail does not currently exist. Additional New Start guidance from the Federal Transit Administration (FTA) prohibits the use of empirical evidence on ridership characteristics from other metro areas with light rail to forecast ridership on the planned LRT extensions. We do know that LRT attracts more "choice-riders" compared to bus transit, but, unlike other metro areas, we cannot incorporate this important aspect of ridership in the analysis until our first line is operating in 2009 and we have conducted the necessary surveys to document the characteristics.

Support Technology Through Public/Private Partnerships

One of the most cost-effective strategies to deal with congestion is to squeeze more capacity from our existing transportation assets. The use of technology is of growing importance for regional transportation systems. The need to feed and support these technologies will increase exponentially with the rapid growth of technology in new vehicles.

The ability of public agencies to keep up with maintaining costly Intelligent Transportation Systems (ITS) infrastructure and the required upgrades is questionable. Partnerships with qualified private entities might lead to solutions in which the public agencies purchase required traffic data from private partners, who would own and maintain some of the infrastructure. Such partnerships could lead to rapid expansion of ITS coverage of the regional transportation system, while lowering overall public sector costs.

Enhance the Interstate Highway System and Rail System

The federal government, with its state partners, was very successful in completing the original interstate highway system, which celebrated its 50th anniversary last year. But the job does not end there. A plan to improve and widen key interstate routes is critical for the continued economic vitality of the nation.

Currently, three of the four most traveled freight transportation corridors run through Arizona. As freight traffic increases from the seaports in California, in addition to the expected substantial increases in the volume of trade with Mexico, extreme pressure will be placed on I-10 and I-40, which transverse Arizona, and I-19, which is becoming an important trade route with Mexico. The increased traffic adds to the congestion of the region's freeway and arterial systems. Furthermore, it deteriorates the roadways faster and has forced cities and towns to expand their timetables for repair and upgrading the arterial streets. This hurts the region's quality of life and can hamper economic growth and vitality.

Alternative new routes through the state have to be identified to ensure that national freight movements are not hindered. For example, both the Phoenix and Tucson metropolitan areas are interested in identifying another route that would provide an alternative to I-10 through the central part of Arizona. This new route would reduce the amount of through traffic that uses I-10 in the two urban areas and provide an alternative route in the case of traffic accidents. Another option to ensure the movement of traffic is upgrading State Route 85 to full freeway status, which would divert freight traffic around the Phoenix metropolitan area. These are a few of the areas that Arizona's transportation stakeholders and policymakers are discussing that could be built with additional federal funding.

Enhanced rail investment will be critical to relieving the burden on our nation's highways. For example, the I-10 freeway corridor between Phoenix and Tucson is the 14th most traveled freeway in the nation, yet there is no passenger rail service between the two communities. Highway improvements will help meet our travel demand, but alternative transportation options are clearly needed.

When looking at options for passenger rail, it is essential to also consider our future freight rail needs. Freight rail service is integral to the continued economic growth in Phoenix and Tucson, bringing in commodities such as cement, steel, automobiles, appliances, chemicals, and lumber products. Even with planned upgrades, the state's existing rail infrastructure will continue struggling to keep pace with demand. Similarly, significant upgrades and possibly new rail corridors will be needed to meet the growing demand for passenger rail service. Future rail investments will be particularly crucial in Phoenix, which is by far the largest metro area in the nation that is not located on a mainline railroad and is not currently served by passenger rail service. Strategic investments in Arizona's freight and passenger rail systems will be crucial to sustain our economic vitality and high quality of life.

Conclusion

I have outlined just a few of the areas of concern for Arizona's urbanized regions, as well as addressed some areas for consideration. We urge the USDOT to continue to examine ways to assist metropolitan areas in their efforts to alleviate congestion, while protecting and expanding the economic vitality of current roadways. Even with the substantial commitment of state and local resources, Arizona is still far behind where it needs to be with respect to transportation infrastructure.

New ideas and forward thinking will be required to meet much of the growth that is expected over the next fifty years. The USDOT can assist the entire state of Arizona by considering the ideas put forth above and continuing to work cooperatively with the urban and rural areas of the state and give them the tools that will be needed to provide the best quality of life to their communities.

Thank you for your time and I would be happy to answer any questions.

Agenda Item #6

MARICOPA ASSOCIATION OF GOVERNMENTS INFORMATION SUMMARY... for your review

DATE:
March 12, 2007

SUBJECT:
Discussion of the Draft FY 2008 MAG Unified Planning Work Program and Annual Budget and Expenditures and Projects in the MAG Unified Planning Work Program and Annual Budget

SUMMARY:
Each year staff develops the MAG Unified Planning Work Program and Annual Budget. The Work Program is reviewed in April by the federal agencies and approved by the Regional Council in May. The proposed budget information is being presented incrementally in parallel with the development of the budget information (see Prior Committee Actions below for the presentation timeline of the budget). This presentation and review of the FY 2008 MAG Unified Planning Work Program and Annual Budget represent the budget document development to-date.

The MAG Regional Council Executive Committee reviewed the development of the Work Program at its January 8,2007 meeting. The Regional Council and the Management Committee reviewed the development of the Work Program and Annual Budget at its meetings in January and February 2007. The estimated dues and assessments were presented at these meetings using the consumer price index - urban areas for calendar year 2006.

Each year new projects are proposed for inclusion in the MAG planning efforts. These new project proposals come from the various MAG technical committees, policy committees and other discussions with members and stakeholders regarding joint efforts within the region. These projects are subject to review and input by the committees as they go through the budget process. The proposed new projects for FY 2008 were presented at the February 14 Management Committee meeting and the February 28 Regional Council meeting.

A transportation project titled, "Performance Measurement Framework Study," has been added to new project requests and an updated proposed project list is included in this material. As part of the Proposition enabling legislation, a statutory requirement was added that requires the Arizona Auditor General to contract with a nationally recognized independent auditor, beginning in 2010 and every five years thereafter, to conduct a performance audit of the regional transportation plan and projects scheduled for funding during the next five years. The Performance Measurement Framework Study is to establish a set of performance factors, and measures that can be consistently applied across transportation modes and communicated to decision makers, stakeholders and to the public on a periodic basis. These measures shall serve as the basis for the monitoring and reporting on the progress and performance outcomes of all projects included in the Regional Transportation Plan, and shall also serve as an analytical tool to compare system performance in future scenarios.

The estimated budget for MAG shows a slight decrease from last year. This overall decrease is, in part, due to three projects in this fiscal year that are either ending or near completion. Two projects are ending during FY 2007, the 2005 Census Survey which was budgeted for $278,184, and the Regional Videoconferencing Project which was budgeted for $306,546. The Community Emergency Notification System (CENS) project is funded by a trust fund administered by the Arizona Department of Environmental Quality. This trust fund is projected to be depleted in the third quarter of FY 2008. The amount remaining for this project is $342,000 and will be carried forward.

The annual performance evaluation is the only salary increase in place for MAG staff. Each MAG staff has an annual performance evaluation in June and based on the evaluation, salary increases that average up to five percent may be awarded. Additional overhead costs for other items such as postage, supplies, etc. are not projected for FY 2008. Projected capital outlays for FY 2008 are estimated to increase by about $61,000 to approximately $294,000 from last year mostly due to the cyclical replacement schedule and upgrade for computer hardware equipment related to computer backups. A capital request for a MAG van budgeted at $20,000. This van will be used by MAG staff for conducting MAG business and will also be used to securely transport the MAG video equipment to remote locations.

One new staff position is being requested for FY 2008 for computer technical support. The position request is for a Computer Support Technician I to assist in maintaining the internal computer operations at MAG.

In addition to the detailed MAG Unified Planning Work Program and Annual Budget, a summary budget document, "MAG Programs in Brief," is being produced that will allow our members to quickly decipher the financial implications of the MAG budget. The summary budget is four pages and highlights the changes from the prior year budget in a summarized form. The summary document also includes a list of new projects with summary narrative, new staff positions, and the budgeted resources needed to implement these items.

Information for this presentation of the draft budget documents is included for your early review and input. Enclosed for your information are the following documents:

- Attachment 1: Draft of the "MAG Programs in Brief." The projects and the associated budget estimates represent draft budgeted amounts.
- Attachment 2: Draft listing of proposed projects with detailed narrative for FY 2008.

The information is considered draft and is subject to change as the budget continues through the review process.

The draft of the FY 2008 MAG Unified Planning Work Program and Annual Budget portions of the financial summary pages, narrative by division and associated table boxes, and some portions of the budget index, including dues and assessments, summary of budgeted positions, time estimates by position and program, consultant pages for new and carryforward consultants, and program allocations and funding sources are in process.

The draft budget also has information on the MAG region as a Transportation Management Area and as a Metropolitan Planning Organization. MAG is required (by Federal regulations 23 CFR 450.314) to describe all of the regional transportation-related activities within the planning area, regardless of funding sources or agencies conducting activities.

PUBLIC INPUT:

None.

PROS & CONS:

PROS: In January and February proposed new projects, estimated revenues and expenditures, and dues and assessments were reviewed. MAG is presenting a draft summary for FY 2008 budget document, "MAG Programs in Brief." The format for this document is included for continuous review. The budget summary will allow our members to quickly decipher the financial implications of the MAG budget.

CONS: None.

TECHNICAL & POLICY IMPLICATIONS:

TECHNICAL: The Federal Intermodal Surface Transportation Efficiency Act of 1991 requires a metropolitan planning organization to develop a unified planning work program that meets the requirements of federal law. Additionally, the MAG by-laws require approval and adoption of a budget for each fiscal year and a service charge schedule.

POLICY: As requested by the MAG Executive Committee and subsequently approved by the Regional Council in May 2002, the MAG Work Program and Annual Budget detail is being presented earlier to the Management Committee and there is increased notice to members on the budget. MAG is providing a budget summary that outlines new programs and presents the necessary resources to implement these programs. This summary allows member agencies to quickly decipher the financial implications of such programs prior to their approval for implementation.

ACTION NEEDED:
Input on the development of the FY 2008 MAG Unified Planning Work Program and Annual Budget.

PRIOR COMMITTEE ACTIONS:
On February 28, 2007, the MAG Regional Council was provided a proposed budget timeline, proposed dues and assessments, projected funding sources and uses, a draft "MAG Programs In Brief," and a detailed listing of proposed new projects for FY 2008.

MEMBERS ATTENDING

Mayor James M. Cavanaugh, Goodyear, Chair
\# Mayor Mary Manross, Scottsdale, Vice Chair
\+ Councilmember Dave Waldron for Mayor Douglas Coleman, Apache Junction
Mayor Marie Lopez Rogers, Avondale
Mayor Bobby Bryant, Buckeye
* Mayor Edward Morgan, Carefree
Vice Mayor Dick Esser, Cave Creek
Mayor Boyd Dunn, Chandler
* Mayor Fred Waterman, El Mirage
President Raphael Bear, Fort McDowell Yavapai Nation
Mayor Wally Nichols, Fountain Hills
Mayor Daniel Birchfield, Gila Bend
* Governor William Rhodes, Gila River Indian Community
Mayor Steven Berman, Gilbert
\# Mayor Elaine Scruggs, Glendale
* Mayor Bernadette Jimenez, Guadalupe
Mayor Thomas Schoaf, Litchfield Park
* Supervisor Don Stapley, Maricopa County
Mayor Keno Hawker, Mesa
Mayor Ed Winkler, Paradise Valley
Mayor Bob Barrett, Peoria
* Councilmember Peggy Neely, Phoenix
Mayor Art Sanders, Queen Creek
* President Joni Ramos, Salt River Pima-Maricopa Indian Community
Councilmember Cliff Elkins for Mayor Joan Shafer, Surprise
\# Mayor Hugh Hallman, Tempe
* Mayor Adolfo Gamez, Tolleson
* Mayor Ron Badowski, Wickenburg
Mayor Michael LeVault, Youngtown
* Joe Lane, State Transportation Board
* Felipe Zubia, State Transportation Board
F. Rockne Arnett, Citizens Transportation Oversight Committee

* Those members neither present nor represented by proxy.
\# Attended by telephone conference call. + Attended by videoconference call.

Management Committee: On February 14, 2007, the Management Committee was provided a proposed budget timeline, proposed dues and assessments, projected funding sources and uses, a draft "MAG Programs In Brief," a detailed listing of proposed new projects for FY 2008 and an invitation for the videoconference Budget Workshop.

MEMBERS ATTENDING

Ed Beasley, Glendale, Chair
Jan Dolan, Scottsdale, Vice Chair
\# George Hoffman, Apache Junction
Rogene Hill for Charlie McClendon, Avondale
Dave Wilcox, Buckeye
Jon Pearson, Carefree
* Usama Abujbarah, Cave Creek
Mark Pentz, Chandler
B.J. Cornwall, El Mirage
Alfonso Rodriguez for Orlando Moreno, Fort McDowell Yavapai Nation
Tim Pickering, Fountain Hills
* Lynn Farmer, Gila Bend
* Joseph Manuel, Gila River Indian Community
George Pettit, Gilbert
Stephen Cleveland, Goodyear
Mark Johnson, Guadalupe
Darryl Crossman, Litchfield Park
Christopher Brady, Mesa

* Tom Martinsen, Paradise Valley
Terry Ellis, Peoria
Frank Fairbanks, Phoenix
John Kross, Queen Creek
* Bryan Meyers, Salt River Pima-Maricopa Indian Community
Doug Sandstrom for Jim Rumpeltes, Surprise
Will Manley, Tempe
Reyes Medrano, Tolleson
Shane Dille, Wickenburg
Lloyce Robinson, Youngtown
Dale Buskirk for Victor Mendez, ADOT
Kenny Harris for David Smith, Maricopa County
David Boggs, Valley Metro/RPTA

* Those members neither present nor represented by proxy.
# Participated by telephone conference call. + Participated by videoconference call.

On January 31, 2007, MAG Regional Council was provided a proposed budget timeline and proposed dues and assessments.

MEMBERS ATTENDING

Mayor James M. Cavanaugh, Goodyear, Chair
Mayor Mary Manross, Scottsdale, Vice Chair
\+ Councilmember Dave Waldron for Mayor Douglas Coleman, Apache Junction
Mayor Marie Lopez Rogers, Avondale
Mayor Bobby Bryant, Buckeye
Mayor Edward Morgan, Carefree
Vice Mayor Dick Esser, Cave Creek
Mayor Boyd Dunn, Chandler
*Mayor Fred Waterman, El Mirage
*President Raphael Bear, Fort McDowell Yavapai Nation
Mayor Wally Nichols, Fountain Hills
*Mayor Daniel Birchfield, Gila Bend
*Governor William Rhodes, Gila River Indian Community
Mayor Steven Berman, Gilbert
*Mayor Elaine Scruggs, Glendale
*Mayor Bernadette Jimenez, Guadalupe
Mayor Thomas Schoaf, Litchfield Park
* Supervisor Don Stapley, Maricopa County
Vice Mayor Claudia Walters for Mayor Keno Hawker, Mesa
Councilmember Brian Cooney for Mayor Ed Winkler, Paradise Valley
Mayor Bob Barrett, Peoria
Councilmember Peggy Neely, Phoenix
Mayor Art Sanders, Queen Creek
* President Joni Ramos, Salt River Pima-Maricopa Indian Community
* Mayor Joan Shafer, Surprise
# Mayor Hugh Hallman, Tempe
* Mayor Adolfo Gamez, Tolleson
* Mayor Ron Badowski, Wickenburg
Mayor Michael LeVault, Youngtown
Joe Lane, State Transportation Board
* Felipe Zubia, State Transportation Board
F. Rockne Arnett, Citizens Transportation Oversight Committee

* Those members neither present nor represented by proxy.
# Attended by telephone conference call. + Attended by videoconference call.

On January 10, 2007, the Management Committee was provided a proposed budget timeline and proposed dues and assessments.

MEMBERS ATTENDING

Ed Beasley, Glendale, Chair
Jan Dolan, Scottsdale, Vice Chair
* George Hoffman, Apache Junction
Charlie McClendon, Avondale
Dave Wilcox, Buckeye
* Jon Pearson, Carefree
Wayne Anderson for Usama Abujbarah, Cave Creek
Mark Pentz, Chandler
* B.J. Cornwall, El Mirage
Alfonso Rodriguez for Orlando Moreno, Fort McDowell Yavapai Nation
Tim Pickering, Fountain Hills
Lynn Farmer, Gila Bend
Joseph Manuel, Gila River Indian Community
George Pettit, Gilbert
Stephen Cleveland, Goodyear
Mark Johnson, Guadalupe
Mike Cartsonis for Darryl Crossman, Litchfield Park
Christopher Brady, Mesa
Tom Martinsen, Paradise Valley
Terry Ellis, Peoria
Frank Fairbanks, Phoenix

John Kross, Queen Creek
* Bryan Meyers, Salt River Pima-Maricopa Indian Community
Jim Rumpeltes, Surprise
Will Manley, Tempe
* Reyes Medrano, Tolleson
Shane Dille, Wickenburg
Lloyce Robinson, Youngtown
Dale Buskirk for Victor Mendez, ADOT
David Smith, Maricopa County
Bryan Jungwirth for David Boggs, Valley Metro/RPTA

* Those members neither present nor represented by proxy.
# Participated by telephone conference call. + Participated by videoconference call.

On January 8, 2007, the MAG Regional Council Executive Committee was provided a proposed budget timeline and proposed dues and assessments.

MEMBERS ATTENDING
Mayor James M. Cavanaugh, Goodyear, Chair
* Mayor Mary Manross, Scottsdale, Vice Chair
# Mayor Joan Shafer, Surprise, Treasurer
Mayor Steven M. Berman, Gilbert
Mayor Keno Hawker, Mesa
Mayor Thomas L. Schoaf, Litchfield Park
Councilmember Peggy Neely, Phoenix

* Not present
# Participated by videoconference or telephone conference call.

CONTACT PERSON:
Rebecca Kimbrough, MAG Fiscal Services Manager, (602) 452-5051

MAG PROGRAMS IN BRIEF

Page 1

DRAFT FY 2007 - 2008 Summary

Unified Planning Work Program and Annual Budget

Maricopa Association of Governments
302 North 1st Avenue
Phoenix, AZ 85003

MAG Programs in Brief

FY 2008 Summary
Unified Planning Work Program and Annual Budget
Maricopa Association of Governments, 302 North 1st Avenue, Phoenix, AZ 85003

Budget Highlights
The MAG annual budget process begins eight months before the final budget is adopted, however, budget management activities at MAG continue throughout the year. To begin preparing the budget, each division is asked to submit new project and/or staffing requests. These requests are initiated by MAG committee project needs and other request and guidance from our members. The requests are brought to the Regional Council, Management Committee, Regional Council Executive Committee, and Intergovernmental Representatives for review and discussion during January and February.

New Projects for FY 2008

Description	**Estimated Budgeted Amount**

TRANSPORTATION PROGRAMS

2008 Regional Crossing Guard Training Workshops **$5,000**
A major initiative under Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) is the "Safe Routes to School" program that is focused on improving safety conditions along routes to schools and around schools. The school crossing guard training workshops provide basic safety training to school crossing guards and would help improve safe access to schools.

2008 Regional Transportation Safety Forum and Workshop **$ 2,000**
The 2005 MAG Strategic Transportation Safety Plan identifies an annual event focusing on transportation safety as a way to increase this public awareness. This project will support the costs of organizing and holding a regional forum or a workshop on transportation safety in 2008.

Dynasmart-P Software Purchase and Training **$ 20,000**
MAG member agencies have frequently identified the need to be able to perform corridor traffic simulation studies when developing regional initiatives to improve traffic operations. The acquisition of Dynasmart-P would help develop this expertise at MAG and would also directly support an upcoming MAG project related to improving operations.

2008 MAG ITS Strategic Plan **$50,000**
The MAG Intelligent Transportation Systems Committee has recommended a funding strategy for both the freeway and arterial ITS programs. This project will result in a new ITS Strategic Plan that will incorporate these changes as well as provide guidance for future regional investments in ITS.

Guidelines for Developing ITS and Traffic Management Infrastructure for Small Rapidly Growing Cities and Towns **$60,000**
This project will utilize resources available in the MAG region and elsewhere for developing a draft guidelines document. The guidelines produced by this project would ensure that smaller MAG member agencies develop their local ITS infrastructure in a manner compatible with the larger

regional system and also benefit from the lessons learned from agencies that have developed the existing regional systems.

Household Travel Survey **$500,000**
Rapid population growth and economic development has resulted in the need to conduct a household travel survey to better understand travel and trip-making behavior. The last household survey that was conducted was in the fall of 2001. The data will be used to calibrate the MAG Regional Travel Demand Model.

Regional Travel Demand Model Improvements **$500,000**
The MAG Regional Travel Demand Model is a key tool for both MAG's transportation planning activities as well as for member agencies planning and engineering work. The model conversion to TransCad provides an opportunity to address identified issues and to make major modeling improvements to reflect the current state of the art.

Development of Transportation Geographic Database (GIS-T) **$250,000**
MAG has been working on an effort to coordinate a geographic database system for the array of transportation related information that MAG uses on a regular basis. Project information from the TIP and Plan, for example, must be accurately reflected in the modeling networks for air quality conformity as well as other purposes. Tracking this information in a consistent fashion is a difficult task as new projects are continually added and other projects changed. The purpose of the project will be to provide further expansion of the GIS-T beyond TIP business process to ensure coordination with network and land use data collected and maintained by MAG.

Development of a Traffic Count Retrieval System **$250,000**
This project would provide an accessible database that can be used both by MAG and by MAG member agencies to tabulate traffic count information and calibrate the MAG travel demand model to meet the data requirements for the Highway Performance Monitoring System (HPMS). This database for MAG traffic count information can be integrated into the GIS-T system.

Commuter Rail Corridor Development Plan **$ 600,000**
MAG will complete a Commuter Rail Strategic Plan in December 2007. Based on a comprehensive review of strengths, weaknesses, opportunities, and threats the Strategic Plan will establish a process for implementing commuter rail service in the MAG region. This proposed project will be brought back through the MAG committee process for approval contingent on a recommendation to proceed from the Commuter Rail strategic planning process.

Bicycle Design Assistance Program **$300,000**
The Bicycle Design Assistance program is similar to the Pedestrian Design Assistance Program. The intent of the program is to design crossings, on-street, and off-street facilities with an emphasis on creating an interconnected network.

Pedestrian Design Assistance Program **$200,000**
The Pedestrian Design Assistance program was initiated in 1996 to encourage the development of designs for pedestrian facilities according to the *MAG Pedestrian Policies and Design Guidelines.* The intent of the program is to stimulate integration of pedestrian facilities into the planning and design of all types of infrastructure and development.

Light Rail Transit (LRT) Planning Support **$500,000**

With the implementation of Proposition 400, multiple efforts are needed to support the development of the light rail program. The project development includes the update of the LRT Life Cycle Program, guiding principles and policies for the LRT program, travel demand forecasting, planning for bus/rail interfaces and long range operations, and input into the MAG Transportation Improvement Program and the Regional Transportation Plan Update.

Interstate 17 and US-93/New River Roadway Framework Study ***$500,000***

This project is a multi-agency study of the long-range transportation needs for northern Maricopa and southern Yavapai Counties. Results from this project will include recommendations for accommodating the future travel demand along the Interstate 17/Black Canyon Freeway, north of SR-303L/Estrella Freeway to SR-260 in Camp Verde, and the US-93 corridor from SR-74/Carefree Highway to SR-71 north of Wickenburg. MAG participation is $250,000 with the remaining costs to be shared potentially by ADOT and Yavapai County.

Texas Transportation Institute (TTI) Urban Transportation Performance Measure Research project **$25,000**

TTI produces an annual analysis of urban mobility across the country, usually annually. MAG has participated as both a technical resource and a funding partner on this work for the past few years. Participation in the TTI study provides us with an opportunity to work with TTI on congestion measures.

MAG Performance Measurement Framework Study **$ 150,000**

The Maricopa Association of Governments (MAG), as the regional planning agency, has the lead oversight responsibility for Proposition 400. As such, MAG is developing a multi-modal performance monitoring program for the regional transportation system. A Performance Measurement Framework Study is proposed to select, assemble, and analyze quantifiable selected performance measures that can be used to assess the performance of RTP projects as a precursor to the 2010 performance audit.

INFORMATION SERVICES PROGRAM

AZ-SMART Direct Support for MAG **$40,000**

MAG is in the process of developing a statewide socioeconomic model, Arizona Socioeconomic Modeling, Analysis and Reporting Toolbox (AZ-SMART). The AZ-SMART socioeconomic modeling suite will primarily support socioeconomic activities at MAG. AZ-SMART will build upon a model that MAG currently uses, the Subarea Allocation Model (SAM). Consultant support will be needed to provide detailed technical guidance, support on the transition and implementation, and testing for AZ-SMART.

AZ-SMART Phase II **$200,000**

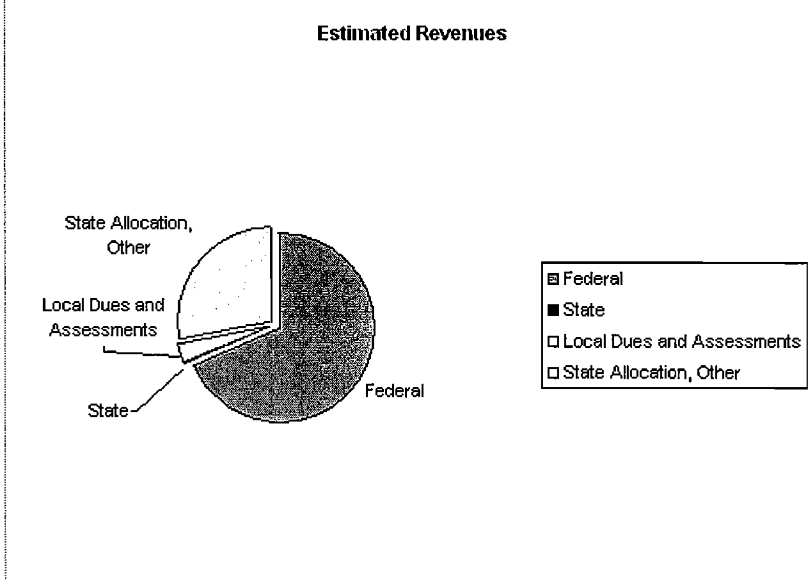
Phase I of the AZ-SMART is scheduled to be completed by the end of Calendar Year 2007, and will result in the implementation of a small area model in ArcGIS utilizing advanced modeling methods. The objective of AZ-SMART Phase II is to incorporate models at different levels of geography, extend the database design to easily increase model boundaries, and provide additional calibration to tie in with Phase I work.

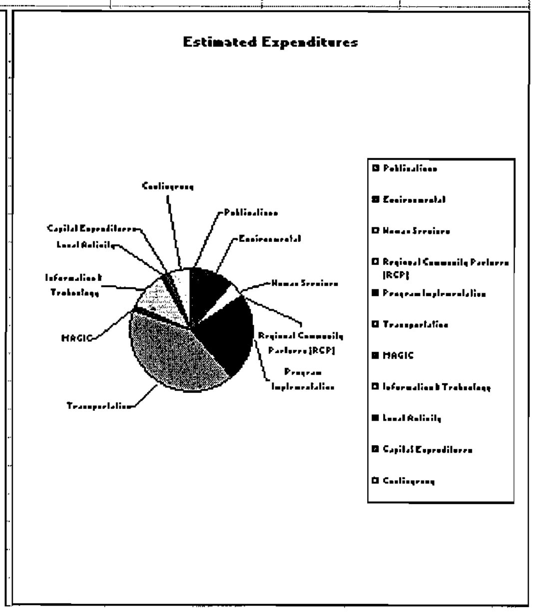
ATTACHMENT 1

DRAFT MAG PROGRAMS IN BRIEF 2008

FY 2007 Budget Compared to FY 2008 Budget

Revenues By Source	2006 Actual	2007 Revised Budget	2008 Proposed Budget	$ Change FY 07-FY 08	% Change FY 07-FY 08
Federal	$13,518,385	$13,347,469	$12,810,599	($536,870)	-4.02%
State	$35,000	$35,000	$47,000	$12,000	34.29%
Local Dues and Assessments	$554,823	$587,891	$606,550	$18,659	3.17%
State Allocation, Other	$5,321,274	$6,741,171	$5,322,000	($1,419,171)	-21.05%
Less: Restricted Reserves	-	($1,323,951)	($1,429,867)	($105,916)	8.00%
Total Estimated Revenues Without Carryforward	$19,429,482	$19,387,580	$17,356,282	($2,031,298)	-10.48%
Total Estimated Revenue Carryforward		16,216,291	15,485,305	(730,986)	-4.51%
Total Estimated Revenue		$35,603,871	$32,841,587	($2,762,284)	-7.76%
Expenditures By Division/Function					
Publications	$73,723	124,701	$87,090	($37,611)	-30.16%
Environmental	$1,544,656	1,577,249	$1,969,643	$392,394	24.88%
Human Services	$474,147	936,199	$727,536	($208,663)	-22.29%
Regional Community Partners (RCP)	$1,636	-	$10,000	$10,000	0.00%
Program Implementation	$6,655,460	5,995,577	$3,924,872	($2,070,705)	-34.54%
Transportation	$4,316,586	6,727,600	$7,159,937	$432,337	6.43%
MAGIC	$184,581	133,330	$205,838	$72,508	54.38%
Information & Technology	$5,883,834	2,679,098	$1,883,201	($795,897)	-29.71%
Local Activity	$177,794	125,195	$120,000	($5,195)	-4.15%
Capital Expenditures	$117,065	233,000	$294,000	$61,000	26.18%
Contingency		855,631	$974,165	$118,534	13.85%
Total Estimated Expenditures Without Carryforward	$19,429,482	$19,387,580	$17,356,282	($2,031,298)	-10.48%
Total Estimated Expenditures With Carryforward		16,216,291	15,485,305	($730,986)	-4.51%
Total Estimated Expenditures		35,603,871	$32,841,587	($2,762,284)	-7.76%





ATTACHMENT 1

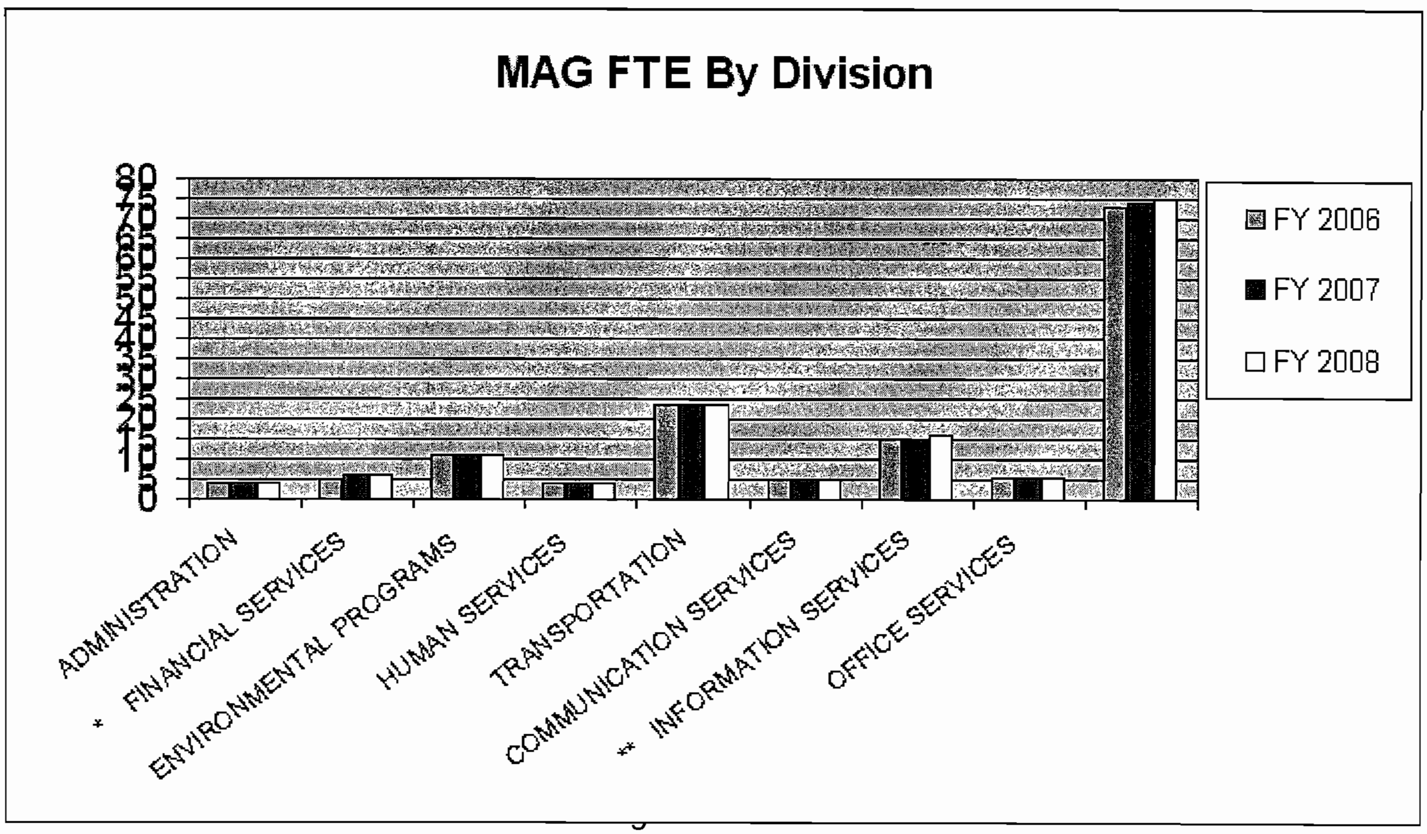
MAG PROGRAMS IN BRIEF 2008

SUMMARY OF AUTHORIZED POSITIONS AND FULL-TIME EQUIVALENTS BY PROGRAM AREA COMPARISON FOR 3 YEARS

	FY 2006	FY 2007	FY 2008
ADMINISTRATION	4	4	4
* FINANCIAL SERVICES	5	6	6
ENVIRONMENTAL PROGRAMS	11	11	11
HUMAN SERVICES	4	4	4
TRANSPORTATION	23.5	23.5	23.5
COMMUNICATION SERVICES	5	5	5
** INFORMATION SERVICES	15	15	16
OFFICE SERVICES	5.75	5.75	5.75
TOTAL FTE	**73.25**	**74.25**	**75.25**

* Position request, Contracts Specialist I, is for the current year

** One new position, Automation Support Technician I, is being requested for the new fiscal year.



DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – Transportation Safety Program

Project Name: 2008 Regional Crossing Guard Training Workshops

Brief Description: A major initiative under SAFETEA-LU is the "safe Routes to School" program that is focused on improving safety conditions along routes to schools and around schools. A component of this program is to make sure that school crossing zones are planned and managed in the safest manner possible. Since the school crossing guard is the primary person responsible in these areas, it is important that they receive consistent and thorough training. In August 2006, a regional partnership led by MAG organized the first regional training workshop for school crossing guards. The event was held in Glendale and was attended by 210 crossing guards from 21 school districts. Although the event was successful, most participating crossing guards represented west valley schools. In order to deliver this training across the entire MAG region, starting in 2007, two regional workshops are planned to be held in Glendale and in Mesa. This project will pay for the costs of holding the two workshops in 2008.

Recommended by: This project is recommended by the MAG Transportation Safety Committee.

Mission/Goal Statement: One of the goals of the 2005 MAG Strategic Transportation Safety Plan is to improve safety on access routes to schools. One of the strategies identified under this goal is training school crossing guards. The school crossing guard training workshops provide basic safety training to school crossing guards and would help improve safe access to schools. It is expected that safer roads would encourage more parents to allow students to walk or ride bicycles to school.

Resources Required: Funding: $5,000

Expected Outcome: Better-trained school crossing guards and safer school crossings for school children.

Benefit to MAG member agencies: Better trained crossing guards and safer street crossings for school children.

Benefit to the Public: Improved road safety conditions in the vicinity of school crossings and safer conditions for school children.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – Transportation Safety Program

Project Name: 2008 Regional Transportation Safety Forum and Workshop

Brief Description: One of the first steps in improving the safety of the regional transportation system is to increase the awareness of key road safety issues. The 2005 MAG Strategic Transportation Safety Plan identifies an annual event focusing on transportation safety as a way to increase this public awareness. This project will support the costs of organizing and holding a regional forum or a workshop on transportation safety in 2008. The first such event – a regional workshop on work zone safety is planned for April 2007. The safety issue and topic to be addressed by the 2008 event will be chosen by the MAG Transportation Safety Committee. The event will also be coordinated with the Federal Highway Administration and the Arizona Governor's Traffic Safety Advisory Council.

Recommended by: This project is recommended by the MAG Transportation Safety Committee.

Mission/Goal Statement: This event will accomplish the following goals: (1) Educate all participants on the critical safety issues/topics by providing national, state and regional perspectives; (2) Facilitate a discussion among a panel of experts to identify potential solutions; (3) Identify next steps for addressing the safety issues through existing planning processes at the local, regional and state levels.

Resources Required: Funding: $2,000

Expected Outcome: This is expected to create an increased awareness of key road safety issues and to identify the next steps for the focus on transportation safety.

Benefit to MAG member agencies: Become better informed on current road safety issues and concerns in the region. This is an opportunity to highlight local road safety issues and exchange information with peers.

Benefit to the Public: This workshop will lead to steps towards a safer road environment for all road users in the MAG region.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – ITS Program

Project Name: Dynasmart-P Software Purchase and Training

Brief Description: Dynasmart-P is a traffic analysis tool which unifies planning and operations analyses in a single format. It can be used to assess the impacts of ITS technologies such as dynamic message signs and ramp meters on the transportation network.

MAG member agencies have frequently identified the need to be able to perform corridor traffic simulation studies when developing regional initiatives to improve traffic operations. The acquisition of Dynasmart-P would help develop this expertise at MAG and would also directly support an upcoming MAG project related to improving operations. The use of this software to analyze operations is likely to help position this region for future grant opportunities from FHWA.

In 2003 MAG developed a Regional Concept of Transportation Operations that included several regional initiatives. One of the initiatives focused on developing state-of-the-practice traffic management strategies on one freeway-arterial travel corridor in the region, called an Integrated Corridor Management System (ICMS). A MAG project for developing a detailed ICMS plan was programmed in 2005 and is scheduled to be launched in early 2007. FHWA is planning to launch ten national ICMS projects in 2007. A proposal submitted by ADOT for the MAG region was not successful. Member agencies would like the MAG project to be carried out parallel with the national projects to increase the possibility of a future FHWA grant to this region. An author of the Dynasmart-P software who is also an evaluator of the national ICMS projects is on staff at the University of Arizona. The project could utilize the author to provide software training.

Recommended by: This project is recommended by the MAG Intelligent Transportation Systems Committee.

Mission/Goal Statement: The goal of this project is to acquire the Dynasmart-P software and develop in-house expertise at MAG for utilizing this software to analyze regional traffic operations. The first use of this software would occur on the MAG project to develop an Integrated Corridor Management System for the I-10 west corridor. This project would directly support the MAG planning emphasis area Operations and Management.

Resources Required: Funding: $20,000 - includes the cost of software, a 2-day training workshop to be conducted by the University of Arizona, and 40-hours of technical support for one-year.

New Equipment – Dynasmart-P software

Expected Outcome: Acquisition of the software Dynasmart-P and training in using the software at MAG.

Benefit to MAG member agencies: Better ability to create plans for regional transportation operations involving freeways and arterials. Help further develop traffic analysis expertise at interested MAG member agencies.

Benefit to the Public: Improved safety and reduced delay due to better regional operations through the use of this software tool.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – ITS Program

Project Name: 2008 MAG ITS Strategic Plan

Brief Description: The ITS Strategic Plan and the ITS Architecture for the MAG region were developed in 2001 as MAG was one of the first MPOs to develop a roadmap for ITS implementation. Since 2001, a number of changes have occurred, the most significant of which is the dedicated funding for regional ITS applications on freeways and arterials, identified in the Regional Transportation Plan (RTP). The MAG ITS Committee has recommended a funding strategy for both the freeway and arterial ITS programs. This project will result in a new ITS Strategic Plan that will incorporate these changes as well as provide guidance for future regional investments in ITS.

Recommended by: This project is recommended by the MAG Intelligent Transportation Systems Committee.

Mission/Goal Statement: The ITS Strategic Plan to be developed through this project will serve as the region's plan that describes how system management and user information needs in the MAG region are addressed through well-integrated traffic management systems and information services for transportation system users.

Resources Required: Funding: $50,000 consultant

Expected Outcome: An updated MAG ITS Strategic Plan that reflects the higher level of funding available and the changes in ITS technology.

Benefit to MAG member agencies: The new Plan will provide a detailed view to MAG member agencies on how the region's ITS infrastructure is being expanded to address regional needs. The Plan will also serve as a model for member agencies and will assist them in developing similar plans for local ITS improvements.

Benefit to the Public: Properly deployed and coordinated ITS can increase the capacity of the regional transportation system. This reduces the need for major capital improvement projects to expand capacity.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – ITS Program

Project Name: Guidelines for Developing ITS and Traffic Management Infrastructure for Small but Rapidly Growing Cities and Towns

Brief Description: A number of MAG jurisdictions have a small population base but are currently experiencing or are projected to have rapid population growth. These communities have expressed the need for assistance and guidance on how to best plan and develop the required technology and infrastructure for effective traffic management. Although planning for future technology is in general a complex and risky task, certain infrastructure technologies have longer and more reliable life cycles. There is also a substantial body of knowledge and expertise available in the region, based on the high levels of ITS technology applications in the MAG region. This project will utilize resources available in the MAG region and elsewhere for developing a draft guidelines document. A second phase of the project would involve the application of these guidelines in the development of traffic management plans for two MAG member agencies. If necessary, the guidelines will be revised based on the experience of developing the two plans.

Recommended by: This project is recommended by the MAG Intelligent Transportation Systems Committee.

Mission/Goal Statement: The guidelines produced by this project would ensure that smaller MAG member agencies develop their local ITS infrastructure in a manner compatible with the larger regional system and also benefit from the lessons learned from agencies that have developed the existing regional systems.

Resources Required: Funding: $60,000 (using ITS on-call) consultant

Expected Outcome: (1) A document that would provide guidance to smaller agencies on how to develop, expand and coordinate their ITS and traffic management infrastructure with similar activities at the regional level. (2) Plans will be developed for two MAG member agencies utilizing the guidelines.

Benefit to MAG member agencies: Smaller MAG member agencies will benefit from the lessons learned by larger agencies who have implemented major ITS systems and from the specific plans developed for two communities.

Benefit to the Public: Better coordinated development of local and regional ITS and traffic management facilities which will result in better traffic flow.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – System Modeling

Project Name: Household Travel Survey

Brief Description: Rapid population growth and economic development has resulted in the need to conduct a household travel survey to better understand travel and trip-making behavior. The last household survey that was conducted was in the fall of 2001. The data will be used to calibrate the MAG regional travel demand model.

Recommended by: This project is recommended by MAG staff in order to meet the need for ongoing model enhancements and updated information for the model.

Mission/Goal Statement: Conduct a household travel survey to collect information on current travel behavior and trip-making behavior.

Resources Required: Funding: $500,000 consultant

Expected Outcome: Better understanding of travel behavior and travel patterns that should result in better travel forecasting.

Benefit to MAG member agencies: Member agencies rely on the MAG regional travel model for a variety of planning and engineering purposes which benefit from better travel forecasts.

Benefit to the Public: Using updated data for better transportation planning should result in an improved regional transportation system.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – System Modeling

Project Name: Regional Travel Demand Model Improvements

Brief Description: The MAG Regional Travel Demand model is a key tool for both MAG's transportation planning activities as well as for member agencies planning and engineering work. MAG has made small technical modifications to the model over the past few years and has continuously updated the data. In FY 2006, the decision was made to convert the model from the Emme/2 platform to the TransCad platform. The model conversion provides an opportunity to address identified issues and to make major modeling improvements to reflect the current state of the art.

This project is comprised of three interrelated parts. First is consulting support to complete and validate the conversion of the model to the TransCad. Secondly, to provide consulting resources through an on-call consultant list to assist with the short-term model development and to provide advice on model development issues that arise. The third part is the use of consulting services to incorporate major improvements in the structure of the model to begin the transition to an activity-based model and dynamic simulation capability.

Recommended by: This project is recommended by MAG staff in order to meet the need for ongoing model enhancements and updated information for the model.

Mission/Goal Statement: Complete and validate the model conversion to TransCad and incorporate transportation travel demand model revisions and improvements.

Resources Required: Funding: $500,000 consultant

Expected Outcome: A regional travel demand model that is running on the TransCad platform and begins to incorporate activity-based modeling concepts.

Benefit to MAG member agencies: Member agencies rely on the MAG regional travel model for a variety of transportation and transit planning and engineering purposes which benefit from better travel forecasts.

Benefit to the Public: Better transportation planning which should result in an improved regional transportation system.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – System Modeling

Project Name: Development of Transportation Geographic Database (GIS-T)

Brief Description: MAG has been working on an effort to coordinate a geographic database system for the array of transportation related information that MAG uses on a regular basis. Project information from the TIP and Plan, for exarnple, must be accurately reflected in the modeling networks for air quality conformity as well as other purposes. A given street segment may have a variety of information associated with it including the number of lanes, planned improvements, speed, traffic counts, accidents, number of access points, traffic signals, among other items. Tracking this information in a consistent fashion is a difficult task as new projects are continually added and other projects changed.

This project represents phase 2 of this effort. Phase 1 was in the FY 2005 MAG Work Program and the consultant is expected to be finished with this work during the second half of FY 2007. The database will be developed as part of the first phase, and will include a number of data input programs. This will allow the GIS-T database to be used to populate the travel model network. Phase 2 will capitalize on the results of the phase 1 project and is being proposed to further consolidate transportation data within a consistent data management structure as well as reflect current MAG business processes. The purpose of the project will be to provide further expansion of the GIS-T beyond TIP business process to ensure coordination with network and land use data collected and maintained by MAG.

Recommended by: This project is recommended by MAG staff in order to meet the need for ongoing model enhancements and updated information for the model.

Mission/Goal Statement: Complete an integrated GIS database for transportation data.

Resources Required: Funding: $250,000 consultant

Expected Outcome: A database system that will result in systematic handling of transportation data and linkage of various pieces of data together to create an integrated system.

Benefit to MAG member agencies: More accurate travel forecasts and better access to transportation data.

Benefit to the Public: Better data, better planning, better decisions.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – System Modeling

Project Name: Development of a Traffic Count Retrieval System

Brief Description: MAG has collected traffic count information for a number of years which is used to calibrate the MAG travel demand model and to meet the data requirements for the Highway Performance Monitoring System (HPMS), which is required by FHWA. In addition, MAG member agencies use traffic count in a variety of ways for local transportation planning purposes. MAG, however, does not have a traffic count database that integrates all of the historical traffic count information to allow for the analysis of traffic trends over time. This project would provide an accessible database that can be used both by MAG and by MAG member agencies.

Recommended by: This project is recommended by MAG staff in order to meet the need for ongoing model enhancements and updated information for the model.

Mission/Goal Statement: Produce a user-friendly database for MAG traffic count information that is intergrated into GIS-T system.

Resources Required: Funding: $250,000 consultant

Expected Outcome: Traffic count information that contains the historical traffic count information and is easily accessible.

Benefit to MAG member agencies: Availability of historical traffic count information.

Benefit to the Public: Better data regarding historical trends can result in better transportation planning in the region.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – Transit Program

Project Name: Commuter Rail Corridor Development Plan

Brief Description: MAG will complete a Commuter Rail Strategic Plan in December, 2007. Based on a comprehensive review of strengths, weaknesses, opportunities, and threats, the Strategic Plan will establish a process for implementing commuter rail service in the MAG region. The Strategic Plan will not rank individual corridors, but will identify corridors with the greatest likelihood of success for future commuter rail service.

This proposed project will be brought back through the MAG committee process for approval contingent on a recommendation to proceed from the Commuter Rail strategic planning process. This project will identify a preferred commuter rail corridor from the highest rated corridors in the Strategic Plan. Measures of comparison will include ridership potential, capital and operating costs, project support, etc. A detailed Corridor Development Plan will then be created for the preferred corridor.

Recommended by: This project is recommended by the Stakeholder Group/Community Resource Council.

Mission/Goal Statement: The Corridor Development Plan will serve as a blueprint for advancing the first commuter rail line in the MAG region.

Resources Required: Funding: $600,000 consultant (Sales Tax Implementation)

Expected Outcome: A Corridor Development Plan that frames the process of implementing a commuter rail service for a specific corridor in the MAG region.

Benefit to MAG member agencies: The planning process will assist MAG member agencies in identifying the most strategic investment option for future commuter rail service.

Benefit to the Public: Future commuter rail service would provide a high capacity, high speed transit alternative for long distance trips in the MAG region.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – Multi-Modal Program

Project Name: Bicycle Design Assistance Program

Brief Description: The Bicycle Design Assistance program would be developed similar to the Pedestrian Design Assistance Program. The intent of the program is to design crossings, on-street and off-street facilities with an emphasis on creating an interconnected network. There are hundreds of miles of canals that could potentially be connected to create an amazing greenbelt throughout the region similar to Scottsdale's Indian Bend Wash.

Recommended by: This project is recommended by the Regional Bicycle Task Force.

How the project fits with MAG's mission: Funding the design of bicycle facility projects in MAG member agencies fits into MAG's mission to promote the development and expansion of all modes of transportation. According to the Regional Transportation Plan, "MAG has maintained an active role in promoting the establishment of improved travel opportunities for bicyclists for many years".

Resources Required: Funding: $300,000 consultant

Need for ongoing funding or update: It is anticipated that annual funding would be needed for this program.

Expected Outcome: Three to six member agency projects would be identified by the MAG Regional Bicycle Task Force. Each member agency would identify a consultant from a pre-approved MAG list to design their selected projects. Projects could then be constructed using federal or local funding. As with the Pedestrian Design Assistance Program, this program is intended to leverage other federal and local funding for construction.

Benefit to MAG Member Agencies: MAG member agencies will obtain the use of a planning professional experienced in "best practices" for bicycle facilities. Designing projects with these funds will help to leverage construction funding. In addition, member agencies will be provided an opportunity to explore innovative solutions to common regional problems.

Benefit to the Public: The key to economic viability for a community is how livable and healthy that community is. Having an interconnected network of bicycle facilities is one of the best measures of a livable city. Providing safe and appropriate bicycle facilities encourages people to bicycle, which would reduce negative impacts of motorized travel on air quality and congestion.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – Multi-Modal Program

Project Name: Pedestrian Design Assistance Program

Brief Description: The Pedestrian Design Assistance program was initiated in 1996 to encourage the development of designs for pedestrian facilities according to the *MAG Pedestrian Policies and Design Guidelines.* The intent of the program is to stimulate integration of pedestrian facilities into the planning and design of all types of infrastructure and development.

Recommended by: This project is recommended by the MAG Pedestrian Working Group.

How the project fits with MAG's mission: Funding the design of pedestrian projects in MAG member agencies fits into MAG's mission as stated in the Regional Transportation Plan to promote the development and expansion of all modes of transportation.

Resources Required: Funding: $200,000 consultant

Need for ongoing funding or update: This project has been funded annually in the past and it is anticipated that annual funding will be needed in the future.

Expected Outcome: Three to five projects submitted by MAG member agencies will be designed by professional consultants using the *MAG Pedestrian Policies and Design Guidelines.* Using local consultants educates both the private and private sector about the importance of pedestrian sensitive design.

Benefit to MAG Member Agencies: MAG member agencies obtain planning and design assistance for pedestrian projects that may not be designed any other way. Designing projects in accordance with the *Guidelines* educates member agency staff and community stakeholders about best practices in pedestrian design. Design projects through this program leverages additional funding for construction of the pedestrian facilities.

Benefit to the Public: Designing pedestrian facilities in accordance with the *Guidelines* results in safe, comfortable and desirable pedestrian facilities. Providing appropriate pedestrian facilities encourages people to walk, which would reduce negative impacts of motorized travel on air quality and congestion while simultaneously creating more economically viable and healthy communities.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division – Transit Program

Project Name: Light Rail Transit Planning Support

Brief Description: With the implementation of Proposition 400, multiple efforts are needed to support the development of the light rail program. The project development includes the update of the LRT Life Cycle Program, guiding principles and policies for the LRT program, travel demand forecasting, planning for bus/rail interfaces and long range operations, and input into the MAG Transportation Improvement Program and the Regional Transportation Plan Update.

Recommended by: This is recommended to provide ongoing VMR support.

Mission/Goal Statement: To ensure that the light rail component of the regional transportation plan is implemented in an efficient and timely fashion.

Resources Required: Funding: $500,000 for staff support

Expected Outcome: A regional light rail transit system that improves regional mobility.

Benefit to MAG member agencies: The LRT planning support provides for the necessary tasks to be completed so that the LRT system can be implemented according to the RTP.

Benefit to the Public: Future LRT service would provide a high capacity transit alternative within the MAG region.

Budget Attachment #2
Project #14

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division: Planning

Project Name: Interstate 17 and US-93/New River Roadway Framework Study

Brief Description: Similar to the Hassayampa and Hidden Valley framework studies that are underway by MAG, this project is a multi-agency study of the long-range transportation needs for northern Maricopa and Southern Yavapai Counties. Results from this project will include recommendations for accommodating the future travel demand along the Interstate 17/Black Canyon Freeway, north of SR-303L/Estrella Freeway to SR-260 in Camp Verde, and the US-93 corridor from SR-74/Carefree Highway to SR-71 north of Wickenburg. In addition, with the participation of agencies in Southern Yavapai County, the study will evaluate the need for new transportation corridors between the MAG region and Prescott, Prescott Valley, and Chino Valley, as well as potential improvements to the SR-89 and SR-69 corridors.

Recommended by: This project is recommended by MAG staff.

Mission/Goal Statement: The Interstate 17 and US-93/New River Valley Roadway Framework Study will serve as a plan for the region's recommendations to accommodate the growing travel demand in the northern portions of Maricopa County, as well as providing a vision for the connections serving as gateway routes to and from the MAG region.

Resources Required: Funding: $500,000 total Consultant project cost; MAG participation is $250,000 with the remaining costs to be shared potentially by ADOT and Yavapai County.

Expected Outcome: A transportation framework for the northern portions of Maricopa County and the gateway routes to and from the MAG region.

Benefit to MAG member agencies: Recommendations from the project will provide MAG an overall understanding of the need for travel demand in this portion of Maricopa County, as well as a critical analysis and framework for the Interstate 17/Black Canyon Freeway, which is a key connection between Phoenix and northern Arizona.

Benefit to the Public: Study recommendations will provide the public with 30-year transportation framework for Northern Maricopa County to allow continuing economic development balanced by effective transportation connections and corridors.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Transportation Division: System Modeling

Project Name: Texas Transportation Institute (TTI) Urban Transportation Performance Measure Research project

Brief Description: TTI produces an annual analysis of urban mobility across the country, usually annually. MAG has participated as both a technical resource and a funding partner on this work for the past few years. Participation in the TTI study provides us with an opportunity to work with TTI on congestion measures.

Recommended by: This project is recommended by MAG staff.

Mission/Goal Statement: Continue to support the TTI Urban Performance Measure Research Project.

Resources Required: Funding: $25,000 consultant

Expected Outcome: Better performance measures that can used for the MAG area as well as for comparison of the MAG region to other urban areas.

Benefit to MAG member agencies: Improved understanding of how the regional transportation system is performing.

Benefit to the Public: A more effective analysis of the regional transportation system development.

DRAFT MAG FY 2008 Work Program
Proposed New Project

Transportation Division – System Performance Monitoring and Assessment

Project Name: MAG Performance Measurement Framework Study

Brief Description: The Regional Transportation Plan (RTP) was adopted in November 2003 and Proposition 400, which extended the half cent sales tax through 2025, was approved by the voters in November 2004. As part of the Proposition enabling legislation, a statutory requirement was added that requires the Arizona Auditor General to contract with a nationally recognized independent auditor, beginning in 2010 and every five years thereafter, to conduct a performance audit of the regional transportation plan and projects scheduled for funding during the next five years.

The Maricopa Association of Governments (MAG), as the regional planning agency has the lead oversight responsibility for Proposition 400. As such MAG is developing a multi-modal performance monitoring program for the regional transportation system. A Performance Measurement Framework Study is proposed to select, assemble, and analyze quantifiable selected performance measures that can be used to assess the performance of RTP projects as a precursor to the 2010 performance audit.

Requested by: This project is recommended by MAG staff.

Mission/Goal Statement: The Performance Measurement Framework Study is to establish a set of performance factors, and measures that can be consistently applied across transportation modes and communicated to decision makers, stakeholders and to the public on a periodic basis. These measures shall serve as the basis for the monitoring and reporting on the progress and performance outcomes of all projects included in the RTP, and shall also serve as an analytical tool to compare system performance in future scenarios.

Resources Required: $150,000 consultant

Expected Outcome: A framework report providing a systematic and uniform approach to measuring performance of the MAG Regional transportation system.

Benefit to MAG member agencies: A consistent framework of performance measures that can be applied for system and project evaluation.

Benefit to the Public: Improved performance communication methods designed for various audiences to keep the public and stakeholders informed on a periodic basis.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Information Services Division

Project Name: AZ-SMART Direct Support for MAG

Brief Description: MAG is in the process of developing a statewide socioeconomic model, Arizona Socioeconomic Modeling, Analysis and Reporting Toolbox (AZ-SMART). The AZ-SMART socioeconomic modeling suite will primarily support socioeconomic activities at MAG. AZ-SMART will build upon a model that MAG currently uses, the Subarea Allocation Model (SAM). Consultant support will be needed to provide detailed technical guidance, support on the transition and implementation, and testing for AZ-SMART. This project is recommended in order to meet the need for ongoing model enhancements and updated information for the model.

Requested by: This project is recommended by MAG staff.

Mission/Goal Statement: The support provided by the consultant will ensure that the state-of-the art components of SAM are replicated in AZ-SMART in order to support the MAG transportation model, and better enable member agencies to determine demands on infrastructure and services.

Resources Required: Funding: $40,000 consultant

Expected Outcome: Support for the development and testing of AZ-SMART.

Benefit to MAG member agencies: AZ-SMART will enhance the current socioeconomic modeling capabilities at MAG. It will better support the data requirements for transportation modeling and other regional analysis.

Benefit to the Public: AZ-SMART will take advantage of the most advanced socioeconomic modeling techniques thus better supporting regional planning processes.

DRAFT MAG FY 2008 Work Program
Proposed New Projects

Information Services Division

Project Name: AZ-SMART Phase II

Brief Description: MAG is in the process of developing a statewide socioeconomic model, Arizona Socioeconomic Modeling, Analysis and Reporting Toolbox (AZ-SMART). Phase I of the AZ-SMART is scheduled to be completed by the end of CY2007, and will result in the implementation of a small area model in ArcGIS utilizing advanced modeling methods. The objective of AZ-SMART Phase II is to incorporate models at different levels of geography, extend the database design to easily increase model boundaries, and provide additional calibration to tie in with Phase I work. This project is recommended in order to meet the need for ongoing model enhancements and updated information for the model.

Requested by: This project is recommended by MAG staff.

Mission/Goal Statement: Phase II of AZ-SMART will ensure the incorporation of sub-regional models and also advance the database design and calibration work started in Phase I. This second phase is essential for the development of a socioeconomic model that can adequately support the transportation and regional planning activities at MAG.

Resources Required: Funding: $200,000 consultant

Expected Outcome: Extension of the AZ-SMART suite of tools.

Benefit to MAG member agencies: AZ-SMART Phase II will be able to better support the transportation modeling and socioeconomic projections data requirements of MAG Member Agencies. It will enhance the capabilities of the current tool-set to model at different levels of geographies.

Benefit to the Public: AZ-SMART will take advantage of the most advanced socioeconomic modeling techniques thus better supporting regional planning processes.

MARICOPA
ASSOCIATION of
GOVERNMENTS

302 North 1st Avenue, Suite 300 ▲ Phoenix, Arizona 85003
Phone (602) 254-6300 ▲ FAX (602) 254-6490
E-mail: mag@mag.maricopa.gov ▲ Web site: www.mag.maricopa.gov

Agenda Item #7

February 23, 2007

The Honorable Janet Napolitano
Governor of Arizona
1700 West Washington Street, 9th Floor
Phoenix, Arizona 85007

Dear Governor Napolitano:

As the Chair of the Arizona COG/MPO Association, it is my pleasure to respond to a request from your Growth Cabinet to submit a summary of our recommendations for your upcoming Listening Session on February 23, 2007. Our statewide association is committed to building a quality Arizona and we commend your efforts to address our challenging growth issues.

Our Association has been meeting for more than a year and appreciates the participation of members of your staff in our deliberations. Our overriding principle has been that only together can we address our growth needs, especially as it relates to providing more transportation infrastructure throughout the State. To assist you and your Growth Cabinet we have noted below some areas of focus for your consideration:

- Planning Agency Partnership. Through Governor's Executive Order 70-2, six planning districts were created in Arizona. Planning functions were asked to conform to these boundaries. Since that time Councils of Governments (COGs) were formed to conduct planning within these boundaries. Also, Metropolitan Planning Organizations (MPOs) have been designated by the Governor to conduct transportation planning. The Arizona COG/MPO Association appreciates this opportunity to provide input on statewide planning issues and would welcome the opportunity to partner with the Growth Cabinet on technical and policy related matters.

- Reconnaissance and Framework Studies. As our Association has been deliberating growth issues, it has become very apparent that all stakeholders want immediate action on addressing transportation infrastructure, yet the data for making decisions on a statewide basis are severely lacking. To address this issue, the COGs/MPOs and the Arizona Department of Transportation (ADOT) are collaborating on a statewide Reconnaissance Study. This study will identify the immediate infrastructure needs and costs. In addition, the study will provide a statewide modeling tool to assist policymakers in evaluating potential future investment. The study will also evaluate the high growth areas of the state and provide a methodology for developing future framework studies. We estimate that the state will require approximately 10 framework studies at a cost of approximately $400,000 to $500,000 each. By using a common methodology for these studies, we can compile the results to assist ADOT and the Legislature in identifying the 2050 transportation growth needs for Arizona. Your support of the Reconnaissance Study and funding of the framework studies would be greatly appreciated. We believe this information would be extremely helpful to your Growth Cabinet.

- Establishment of Arizona Growth Office. On a larger planning scale, we would like to thank you for establishing through Executive Order 2006-04, the Arizona Data Estimates and Projections Task Force. A key recommendation of the Task Force is to create an independent State Demographer's Office to increase the professional capacity and capability for the State to improve the population estimates and projection work in Arizona. We would encourage you to create an Arizona Growth Office to house the state demographer. We would also encourage that this office be given responsibility to coordinate growth issues from the various state agencies and to report directly to you. We believe this would greatly increase coordination on growth issues and would serve as a key agency to conduct research on growth issues.

- State Land. In our 2050 growth projections for Arizona, approximately one-third of the land in Arizona is available for development. Of the remaining land to be developed, a significant portion is under the jurisdiction of the State Land Department. If this land is not ready to be sold, the development community skips over this land, resulting in leapfrog development. We would encourage that adequate resources be provided to the State Land Department to plan for growth in these emerging areas in an orderly fashion. We believe that good planning in concert with regional planning organizations will result in higher value for the state lands.

- Public/Private Partnerships. With Arizona's population expected to double in the next 20 to 30 years, and transportation revenue not keeping pace with development, we urge you to explore and support establishing an Office for Public/Private partnerships that would be responsive to new ideas, with the private sector to build those portions of the infrastructure in Arizona that are appropriate for private sector investment.

For your information we have attached a listing of the elected officials from the planning agencies that have been participating in our process. Thank you for creating the Growth Cabinet and requesting information from our Association. We are looking forward to working with you in the future.

If you have any questions, please contact me at (623) 882-7776, or Dennis Smith at the MAG Office at (602) 254-6308.

Sincerely,

James M Cavanaugh

James M. Cavanaugh, Mayor of Goodyear
Chair, Arizona COG/MPO Association

Attachment

cc: Arizona COG/MPO Association
Shannon Scutari, Governor's Office
Victor Mendez, ADOT

Participants of the Arizona COG/MPO Association

MAG
Mayor James M. Cavanaugh, City of Goodyear, MAG Regional Council Chair
Mayor Mary Manross, City of Scottsdale, MAG Regional Council Vice Chair
Dennis Smith, Executive Director, MAG

PAG
Mayor Robert Walkup, City of Tucson, PAG Regional Council Chair
Gary Hayes, Executive Director, PAG

NACOG
Supervisor Tom White Jr., Apache County, NACOG Chair
Vice Mayor Jacki Baker, Camp Verde, NACOG Vice Chair
Ken Sweet, Executive Director, NACOG

CAAG
Mayor Michael Hing, Town of Superior, CAAG Regional Council Chair
Supervisor Lionel Ruiz, Pinal County, CAAG Regional Council Member/
Rural Transportation Advocacy Council (RTAC) Representative
Maxine Leather, Executive Director, CAAG

WACOG

Tom Tyree, Yuma County, WACOG Executive Board Chair
Dave French, City of Kingman, WACOG Executive Board Vice Chair
Brian Babiars, Executive Director, WACOG

SEAGO
Mayor Ron Green, City of Safford, Chair
Mayor George Scott, City of Benson, Vice Chair
Richard Gaar, Executive Director, SEAGO

CYMPO
Mayor Karen Fann, Chair, Town of Chino Valley
Jodi Rooney, Executive Director, CYMPO

FMPO
Deb Hill, FMPO Chair, District 4 Supervisor, Coconino County Board of Supervisors
David Wessel, Manager, FMPO

YMPO
Casey Prochaska, Supervisor, Yuma County, Chair
Dolores Concha, Vice-Mayor, City of San Luis, Vice Chair
Mack Luckie, Executive Director, YMPO