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August 6, 2007

TO: Members of the MAG Regional Council Executive Committee

FROM: Mayor James M. Cavanaugh, City of Goodyear, Chair

SUBJECT: MEETING NOTIFICATION AND TRANSMITTAL OF TENTATIVE AGENDA
FOR THE MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE

Monday, August 13, 2007 - 12:00 noon
MAG Office, Suite 200 - Cholla Room
302 North 1st Avenue, Phoenix

A meeting of the MAG Regional Council Executive Committee has been scheduled for the time and place noted above. Members of the Committee 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 Jason Stephens 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 or Dennis Smith, MAG Executive Director, at (602) 254-6300.

A Voluntary Association of Local Governments in Maricopa County

City of Apache Junction ^ City of Avondale ^ Town of Buckeye ^ Town of Carefree ^ Town of Cave Creek ^ City of Chandler ^ City of El Mirage ^ Fort McDowell Yavapai Nation ^ Town of Fountain Hills ^ Town of Gila Bend ^ Gila River Indian Community ^ Town of Gilbert ^ City of Glendale ^ City of Goodyear ^ Town of Guadalupe ^ City of Litchfield Park ^ Maricopa County ^ City of Mesa ^ Town of Paradise Valley ^ City of Peoria ^ City of Phoenix ^ Town of Queen Creek ^ Salt River Pima-Maricopa Indian Community ^ City of Scottsdale ^ City of Surprise ^ City of Tempe ^ City of Tolleson ^ Town of Wickenburg ^ Town of Youngtown ^ Arizona Department of Transportation

TENTATIVE AGENDA

1. Call to Order

The meeting of the Executive Committee 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 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 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.

3. 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 (*).

COMMITTEE ACTION REQUESTED

2. Information and discussion.

3. Approval of the Executive Committee Consent Agenda.

ITEMS PROPOSED FOR CONSENT*

*3A. Approval of the July 9, 2007 Executive Committee Meeting Minutes

3A. Review and approve the July 9, 2007 Executive Committee meeting minutes.

*3B. River of Trade Corridor Coalition Update

On May 14, 2007, the Executive Committee approved joining the River of Trade Corridor Coalition for a one year trial period. The ROTCC has since requested that the MAG region host a national quarterly meeting of the ROTCC. Two potential times have been provided for MAG to host the meeting. The first tentative date for this meeting is November 29-

3B. Information and discussion.

30, 2007. The meeting begins with registration at noon on November 29th with a plenary session that afternoon, followed by a dinner that evening. On Friday, November 30th, a breakfast and lunch are scheduled with a tour of the transportation assets in the MAG region. The second potential date is late February or early March 2008. Approximately 50-60 members of the ROTCC are expected along with those attending from the MAG region. MAG is responsible for securing the sponsors and hosting the event.

ITEMS TO BE HEARD

4. Statewide Transportation Acceleration Needs (STAN) II Account

As part of the FY 2008 state budget, the legislature transferred \$62 million from the State Highway Fund to the State Transportation Acceleration Needs (STAN) account. The legislature in HB 2793 established a subaccount for the reimbursement of interest expenses incurred by or on behalf of a local jurisdiction for the acceleration of transportation projects. HB 2793 allocated \$10 million from the \$62 million STAN II appropriation for this purpose. State law requires that the regional planning agency establish a process for the review and approval of reimbursement of interest costs from the STAN account. State law also requires that for a project to be eligible for reimbursement of the interest cost. An agreement needs to be in place with at least one other city or county, the Arizona Department of Transportation (ADOT) and the regional planning agency. On March 20, 2000, the Regional Council adopted a Highway Acceleration Policy. Several MAG member agencies have since accelerated projects using the policy. HB 2793 has now clarified that the interest cost incurred by the cities can be reimbursed by the funding provided in the STAN II legislation.

On July 26, 2007, a request was sent to the MAG member agencies that eligible projects for interest reimbursement be sent to MAG for consideration. To date, MAG has been notified that the I-10 widening project, approved by the Regional Council on April 26, 2006, is interested in receiving reimbursement of its interest costs for that project. The Arizona Department of Transportation had previously scheduled this

4. Information and discussion.

project to go out to bid, with construction commencing in early fall of this year (2007). To receive the interest reimbursement requires MAG to be part of the agreement with the agencies requesting reimbursement. Projects that are received by MAG will be forwarded to the Management Committee. A report from the Management Committee will be provided to the Executive Committee. Please refer to the enclosed material.

5. Update on the Regional Office Center

At the July 9, 2007 Executive Committee meeting, staff was authorized to (1) Secure an appraisal on the McKinley and 1st Avenue site; (2) Sign a letter of intent with the land owner; (3) Execute a memorandum of agreement with the Regional Public Transportation Authority and Valley Metro Rail regarding their financial participation in the Regional Office Center and (4) Request authorization for the Executive Committee to cancel the transaction in the event that any contingency set forth in the letter of intent is not met. On July 25, 2007, these actions were approved by the Regional Council. Since the July Executive Committee meeting, the appraisal is underway, the Request for Qualifications for the construction of the building following Title 34 procurement has been advertised and a Request for Proposals for underwriter services has been advertised. A report on the schedule of these activities will be provided.

6. Adjournment

5. For information and discussion.

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE

July 9, 2007

MAG Offices, Cholla Room
302 N. 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor James M. Cavanaugh, Goodyear, Chair
Mayor Mary Manross, Scottsdale, Vice Chair
Councilmember Peggy Neely, Treasurer
Mayor Steven M. Berman, Gilbert

Mayor Keno Hawker, Mesa
Mayor Thomas L. Schoaf, Litchfield Park
Mayor Marie Lopez Rogers, Avondale

* Not present

Participated by video or telephone conference call

1. Call to Order

The Executive Committee meeting was called to order by Chair James M. Cavanaugh at 12:05 p.m. Chair Cavanaugh stated that Mayor Shafer participated in the meeting by telephone. 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. Chair Cavanaugh noted materials at each place: the legislative report for agenda item # 5.

2. Call to the Audience

Chair Cavanaugh noted that according to the MAG 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. He noted that no public comment cards had been received.

3. Approval of Executive Committee Consent Agenda

Chair Cavanaugh stated that public comment is provided for 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 items #3A, #3B, #3C, # 3D, and #3E, were on the consent agenda. He noted that no public comment

cards had been received. Chair Cavanaugh asked members if they had any questions or any requests to hear an item individually. None were noted.

3A. Approval of the June 11, 2007 Executive Committee Meeting Minutes

The Regional Council Executive Committee, by consent, approved the June 11, 2007 Executive Committee meeting minutes.

3B. River of Trade Corridor Coalition Update

On Thursday, June 14, 2007 and Friday June 15, 2007 the River of Trade Corridor Coalition (ROTCC) held its quarterly meeting in Windsor, Ontario, Canada. MAG staff joined representatives from eight of the nine states along the freight corridor at the meeting. On Thursday, June 14, 2007 and Friday June 15, 2007 the River of Trade Corridor Coalition (ROTCC) held its quarterly meeting in Windsor, Ontario, Canada. MAG staff joined representatives from eight of the nine states along the freight corridor at the meeting. Attached is a memorandum providing a brief overview of the International Quarterly Meeting. This agenda item was for information and discussion only.

3C. Amendment of the FY 2008 MAG Unified Planning Work Program and Annual Budget to Combine the Following Approved Projects: Update of Congestion Management Process with the MAG Performance Measurement Framework Study

The Regional Council Executive Committee, by consent, approved to amend the FY 2008 MAG Unified Planning Work Program and Annual Budget to combine the Update of Congestion Management Process (CMP) project with the MAG Performance Measurement Framework Study. In May 2006, the MAG Regional Council approved the FY 2007 MAG Unified Planning Work Program and Annual Budget (UPWP). The Update of Congestion Management Process (CMP) project was included in the approved Budget, authorizing an expenditure of \$400,000. The approved FY 2008 MAG UPWP and Annual Budget includes the MAG Performance Measurement Framework Study at an amount of \$150,000. The proposed combined project will comply with the requirements of the final SAFETEA-LU ruling, effective March 16, 2007, which establishes a metropolitan-wide, integrated strategy for evaluating the performance of transportation projects as they relate to congestion mitigation. Findings from this project will be reflected in the MAG RTP and the TIP.

3D. Amendment to the FY 2008 MAG Unified Planning Work Program and Annual Budget to Reduce the Funding from the Arizona Department of Economic Security

The Regional Council Executive Committee, by consent, approved to amend the FY 2008 MAG Unified Planning Work Program and Annual Budget to reflect the \$10,000 reduction in funding from the Arizona Department of Economic Security. In June, 2007, MAG was notified by the Arizona Department of Economic Security (DES) that the homeless planning

contract would be reduced from \$20,000 to \$10,000. Staff is requesting an amendment to the FY 2008 MAG Unified Planning Work Program and Annual Budget to reflect this reduction in funds. The reduction is the pass-through funding for Community Information and Referral, a private non-profit agency. The funds support the Homeless Management Information System. DES will contract directly with Community Information and Referral. This new arrangement does not reduce the labor funding used by MAG.

3E. Amendment to the FY 2008 MAG Unified Planning Work Program and Annual Budget for MAG Air Quality Technical Consultant Assistance

The Regional Council Executive Committee by consent, approved to amend the FY 2008 MAG Unified Planning Work Program and Annual Budget to include an associate contract for air quality technical assistance services not to exceed \$130,000. During FY 2007, MAG contracted with a MAG associate with highly specialized air quality modeling expertise and extensive experience with the MAG air quality models. The workload was intense due to the complex air quality modeling and plan development needs for the MAG Eight-Hour Ozone Plan and technical information requests from the Arizona Legislature and other stakeholders. For the upcoming year (FY 2008), this intense workload is expected to continue with the MAG Five Percent Plan for PM-10, new PM-10 planning activities approved by the Regional Council on May 23, 2007, and other air quality modeling analyses. Staff is requesting an amendment to the FY 2008 MAG Unified Planning Work Program and Annual Budget to include an associate contract for specialized air quality technical assistance services for an amount not to exceed \$130,000.

4. Update on the Regional Office Center

Dennis Smith, MAG Executive Director, stated that the last Regional Council Executive Committee indicated at their last meeting the importance of timing and getting commitments from all regional agencies. He stated that MAG met with the attorneys from the partnering agencies and with the land owner David Kaye. He noted that Marlene Pontrelli lead the discussion and negotiations with the partnering agencies and the land owner. Fredda Bisman, MAG General Counsel, stated that it was her recommendation to discuss the findings of those meetings during an executive session.

The Executive Committee voted to recess the meeting and go into executive session to obtain legal advice and to consider and possibly instruct the MAG staff regarding the acquisition of property. The authority for such an executive session is A.R.S. § 38-431.03(A)(3) and (7).

The Regional Council Executive Committee reconvened regular session.

The Executive Committee authorized MAG to secure an appraisal on the McKinley and 1st Avenue site; to sign a letter of intent with the land owner; to execute a memorandum of agreement with the Regional Public Transportation Authority (RPTA) and Valley Metro Rail

(VMR) regarding their financial participation in the Regional Office Center; and to give the Executive Committee authority to cancel the transaction in the event that any contingency set forth in the letter of intent is not met.

5. Legislative Update

Matthew Clark, Senior Policy Planner, presented the highlights from the General Budget and Air Quality bills that were signed into law by the governor on June 25, 2007. Mr. Clark reviewed the provisions of the budget bill, House Bill (HB) 2781, which includes \$62 million for the Statewide Transportation Acceleration Needs (STAN) account and funding for the Arizona Department of Transportation and for the Maricopa County Travel Reduction Plan.

Mr. Clark stated that HB 2793 extends the allowable repayment period for State Highway Fund bonds from 20 to 30 years. It also includes provisions on railroad right-of-way, authorizes ADOT to use \$10 million from the Highway Expansion and Extension Program Fund (HELP), and establishes two subaccounts: 1) Establishes the Roads of Regional Significance Congestion Mitigation subaccount for high-growth areas, and appropriates \$10 million to its use. 2) Establishes a Transportation Acceleration Needs subaccount and appropriates \$10 million from the STAN account into the subaccount, which may be used to reimburse interest costs from STAN for the acceleration of certain transportation projects. Mr. Clark noted that funding for the statewide framework studies was not included in the legislation, but ADOT has made assurances that they will be funded through the ADOT process.

Mr. Clark noted that the creation of a Blue Ribbon Transportation Committee was included in Senate Bill (SB) 1640. Among the committee's responsibilities are the review reports relating to the state's transportation framework and make recommendations on legislation issues to be addressed in the next legislative session.

Mr. Clark stated that the air quality bill, SB 1552, has been signed by the Governor. Mr. Clark stated that many of the measures approved by the MAG Regional Council were included in the bill. He then reviewed the provisions on unpaved roads, parking areas, vacant lots, leaf blowers, street sweepers, off-highway vehicles, agricultural best management practices, and dust control training.

Chair Cavanaugh asked for the definition of Area A. Mr. Smith noted that Area A is the area outside of the nonattainment area and is more of a buffer to this area.

Eric Anderson, Transportation Director, stated that as part of the state budget HB 2781 set aside \$62,000,000 to the STAN account we refer to this as STAN two. The legislature put aside \$10,000,000 for the purpose of interest reimbursement for projects that have been accelerated for transportation by local jurisdiction they also put aside \$10,000,000 for high growth cities, towns, and counties with Roads of Regional Significance Congestion

Mitigation Account. The legislation sets forth different processes for the two accounts, MAG will be required to set up the different process. To process request for interest reimbursement projects that are eligible have to be in the State Highway System the agreement has to be between multiple local jurisdictions that could be two or more cities, towns and can also be county. He noted that it also requires that the planning agency in this instance MAG be a part of that agreement along with the Arizona Department of Transportation. That provision is different to what MAG had done in the past. Mr. Anderson stated that MAG typically approves the conceptual framework for the acceleration of a project, the legal agreement between ADOT and the sponsoring jurisdictions is simply with those two parties. Now the statute will require the planning organizations to be a part of that agreement. We are currently working with ADOT to understand the details of the provisions. Mr. Anderson noted that one complications of the \$62,000,000 is under the previous allocation of money 60 percent will come to the MAG region. At the moment MAG and ADOT are still defining where the 60 percent will apply. If it applies to the \$62,000,000 as a whole less the two \$10,000,000 allocations then you take 60 percent from the \$42,000,000 and then apply the 60 percent or some combination. There have been several interpretations of the statue. The congestion mitigation will only require that the project be in the regional planning agency TIP. The interest reimbursement require that the planning agency make a recommendation to the State Transportation Board. The State Transportation Board will either approve or disapprove the request. The other \$10,000,000 account MAG does not have to make a recommendation to the State Transportation Board its simply a matter of the project being in the TIP.

Chair Cavanaugh asked Mr. Anderson if he could list the cities that are eligible for this pot of money.

Mr. Anderson responded that eligible cities' agreements have to be after January 1, 2007 and it has to be in the state highway project. The second condition is still being researched. Under that definition the I-10 widening in the western part of the MAG region will be the only project that might meet the requirements at this time. The Congestion Mitigation Account requires that the cities, towns, and counties growth rate over the prior five years has to exceed 50 percent. The difficulty is that some cities in Arizona were not incorporated five years ago so we do not know whether to include them or not. This will effect the community and the averages that the 50 percent is charging. For example the City of Maricopa was not incorporated five years ago so if we include them in the average calculation the average will be hirer. These are issues that are being looked at by both MAG and ADOT. The legislation did not specify which years we should go with 2002-2007 or 2001-2006 those are some of the details ADOT is currently working on. Clarification is still needed on these issues.

Mayor Manross, asked if the population growth includes a city or municipality that may reside next to an Indian Community.

Mr. Anderson responded that it was not included in the statutory language, at least how its defined at this moment.

Mayor Manross also stated that the City of Scottsdale has not grown like other cities and towns, but the Salt River Pima Indian Community development impacts to the City of Scottsdale. This house bill did not recognized this.

Mr. Anderson stated that Mayor Manross was correct and that there are no provisions to actually include Indian Communities. MAG did an analysis on the best interpretation of the language. There are a number of communities in the MAG region that would qualify, that would depend on how the data was defined. A number of cities in the east and west valley also meet all the criteria, although the way the growth rate is worded there could be more communities that would be included.

Mayor Hawker stated that he would have hoped the STAN money would have just gone to the STAN account rather than it be earmarked. He indicated that if there is going to be interest reimbursement he hopes the reinbursements go back to the first cities that started those programs. The City of Mesa did the Red Mountain Freeway and Superstition he would like his city to be reimbursed. The west valley he believed was done in the spring or summer of 2006. Mayor Hawker asked how the west valley would qualify for reimbursement in January 2007. He recalled there being publicity with cities coming together to accelerate projects and how those dates will qualify the west valley for reimbursement.

Mr. Anderson stated that MAG processes a proposal for a project to be accelerated. For example, in April of 2006, a proposal went through the MAG process, but no legal document is signed. That would commit all entities to move forward. The first agreement, which is the design of the project are done between ADOT and local jurisdictions. Intergovernmental agreement have not signed the construction phase of the project to be drafted. The language and legislation does contemplate those types of agreements signed post January 1, 2007 as opposed to Regional Council actions to actually approve the acceleration.

Mayor Hawker stated that this conflicts with what the Regional Council has to approve. If Regional Council approves before January he does not understand how the process fits in the design, the intent of construction will follow right after.

Mr. Anderson responded that the local jurisdiction did a Help Loan with ADOT to fund the design with a cost of about \$10,000,000. That part of the agreement was signed through a joint intergovernmental agreement, but construction phase of the project was not moved forward. Once again the way the statue is written now contemplates that agreement, and if Regional Council has taken action it will go back for action.

Mayor Hawker stated that this process will cause many problems for special legislation for example the City of Mesa would like to be reimbursed for the acceleration of the Red

Mountain Freeway. If that project gets reimbursed for acceleration or any other project he believes it will be too big to handle. He stated he would like special legislation to be written so cities are not competing for this money.

Mr. Smith reminded the Regional Council Executive Committee that the STAN Account was not new money and the reality of this is the money is there and will be allocated into two pots. He asked if we ignore the legislation intent to use the money knowing other cities will be interested. While at the same time we are going to be working on a reconnaissance report to look for more money statewide in January. MAG is working with the state to bring a report to the legislature stating the state wide needs. The legislature knew cities took on projects and did this bill. He also added that \$42,000,000 for freeway construction is not a lot of money.

Mayor Hawker stated that he believed Mr. Smith was missing his point if other cities are going to do special legislation so will the City of Mesa and it will not stop next year. The City of Mesa will try to get reimbursed for the Red Mountain and so will other cities and they will use the precedence. The State money will be something different because everyone at that time will be wanting their own share.

Chair Cavanaugh stated we can not stop this bill, it is written in law. One pot is for interest reimbursement and if it is not used, it will not be used for any transportation use.

Mr. Anderson stated that Chair Cavanaugh was correct under the existing statute.

Mayor Berman asked if other cities are willing to give up \$10,000,000.

Mayor Hawker stated we should put that money back and have it go through the normal process. Projects will continue and bills will be passed year after year and each city is going to want their share of money because they will not trust the MAG process.

Mayor Manross asked if we were suggesting that plans not go through the legislature process.

Mr. Smith stated we have already gone through the MAG process for accelerating projects and the I-10 and was included in the TIP. The legislature knows that will allow the interest per cost be paid by the city.

Mayor Hawker stated that Mr. Smith was referring to 2007. That will mean that cities will not get reimbursed until next year, when they go into special legislation to earmark their money for reimbursement.

Mr. Smith asked if the Regional Council Executive Committee wants MAG to add up all the projects eligible for reimbursement and have them paid at the same time from this bill. That

would mean receiving the money as MAG. This also might be taken to the League Conference. He also asked if the committee would like to take action on this.

Mayor Hawker stated that those communities that accelerated projects knew they were doing something positive in the community, but they are not going to plan, and not be reimbursed. The City of Mesa will be the first in line to get \$18,000,000 for reimbursement, but unfortunately it is not a level playing field.

Councilmember Neely asked if MAG took part in the legislation and how this worked.

Mr. Smith stated that they were looking for new money to come from the legislature.

Chair Cavanaugh asked if we opposed or endorsed this bill.

Mayor Shoaf stated that the legislation was specific in terms of what should and should not be covered. He stated that we can look at it and call it an interest reimbursement. It really is not a reimbursement, because the cities incurred those cost for construction of projects.

Mayor Lopez-Rogers stated she does not believe it was an east or west valley issue. She thinks some legislators did not go through with their promises, and now we have this bill, and we have to decide if we should move forward.

Chair Cavanaugh stated that he believed this might fracture MAG, but stated that we do not want to fracture our relationship with the legislature. Do we accept this money, or refuse it? Refusing it is not the way to go he stated that we should interpret what has been done.

Mayor Manross asked what the next step would be, and who will be interpreting the bill.

Mr. Anderson responded by stating that MAG plans to revise agendas for Management, Transportation Policy Committee and Regional Council. This plan will be addressed in September to accommodate and entertain any potential projects in September. MAG also knows that the West Valley is anxious for their share, and the I-10 is due shortly.

Mayor Lopez-Rogers stated that the representatives will take action STET if we do not use it. They will probably ask why give the cities more money. She believes that next year we only go after new money and not old money.

Mr. Smith added that part of the schedule is meeting with attorneys to draft the legal agreement in August. This has to be in place in order for the legislation to go into effect. He stated that MAG will get the facts before we get the legislation, and people will understand it when we bring it to them.

Chair Cavanaugh stated that we will hear about this again at the Transportation Policy Committee.

Mr. Smith added that the holes should be filled in by then.

6. Adjournment

Mr. Smith stated to the committee that two staff members will be leaving MAG. Denise McClafferty and Matthew Clark. Denise has been the principal staff member of this committee and that she will be going back to her home town. She has been a great addition to MAG and we will all miss her. Matthew Clark will be the new Intergovernmental Representative for the City of Mesa. He will be representing Mesa in their affairs, and we will still see him at MAG. With that being said, we will be seeing new faces at MAG next month.

There being no further business, the Executive Committee adjourned at 2:30 p.m.

MARICOPA ASSOCIATION OF GOVERNMENTS

INFORMATION SUMMARY... for your review

DATE:

August 7, 2007

SUBJECT:

Statewide Transportation Acceleration Needs (STAN) II Account

SUMMARY:

As part of the FY 2008 state budget, the legislature transferred \$62 million from the State Highway Fund to the State Transportation Acceleration Needs (STAN) account. The legislature also established in HB 2793, a subaccount for the reimbursement of interest expenses incurred by or on behalf of a local jurisdiction for the acceleration of transportation projects. For this subaccount \$10 million was allocated from the \$62 million STAN appropriation. State law requires that the regional planning agency establish a process for the review and approval of reimbursement of interest costs from the STAN account. State law also requires that for a project to be eligible for reimbursement of the interest cost, an agreement needs to be in place with at least one other city or county, the Arizona Department of Transportation (ADOT) and the regional planning agency.

On March 20, 2000, the Regional Council adopted a Highway Acceleration Policy. Several MAG member agencies have since accelerated projects using the policy. Under the policy, approximately half of the interest expense incurred for accelerating a project was incurred by the member agency requesting the acceleration, with the other half incurred by the Regional Freeway Program. In 2006, when the original STAN legislation was passed, it was determined that interest reimbursement was not eligible for reimbursement. The provisions of HB 2793 now clarify that interest reimbursement is eligible for reimbursement.

To date, MAG has been notified by the cities who sponsored the I-10 widening project, approved by the Regional Council on April 26, 2006, that they are interested in receiving reimbursement of their interest costs. The Arizona Department of Transportation has scheduled this project to go out to bid, with construction commencing in early fall of this year (2007). To receive the interest reimbursement requires MAG to be part of the agreement with the agencies requesting reimbursement.

At the July Regional Council meeting, staff was requested to inform the MAG member agencies of the interest reimbursement item and provide the member agencies an opportunity for their projects to be considered for reimbursement funding if their project qualifies for the reimbursement of interest. On July 26, 2007, a memorandum was sent to the MAG member agencies to determine if other agencies have projects that are eligible for the interest reimbursement and desire to have their project considered. These projects, if received, will be forwarded to the Management Committee. This item is on the August 8, 2007 Management Committee agenda. A report from the Management Committee will be provided to the Executive Committee.

PUBLIC INPUT:

None received on the issue of interest reimbursement for the I-10 west acceleration project.

PROS & CONS:

PROS: The reimbursement of the local interest cost for the acceleration of transportation projects was approved by the Arizona State Legislature and the Governor as part of the 2007 session.

CONS: The reimbursement of the local share of interest expense for the acceleration of transportation projects is not in accord with the adopted MAG Highway Acceleration Policy.

TECHNICAL & POLICY IMPLICATIONS:

TECHNICAL: None.

POLICY: The reimbursement of the local share of interest expense from the STAN account for the acceleration of transportation projects is addressed in the adopted MAG Highway Acceleration Policy. Three cities in the MAG region have accelerated eight highway projects and have been responsible for a share of the interest expense. HB 2793, passed by the legislature and signed by the Governor this year, provides for STAN funds to be used to reimburse local jurisdictions for the interest expenses related to the acceleration of transportation projects.

ACTION NEEDED:

Information, discussion and possible recommendation to approve a project(s) for reimbursement of interest expense up to \$10 million, and to authorize the MAG Executive Director to enter into an agreement with ADOT and the participating cities for the project to be eligible for reimbursement.

PRIOR COMMITTEE ACTIONS:

A report will be provided from the August 8, 2007 Management Committee meeting.

CONTACT PERSON:

Eric Anderson, MAG Transportation Director, (602) 254-6300.