

January 20, 2009

TO: Members of the Transportation Policy Committee

FROM: Mayor Steve Berman, Gilbert, Chair

SUBJECT: REVISED - NOTIFICATION OF MEETING AND TRANSMITTAL OF TENTATIVE AGENDA

Meeting - 12:00 noon  
Friday, January 23, 2009  
MAG Office, Suite 200 - Saguaro Room  
302 N. First Avenue, Phoenix

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

For those attending in person, please park in the garage under the building. Bring your ticket to the meeting, parking will be validated. For those using transit, the Regional Public Transportation Authority will provide transit tickets for your trip. For those using bicycles, please lock your bicycle in the bike rack in the garage.

Pursuant to Title II of the Americans with Disabilities Act (ADA), MAG does not discriminate on the basis of disability in admission to or participation in its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Valerie Day at the MAG office. Requests should be made as early as possible to allow time to arrange the accommodation.

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

c: MAG Regional Council  
MAG Management Committee

**TRANSPORTATION POLICY COMMITTEE  
TENTATIVE AGENDA  
January 23, 2009**

		<u>COMMITTEE ACTION REQUESTED</u>
1.	<u>Call to Order</u>	
2.	<u>Pledge of Allegiance</u>	
3.	<u>Call to the Audience</u>  An opportunity will be provided to members of the public to address the Transportation Policy Committee on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Citizens will be requested not to exceed a three minute time period for their comments. A total of 15 minutes will be provided for the Call to the Audience agenda item, unless the Transportation Policy Committee requests an exception to this limit. Please note that those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.	3. Information.
4.	<u>Approval of Consent Agenda</u>  Prior to action on the consent agenda, members of the audience will be provided an opportunity to comment on consent items that are being presented for action. Following the comment period, Committee members may request that an item be removed from the consent agenda. Consent items are marked with an asterisk (*).	4. Recommend approval of the Consent Agenda.

**ITEMS PROPOSED FOR CONSENT\***

*4A.	<u>Approval of the November 19, 2008, Meeting Minutes</u>	4A. Review and approval of the November 19, 2008, meeting minutes.
*4B.	<u>Project Changes – Amendments, and Administrative Modifications to the FY 2008-2012 MAG Transportation Improvement Program, FY 2009 Arterial Life Cycle Program, and Material Cost Changes to the ADOT Program</u>	4B. Recommend approval of amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, the FY 2009 Arterial Life Cycle Program, as appropriate, to the Regional Transportation Plan 2007 Update, and material cost changes to the ADOT Program as shown in the attached tables.

The FY 2008-2012 Transportation Improvement Program (TIP) was approved by the MAG Regional Council on July 25, 2007, and the FY 2009 Arterial Life Cycle Program (ALCP) was approved by the MAG Regional Council on June 25, 2008. Since that time, there have been requests from member agencies to modify projects in the programs. The proposed amendments and administrative modifications to the FY 2008-2012 TIP and the FY 2009 ALCP are listed in the enclosed tables. An administrative modification does not require a conformity determination. In addition, Table A notes the material cost changes related to cost increases to the ADOT Program. The Pedestrian Working Group, the Regional Bicycle Task Force, the MAG ITS Committee, the Transportation Review Committee, and the MAG Regional Council have taken various actions on the projects listed in the tables. This item is on the January 14, 2009, Management Committee agenda. An update will be provided on action taken by the Committee. Please refer to the enclosed material.

**ITEMS PROPOSED TO BE HEARD**

5. Transportation Planning Update

Staff will present an update of the financial status of the MAG Freeway Program, introduce the peer review process that is currently underway to look at the planned freeway projects in the central area, and provide a summary of the specific corridors and project components that could be changed or delayed as updates to the Regional Transportation Plan, and revised schedule for the freeway program update process.

6. Status Report on the Performance Measurement Framework and Congestion Management Update Study

In April 2008, MAG initiated the Performance Measurement Framework and Congestion Management Update Study to develop a regional transportation measuring and monitoring framework in preparation for the State mandated 2010 performance audit as well as to update the Congestion Management Process in compliance

5. Information and discussion.

6. Information and discussion.

with recently adopted SAFETEA-LU federal requirements. MAG staff will provide a summary and update on the progress of this consultant study. Phase I, a review and assessment of best practices, was successfully completed in September 2008. A draft of this report is available on the MAG website. Phase II, the development of regional performance measures and reporting methodologies, is currently underway. A preliminary framework for regional multimodal performance measures will be presented as well as an assessment report and gap analysis of all MAG observed data sources. A Technical Advisory Group has been formed and is participating in the development of the Regional Performance Measurement Framework. Please refer to the enclosed material.

7. Proposal to Advance a Portion of the Williams Gateway Freeway

Mesa has requested consideration of a proposal to advance a portion of the planned Williams Gateway Freeway. The advanced project would build the ramp connections with the Santan Freeway and a connection to Ellsworth Road. When completed, the project would provide a better connection to the planned new entrance on the east side of the Phoenix - Mesa Gateway Airport. The attached summary shows the requested advancements for the design, right of way, and construction phases of the project. Mesa has proposed issuing Highway Project Advancement Notes (HPAN), which are secured by the city's excise tax, to fund the accelerated construction. Since Mesa would be issuing the debt, there is no impact on the freeway program's financing capacity. The interest expense on the debt would be divided equally between the Freeway Program and Mesa as stated in the MAG Highway Acceleration Policy adopted February 27, 2008. Mesa has requested that the \$20.4 million of Statewide Transportation Acceleration Needs (STAN) funding that was approved by the MAG Regional Council for right of way acquisition for the freeway be used to cover the interest expense on the financing. Mesa has proposed that 50 percent of the STAN funds would be used to offset the city's interest obligation and the

7. Recommend approval of the Mesa request to advance the design, right of way and construction of an interim connection of the Williams Gateway Freeway between the Santan Freeway and Ellsworth Road by approximately three years to be incorporated into the draft FY 2010 to FY 2014 MAG Transportation Improvement Program and the Regional Transportation Plan for a conformity analysis and that the STAN funds allocated to the Williams Gateway Freeway for right of way acquisition be used instead to pay for the interest expense associated with the proposed acceleration, recommend that the request for the change in the use of the STAN funds be forwarded to the State Transportation Board for consideration, and recommend authorizing the MAG Executive Director to enter into an agreement with ADOT and Mesa.

remaining 50 percent be used to offset the Program interest. According to the proposal, the net interest cost to Mesa would be \$9.611 million and the Program share would be the same at \$9.611 million. Mesa understands and agrees that if the schedule for the project is delayed due to higher program costs or lower program revenues, the reimbursement to Mesa would be delayed as other projects are also delayed. The Program share of the interest cost represents an additional cost to the Program, however, this additional cost would be offset by the accelerated construction of the project. This item is on the January 14, 2009, Management Committee agenda. An update will be provided on action taken by the Committee. Please refer to the enclosed material.

8. Legislative Update

Recently Congress has been considering a stimulus package to boost the national economy. To provide information for this effort, staff has provided funding amounts in transportation and other categories that may be possible to implement in a short period of time. Staff will provide an update on these Congressional efforts.

8. Information and discussion.

**MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
TRANSPORTATION POLICY COMMITTEE  
JOINT PEER REGIONS TRANSIT WORKSHOP  
WITH THE METRO BOARD OF DIRECTORS  
& RPTA BOARD OF DIRECTORS  
& MEETING**

November 19, 2008  
MAG Office, Saguaro Room  
Phoenix, Arizona

TPC MEMBERS ATTENDING

Mayor Steven Berman, Gilbert, Chair	Eneas Kane, DMB Associates
Mayor Marie Lopez Rogers, Avondale, Vice Chair	# Mark Killian, The Killian Companies/ Sunny Mesa, Inc.
Councilmember Ron Aames, Peoria	Mayor Mary Manross, Scottsdale
Kent Andrews, Salt River Pima-Maricopa Indian Community	David Martin, Citizens Transportation Oversight Committee
* Councilmember Maria Baier, Phoenix	Mayor Jackie Meck, Buckeye
Vice Mayor Gail Barney, Queen Creek	David Scholl
Stephen Beard, SR Beard & Associates	Mayor Elaine Scruggs, Glendale
Dave Berry, Swift Transportation	Mayor Scott Smith, Mesa
Jed S. Billings, FNF Construction	Mayor Lyn Truitt, Surprise
Mayor James Cavanaugh, Goodyear	* Supervisor Max W. Wilson, Maricopa County
Mayor Boyd Dunn, Chandler	* Felipe Zubia, State Transportation Board
# Mayor Hugh Hallman, Tempe	

OTHERS ATTENDING

Councilmember Frank Cavalier, Goodyear	Vice Mayor Shana Ellis, Tempe
Councilmember Les Presmyk, Gilbert	

\* Not present

# Participated by telephone conference call

1. Peer Regions Transit Workshop

The Peer Regions Transit Workshop of the Transportation Policy Committee (TPC), Valley Metro Rail (METRO) Board and the Regional Public Transportation Authority (RPTA) Board was called to order at 2:10 p.m. by Mayor Steven Berman, Chair of the TPC. Chair Berman thanked everyone for attending the workshop.

Eric Anderson, MAG Transportation Director, stated that a peer review provides an opportunity to learn how public transit systems in other regions deal with growth and issues relative to providing a quality transit service that can compete with automobiles. Mr. Anderson introduced the peer regions transit panel: Michael Allegra, Assistant General Manager and Chief Capital

Development Officer for the Utah Transit Authority (UTA); Paul Jablonski, Chief Executive Officer for the Metropolitan Transit System (MTS) in San Diego, CA; Jay Kline, Interim Vice President of Planning and Development for the Dallas Area Rapid Transit (DART); Bill Van Meter, Senior Manager of Systems Planning, Denver Regional Transit District (RTD); and Greg Walker, Policy and Planning Officer, Seattle Sound Transit. He added that the Metropolitan Atlanta Rapid Transit Authority (MARTA) also participated in the peer review, but a representative was unable to attend the workshop.

Mr. Allegra provided an overview of the UTA organization, which consists of six counties, 85 cities, two Metropolitan Planning Organizations, a 19-member Board of Trustees, 2,000 employees, and has an operating budget of \$180 million per year. He said that the UTA operates every mode except ferry boats. Mr. Allegra stated that the UTA's service area is 1,400 square miles, one of the largest in the United States.

Mr. Allegra provided their average daily ridership numbers: about 89,000 on bus, more than 50,000 on light rail, about 8,000 on commuter rail, and about 4,500 on bus rapid transit (BRT). Mr. Allegra advised that light rail ridership was double the number forecast and they had to purchase used rail cars to keep up with the demand. He added that commuter rail ridership exceeded the forecast by about 3,000. Mr. Allegra stated that all modes have the same operating hours so people can make seamless transfers.

Mr. Allegra noted that their fares are generally a flat fare, except commuter rail, which is based on distance. He stated that UTA will go to an electronic fare collection system by the end of the year, and said that riders will be able to use a transit card, credit card or debit card. Mr. Allegra stated that the data collected will help them develop fare policies and structures.

Mr. Allegra stated that they have 550 buses, 69 light rail vehicles with 77 on order, 35 commuter rail vehicles with 18 on order, and almost 600 vanpool vehicles.

Mr. Allegra stated that UTA is funded primarily by sales tax (about 66 percent), and noted that the tax rates are different among counties due to various referendums that have passed. In addition, about 20 percent of their funding is from federal funds, 11 percent from fare box collections, and about three percent from other sources, such as advertising revenue.

Mr. Allegra explained their regional transit structure. It has two MPOs, one joint policy advisory committee, the Utah Department of Transportation, and the UTA. He noted that the MPOs generally make the policy decisions and the transit authority and the department of transportation implements those policies. Mr. Allegra displayed a map of the Wasatch Front 2004-2030 long range transportation plan. He then explained that the UTA Board consists of 19 members, about half are elected officials and about half are business community representatives. Mr. Allegra mentioned that until about three years ago, no elected officials sat on the UTA Board. He stated that board members are appointed by the commissioners of those counties that passed a referendum. Mr. Allegra noted that this is the first year that the state has appointed representatives, and the Board now has House, Senate, governor, and highway department representatives.

Mr. Allegra stated that the UTA mission statement does not mention transportation. He noted that the vision for the UTA region is to provide that every resident along the Wasatch Front will be within one mile of a major transit stop by 2030, and said that this will put transit at a competitive edge with the automobile.

Mr. Allegra then reviewed UTA's significant accomplishments. He stated that UTA helped to bring together many of the issues toward making a cohesive transportation system for the 2002 Winter Olympic Games. He said that UTA owns more than 200 miles of right of way and allows the railroad to run on them; this ownership has provided UTA the ability to implement a rail program quicker than usual. Mr. Allegra stated that UTA implements innovative project management solutions, such as the best value bid process, instead of the low bid process. He noted that this has enabled four major capital programs to come in under budget and ahead of schedule. Mr. Allegra stated that UTA has been involved in 16 successful transit referendums and lost only one election in his 28 years on staff. He stated that in a little over a decade, they went from zero miles of rail to 150 miles of rail, and in 30 years, the area went from zero buses to more than 1,200 buses. Mr. Allegra stated that the mode split (people taking transit) is 67 percent of work trips, 35 percent of the University trips, and 25 percent to the downtown central business district. He noted that 50 percent to 60 percent of the employees of the region's major companies take transit to work.

Mr. Allegra then explained UTA's current expansion program, FrontLines 2015, which is a \$2.5 billion capital program that includes building 70 miles of rail in seven years. He indicated that all projects are under construction and FrontLines 2015 is treated as one project. Mr. Allegra stated that 400 people are involved in this endeavor and are co-located in the UTA building.

Mr. Allegra stated that the next hierarchy for the transit agency is to be involved in land use planning and development around their transit stations. He added that this has an appeal to both conservatives and environmentalists.

Mr. Allegra stated that the Envision Utah process is a public/private partnership of stakeholders who discuss the region's future. He said that they have spent hours looking at where people live and work and how they will get there. Mr. Allegra commented that through this work they have coalesced around a transportation plan now under development, and added that one of the keys is who is going to reside around transit stations. Mr. Allegra pointed out some statistics that resulted from the analysis from the Envision Utah process. He stated that there are 80,000 developable acres within one-half mile of a future transit station and commented that this is an opportunity to develop land in a way favorable to increasing transit use. Mr. Allegra stated that almost one-third of the regions population will be within one-half mile walking distance of a transit station.

Mr. Allegra displayed a map of UTA's future expansion program and said that they have a keen interest in moving toward a streetcar system, and noted that they have 150 miles of BRT yet to build and extensions of commuter rail. He reported that they have received enormous support from elected officials and the business community, who have been champions in leading the effort for investments in public transportation. Mr. Allegra stated that their referendum in 2006 was overwhelmingly supported with their endorsements. He stated that they are now building

this program; all contracts are in place, all vehicles have been bought and projects are under construction.

Greg Walker, Sound Transit in Seattle, Washington, provided an overview of transit in his region. Mr. Walker stated that Sound Transit operates many modes of public transit, including monorail, ferry boat, commuter rail, light rail, local bus, express bus, and trolley bus. He noted that the area has a large population condensed into a small geographic land area.

Mr. Walker stated that Sound Transit is responsible for coordinating regional transit fares, in addition to planning, building and operating the regional transit system. He said that they will be introducing smart card technology next year, which allows riders to use one card for all systems.

Mr. Walker stated that Sound Transit was established in 1996. It operates about 240 buses, and has three light rail vehicles for its existing three-mile system that will increase to 38 light rail vehicles for the 32 miles that are being added in 2009. Mr. Walker stated that they also operate on about 146 directional miles of commuter rail, which has been tremendously successful. He noted that they had a 38 percent increase in ridership in the first half of 2008.

Mr. Walker displayed a map of Sound Transit's system, which serves the urban areas of Snohomish, King, and Pierce counties. He commented that the area includes three major employment centers along a narrow corridor and that is why the region has been trying to invest in rail for a long time.

Mr. Walker stated that all local jurisdictions have a dedicated transit tax base. In addition, the voters passed the Sound Transit 2 Plan initiative on November 4, 2008, that authorizes a half percent increase in the sales tax. Mr. Walker stated that the Sound Transit 2 Plan is a 15-year plan that provides near-, mid-, and long-term improvements, such as a 25 percent increase to the bus fleet, a 65 percent increase in commuter rail capacity, and an additional 34 miles of light rail and two miles of street car. Mr. Walker stated that their improvements will connect across Lake Washington to Bellevue and will extend about halfway to Everett and about halfway to Tacoma.

Mr. Walker stated that their area feels the effects from the issue of subarea equity, in which revenues generated in a subarea must be expended to the benefit of those in the subarea. He noted that out of five subareas, four pay for bus service.

Mr. Walker stated that through the 15-year Sound Transit 2 Plan, transit ridership across the region is expected to increase by 65 percent and mode split from 25 percent to 50 percent, and they will be able to connect 80 percent of the regional population and 75 percent of regional employment with convenient access. He added that they expect to connect almost half of recognized urban centers.

Mr. Walker stated that sustainability is a big issue for them. He stated that they conducted a systemwide sustainability and greenhouse gas emission reduction study for the Sound Transit 2 Plan and found that with the plan they would be able to reduce 100,000 to 180,000 metric tons

per year of greenhouse gases. Mr. Walker noted that expanding the light rail system is equivalent to eliminating 700 rail cars of coal.

Mr. Walker reported that in 2007, Sound Transit's CEO signed an executive order establishing a detailed sustainability program and they are currently evaluating their goals. Mr. Walker stated that all construction projects, internal practices, and procurement processes, etc., will undergo a sustainability review.

Mr. Walker stated that the first vote for high capacity transit was in 1968. He said that the initiative was defeated and the funding went to Atlanta for the MARTA subway. Another vote in 1995 failed, but in 1996, they were successful and Sound Transit was created. Mr. Walker stated that in 2007, an initiative combined roads and transit and failed, but a transit-only initiative passed in 2008. He commented that he felt the biggest motivator for voters to pass the last couple elections is the fact that there is no other choice in a corridor where roadway expansion is constrained than to provide high capacity transit.

Paul Jablonski, San Diego Metropolitan Transit System (MTS), provided a summary of observations by the peer regions on transit in the MAG region and included the topics of regional transit funding and transit service levels in the Regional Transportation Plan, service adjustments due to light rail, and paratransit service and high occupancy vehicle (HOV) lanes. Mr. Jablonski stated that the consultant for the transit framework study conducted the background work, and requested the peer regions comment on certain issues. He noted the peer regions had not done a detailed analysis of MAG's plan for this review.

Mr. Jablonski stated that San Diego has had its trolley for 30 years, which was really the renaissance of modern light rail in the country. He indicated that the San Diego Trolley continues to be one of the most effective and efficient light rail systems in the country. Mr. Jablonski stated that the San Diego MTS carries about 300,000 people per day aboard its 700 bus fleet, about half of which are contracted to the private sector.

Mr. Jablonski stated that looking at the MAG transit system reminded him of San Diego MTS about five years prior, when he first came to the organization. He reported that MTS had five different operators and an entire separate contracted services division. Mr. Jablonski indicated that due to funding issues, they went through a detailed metamorphosis and changed 95 percent of the system. Mr. Jablonski stated that MTS went to a market-based approach and experienced a tremendous increase in ridership once those changes were made. He noted that their farebox recovery rate is one of the highest: 36 percent for bus and 60 percent for light rail, and added that farebox recovery for the route to Tijuana is about 80 percent to 85 percent.

Mr. Jablonski stated that he thought peer reviews are good because rarely does a region find that its problems are unique; they have been dealt with in other places and there are people who can lend their experience.

Mr. Jablonski stated that there was a lot of discussion on the issue of jurisdictional equity in regional transit funding and how jurisdictional needs and regional needs are balanced during the transit planning process. He indicated that it is extremely important to establish good

relationships among planning organizations at all levels of government: departments of transportation, metropolitan planning organizations (MPOs), councils of governments (COGs), cities and towns, and other providers, to help facilitate funding discussions. Mr. Jablonski expressed that he was pleased to see MAG co-located in the same building with other transit organizations, because this helps efficiency.

Mr. Jablonski stated that policy boards can affect funding priorities depending on how members are appointed or elected and who is represented. He said that it is important that members are interested in transit and support the appointments of those who support transit. Mr. Jablonski also noted the importance of including the business community as members because transit delivers people to jobs. He added that the business community has taken a renewed interest in transit due to the recent economic situation.

Mr. Jablonski stated that the peer review discussed that the regional policy prioritization of funding should be the role of the MPO or COG. He said that regional transit policy should be discussed collaboratively at the Regional Council level. Mr. Jablonski said that the peer review indicated that the development and funding of transit services and facilities should be based on regional needs. A common theme is working cooperatively and collaboratively, what works the most effectively and has the greatest impact on regional mobility.

Mr. Jablonski then addressed discussion points on transit service levels in the Regional Transportation Plan. Mr. Jablonski stated that the peer review consensus is to approach the concept of providing transit service on a market basis, rather than a geographic basis, to ensure taxes are being spent wisely and that systems are created that are used, and lends greater support to public transit. Mr. Jablonski commented that the last thing a region wants is put in service that is not matched to needs and is then unproductive. He noted that 50 percent of greenhouse gases originate at the street level and this makes transit a more viable transportation option.

Mr. Jablonski stated that effective planning of mode types and service levels can add to overall transit system efficiency. Mr. Jablonski stated that modes could include vanpool, point deviation, limited or rural service, etc. He said that planners need to look at what will be effective in their service area and transit will not work everywhere. Mr. Jablonski stated that park-and-ride lots work well in low density areas.

Mr. Jablonski stated that the peer review supported developing collaboratively a good set of service standards and policies as discussion proceeds on jurisdictional equity and a market-based approach. He said that when service adjustments are being considered, the process should include performance-based measures and annual reviews.

Mr. Jablonski stated that MAG does not have land use planning authority, which is the case in many regions, but there is a need to commit to strengthening the relationship of land use to transit ridership and to pursue local and regional policies that support transit. Mr. Jablonski stated that higher density supports higher transit usage and is the best environment in which to use transit dollars. He added that parking policies also need to be considered in an effective transit system and gave as an example PETCO Park in downtown San Diego. Mr. Jablonski reported that the first year it was open, 47 percent of the gate used transit; the second year, 5,000 parking spaces

were added and the percentage dropped to 16 percent to 18 percent. He cautioned about redundant investments in transportation where one investment diminishes the effectiveness of another investment.

Mr. Jablonski then addressed discussion points on adjustments that might need to be made after light rail opens. He said that one important concept to maintain transit ridership is the timing at meet points where light rail meets another mode. Mr. Jablonski commented that one of the worst things for a rider is to get off light rail and have to wait a long time to connect to a bus. Mr. Jablonski stated that the peer review positively viewed the concepts of reducing the duplication of service, feeding existing investments, and maintaining express service.

Mr. Jablonski stated that the peer review group was asked to look at paratransit service. He said that the peer review group suggests having centralized reservations as the preferred approach in regions with multiple organizations providing ADA paratransit service. Mr. Jablonski stated that having a centralized reservations system also gives the opportunity to assess the providers. He stated that there is a lot of local choice about the extent of paratransit services a jurisdiction provides and said that ADA requires only that it be comparable to fixed services. Mr. Jablonski stated that it should be balanced but not outweigh other system needs. He stated that systems that start with liberal paratransit service often end up not being able to sustain it and then they had to retreat.

Mr. Jablonski stated that the peer review group reviewed HOV lanes in the MAG region. They offered the concepts of converting HOV lanes to High Occupancy Toll (HOT) lanes to maintain speed with increased congestion; increasing carpool requirements from two people to three people; take excess toll revenue to support public transit; consider applying congestion-based pricing; and legal enforcement of HOV or HOT lanes. Mr. Jablonski noted that the fine in San Diego for HOV violations is about \$300.

Mr. Jablonski summarized the peer review group's findings: that good transit service based on the market trumps geographic coverage; transit service can be improved with land use decisions; and an overall feeling that the MAG region has a good system, but it is a collection of routes because there are so many operators. Mr. Jablonski added that better coordination of service and planning can yield better results. He said they thought there needs to be a consideration of a single institutional change in governance in transit operations in the Phoenix area.

Mayor Manross asked what Mr. Jablonski had in mind regarding governance. She added that MAG has discussed restructuring many times in the past. Mr. Jablonski replied that he had in mind one entity and one board on the operational basis. He commented that he was not suggesting a total merger of the MPO and operations and added that there is regional planning that needs to take place at a higher level. Mr. Jablonski said that when he came to San Diego, it had silos of service and they all maintained their service level and did what they had done for years and years. He reported that by having decisions focused in one area, they were able to make huge strides in productivity and ridership and in the effectiveness of the system. Mr. Jablonski added that it was very difficult to coordinate those services because each entity had its own board or its own city. The decision makers kept it at arm's length and it was generally coordinated at

the staff level. Mr. Jablonski stated that he felt there needs to be consolidation for real coordination.

Mr. Walker stated that in the Puget Sound area, it is important to have a regional perspective in decision making, otherwise you are tied down with who gets what, which makes it difficult to build a regional system. He mentioned that he noticed that the TPC includes broad representation.

Mr. Allegra stated that it is difficult for the members of the peer review group to make recommendations to MAG, they could only share their examples and MAG could apply what works best. He stated that Utah grew from a very small entity to a very large entity, and their success is based fundamentally on their relationship with the MPO and the highway department. Mr. Allegra commented that they have a fairly simple structure in Utah, and delivering transit service is easier when everyone knows their respective roles.

Mayor Manross asked how to be successful in getting municipalities to give up some autonomy in planning. She said that it seems like the biggest stumbling block is land use planning, which in the end, dictates what kind of transit is needed in different areas.

Mr. Jablonski replied that this is always an issue with regional bodies and it is only human nature for representatives to have some level of parochialism. He said there must be some emphasis to do good on a regional basis, and they have to give up some of the parochialism to do what is good for the region. Mr. Jablonski stated that his organization has ten cities and 15 board members. San Diego, the largest city, has four members on the board. Mr. Jablonski reported that they were faced with a \$15 million per year deficit and a group was assembled to discuss going to a market-based approach; it was not a staff decision. He stated that he felt that when presented correctly, in the end, people make the right decisions.

Mr. Kline reported that the Dallas region has three transit authorities. He said that they calculated that in year 2030, 60 percent of the region's residents will be outside the funding limits of a transit authority. Mr. Kline said that their members and other transit authorities are looking at the question of equity and making jurisdictions accountable for putting demand on the infrastructure.

Mr. Walker stated that the Puget Sound area has a high environmental consciousness and a lot of political diversification. He reported that the state instituted a growth management act and forced bodies to come together and deliver a unified vision. They felt if the area was going to continue the economic vitality of the past 15 years for the next 30 years, they were going to have to develop a better transportation system than they currently have.

Mayor Smith asked Mr. Jablonski the catalyst for bringing the multiple operators in the San Diego region, together under one entity.

Mr. Jablonski replied that it was a state legislative change made in 2003, which said that transit needed to be developed on a more regional scale and done in the context of local streets and highways. He added that it took light rail planning from Metropolitan Transit Board (MTB), and

project identification and development to the MPO. It also said that MTS would be responsible for operations in its jurisdiction, which is about three-quarters of the area. Mr. Jablonski noted that was the genesis of collapsing all boards into a single board and having a single management structure. Mr. Jablonski was asked if the legislative action applied statewide and he replied that the legislation applied only to San Diego. Mr. Jablonski explained that the legislation ended up substantially different from when it was first introduced, when it had the potential to make a mega-transportation agency that would have included ports, airports, transit, etc., but it fell apart on the transit side.

Mayor Smith asked whether the MTS structure has been accepted in the community. Mr. Jablonski replied that ridership is up and communication to the public has improved. He said that due to centralized customer service, he felt they are better able to gauge customer satisfaction. He added that he has not heard anyone say it was better the old way. Mr. Jablonski stated that the hardest transition was the cities that had their own transit systems. He explained that one system was very small and with a \$3 million operating budget it was not cost effective. Mr. Jablonski noted they saved \$1 million by bringing it in-house. Mr. Jablonski stated that they had separate contracts and separate organizational structures; seven systems were collapsed into four and that generated tremendous buying power in going out to bid. He added that it has been much more efficient to manage.

Mayor Smith asked if a community would be allowed to provide a higher level of service, and if so, do they pay extra? Mr. Jablonski replied that right now, they do not have any communities in that situation, but if a community wanted to provide additional service and was willing to pay for it, they would probably accommodate that.

Mr. Van Meter stated that his Denver Regional Transit District (RTD) has that situation. He explained that they have a tax to support the district, and the City of Boulder contracts with RTD and pays for additional service. Mr. Van Meter stated that there is a recognition by the RTD board members that transportation needs to cross boundaries and an effective transit system in the region will benefit everyone. Mayor Smith commented that when there is a focus on geographic equity, there is also a need to look at the geographic benefits.

Councilmember Aames asked how fares were handled across modes. Mr. Allegra replied that a transferrable system makes transit seamless across modes. He reported that they had to do a differential system with their new commuter rail system, but their transit tickets are applicable to the higher fares.

Mr. Walker reported that the fare level in Puget Sound is left to the discretion of each individual board. He noted that there is an effort to ease payment among modes with the introduction of the Smart Card and streamline the transfer policies among the agencies. Mr. Walker stated that they worked out an intergovernmental agreement with all operators in terms of the transfer policy. He advised that all fares may not change simultaneously, but the connections and transfers within the system remain constant.

Councilmember Aames asked Mr. Jablonski if he could provide an example of a non-market versus a market-driven situation. Mr. Jablonski replied that they focused on developing a service-

based public transit system with regionwide equity. He commented that transit does not work well in communities with low density but they are still part of the funding area. In areas with large transit demand, transit is more productive and transit services are better utilized and more needed by riders. Mr. Jablonski stated that he thought if there was too much fixation on geographic equity. He said that large amounts of money can be spent on projects that a community wants because they think they deserve it and then the project cannot pass muster at the federal level, or a system is not well used because the market was not there in the first place. Councilmember Aames commented that in the business world, the private sector would go with the market that worked.

Mr. Allegra suggested that lifeline service be considered. He explained that lifeline service provides some level of transit service in some areas just to ensure residents will have some access. Mr. Allegra stated that 80 to 90 percent of transit riders in Utah are “choice riders”; they have a car but chose to ride transit. He noted that when UTA was designated the transit authority 30 years ago, they had a coverage-based system, and 85 percent of the residents were within one-quarter of a mile of a bus route. Last year, they changed to a market-driven approach, and restructured the whole system. Mr. Allegra stated that some areas were left out and this was painful, but in the end they achieved their goal of increased ridership and better utilization of funds. He added that they offered other accommodations to those areas whose transit service was cut, such as providing them with vans. Mr. Allegra stated that going to the services they now offer has worked well.

Dennis Smith, MAG Executive Director, stated that the lack of a regional funding source for so long forced some cities to go it alone; putting in general fund money or going to their citizens for their own election. He asked if that happened in anyone’s jurisdiction, and if it did, when there was consolidation, what happened to the cities’ general fund money? How were they convinced of consolidation?

Mr. Jablonski responded that in their case there was a funding source call the Transit Development Act (TDA), which was a part of the statewide sales tax fund. In 2000, there was an agreement to hand over the fund to the regional agency. Mr. Jablonski stated that the heartburn is not over who operates, but the governance. He said that there needs to be a focus on creating a governance board to address need by either weighted voting or more members and to take care of political issues. Have an operations team that can look at the broad spectrum and optimize systems of the whole region rather than just parts of it.

Councilmember Cavalier asked how much they budgeted for marketing. Mr. Jablonski replied that due to funding cuts, they spend \$1.2 million to \$1.3 million per year on a quarter-billion dollar budget.

Mr. Scholl said that the MAG region has a number of communities that are somewhat resistant to adopting the densities to support the recommendations the peer review panel mentioned. He asked the panel how their cities overcame this and were there any examples of campaigns to stimulate community acceptance of density along future routes, or was it not taken to them until they changed their thinking and they started addressing land planning on their own.

Mr. Kline replied that in Dallas they were successful with the “build it and they will come” approach. He noted that one of their best partners has been the private sector, specifically the development community. Mr. Kline commented that the development community and member cities were able to balance transit plans with the need of the development community to make money. He indicated that the primary responsibility of some of their agency’s staff is to work with member cities and the development community. Mr. Kline advised that they do not do land use planning, but they do work with the development community to strengthen densities around their stations.

Mr. Jablonski stated that they invested more than \$1 billion in rail transit and have seen \$4 billion in investments made around their stations. He stated that has all been locally driven. Mr. Jablonski commented that they see that trend continuing. He explained that it took awhile; they had to open their first line and people needed to see it and touch it, but it is now taking off.

Mr. Walker stated that this seems to be the common model as new systems are built. The land will form around the system rather than the land development being in place first. Mr. Walker stated that as the systems mature, they start to attract transit development.

Mr. Beard stated that the MAG region has considered commuter rail. He asked the panel if they could give perspective to make a successful commuter rail line.

Mr. Allegra replied that they had just opened a 44-mile long, multidirectional commuter rail line in April. He explained that it offers frequent service all day long, and there is a lot of demand in both directions. Mr. Allegra noted that the line should have been light rail, but they could not afford a light rail-type system, and added that commuter rail trip length is about 25 miles and light rail trip length is about five to six miles.

Mr. Walker stated that their system, Sounder Commuter Rail, does not own its own rail right of way. He said that it is leased from BNSF, and that is a big expense, and although the demand is there, they are unable to operate all day service as much as they would like. Mr. Walker commented that the Phoenix metro area is in a freight corridor, where generally land use is built with its back to the corridor. He advised that system access is important and they try to emphasize that in the Seattle area. Mr. Walker stated that it takes effort to make these connections, but the difficulty is that most people do not live nearby a freight line.

Mayor Hallman stated his interest in comments made by Dennis Smith in regard to funding. He asked if any of the agencies had experience in dealing with separate municipalities who funded transportation improvements with their own funds. Mr. Jablonski replied that other than the example of state sales tax that came to each city based on their population, which they gave up to the regional entity, there was no tax that an individual city created and then gave up.

Mayor Hallman commented that this might take further research because Phoenix and Tempe have their own dedicated sales tax, which have gone toward making significant transportation improvements.

Mr. Killian asked if other communities were scaling back or what contingencies were they making to adjust their regional transportation plans to the newly found dearth of revenue.

Mr. Walker replied that they passed an \$18 billion, 15-year plan on November 4, 2008, which was developed before the economic downturn. He said that they are working on how their forecasts align with revenue receipts and are re-evaluating their financial model. Mr. Walker noted that their CEO will talk about start dates, but is being noncommittal on project finish dates.

Mr. Van Meter said that Denver is dealing with a \$2 billion gap in their Fast Track program that resulted from declining revenue and increasing costs over the past several years. He stated that their staff prepared alternatives which include shortening the lengths of the proposed corridors and longer implementation periods significantly beyond the original 12 years, neither of which sits well with their local governments. Mr. Van Meter stated that a task force formed by the Metro mayor's caucus is working their transit district to see if they need to go back for additional funding sources or adopt the options he mentioned. He advised that they have maximized all they can, but still have that gap and they have no solution.

Mr. Killian asked how they communicate their struggles to the public. Mr. Van Meter replied that the public is kept well informed of the situation. They have had 15 meetings with the public in September and October, from which they received input and direction.

Mr. Killian asked if they had received any requests from the public to tax them more. Mr. Van Meter replied that they actually had received some of those requests. He added that most of the people who attend the meetings are either very supportive of transit or very vocal opponents.

Mr. Killian asked what the polling was showing. Mr. Van Meter replied that he did not have a report, as the polling would be done in January.

Mr. Jablonski stated that it is interesting to note that of all the transit referenda on the ballot nationwide in November, only one failed. He noted that sales taxes are down, but transit ridership is up. Mr. Jablonski said that they are just tightening their belts wherever they can. On the upside, they are seeing a softening of prices from a construction standpoint and are asking their contractors to be more creative on how the projects are delivered.

Mr. Kline commented that it is not only how you deal with problems on the capital side, but also on the operating side. He said that they are looking at how to prioritize their transit service and added that sometimes you have to find places to cut service and need to be proactive about priorities.

Mayor Cavanaugh asked the most telling argument to achieve a cooperative railway. Mr. Allegra replied that they are pleased with their relationship with the Union Pacific (UP) railroad. He said that they purchased only a portion of right of way, for example, if the railroad owned 100 feet, they purchased 20 feet. Mr. Allegra stated that it also takes good planning to accommodate conditions that would allow the contractor to do their commuter rail work safely. He said that they created an incentive program, in which the contractor's performance was based on the

railroad's judgment of their safety, quality of work, etc. Mr. Allegra stated that this is a way to engage the railroad and sent them the signal that we understand their issues.

Mr. Walker stated that in 1996, they went to the ballot and promised commuter rail. The ballot passed and with no agreement in place, the railroad said "Let's talk." He said that the next election, they negotiated up front. Their CEO went to the railroad and informed them what Seattle Sound Transit wanted to do, and told them it would not be put on the ballot until there was an agreement on price. Mr. Walker said that they also had a plan ready to take that element out of the plan if the railroad did not sign the agreement.

Mr. Allegra stated that they helped the railroad think differently about their business. They vested money and effort on consultants to share new ideas with the railroad on how it could operate better.

Mr. Jablonski stated that each railroad has slightly different characteristics. Generally, railroads are more receptive when provided with something they need, such as money or improvements to infrastructure for which they do not have funds.

Mayor Hallman stated that Tempe's relationship with UP has been more receptive than originally anticipated. He reported that the UP was very cooperative when they worked together on the switching yard that was located next to a hospital and a high school. Mayor Hallman stated that conversations with the UP have opened on the possibility of commuter rail. He indicated that it will not be an easy process, and he felt they seem willing to hold the discussion on the Phoenix to Tucson route.

Mayor Smith asked about funding sources: How many are time-restricted, project-based, or objective-driven?

Mr. Allegra replied that none of UTA's funding has a sunset. He further explained that their tax goes first to capital expenses and then goes toward operations in perpetuity.

Mr. Jablonski stated that San Diego MTS has a one-half cent sales tax for 40 years; one-third goes to local streets; one-third goes to highways; and one-third goes to transit.

Mr. Walker stated that the tax in the Puget Sound area is perpetual; when the projects are complete, they will need to reevaluate what it costs to operate these projects and then roll back the tax to that level.

Mr. Kline stated that Dallas has a perpetual one-cent sales tax.

Mr. Van Meter stated that Denver has a perpetual six-tenths tax on the base system; the four-tenths tax for Fast Tracks will sunset to the level necessary to operate and maintain the system once the sales tax bonds are paid off.

Chair Berman thanked Mr. Allegra, Mr. Jablonski, Mr. Kline, Mr. Van Meter, and Mr. Walker, and presented them with Arizona Highways books in appreciation for their participation on the

panel and sharing their experiences with the Boards. Kevin Wallace, MAG Transit Programming Manager, was acknowledged for his work on coordinating the peer regions review.

Mr. Allegra stated that the panel had the opportunity to ride the METRO light rail. He commented that it is a beautiful system and he thought it would be extremely successful.

The Peer Regions Transit Workshop concluded at 3:55 p.m..

1. Call to Order

The meeting of the Transportation Policy Committee (TPC) was called to order by Chair Steven Berman at 4:12 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair Berman noted that Vice Mayor Gail Barney, Mayor Hugh Hallman, and Mr. Killian were participating by teleconference.

Chair Berman announced that materials for agenda item #5 and #7 were at each place. He announced that the Management Committee recommended approval of the requested change to the Statewide Transportation Acceleration Needs Projects (agenda item #4C).

Chair Berman noted that transit tickets for those who used transit to attend the meeting and parking garage ticket validation were available from MAG staff.

3. Call to the Audience

Chair Berman stated that an opportunity is provided to the public to address the Transportation Policy Committee on 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. Citizens will be requested not to exceed a three minute time period for their comments. An opportunity is provided to comment on agenda items posted for action at the time the item is heard.

Chair Berman noted that no public comment cards had been received.

4. Approval of Consent Agenda

Chair Berman stated that agenda items #4A, #4B, and #4C were on the consent agenda. He stated that public comment is provided for consent items. He noted that no public comment cards had been received. Mr. Beard moved to recommend approval of the consent agenda items #4A, #4B, and #4C. Mr. Killian seconded, and the motion carried unanimously.

4A. Approval of the October 15, 2008, Meeting Minutes

The Transportation Policy Committee, by consent, approved the October 15, 2008, meeting minutes.

4B. Arterial Life Cycle Program Status Report

A status report on the Arterial Life Cycle Program (ALCP) is provided for the period between April 2008 and September 2008 and includes an update on Project work, the remaining FY 2009 schedule, and ALCP revenues and finances. This item was on the agenda for information.

4C. Requested Change to Statewide Transportation Acceleration Needs (STAN) Projects

The Transportation Policy Committee, by consent, recommended approval of the request to decrease STAN funding by \$12.2 million for the L101 from Tatum Boulevard to Princess Drive project and increase the funding by \$12.2 million for the L303 project that includes crossings at Bell Road, Cactus Road, and Waddell Road. In December 2006, the MAG Regional Council approved the set of projects to be funded from the Statewide Transportation Acceleration Needs (STAN) Account. One of the STAN projects that is under construction is the HOV lane on L101 from Tatum Boulevard to Princess Drive. The bid for this project was about \$12.2 million less than the \$32.5 million of STAN funds allocated to this project. Another STAN project, which is on L303, involved the construction of crossings at Bell Road, Cactus Road and Waddell Road for a total of \$22 million. Final design for this project is underway and the construction costs have been revised to \$34.1 million. In addition, the right of way acquisition to complete this project is estimated at \$26.2 million. A shift of the project savings from the L101 HOV project to the L303 project is being requested. There is no fiscal impact on the MAG Freeway Program. On November 12, 2008, the MAG Management Committee recommended approval of the requested change.

5. Transportation Planning Update

Eric Anderson, MAG Transportation Director, began the presentation by saying that he would provide an update on financial information on the regional freeway program funded by Proposition 400, then MAG Senior Engineer Bob Hazlett would provide an update corridor-by-corridor, which would be followed by a discussion of some strategies that the TPC might want to pursue to restore balance to the program. Mr. Anderson noted that when talks about balancing the program, it is not a necessary requirement to force-feed the projects into the current program.

Mr. Anderson stated that he thought the deficit to the regional freeway program would be in the \$4.5 billion to \$5 billion range, higher than the number presented last month. He said that staff wants to ensure that all projects are on the table and the TPC has the opportunity to consider various strategies.

Mr. Anderson stated that some adjustments might need to be made to the program, but we do not want to take an axe to the program and then find out in three years some strategies are bearing fruit and then have to put projects back into the program.

Mr. Anderson stated that Proposition 400 sales tax revenues are down the last 12 months and October 2008 revenue was down 10.1 percent compared to October 2007. He advised that for the last three months, the decline has been getting less negative, and he hoped that the trend will continue. Mr. Anderson indicated that state shared revenue was down 10 percent and the year to date loss is nine percent.

Mr. Anderson then addressed the ADOT revised revenue projections and added a word of caution when using them because the expert panel who looked at the revenue assumptions, etc., met in August 2008, prior to the September meltdown. Mr. Anderson stated that the revised projections for the half cent sales tax for the life of the Proposition 400 program, are down \$1.1 billion over last year's forecast. He said that this is an impact of \$635 million to the freeway program, \$118 million to the arterial streets program, and \$376 million to the regional transit program.

Mr. Anderson pointed out that the chart he was displaying says that revenue would be down about \$600 million, but what ADOT did was prepare an interim set of projections in conjunction with MAG, which were lower than the official set of projections done last year and had already been incorporated into the program. Mr. Anderson indicated that this is somewhat good news that ADOT had already incorporated \$100 million loss into the cash flows for the freeway program, and the revised projections will show the loss of another \$523 million. He added that adjustments will be needed for that.

Mr. Anderson stated that another important revenue source is the ADOT Discretionary Funds and 15 Percent Money. He explained that the 15 Percent Money is the 15.2 percent that MAG and PAG receive off the top of the HURF funds that ADOT receives and is partly statutory and partly State Transportation Board policy. Mr. Anderson stated that significant ADOT funding is built into the freeway program, and HURF is the primary source for ADOT. He provided the new projections for FY 2009-2018 HURF, by saying that ADOT dropped the HURF projections by about \$2 billion. Mr. Anderson explained that ADOT receives 50.5 percent and the balance goes to the cities, towns and counties. He noted that ADOT's share over the next ten years is projected at \$1 billion less.

Mr. Anderson stated that he had done a quick analysis that showed if the HURF forecast of \$58 million for 2018 carries forward to the end of the program, there could be a loss of \$870 million on the MAG freeway program. He stated that although sales tax is volatile, if the economy recovers, we could see double-digit growth in revenue. Mr. Anderson advised that HURF does not have that kind of volatility because half of HURF is gas and diesel taxes and when it goes down it does not recover as quickly. Mr. Anderson stated that it may grow three to five percent, but we will not see double digit increases in HURF, no matter what the economy does. He indicated that staff will be looking at the implications for the loss of sales tax revenue for the freeway program and the loss implied by declining HURF funds.

Mr. Anderson displayed a summary of Proposition 400 freeway program revenues and costs and said that last month this summary showed a \$3.6 billion deficit. He said that he plugged in new revenue numbers, along with his best guess on ADOT funds. Mr. Anderson stated that further analysis of the sales tax is needed, but it will not increase. He also indicated that debt service may be lower because there will not be as much bonding capacity, as well as its inflation allowance.

Mr. Anderson advised that these numbers still need to be analyzed through a fairly complicated cash flow model and are likely to decrease a little bit. He noted that this means a deficit in the range of \$4.5 to \$5 billion in the regional freeway program.

Mr. Anderson stated that additional analysis includes confirming ADOT funding to MAG, reviewing and revising the bonding scenario for lower HURF and RARF revenues, reevaluating interest costs, and recalculating the discount factor based on lower revenue and bonding. Mr. Anderson noted that a five percent interest cost is typically used on bonding, however, the current municipal market is more than that currently, plus the cost of issuance. He stated that the discount factor may decrease, but it will not be enough to balance the program.

Mr. Hazlett then provided an update on the MAG freeway program corridor-by-corridor. He noted that the Regional Transportation Plan (RTP) is divided into Phases I, II, III, and IV. Mr. Hazlett addressed the I-10/Maricopa Freeway and said that most of its projects are identified in Phases I and II. He said that an Environmental Impact Statement is underway and it is hoped will be completed and a record of decision issued in 2011.

Mr. Hazlett then moved on to the I-10/Papago Freeway, where a number of projects are underway and pointed out the section that is being advanced by the cities of Goodyear, Avondale, and Litchfield Park. He advised that ADOT is currently doing a Design Concept Report from Loop 101 to I-17, which potentially may show a need for another general purpose lane over what was identified in the RTP. Mr. Hazlett stated that this has a lot to do with accommodating the system interchange with the South Mountain Freeway.

Mr. Hazlett then addressed I-17/Black Canyon Freeway, by saying that the Design Concept Report (DCR) is underway for the central part of the corridor, which is the area where double-decking was identified in the RTP discussions as a potential solution. He added that the DCR will provide a solution to this corridor. Mr. Hazlett stated that staff is recommending that the frontage roads be looked at to see if better use could be made of them, such as in Florida and Texas.

Mr. Hazlett then reported on US-60/Superstition Freeway, by saying that Phase I is essentially complete with the exception of general purpose lanes from I-10 to Loop 101, which are ready to get underway. Mr. Hazlett stated that the entire US-60/Grand Avenue process is in DCR, with further grade separations a possibility.

Mr. Hazlett stated that most of the Loop 101/Agua Fria Freeway projects are in the latter phases of the RTP. He noted a significant increase in costs, a lot of which seem to result from the construction of direct HOV lanes and system interchanges at I-10 and I-17. Mr. Hazlett added that direct HOV ramps are quite costly in terms of a retrofit.

Mr. Hazlett stated that many projects are under construction on Loop 101/Price Freeway, mainly HOV lanes. He advised that some of the STAN funds were used to move forward the construction of the HOV lanes in that corridor.

Mr. Hazlett stated that the contract for the construction of general purpose lanes on Loop 202/Red Mountain Freeway from SR-51 to Loop 101 was awarded last Friday, and the segment from SR 101 to Gilbert Road HOV lanes was recently advertised.

Mr. Hazlett stated that most of the projects on the Loop 202/Santan Freeway are in the latter phases, with the exception of some HOV lanes in Phase II.

Mr. Hazlett stated that the environmental impact statement, a federal action, is underway for the Loop 202/South Mountain Freeway, and noted that the record of decision is anticipated in 2011, assuming there is no litigation. He advised that this corridor represents the greatest cost increase of any project in the RTP.

Mr. Hazlett stated that the segment on Loop 303 from I-17 to US-60 is under construction and noted that the outside-in widening, which he would expand upon later, and system interchanges have resulted in increased costs.

Mr. Hazlett stated that the HOV lane on the Shea Boulevard to Loop 101 segment of the SR-51/Piestewa Freeway is open to traffic, and noted that there is only one other project on the SR-51 identified in the RTP, a Phase IV general purpose lane that extends from Shea Boulevard to Loop 101.

Mr. Hazlett then moved on to the SR-74/Carefree Highway by saying that money is included in the RTP to protect corridors for a potential freeway-type of facility.

Mr. Hazlett stated that widening is underway for portions of SR-85, and added that the improvements are being done to make this a four-lane facility from I-10 to I-8.

Mr. Hazlett stated that intersection and spot improvements have been identified for SR-87.

Mr. Hazlett stated that no projects on SR-143/Hohokam Expressway were identified in the RTP, however, due to the transfer of former SR-153 to the City of Phoenix, money became available for improvements to the entrance of this corridor, especially where it meets with Loop 202 and Sky Harbor Boulevard. He explained that some of the funds not only come from the transfer of SR-153, but also from some right of way along that corridor that was disposed of by ADOT.

Mr. Hazlett said that the environmental assessment is underway for SR-801, a Phase IV project, and added that studies have also begun for the interim facility between SR-85 and Loop 303.

Mr. Hazlett stated that \$24 million in STAN funds were allocated for advanced right of way protection on SR-802/Williams Gateway Freeway, and noted that much of the significant cost increases have to do with system interchanges between Loop 202 and SR-802.

Mr. Hazlett stated that Phase I of the US-93 Interim Bypass from US-60 to Yavapai County is under construction.

Mr. Hazlett stated that spot improvements to SR-88/Apache Trail in Phase I through Phase IV have been identified in the RTP.

Mr. Hazlett advised that ADOT also has a number of systemwide improvements identified in the RTP, a large part of which are used to maintain and improve the regional freeway system, such as the landscape and litter program, park and ride lots, and rubberized asphalt replacement.

Mr. Hazlett then presented a summary of costs for projects contained in the RTP, in 2003 dollars, and the current estimate in 2008 dollars, which, he noted, is subject to change.

Mr. Hazlett presented a summary of phasing of projects in the RTP. He said that Phase I contains 23 line items representing about \$2.1 billion, and does not include the South Mountain and Maricopa Freeway projects that are currently in the environmental impact statement process. He stated that 13 projects have been awarded, are under construction, or open to traffic. Mr. Hazlett noted that in addition are \$2.5 million of STAN projects advanced from other phases that are underway.

Mr. Hazlett stated that Phase II includes a couple of projects advanced by STAN funds. He noted the RTP estimate of \$3 billion and the current estimate of \$6.3 billion and indicated that these cost increases have a lot to do with the South Mountain and Loop 303.

Mr. Hazlett stated it appears that Phase III is in balance and Phase IV is slightly out of balance. He displayed a graph that illustrated the upcoming Phase II cost issue.

Mr. Hazlett stated that it is important to understand why the costs have increased so much. He pointed out that there are three main parts to the costs of the regional freeway program: the base program, price inflation, and scope changes. Mr. Hazlett noted that the 2003 base program totaled about \$8.5 billion and contingency and inflation allowances were built into the program. He noted that increases of \$2.3 billion have brought the inflation costs up to \$3.7 billion from the original \$1.4 billion. In addition, scope changes, originally in the 2003 program in the amount of \$1.3 billion, have increased by \$2.25 billion to a total of about \$3.55 billion.

Mr. Hazlett stated that in 2006, MAG held a Costs of Construction Forum to examine the cost increases being experienced in building RTP projects in the region. He said that factors that contributed include inflation, emerging countries in a global economy, natural disasters, international tensions, and additional demand for construction materials and labor.

Mr. Hazlett stated that about half of the cost increases were due to scope growth, and displayed a chart of the categories representative of scope growth. He said that these are things ADOT would like to see but were not envisioned in the RTP and noted that the top five items in scope growth are additional traffic interchanges or widenings, quiet pavement, additional roadway lanes, additional bridges and widenings, and outside-in construction. Mr. Hazlett explained that outside-in construction accounts for about \$258 million of the scope growth, and gave as an example, ADOT recommends purchasing right of way for all ten lanes of a freeway when acquisition costs could be less, even though only six lanes will be built.

Mr. Anderson continued the presentation by addressing strategies and options that the TPC might consider. Mr. Anderson recalled that he had said last month that this was an unprecedented time. He said that in the past, changes were usually made to the good because of additional revenue, but today, they are continually faced with more declines in revenue and increased costs.

Mr. Anderson advised that ADOT has recently had bids come in lower than the engineer's estimate, however, there is the concern that when the economy recovers, prices will resume at higher rates. He stated that this was an opportunity to act in a favorable environment, to take a measured approach and to lay out strategies, rather than making wholesale changes today. Mr. Anderson supported having a plan to deal with the deficit, and expressed that he thought there was no need to chop projects today. He stated that it is still early in the Proposition 400 and it is important to get on top of issues at the present time and put some strategies in place.

Mr. Anderson stated that last month he provided a report on federal, state, management, and program strategies. He said he would review the options and present some scenarios that could be brought back to the TPC in January.

Mr. Anderson stated that one of the options for the Proposition 400 freeway program could be staying the course by stretching delivery of the program five to ten years later. He commented that this delivers the program that was promised and assumes there could be a Proposition 500 down the road.

Mr. Anderson stated that another option is alternative facilities, such as using the Arizona Parkway concept as an interim or permanent option to a freeway, where perhaps 75 percent of the needs would be met at 50 percent of the cost. He noted that this type of facility could be converted later to a full freeway.

Mr. Anderson requested that a lot more discussion and guidance are needed on policy and value engineering options. He noted that one option is purchasing right of way for only the six lanes that are planned in the RTP or follow the strategy embedded in the RTP to purchase the right of way to allow for future expansion. Mr. Anderson stated that he was not suggesting abandoning that strategy today, but due to neighborhood impacts or high costs, the decision might be made to build a six-lane facility only and call it a day. He added that this probably eliminates expansion opportunities for the future, so it is a very important policy decision on what to spend to maintain options for the future.

Mr. Anderson stated that other options include a review of the spacing of traffic interchanges, which could be increased from one mile to two miles, either permanently or interim,. He advised that interim interchanges could be built permanently at a later date, which was done with the 64th Street traffic interchange on the Pima Freeway.

Mr. Anderson stated that identifying simpler system traffic interchanges is another option. He noted that system interchanges have progressively been getting larger and more expensive, and noted that the SuperRedTan system interchange cost about \$250 million and the proposed I-10/Loop 303 interchange is estimated at about \$500 million. Mr. Anderson said that not only do these system interchanges provide freeway to freeway connections, they are also providing

local access, and noted that system interchanges are very expensive because they are built on structures.

Mr. Berry asked if there are sufficient checks and balances in place to stop scope creep and stay within the original concept of what was envisioned in Proposition 400. Mr. Anderson stated that monitoring scope creep was one of the recommendations of the TPC at the last meeting. He said he thinks they will try to implement that from a policy standpoint. Mr. Anderson stated that as design concept studies move forward, before the final design, he thought those documents should come back to MAG for review. He commented that some decisions are being made at the technical level without enough review of the cost implications at the policy level.

Mayor Hallman stated that this brought to mind the scope creep for I-10, which now has a 24-lane facility. He commented that it was a shock to Tempe when it was revealed how big it had gotten, seemingly without going through a process.

Mr. Berry asked if something like that should be considered on a project by project basis. Mr. Anderson replied that he thought so. He said that MAG could consider whether the scope change is affordable or are there ways to engineer it to meet the same objectives. He said that staff will put together a process to bring back to the TPC. Mr. Anderson stated that MAG had just received the design concept report on I-10 from Loop 101 to I-17. He said that the RTP calls for one general purpose lane in each direction and the consultant said given the demand, they were recommending two general purpose lanes in each direction. Mr. Anderson noted that this will require moving the walls to the ultimate location and costs more than five times the amount in the RTP. He said that adding this capacity raises the question of what to do with the traffic that will impact other areas, such as the I-10 tunnel. He indicated that MAG and ADOT initiated a peer review with three national engineers to look at how the central corridor will operate holistically, how all of these projects will interact, and are more problems being created by increasing capacity. Mr. Anderson stated that we want to ensure we have the right projects before spending a lot of money.

Mr. Berry stated that during discussion of Proposition 400, there was a lot of concern with project phasing because cost overruns in the first phases could result in no money for projects in Phase IV. He said that this is one more reason to have this discipline in the process.

Mayor Smith asked if identifying simpler system interchanges was a policy decision or an engineering decision. Mr. Anderson replied that it should be a policy decision if the project has a big impact on cost. He noted that MAG is responsible for reviewing and approving material cost changes. Typically, these come in after the fact and MAG needs to be in the process earlier. Mr. Anderson stated that some commitments are being made through the public involvement process and some are being made through scoping process discussions with communities which need local access. He advised that big costs are involved, so this is a policy decision, not only regionally, but locally. Mr. Anderson added that they do not want to create local access issues by putting too much limitation on spending, and balancing this is a challenge.

Mayor Dunn recalled that the City of Chandler wanted more access with an interchange on Loop 202 and they were told by ADOT that if they wanted a change in the plan, they would have to

come up with the money. Mayor Dunn suggested MAG revisit the issue of who should pay for design changes other than what was envisioned by Proposition 400.

Mayor Hallman said he echoed Mayor Dunn's comments. As a regional body, MAG needs to set policy of a typical menu of what each facility contains and anything outside that really needs to have the consideration by the regional body.

Mr. Anderson stated that the City of Chandler may have come forward with its request too late in the process. He advised that very early on in the current scoping process, these kinds of issues are incorporated into the scope of projects. Once the design concept report and the environmental analysis are approved, it is very difficult to make any sort of changes. Mr. Anderson added that implementing the simpler system traffic interchanges option means that MAG would be involved in the process earlier from a policy standpoint and have the opportunity to affect major scope decisions.

Mr. Kane stated that balancing scope changes with policy decisions that affect costs is broader than just the interchanges; it has to do with drainage, side slope requirements, etc. He said that many design elements in the Southwest were developed for suburban freeways where an urban interface with highly populated areas and right of way cost were not a key consideration. Mr. Kane suggested broadening this concept.

Mr. Anderson stated that the next option the TPC might consider is reprioritization. He commented that MAG policy says that projects stay in order in the lunch line, and that reprioritization in this context is looking at mega projects, for example, the South Mountain Freeway, which will not begin when planned in Phases I and II and will need to be rescheduled. Mr. Anderson advised that the environmental impact statement for the I-10 Collector Distributor project is not as uncertain as the South Mountain, but the TPC might want to evaluate its place in the program. He added that conditions change, and as the TPC discusses the overall program, there is a chance that some projects might be delayed past 2025 and the TPC might want to discuss where they are in line.

Mayor Hallman stated that a retreat-type setting would be helpful for discussing options for such projects as the South Mountain or the I-10 Collector Distributor. He indicated that in Tempe, they continue to argue that a cost- and time-effective alternative is commuter rail, which might help reduce demand on corridors and provide an alternative, at least to Maricopa. As part of the cost/benefit analysis, include a broader examination of alternatives that might help us achieve our goals more cost effectively.

Mr. Anderson then laid out three possible scenarios. The first is the trend line in which the program stays the course, some value engineering is done and perhaps some new funds received. Mr. Anderson stated that in this scenario, years would be added to the program until everything in Proposition 400 is built.

Mr. Anderson stated that scenario two is maintaining the budget, in which there is \$10 billion to spend, projects are forced to fit into the budget, and those that do not fit are dropped. Mr. Anderson said that this is a slash and burn option and he did not think this was the strategy to

take. He indicated that he thought there was an opportunity to look at alternatives and find additional resources for the program.

Mr. Anderson stated that the third scenario is a blend, which is a multifaceted approach. He said that reducing some project scopes and finding more federal funds are included in the blend option. Mr. Anderson said that progress would be monitored and reported on a regular basis. He said that a year from now the situation could change and making changes incrementally now might be better than slash and burn. Mr. Anderson stated that he thought the solution would need a combination of all of the tools in the toolbox: reprioritization, staying the course, policy and value engineering, alternative facilities, and management, federal and state strategies. He said that MAG has a requirement to manage the program proactively and he thought they had ideas on how to do that moving forward.

Councilmember Aames asked the timeframe anticipated to accomplish this. Mr. Anderson replied that he thought it could be accomplished in five to six months, and added that staff anticipates coming back in January with conceptual ideas with dollar amounts. He suggested looking at alternative concepts for the South Mountain Freeway that might be better from a neighborhood impact standpoint and from a cost standpoint, and as a way to get the project off the ground.

Councilmember Aames asked the contingency plan in case the economy recovers and growth improves. Mr. Anderson replied that if the economy improves, some decisions made today, especially with the strategy of interim facilities such as building a parkway instead of a freeway, will be hard to change because the designs would be underway and commitments would have been made. He added that it will vary depending on which strategy. Councilmember Aames stated that he thought this should be outlined as the process proceeds.

Mayor Cavanaugh commented that this is difficult to condense and it affects everyone in different ways. He said that he thought there were two things that the TPC needed to know right away: 1. The TPC needs a better understanding of public partnerships to the extent they could affect the shortfall of funding and how they could be implemented to be fair and equitable to all parts of the Valley. 2. The TPC needs to know to what extent commuter rail could impact Phase III and Phase IV of the Plan, for example, the amount it could reduce some freeway demand.

Mayor Cavanaugh stated that MAG needs to move with vigor into a decision-making process in regard to right of way. He said that he thought MAG needed to be out front working with the T.I.M.E. coalition, possibly through this process. Mayor Cavanaugh stated that he thought the blend scenario presented by Mr. Anderson made sense. He stated that MAG, as a group, needs to identify which freeways have to be freeways, and he thought there could be agreement on that. Mayor Cavanaugh stated that as leaders, we need to decide how they can move people, perhaps on a parkway. He encouraged buying the right of way for a freeway, but the facility might be a parkway for the time being. Mayor Cavanaugh stated that the region needs the South Mountain Freeway to get people around and this might be an option. He said that the smaller topics will fall into place if the major topics are answered.

Mayor Cavanaugh expressed that he thought all four options made sense if they are blended intelligently and done quickly. He added that he did not think the public wants to wait for MAG to go through the Proposition 400 process again.

Mayor Dunn stated that whatever MAG does, flexibility is needed so adjustments can be made to the program. He noted that Proposition 400 projections are to 2025 and no one has a crystal ball that accurate. Mayor Dunn stated that the situation could change; this has happened before. He stated that 20 years is a long program and he hopes the economy will be back financially in one-tenth that time.

6. Commuter Rail Update

Dennis Smith provided an update on commuter rail. He said that the Regional Council has taken approximately five actions on commuter rail, most recently in July 2008, when the consultant was selected to develop the Grand Avenue Commuter Rail Corridor Development Plan. Mr. Smith noted that at the time, several member agencies expressed interest that the Union Pacific Corridor also be studied. He advised that this corridor was not included along with the Grand Avenue study due to ADOT's current study with Union Pacific on the corridor leading from Tucson to Phoenix and Union Pacific's desire to work with ADOT only on the corridor.

Mr. Smith reported that Union Pacific's position has recently changed and ADOT has indicated that they would consider a team approach with MAG and ADOT on the Union Pacific corridor. He said that a scope of work will be discussed by the Commuter Rail Stakeholders group in December and brought back to the TPC in January.

Mr. Smith stated that the cost of the Union Pacific Development Plan will be determined once the scope is identified and noted that the cost for the Grand Avenue Commuter Rail Corridor Development Plan, which is for a shorter length corridor than the Union Pacific corridor, cost \$600,000, and it is anticipated that the Union Pacific study would exceed that cost.

Mr. Smith advised that another component of the Union Pacific plan is a grant received by ADOT to help with the environmental work and requires a 50/50 match (\$1 million). He stated that MAG's study money may be considered as the matching funds. Mr. Smith added that staff is proposing that the funds would stay at MAG and MAG would control the study. He added that if this goes forward in January, a Planner II or Planner III position would be required.

Councilmember Aames asked if this study would be in addition to the Grand Avenue Study and would the Grand Avenue Study keep its scope of study. Mr. Smith replied yes, and added that it would be related only in regard to using the existing consultant. He explained that in the procurement process used for the Grand Avenue Study, subsequent phases were anticipated and written into the procurement.

Councilmember Aames stated that one advantage of looking at different corridors simultaneously is seeing the interconnections and linkages, not only between commuter rail lines, but also with light rail lines.

Mr. Smith noted that if additional federal money becomes available for commuter rail, the MAG region wants to have construction-ready projects.

Mayor Hallman stated that since none of the three corridor concepts had been prioritized, this seemed the right way to move forward and address the issues raised by Mayor Cavanaugh regarding commuter rail being a possible alternative to freeway construction as a relief to budget problems.

Mr. Beard commented that in his experience, he has not seen major environmental impact statements done for \$2 million and suggested the cost could be four to five times as much. He said that he did not want people to think a project would be able to complete a federal impact statement with \$2 million and be ready to move forward. Mr. Anderson stated that ADOT has funds to do the environmental impact statement and MAG would be a partner in that process. He said that he did not know ADOT's plans to spend the \$1 million, whether in Phase I, etc. Mr. Anderson stated that the commuter rail study being discussed would produce a corridor development plan for the Union Pacific corridor as a precursor to any necessary environmental assessments.

Mayor Hallman said that he wanted to mention that the City of Tempe has \$200 million for transit and they are examining the use of that money along three corridors, one of which is the Union Pacific corridor from Tempe to the City of Maricopa. Mayor Hallman noted that Tempe would have to partner with the federal government and other agencies because the line goes through the City of Chandler and the Gila River Indian Community.

Vice Chair Lopez Rogers expressed her appreciation to Mr. Smith and Mr. Anderson for bringing this forward. She commented that if MAG is seriously looking at regional planning, it is important to look at this as one project, the way Mr. Allegra described their process in his workshop presentation, instead of separate pieces. Vice Chair Lopez Rogers expressed her support for moving forward on this.

## 7. Legislative Update

Nathan Pryor, MAG Senior Policy Planner, noted that his presentation tonight would focus on the economic downturn and federal economic stimulus efforts. He said that in January 2008, Congress passed and the President signed a stimulus package that sent \$152 billion in checks to taxpayers. Mr. Pryor reported that in September 2008, the U.S. House passed another round of proposed stimulus totaling \$61 billion that included \$12.8 billion for highway infrastructure, \$7.5 billion for water- and sewer-related state revolving funds, \$600 million in bond-related airport funding, and \$3.6 billion for transit. He noted that this did not come before the Senate for a vote.

Mr. Pryor stated that a \$700 billion finance rescue package passed in October. He said that a new round of federal economic stimulus is being proposed and is being discussed this week by Congress during the lame duck session, which is expected to conclude on November 21. Mr. Pryor noted that in advance of the lame duck session Governor Napolitano spoke to members of the House Energy and Commerce committee encouraging them to support Medicare systems as it relates to states and infrastructure stimulus.

Mr. Pryor stated that on November 14, MAG staff, along with two ASU economists, state government staff, and representatives of construction interests met with Congressman Harry Mitchell to discuss potential Arizona projects, funding amounts and expected impact if stimulus legislation directs monies to the state. He expressed appreciation on behalf of MAG to Congressman Mitchell for his time and to David Martin for arranging the meeting. Mr. Pryor reported that Congressman Mitchell mentioned that he was uncertain if the lame duck session would produce a stimulus package targeted at transportation and infrastructure. Mr. Pryor noted that Congressman Mitchell expressed that he would like to be updated on the economic status of the region and state as the stimulus legislation continues to develop.

Mr. Pryor stated that the most recent stimulus legislation discussion focused on a package that includes unemployment insurance, and it looks like they are backing away from including any transportation and infrastructure in the package at this time, despite the fact that Senators Reid and Byrd introduced stimulus legislation that included \$13.5 billion for road, bridge, mass transit and other construction projects. Mr. Pryor indicated that it appears that any focus on transportation and infrastructure would be discussed once the new Administration and Congress take office in January.

Mr. Pryor then addressed how this affects MAG. He noted that at each place was a sheet that showed table A and table B. He explained that MAG was contacted on October 27 by the National Association of Regional Councils (NARC) with a request for a list of project costs for the region in preparation for the U.S. House of Representatives, Committee on Transportation and Infrastructure hearing. He said that MAG staff requested that member agencies submit projects and associated costs that would be ready to start construction within three to six months. He expressed appreciation to the member agencies for completing their submittals in such a short timeframe. Mr. Pryor noted that the total amount of projects submitted was about \$3.8 billion and added that projects are still being accepted because it looks like legislation will not take place until January.

Mr. Pryor stated that the U.S. Conference of Mayors estimated that there are 4,591 infrastructure projects at a cost of \$24.4 billion that are ready to proceed, and NARC staff indicated the national funding amount that they received from their membership was \$23.9 billion. Mr. Pryor noted that the MAG portion is more than 15 percent of the NARC total.

Mr. Pryor pointed out that table A shows that \$30 million of member agency matching funds could be freed up for them to spend elsewhere if the federal share was increased to a maximum to 100 percent. He noted that table B highlights projects that may be eligible for stimulus support if the legislation is broad in scope. Mr. Pryor stated that he will continue to monitor the status and progress of the economic stimulus legislation and keep members updated.

Mr. Anderson noted that staff has heard the funds remaining in the STAN account might be swept by the Legislature from any projects not obligated or where there were cost savings. He advised that this amount could be in the \$100 million range. Mr. Anderson explained that MAG has a number of projects not obligated, including the I-10 widening from Sarival to Verrado, I-17 from Carefree Highway to Anthem, overcrosses on Loop 303, and \$24.4 million for right of way for Williams Gateway Freeway. Mr. Anderson asked members to talk to their staff to monitor this.

Mr. Martin expressed thanks to MAG, especially Mr. Smith and Mr. Anderson, for moving so quickly on the list. He said that as the Chair of CTOC and as President of AGC, he wanted to stress the importance of coming together as a community. He stated that ADOT has a highway program of \$1.1 billion. He encouraged all agencies in the state to come together to push the state's Congressional delegation for some sort of a package. Mr. Martin noted that right now, the list of projects submitted throughout the state total \$5.5 billion and will increase. He encouraged everyone to speak to their Congressional delegation and let them know this is a jobs program and mortgage bailout, because this has a multiplier effect; when money goes into contractors' hands, that pays the mortgage at the end of the day. Mr. Martin stated that last year, \$129 million was taken from the HURF fund and commented that every time the Legislature takes money from the HURF or STAN accounts, that is also taking out jobs and local sales tax.

Mayor Hallman asked if Mr. Anderson would forward the list of STAN projects that might be under risk of being swept to his office.

8. Input on Business Representatives on the Transportation Policy Committee

Mr. Smith reported that On December 31, 2008, the terms of two of the TPC business members, Mr. Mark Killian and Mr. Jed Billings, will expire. He noted that both of these seats are appointed by the President of the Senate, and according to statute, MAG can give input to the President. Mr. Smith stated that both Mr. Killian and Mr. Billings have indicated they would both like to continue on the TPC. The TPC was asked if there were any additional names to be submitted.

Mayor Hallman noted that Doug Pruitt, of Sundt Construction, will be the national President of General Contractors, and suggested appointing a Sundt representative could be positive.

Chair Berman asked if attendance records could be assembled prior to the Regional Council meeting.

There being no further business, the meeting adjourned at 5:42 p.m.

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Chair

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Secretary

# **MARICOPA ASSOCIATION OF GOVERNMENTS**

## **INFORMATION SUMMARY... for your review**

**DATE:**

January 13, 2009

**SUBJECT:**

Project Changes – Amendments, and Administrative Modifications to the FY 2008-2012 MAG Transportation Improvement Program, FY 2009 Arterial Life Cycle Program, and Material Cost Changes to the ADOT Program

**SUMMARY:**

The FY 2008-2012 Transportation Improvement Program (TIP) was approved by the MAG Regional Council on July 25, 2007, and the FY 2009 Arterial Life Cycle Program (ALCP) was approved by the MAG Regional Council on June 25, 2008. Since that time, there have been requests from member agencies to modify projects in the programs. The proposed amendments to the FY 2008-2012 TIP for highway projects are listed in Table A, and proposed administrative modifications to the ALCP are listed in Table B.

As per the Draft MAG Federal Fund Programming Principles, a request to change a programmed Federal Fund Project in the TIP will go through the MAG committee processes beginning at the appropriate technical advisory committee. There is one CMAQ-funded project requesting a project change. The project change request for PHX12-859 (Table A) was heard and unanimously recommended for approval at the October 21, 2008 Pedestrian Working Group and the Regional Bicycle Task Force meeting.

Projects DOT08-812 and DOT08-813 are projects that the MAG Regional Council approved in December 2006 to be funded from the Statewide Transportation Acceleration Needs (STAN) account. The increase of funds per each project can be made without causing a fiscal impact to the MAG Freeway Program since another STAN project (SR101L: HOV Lanes from Tatum Blvd. to Princess Dr.) was bid at \$12.2 million less than the original budget. This change was approved by the Regional Council on December 3, 2008. These project changes are included in this agenda item because they need to be reflected in the FY 2008-2012 MAG TIP.

There are six Arizona Department of Transportation (ADOT) projects in Table A (as annotated) that require Regional Council approval of a Material Cost Change to the ADOT Program. According to A.R.S. 28-6353, it is required that MAG approve any change in priorities, new projects, or requests for changes that would materially increase Freeway Program costs. According to the MAG Material Cost Change policy, a material cost change is defined as: 'An increase in the cost of a project that is more than five (5) percent of the adopted project budget, but not less than \$500,000 or any increase greater than \$2.5 million.'

At the December 2008 Transportation Review Committee (TRC) meeting, the TRC unanimously recommended approval of the changes to projects listed in attached Tables A & B. In addition to the projects approved at TRC, two project change requests have been received following the mailout of the MAG Management Committee agenda on January 6, 2009. The ITS Committee met on January 7, 2009 and unanimously recommended approval to change PHX07-317 project scope, and on

January 12, 2009, ADOT requested to change project DOT09-823 funding type from local to STP-AZ. These projects are found in Table C.

All of the projects to be amended may be categorized as exempt from conformity determinations and an administrative modification does not require a conformity determination.

**PUBLIC INPUT:**

None.

**PROS & CONS:**

PROS: Approval of this TIP amendment will allow the projects to proceed in a timely manner.

CONS: None.

**TECHNICAL & POLICY IMPLICATIONS:**

TECHNICAL: Projects that wish to utilize transportation federal funds need to be shown in the TIP in the year that they expect to commence and may need to undergo an air quality conformity analysis or consultation.

POLICY: This amendment request is in accord with MAG guidelines.

**ACTION NEEDED:**

Recommend approval of amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, the FY 2009 Arterial Life Cycle Program, as appropriate, to the Regional Transportation Plan 2007 Update, and material cost changes to the ADOT Program as shown in the attached tables.

**PRIOR COMMITTEE ACTIONS:**

MAG Management Committee: This item is on the January 14, 2009 MAG Management Committee agenda. An update will be given at the January 21, 2009, Transportation Policy Committee meeting.

MAG ITS Committee: On January 7, 2009, the MAG ITS Committee unanimously recommended approval to the change of scope of work for project PHX07-317.

MEMBERS ATTENDING

- |   |   |
|---|---|
| Chandler: Mike Mah, Chair                 | Maricopa County: Faisal Saleem for Nicolaas Swart |
| ADOT: Lydia Warnick for Scott Nodes       | Mesa: Jeff Jenq                                   |
| * ASU: Soyoung Ahn                        | Peoria: Ron Amaya                                 |
| Buckeye: Thomas Chlebanowski              | Phoenix, Marshall Riegel                          |
| DPS: Mike Lockhart                        | Phoenix, Public Transit: Bob Ciotti               |
| El Mirage: Jerry Horacek                  | Queen Creek: Michael Pacelli                      |
| FHWA: Jeniffer Brown for Alan Hansen      | Scottsdale: Bruce Dressel                         |
| Gilbert: Ken-Ichi Maruyama                | Surprise: Brian Moberly for Johan Abraham         |
| Glendale: Avery Rhodes, for Debbie Albert | * Tempe: Jim Decker                               |
| Goodyear: Luke Albert                     | * Valley Metro Rail: Arkady Bernshteyn            |

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

Transportation Review Committee: On December 4, 2008, the Transportation Review Committee recommended approval of the Amendments and Administrative Modifications, shown in the attached tables (excluding project PHX07-317), to the FY 2008-2012 Transportation Improvement Program, the FY2009 Arterial Life Cycle Program, and, as appropriate to the Regional Transportation Plan-2007 Update.

#### MEMBERS ATTENDING

Phoenix: Tom Callow, Chair  
ADOT: Kwi-Sung Kang for Floyd Roehrlich  
\* Avondale: David Fitzhugh  
\* Buckeye: Scott Lowe  
\* Chandler: Patrice Kraus  
El Mirage: Pat Dennis for Lance Calvert  
\* Fountain Hills: Randy Harrel  
\* Gila Bend: Vacant  
Gila River: Sreedevi Samudrala for David White  
Gilbert: Stephanie Prybyl for Tami Ryall  
Glendale: Terry Johnson  
\* Goodyear: Cato Esquivel  
\* Guadalupe: Jim Ricker

\* Litchfield Park: Mike Cartsonis  
Maricopa County: John Hauskins  
Mesa: Brent Stoddard for Scott Butler  
\* Paradise Valley: Robert M. Cicarelli  
Peoria: David Moody  
\* Queen Creek: Mark Young  
RPTA: Bryan Jungwirth  
Scottsdale: Dave Meinhart for Mary O'Connor  
Surprise: Randy Overmyer  
Tempe: Carlos de Leon  
\* Valley Metro Rail: John Farry  
\* Wickenburg: Gary Edwards  
Youngtown: Lloyce Robinson

#### EX-OFFICIO MEMBERS ATTENDING

Regional Bicycle Task Force: Jim Hash  
\* Street Committee: Darryl Crossman  
\* ITS Committee: Mike Mah

\*Pedestrian Working Group: Brandon Forrey  
\*Transportation Safety Committee: Kerry Wilcoxon

\* - Members neither present nor represented by proxy.

+ - Attended by Videoconference

# - Attended by Audioconference

MAG Regional Council: On December 3, 2008, the MAG Regional Council recommended approval of the request to decrease STAN funding by \$12.2 million for the L101 from Tatum Blvd. to Princess Dr. project and increase the funding by \$12.2 million for the L303 project that includes crossings at Bell Rd., Cactus Rd., and Waddell Rd.

#### MEMBERS ATTENDING

Scottsdale: Mayor Mary Manross, Chair  
Phoenix: Vice Mayor Peggy Neely, Vice Chair  
\* Apache Junction: Councilmember Robin Barker  
Avondale: Mayor Marie Lopez Rogers  
Buckeye: Mayor Jackie Meck  
Carefree: Mayor Wayne Fulcher  
Cave Creek: Councilmember Dick Esser  
#Chandler: Mayor Boyd Dunn  
#El Mirage: Mayor Fred Waterman  
\* Fort McDowell Yavapai Nation: President Clinton Pattea  
Fountain Hills: Mayor Jay Schlum  
Gila Bend: Mayor Fred Hull  
\* Gila River Indian Community: Governor William Rhodes,

Gilbert: Mayor Steven Berman  
\* Glendale: Mayor Elaine Scruggs  
Goodyear: Mayor James M. Cavanaugh  
\* Guadalupe: Mayor Frank Montiel  
Litchfield Park: Mayor Thomas Schoaf  
Maricopa County: Supervisor Max W. Wilson,  
Mesa: Mayor Scott Smith  
Paradise Valley: Mayor Vernon Parker  
Peoria: Councilmember Joan Evans for Mayor Bob Barrett  
\* Queen Creek: Mayor Art Sanders  
\* Salt River Pima-Maricopa Indian Community: President Diane Enos,  
Surprise: Mayor Lyn Truitt  
\* Tempe: Mayor Hugh Hallman  
\* Tolleson: Mayor Adolfo Gamez

\* Wickenburg: Mayor Kelly Blunt  
Youngtown: Mayor Michael LeVault  
\* State Transportation Board: Felipe Zubia

\* State Transportation Board: Victor Flores  
Citizens Transportation Oversight Committee:  
David Martin,

\* Those members neither present nor represented by proxy.

# Attended by telephone conference call.

+ Attended by videoconference call.

Pedestrian Working Group and Regional Bicycle Task Force Committee: On October 21, 2008, the Pedestrian Working Group and Regional Bicycle Task Force Committee recommended approval of project changes to PHX12-859.

#### MEMBERS ATTENDING

Gilbert: Tami Ryall, Chair, Regional Bicycle Task Force and Acting Chair of the Pedestrian Working Group

\* ADOA Gen. Services: Bruce Meyers

\* ADOT: Michael Sanders

ADOT: Brian Fellows

ASLA, Arizona Chapter: Michael Eagan

Avondale: Margaret Boone-Pixley

Buckeye: Robert Wisener

Carefree: Brian Craig

\* Chandler: Michael Normand

\* Coalition for Arizona Bicyclists: Rich Rumer

El Mirage: Pat Dennis for Mark Smith

Glendale: Steve Hancock

Goodyear: Farhad Tavassoli

\* Litchfield Park: Michael Cartsonis

Maricopa County: Vacant

Mesa: Jim Hash

Peoria: Monique Spivey for Brandon Forrey

Phoenix: Katherine Coles

Phoenix: Briana Leon

Queen Creek: Mike Roche

RPTA: Peggy Rubach for Suzanne Day

Scottsdale: Reed Kempton

Tempe: Eric Iwersen

Surprise: Lance Ferrell

\*Members neither present nor represented by proxy.

^Attended via audio-conference

#### **CONTACT PERSON:**

Eileen O. Yazzie (602) 254-6300.

**Amendments and Administrative Modifications to the FY08-12 TIP, and Administrative Modifications to the FY09 June 25, 2008 ALCP  
Transportation Policy Committee - January 2009  
Request for Project Change**

**Table A - Project Change Requests Recommended for Approval at TRC  
Highway Projects - TIP FY2008-2012 Amendments & Administrative Modifications**

TIP #	Agency	Project Location	Project Description	FY	Length	Fund Type	Local Cost	Federal Cost	Regional Cost	Total Cost	Requested Change
DOT07-332	ADOT	60 (Grand Ave): 99th Ave. - 83rd Ave.	Widen roadway and bridge.	2009	1.8	NH	\$ 600,000	\$ 10,400,000		\$ 11,000,000	*Material Cost Change & Admin Mod: Increase budget by \$1,000,000
DOT08-673	ADOT	74: MP 20 - MP 22 (EB & WB)	Construct passing lanes.	2009	2	State	\$ 4,090,000			\$ 4,090,000	Admin Mod: Increase budget by \$490,000
DOT09-915	ADOT	101L Price Fwy at Galveston St.	Drainage improvements	2009	0	RARF			\$ 2,100,000	\$ 2,100,000	Amend: Add a new drainage improvement project.
DOT09-916	ADOT	MAG Regionwide	Design MAG Proposition 400 noise walls	2009	5	RARF			\$ 1,560,000	\$ 1,560,000	Amend: Create a new MAG Proposition 400 noise mitigation project.
DOT10-900	ADOT	MAG Regionwide	Construct MAG Proposition 400 noise walls	2010	5	RARF			\$ 15,600,000	\$ 15,600,000	Amend: Create a new MAG Proposition 400 noise mitigation project.
DOT09-819	ADOT	202L (South Mountain): 51st Ave - I-10 West	R/W acquisition	2009	11	RARF			\$ 20,000,000	\$ 20,000,000	*Material Cost Change & Admin Mod: Decrease budget by \$10,000,000.
DOT09-827	ADOT	202L (South Mountain): 51st Ave - I-10 West	R/W acquisition	2009	11	RARF			\$ 3,000,000	\$ 3,000,000	*Material Cost Change & Admin Mod: Decrease budget by \$17,000,000.
DOT09-6C12RW	ADOT	I-10 - US60, Grand Avenue	R/W acquisition	2009	15	RARF			\$ 37,000,000	\$ 37,000,000	*Material Cost Change & Admin Mod: Increase budget by \$27,000,000.
DOT08-812	ADOT	SR303L: Bell Road	Construct TI	2008	0	State	\$11,000,000		\$ 5,700,000	\$ 16,700,000	*Material Cost Change & Admin Mod: Increase budget by \$5,700,000. Underway project.
DOT08-813	ADOT	SR303L: Cactus and Wadde	Construct crossroad improvements	2008	0	State	\$9,200,000		\$6,300,000	\$ 15,500,000	*Material Cost Change & Admin Mod: Increase budget by \$6,300,000. Underway project.
PHX12-859	Phoenix	Hatcher Road Streetscape Central Ave to 3rd Street	Add 8 foot sidewalks and landscape buffer both sides of street	2012	660 ft	CMAQ	\$ 360,000	\$ 840,000		\$ 1,200,000	Amend: Change the project location from Hatcher Road: 3rd to 5th Street to Hatcher Road: Central to 3rd Street.

\*Material Cost Change: A.R.S. 28-6353 requires that MAG approve any change in priorities, new projects, or requests for changes that would materially increase Freeway Program costs. According to the MAG Material Cost Change policy, a material cost changes is defined as: 'An increase in the cost of a project that is more than five (5) percent of the adopted project budget, but not less than \$500,000 or any increase greater than \$2.5 million.'

**Table B - Project Change Requests Recommended for Approval at TRC  
ALCP - Administrative Modifications and incorporated in the TIP**

PROJ #	Agency	Project Location	Project Description	FY	Length	Fund Type	Local Cost	Federal Cost	Regional Cost	Total Cost	Requested Change
GLB120-08D	Gilbert	Guadalupe Rd/Cooper Rd: Intersection Improvements	Design roadway widening	2009	0.2	RARF	\$ 150,000		\$ 350,000	\$ 500,000	Admin Mod: Increased Regional Cost by 88,000. Increased Local Cost by 38,000.
GLB120-08RW	Gilbert	Guadalupe Rd/Cooper Rd: Intersection Improvements	Right-of-way acquisition	2009	0.2	RARF	\$ 637,000		\$ 1,486,000	\$ 2,123,000	Admin Mod: Decreased Regional Cost by 90,000. Decreased Local Cost by 38,000.
GLB09-910	Gilbert	Guadalupe Rd/Cooper Rd: Intersection Improvements	Design roadway widening	2009	0.2	RARF	\$ 2,327,000		\$ 1,878,000	\$ 4,205,000	Admin Mod: Increased Regional Cost by 598,000. Increased Local Cost by 1,778,000.

**Table C - New Project Change Requests**

**Highway Projects - TIP FY2008-2012 Amendments & Administrative Modifications**

DOT09-823	ADOT	303 (Estrella Fwy): Lake Pleasant Rd to I-17	Construct new interim freeway.	2009	8	STP - AZ	\$ 90,000,000	\$ 18,000,000	\$ 26,000,000	\$ 134,000,000	Admin Mod: Funding source changed from \$108 million - Local to \$90 million Local and \$18 million STP-AZ.
PHX07-317	Phoenix	Downtown Phoenix	Downtown Traffic Management System - upgrading the DTMS software, video switches, wall and the TMC projector system	2009	n/a	CMAQ	\$ 100,000	\$ 400,000		\$ 500,000	Admin. Mod: Change scope from DTMS - Parking Management to DTMS software, video switches, wall, and the TMC projector system.

# **MARICOPA ASSOCIATION OF GOVERNMENTS**

## **INFORMATION SUMMARY... for your review**

**DATE:**

January 13, 2009

**SUBJECT:**

Status Report on the Performance Measurement Framework and Congestion Management Update Study

**SUMMARY:**

The adoption of the new Regional Transportation Plan (RTP) in November 2003 and the passage of Proposition 400 in November 2004, which extended the half cent sales tax through 2025, establishes legislative statutes that require the Maricopa Association of Governments (MAG) as the regional planning agency to develop a multimodal performance monitoring program for the regional transportation system. Beginning in 2010 and every five years thereafter, ARS 28-6313 requires the auditor general to contract with a nationally recognized independent auditor to conduct a performance audit of the regional transportation plan and projects scheduled for funding during the next five years. In June 2006, MAG initiated the development of a multimodal performance monitoring program for the regional transportation system. Program reports have been included in the 2006 and 2007 Regional Transportation Plan (RTP) Updates and the 2007 and 2008 Annual Report on the Status of the Implementation of Prop. 400.

In April 2008, MAG initiated the Performance Measurement Framework and Congestion Management Update Study. The selected consultant was PBS&J in conjunction with Cambridge Systematics and University of Washington TRAC Center. The primary objectives of this project are as follows:

1. Develop a framework and prototype report as a tool for evaluating the effectiveness of regional strategies for moving people, goods, and services in relation to costs and time.
2. Update MAG regional congestion management strategies to facilitate system evaluation based on performance measures developed as part of the study.
3. Comply with Proposition 400 audit requirements as well as federal requirements set forth as part of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act - A Legacy for Users (SAFETEA-LU).

In May 2008, in conjunction with Phase I of this study, MAG invited member agencies to participate in a Regional Performance and Congestion Management Technical Advisory Group (TAG) in efforts to develop this multimodal study in collaboration with stakeholders. The 18 member TAG has been actively participating in all phases of this study; to date two staff and consultant-led workshops have been conducted with near 100% participation.

Progress to date:

Phase I of this study is completed. It included the development of a best practices memorandum and the initiation of the Technical Advisory Group (TAG).

Phase II is underway. It includes the development of a framework for performance measurement strategies and the development of implementation plans and reporting methodologies for multimodal transportation systems at the regional and corridor level.

Phase III will incorporate the results of the performance measurement framework developed in Phase II into the Congestion Management Process (CMP) update. This update is needed to comply with new Federal regulations in SAFETEA-LU requiring the inclusion of strategies and methods to monitor, evaluate

and analyze the performance of the multimodal system, as well as to develop effective reporting methodologies for disseminating the results.

It is anticipated that the successful implementation of this project will result in MAG achieving the following goals:

1. Move toward scientific program development based on objectives-based, performance driven planning
2. Enhance the TIP and other program planning decision-making processes to enable MAG to better evaluate and prioritize both existing and proposed projects
3. Provide the tools necessary to support Proposition 400 audit requirements
4. Enable MAG to better meet regional congestion mitigation objectives

**PUBLIC INPUT:**

None has been received.

**PROS & CONS:**

**PROS:** This project will allow MAG to move forward in meeting its state and federal requirements for regional transportation planning. In addition, this project will result in an integrated congestion management process and performance measurement system that will provide MAG member agencies and staff and the public with timely and consistent information. Furthermore, the congestion management process component of this study will focus on the development of the criteria and strategies to aid in the assessment and evaluation of projects.

**CONS:** None

**TECHNICAL & POLICY IMPLICATIONS:**

**TECHNICAL:** The results of this study will provide guidance to MAG and its member agencies in the preparation of transportation project prioritization activities as well as a coordinated methodology to report on the performance and efficiency of the region's transportation investments.

**POLICY:** The findings of this combined study will provide the framework and reports to comply with federal regulations of SAFETEA-LU and state regulations for the implementation of Proposition 400.

**ACTION NEEDED:**

Information and discussion.

**PRIOR COMMITTEE ACTIONS:**

An update on the progress of the MAG Performance Measurement and Congestion Management Update Study will be given to the MAG Management Committee on January 14, 2009.

An update on the progress of the MAG Performance Measurement and Congestion Management Update Study was given to the MAG Transportation Review Committee on December 4, 2008.

**CONTACT PERSON:**

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# **MARICOPA ASSOCIATION OF GOVERNMENTS**

## **INFORMATION SUMMARY... for your review**

**DATE:**

January 13, 2009

**SUBJECT:**

Proposed Acceleration of the Williams Gateway Freeway

**SUMMARY:**

Mesa has requested consideration of a proposal to advance a portion of the planned Williams Gateway Freeway. The advanced project would build the ramp connections with the Santan Freeway and a connection to Ellsworth Road. When completed, the project would provide a better connection to the planned new entrance on the east side of the Phoenix - Mesa Gateway Airport. The attached summary shows the requested advancements for the design, right of way, and construction phases of the project. Mesa has proposed issuing Highway Project Advancement Notes (HPAN), which are secured by the city's excise tax, to fund the accelerated construction. Since Mesa would be issuing the debt, there is no impact on the freeway program's financing capacity. The interest expense on the debt would be divided equally between the Freeway Program and Mesa as stated in the MAG Highway Acceleration Policy adopted February 27, 2008. Mesa has requested that the \$20.4 million of Statewide Transportation Acceleration Needs (STAN) funding that was approved by the MAG Regional Council for right of way acquisition for the freeway be used to cover the interest expense on the financing. Mesa has proposed that 50 percent of the STAN funds would be used to offset the city's interest obligation and the remaining 50 percent be used to offset the Program interest. According to the proposal, the net interest cost to Mesa would be \$9.611 million and the Program share would be the same at \$9.611 million. The attached term sheet summarizes the financial analysis.

The Program share of the interest cost represents an additional cost to the Program, however, this additional cost would be offset by the accelerated construction of the project as long as the rate of inflation exceeds one-half of the interest rate on the financing. The financial analysis assumes that the interest rate is 4.25 percent on the notes. ADOT currently uses a three (3) percent inflation rate for construction, therefore, there would be a net cost savings to the program as a result of the proposed acceleration.

Mesa understands and agrees that if the schedule for the project is delayed due to higher program costs and/or lower program revenues, the reimbursement to Mesa would be delayed as other projects are also delayed. Policy discussions are currently underway at MAG that could result in substantial changes to the MAG Freeway Program due to lower revenues and higher costs. The revised program schedule could result in changes to the timing of the Williams Gateway Freeway project, in particular, the construction phase of the project.

**PUBLIC INPUT:**

None.

**PROS & CONS:**

**PROS:** Accelerating the Williams Gateway Freeway connection to Ellsworth Road would improve the general mobility in the area and access to the Phoenix - Mesa Gateway Airport.

CONS: The proposed acceleration does increase the interest expense to the Program although the increase is likely to be offset by the reduced costs related to inflation.

**TECHNICAL & POLICY IMPLICATIONS:**

TECHNICAL: The proposed acceleration would provide increased mobility and access to the Phoenix - Mesa Gateway Airport and would build a portion of the first section of the Williams Gateway Freeway. The interim construction project would include little if any components that would not be needed for the ultimate facility.

POLICY: The proposed acceleration project meets the MAG Highway Acceleration Policy that was adopted on February 27, 2008. The request also includes a change in the use of the STAN funds that were provided to this project from advanced acquisition of right of way to the payment of the interest expense associated with the acceleration.

**ACTION NEEDED:**

Recommend approval of the Mesa request to advance the design, right of way and construction of an interim connection of the Williams Gateway Freeway between the Santan Freeway and Ellsworth Road by approximately three years to be incorporated into the draft FY 2010 to FY 2014 MAG Transportation Improvement Program and the Regional Transportation Plan for a conformity analysis and that the STAN funds allocated to the Williams Gateway Freeway for right of way acquisition be used instead to pay for the interest expense associated with the proposed acceleration, recommend that the request for the change in the use of the STAN funds be forwarded to the State Transportation Board for consideration, and recommend authorizing the MAG Executive Director to enter into an agreement with ADOT and Mesa.

**PRIOR COMMITTEE ACTIONS:**

This item is on the January 14, 2009, Management Committee agenda. An update will be provided on action taken by the Committee.

**CONTACT PERSON:**

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**WILLIAMS GATEWAY FREEWAY ACCELERATION ANALYSIS  
PHASE 1, SANTAN TO ELLSWORTH\***

**Proposed Acceleration Schedule and Cost\*\***

Element	Cost Estimate (Year of Expenditure \$)	Plan Year	Advanced Year
Design	\$12	2013	2010
Right-of-Way	\$33	2015	2010
Construction	\$172	2016	2012
Total	\$217		

**Summary of Financing**

<u>Design and Right-of-Way</u>	<u>Mesa</u>	<u>Program</u>
Interest Expense***	\$4,661,000	\$4,661,000
Application of STAN funds	\$4,661,000	\$4,661,000
Net Interest Cost After Application of STAN Monies	\$ 0	\$ 0
 <u>Construction</u>	 <u>Mesa</u>	 <u>Program</u>
Interest Expense***	\$15,150,000	\$15,150,000
Application of STAN funds	\$ 5,539,000	\$ 5,539,000
Net Interest Cost After****	\$ 9,611,000	\$ 9,611,000

\* Acceleration is for SR802 Phase 1, from the Santan Freeway to Ellsworth Road. Includes Traffic Interchange with all connecting ramps to the Santan Freeway. Remainder of project is an interim facility which has been valued engineered to include interim ramp connection to Ellsworth Road.

\*\* Cost estimates were provided by ADOT in December 2008 based on unit costs and quantities. Cost estimates adjusted for inflation using the same inflation factors as ADOT & MAG are using to update the life cycle program.

\*\*\* Interest rate of 4.25% used for financing. Current rate for 5-year tax-exempt notes is approximately 2.5% as of January 2, 2009.

\*\*\*\* The net interest cost after application of STAN funds reflects interest expenses after STAN funds have been deducted. STAN funds totaling \$20.4 million were allocated for SR802 right-of-way. The Legislature subsequently authorized these funds to be used for interest expense subject to MAG & ADOT approval.