

**MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL MEETING**

December 14, 2005
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

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| Mayor Keno Hawker, Mesa, Chair | * Mayor James M. Cavanaugh, Goodyear |
| Mayor Woody Thomas, Litchfield Park,
Vice Chair | * Mayor Bernadette Jimenez, Guadalupe
Supervisor Don Stapley, Maricopa County |
| + Councilmember Dave Waldron for Mayor
Douglas Coleman, Apache Junction | * Mayor Ron Clarke, Paradise Valley |
| Vice Mayor Betty Lynch for
Mayor Ron Drake, Avondale | * Mayor John Keegan, Peoria |
| * Mayor Dusty Hull, Buckeye | * Mayor Phil Gordon, Phoenix |
| * Mayor Edward Morgan, Carefree | Mayor Wendy Feldman-Kerr, Queen Creek |
| Vice Mayor Dick Esser, Cave Creek | * President Joni Ramos, Salt River
Pima-Maricopa Indian Community |
| Mayor Boyd Dunn, Chandler | Mayor Mary Manross, Scottsdale |
| * Mayor Fred Waterman, El Mirage | Mayor Joan Shafer, Surprise |
| * President Raphael Bear, Fort McDowell
Yavapai Nation | Vice Mayor Mark Mitchell for
Mayor Hugh Hallman, Tempe |
| Mayor Wally Nichols, Fountain Hills | * Mayor Adolfo Gamez, Tolleson |
| * Mayor Daniel Birchfield, Gila Bend | Mayor Ron Badowski, Wickenburg |
| * Governor Richard Narcia, Gila River Indian
Community | * Mayor Bryan Hackbarth, Youngtown
Rusty Gant, ADOT |
| Mayor Steven Berman, Gilbert | Joe Lane, ADOT |
| Mayor Elaine Scruggs, Glendale | F. Rockne Arnett, Citizens Transportation
Oversight Committee |

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

1. Call to Order

The meeting of the Regional Council was called to order by Regional Council Chair Keno Hawker at 5:08 p.m. Self introductions followed.

4. Executive Director's Report

This agenda item was taken out of order.

Dennis Smith reported that MAG was awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association. He noted that the award is the highest form of recognition in governmental budgeting.

Mr. Smith stated that the Opening of the 2.7-mile section of the Loop 202/Santan Freeway from Arizona Avenue to Gilbert Road in Chandler is Saturday, December 17, 2005 from 9:00 a.m. to 12:00 noon

Mr. Smith introduced a new MAG employee, Nagesh Krishnarajanagar, Air Quality Engineer II. He comes to MAG from Lamar University where he worked as a Research Associate and on air quality modeling projects from Texas Commission on Environmental Quality. Mr. Krishnarajanagar holds Bachelor's and Master's degrees in chemical engineering from Bangalore University in India.

Mr. Smith announced the departure of Tom Remes to the City of Phoenix, where he will work in intergovernmental programs. Mr. Smith expressed that Mr. Remes had done a spectacular job at MAG and would be greatly missed. Chair Hawker thanked Mr. Smith for his report. No questions for Mr. Smith from the Council were noted.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair Hawker stated that the RPTA has provided transit tickets for those who used transit to come to the meeting and garage parking validation was available from staff.

3. Call to the Audience

Chair Hawker noted that according to MAG's public comment process, members of the audience who wish to speak are requested to fill out public comment cards. The opportunity for public comment is provided to members of the public to address the Regional Council 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 Regional Council requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.

Chair Hawker recognized public comment from Dianne Barker, who told the Council she would be taking the #533 Express bus after her comment period to visit her mother. Ms. Barker said that the Express bus trips are lengthier than they used to be and she wondered if it was because more people were using the HOV lanes, whether legally or not. She commented that the PM-10 problem is hard to get around in a desert. Ms. Barker stated that everyone is a part of the solution and she offered a challenge to help with this problem by encouraging trip reduction. She noted a complaint she submitted to the feds in 1999 and said that MAG's TIP creates more congestion and pollution. Chair Hawker thanked Ms. Barker for her comments.

Chair Hawker recognized public comment from William Crowley, who passed out a bus route inventory list for route 61. Mr. Crowley stated that there are 280 stops along this route and only 20 are covered. There are four bus pullouts, three of which are mid-block. Mr. Crowley stated that 1,200 bus pullouts are included in Proposition 400. If they are all done properly, there could be one pullout at each intersection. Mr. Crowley asked if a bike tunnel could be put in where the bridge is being reconstructed at Central Avenue and the Grand Canal. Mr. Crowley stated that 60 percent of the county and most of

Queen Creek are not shown on the map. He expressed his appreciation for including his Nazi statement in the minutes, but the bigger problem is regimenting speech instead of taking care of the buses. Mr. Crowley stated that there are no bathrooms open at transit stations after 7:00p.m., even though there are rent-a-cops there 24 hours per day, seven days per week. Mr. Crowley stated that there is a 469 percent increase in transit facilities with covered parking. He requested that this money be put into benches and shelters at bus stops. He also noted that \$260 million will be spent on facilities at light rail stops and will be done in two years, while bus stops that have been there for years still do not have a bench. Chair Hawker thanked Mr. Crowley for his comments.

Chair Hawker recognized public comment from Chuck Ullman, President of PORA, who said that when Proposition 400 was proposed, the West side was promised east/west roadways and that transportation would be available when it passed. Mr. Ullman stated that the voters in that area supported Proposition 400, but to date, nothing has been done. Mr. Ullman said that two studies are being proposed, but improvements would take place out to 2020 if passed. He said that the population is increasing tremendously in that area and Grand Avenue and Bell Road are impossible. Mr. Ullman asked that something please be done. Chair Hawker thanked Mr. Ullman for his comments.

5. Approval of Consent Agenda

Chair Hawker stated that public comment is provided for consent items. Each speaker is provided with a total of three minutes to comment on the consent agenda. After hearing public comments, any member of the Council can request that an item be removed from the consent agenda and considered individually. He stated that agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, and #5I were on the consent agenda. Chair Hawker stated that staff was available if the Council had any questions on consent agenda items.

Supervisor Stapley requested that agenda item #5F be heard. He moved to approve consent agenda items #5A, #5B, #5C, #5D, #5E, #5G, #5H, and #5I. Vice Chair Thomas seconded.

Before the vote was taken, Chair Hawker recognized public comment from Mr. Crowley, who said that his complaint was that all of the action items were on the consent agenda. He asked how is this meeting the process the feds intended for public input. For agenda item #5B and #6, Mr. Crowley stated that the logo did not include a bike rack on the bus and had been told the logo did not include this because it would look like the bus had collided with the bike. Mr. Crowley reiterated his comments that were on the summary transmittal. For agenda item #5C, he asked where the public input was. For agenda item #5D, Mr. Crowley stated that there was public input at TPC that was not reported in the summary transmittal. For agenda item #5E, Mr. Crowley said that MAG's plans are not in conformity. He said that today is the 12th exceedance for particulates, you are in sanctions and there is another advisory tomorrow. Mr. Crowley stated that he and Ms. Barker used transit today and asked if Regional Council members and staff did their part by carpooling. He said that the light rail needs to go to Metrocenter as was shown in the RTP documentation. Mr. Crowley stated that light rail also needs to continue to ASU West to facilitate higher education. Chair Hawker thanked Mr. Crowley for his comments.

Hearing no further comment, the vote on the motion to approve agenda items #5A, #5B, #5C, #5D, #5E, #5G, #5H, and #5I passed unanimously.

5A. Approval of the October 26, 2005 Meeting Minutes

The Regional Council, by consent, approved the October 26, 2005 meeting minutes.

5B. Proposed Amendment and Administrative Adjustment to the FY 2006-2010 Transportation Improvement Program (TIP) for Highway and Transit Projects

The Regional Council, by consent, approved a TIP Amendment and Administrative Adjustment to the FY 2006-2010 MAG Transportation Improvement Program to add one new Safety (STP-HES) Funded project and one new High Priority (HPP) Funded project in Phoenix and one new Enhancement (STP-TEA) Funded project in Scottsdale and to make several adjustments to transit projects, and changes to existing highway projects as shown in the attached tables. Since approval of the Transportation Improvement Program (TIP) in July 2005, MAG has been notified of two projects from Phoenix and one from Scottsdale that need to be added to the TIP. A TIP Amendment is necessary to carry out these additions. Furthermore, there are several other changes needed that can be accomplished by means of an Administrative Adjustment. These include: (1) several changes to the funding of Valley Metro transit projects; (2) the deferral of two projects in Tempe and one in Paradise Valley; (3) a change to the funding of an intersection project in Mesa; (4) a restructure of a project in Glendale to advance design a FY 2009 project to FY 2006; (5) and a change to the funding of an ADOT Santan freeway project. Consultation on the air quality conformity assessment for both of the proposed Amendment and Adjustment changes is considered under a separate agenda item. The TRC and the Management Committee recommended approval of the project changes described above.

5C. Requested Changes to Federal Functional Classification of Roads

The Regional Council, by consent, concurred with the changes in Federal Functional Classification as shown in the attached map and list. MAG member agencies recently submitted requests for upgrades to the functional classification of rural roadways in the region. In addition, the City of Scottsdale has requested a change to downgrade an urban road segment from urban collector to local street. The MAG Street Committee, the TRC, and the Management Committee recommended concurrence with these changes. Upon concurrence by the MAG Regional Council, these requested changes will be forwarded to ADOT for further action.

Maricopa County requests include classification as a Rural Minor Arterial: El Mirage Road Urbanized Area Boundary to Jomax Road; classification as a Rural Major Collector, Eagle Eye Road from Salome to Highway US-60; 431st Avenue from Courthouse Road to Salome Highway; Centennial Road from 523rd Ave Alignment to Salome Highway, 411th Avenue from Salome Highway to Interstate 10, 339th Avenue from Salome Highway to Indian School Road, Palo Verde Road from Old-US 80 to Interstate 10, Patterson Road from Old-US 80 to State Route 85, Elliot Road from Airport Road to Rainbow Valley Road, Riggs Road from 207th Ave to Cotton Lane Alignment, 207th Ave from Riggs Road to Germann Road, Germann Road from 207th Avenue to Tuthill Road, Tuthill Road from Germann Road to Elliot Road, Elliot Road from Tuthill Road to Cotton Lane Alignment, Estrella Parkway from Cotton Lane Alignment to Urban Area Boundary, 243rd Ave from Sun Valley Parkway to US-60, 211th Avenue from Cloud Road to State Route 74, 163rd Avenue from US-60 to Dove Valley Road, Jomax Road from 179th Ave Alignment to El Mirage Road Alignment, New River Road from Interstate 17 to Carefree

Highway; City of Scottsdale request as an Urban Local: Cactus Road from 96th St to Frank Lloyd Boulevard.

5D. Request by Gila Bend to Utilize the HURF Exchange Mechanism

The Regional Council, by consent, approved allowing Gila Bend to utilize the HURF Swap mechanism for the project along Martin Avenue in the vicinity of Pima Street, also known as State Route 85, and to authorize a TIP Administrative Adjustment to allow the project to proceed. The FY 2006-2010 MAG TIP was approved by the Regional Council on July 27, 2005. The TIP contains a Gila Bend project to carry out pedestrian improvements to a facility along Martin Avenue in the vicinity of Pima Street, also known as State Route 85. This project is currently funded with \$188,600 in MAG Surface Transportation Program (STP) funds and a local match of \$11,400. The Town would like to take the option to exchange the STP-MAG funds for State Highway User Revenue Funds (HURF) utilizing the HURF Swap mechanism. This would allow the Town to develop the project as a locally funded project and not as a federally funded project, which simplifies the process. ADOT could then utilize the STP funds wherever they feel is appropriate on another part of the State highway system. Generally, MAG member agencies are not eligible to utilize the HURF Swap option, but the funds concerned are a special subset of STP funds (known as "Outside Urban" funds, or State-Flex funds) and are therefore eligible for this exchange program. A TIP Administrative Adjustment is also requested to allow this project to proceed. The Street Committee, the TRC, and the Management Committee recommended approval.

5E. Conformity Consultation

MAG is conducting consultation on a conformity assessment for an amendment to the FY 2006-2010 MAG Transportation Improvement Program. The proposed amendment includes a new Safety funded project in Phoenix and a Transportation Enhancement funded project in Scottsdale for addition to FY 2006. In addition, some projects that were previously requested for deferral, need to be added to the TIP. The amendment includes projects that are categorized as exempt from conformity determinations and minor project revisions that do not require a conformity determination. This item was on the agenda for consultation.

5G. MAG 208 Water Quality Management Plan Amendment for the City of Glendale West Area Water Reclamation Facility Arizona Pollutant Discharge Elimination System Permit Discharge

The Regional Council, by consent, approved the MAG 208 Water Quality Management Plan Amendment for the City of Glendale West Area Water Reclamation Facility Arizona Pollutant Discharge Elimination System Permit Discharge. The City of Glendale is requesting that MAG amend the 208 Water Quality Management Plan to include the West Area Water Reclamation Facility Arizona Pollutant Discharge Elimination System Permit Discharge. The project is within three miles of the City of Avondale, City of El Mirage, City of Litchfield Park, City of Peoria, City of Phoenix, Luke Air Force Base, and unincorporated Maricopa County. To date, six of the seven entities have indicated that they have no objections. The MAG Water Quality Advisory Committee and the MAG Management Committee recommended approval of the Draft 208 Plan Amendment.

5H. Proposed 2006 Revisions to MAG Standard Specifications and Details for Public Works Construction

The MAG Standard Specifications and Details Committee has completed its review of proposed 2006 revisions to the MAG Standard Specifications and Details for Public Works Construction and these revisions are currently being reviewed by MAG Member Agency Public Works Directors and/or Engineers. It is anticipated that the annual update packet will be available for purchase in early January 2006. This item was on the agenda for information and discussion.

5I. Status Report on 2005 Census Survey

The 2005 Census Survey is now in progress. The results of this survey will be used to distribute billions of dollars in state-shared revenues to cities and towns, Maricopa County, and Indian communities within the MAG region from 2006 to 2011. At the October 26, 2005 Regional Council meeting, staff gave an update on the timeline of survey activities, return rates of the census questionnaire, a review of costs of the survey and funds expended to date, and the publicity campaign for the survey. Mail returns of the 2005 Census Survey questionnaires and telephone follow-up are now complete. Personal visits by census personnel are nearing completion. It is anticipated that field work will be completed by mid-December and the local census office will be closed by the end of the year. Results from the 2005 Census Survey will be received in Spring 2006. For its original estimate, the Census Bureau assumed that 50 percent of the responses to the questionnaires would be returned by mail, 25 percent of the responses would be telephone interviews and 25 percent of the responses would require personal visits. As of December 1, 2005, the Census Bureau's revised estimate shows 51 percent of the questionnaires were completed by mail, 6 percent were completed by telephone interview and 43 percent were completed by personal visit. These percents are estimates because of potential duplication between the three collection modes. The cost for the 2005 Census Survey and count of population in group quarters has been estimated at \$7.7 million. The Federal Highway Administration (FHWA) has authorized the use of FHWA funds to cover a portion of the estimated cost, while the remaining estimated cost will be incurred by MAG member agencies. The help and support of MAG member agencies, especially pertaining to creating address files for Census Bureau use, helped to keep cost increases down. Through numerous meetings with the Census Bureau to discuss measures to control costs, Census Bureau staff stated that they will complete the 2005 Census Survey within budget. The Census Bureau final costs will be based upon total expenses incurred by the Census Bureau and will be determined in 2006. Aside from costs paid to the Census Bureau, there are other costs that have been incurred, such as the regionwide media campaign and the setup and maintenance of the local census office. This item was on the agenda for information and discussion.

5F. Update on Critical Issues with the Maricopa County Dust Control Program

This item was removed from the consent agenda.

Supervisor Stapley stated that Maricopa County is aware of the exceedances and air quality problems and has continued its efforts to address the enforcement of the Maricopa County Dust Control Rules. Supervisor Stapley stated that the County has been working diligently, creating the Air Quality Department and hiring qualified staff, which has been challenging. He said that 20 of the 30 field positions have been filled. Additionally, seven other inspectors have been cross-trained in Title V and

unpaved vacant lot inspections. Supervisor Stapley noted that violation settlements are setting records, so the process is beginning to work.

Supervisor Stapley said that he was asking for help from cities and towns and had four requests where they could provide assistance. He added that the efforts will be elevated publicly to the level of the West Nile Virus program and will require everyone working together to be successful. Supervisor Stapley advised that the County has taken a hard position and has been sued by industry groups for enacting more stringent rules. He added that they are currently working on resolving issues. Supervisor Stapley stated that in discussions with EPA and cities and towns, some things did not work well in the communications process and the County wants to improve this.

Supervisor Stapley said that cities and towns employ inspectors who do construction and road inspections. He stated that his first request was that cities and towns allow their staff to be cross-trained at no cost to them, by County Air Quality Department staff so they will be able to observe dust control violations and report them to the Air Quality Department. Supervisor Stapley stated that his second request was that cities and towns need to impose the most stringent rules and regulations on unpaved parking lots. Supervisor Stapley stated that his third request was that cities eliminate outdated street sweeping equipment and implement PM-10 efficient street sweepers. He commented that some older equipment might contribute more to the problem than helps it. Supervisor Stapley stated that his fourth request was to support legislation restricting trash burning on high pollution days. He added that currently, wood burning in fireplaces is restricted, but there is no restriction to burning trash. Supervisor Stapley stated that the County will be going to the Legislature to give them the authority to regulate this in the unincorporated parts of the County. He added that he would be sending a followup letter enumerating his four requests to Regional Council members.

Chair Hawker asked Lindy Bauer to provide a status update on exceedances, sanctions, time frames and jeopardy to projects. Ms. Bauer stated that the data at the air quality monitors is not looking good for attainment by the 2006 deadline. She said that there have been several exceedances during November and December and no more than three exceedances are allowed. Ms. Bauer noted that there have been nine exceedances at the 43rd Avenue monitor, eight at the Durango monitor, and two at the Buckeye monitor. Ms. Bauer stated that it is important to recognize that the County still has to quality assure the data and will do so in the first quarter of 2006. She advised that if the data shows the standard will not be attained, the region will have to prepare a five percent plan to show a five percent reduction in emissions until the standard is reached. Ms. Bauer stated that the EPA is getting ready to propose a new particulate standard. She reported that EPA advised MAG it would be wise to see what they proposed and the implications. Ms. Bauer stated that sanctions are not tied to failing the PM-10 standard, but the consequence is doing the five percent reduction plan. She said that she would report back on the EPA proposal.

Chair Hawker asked what the consequence would be if the five percent plan was drafted and attainment was still not reached. Ms. Bauer responded that if a five percent plan was prepared, and there are still high readings at the monitor, emissions would need to be reduced another five percent until the standard is attained. Ms. Bauer stated that this will be difficult to do and the goal would be to attain the standard as soon as possible. She commented on timing issues between the old standard and new standard because it can take years for the EPA to finalize a new standard. Ms. Bauer stated that if we submit a

five percent plan for PM-10 standards, it would be beneficial if the measures also address the new particulate standard. Under the best case scenario, if a five percent reduction plan was submitted, all the same measures for the new standard could be submitted if they showed attainment.

Chair Hawker asked what would be the benchmark. Ms. Bauer replied that the Clean Air Act indicates that the five percent reduction in emissions must come from the most recent emissions inventory. Chair Hawker commented that because the County has jurisdiction over air quality, could cities pass ordinances and have local enforcement or would they need to call the County? Ms. Bauer replied that more legal research might be needed to see, for example, if cities could enforce county regulations. She noted that the City of Peoria requires that contractors submit their earth moving permits and dust control plans to the city, which in turn incorporates them into their grading and drainage permits. Ms. Bauer said that Peoria inspectors call the County to report problems. Chair Hawker asked if staff could provide Peoria's city code to cities? Ms. Bauer replied that staff could do that quickly.

Mayor Manross asked which company was suing? Supervisor Stapley replied that it was Rock Products Association.

Vice Chair Thomas asked if inspectors were available beyond the 9:00 to 5:00 hours? Supervisor Stapley replied that he would find out a definitive answer, but he knew that inspectors are on-site when construction is heaviest. He added that the County is looking at staggering work hours.

6. Annual Report on the Implementation of Proposition 400

Roger Herzog stated that A.R.S. 28-6354 requires that MAG issue an annual report on the status of projects funded by the sales tax. He stated that the report also includes changes to the RTP and plan priorities, and project financing. Mr. Herzog noted that the RTP Partners group, composed of representatives from MAG, ADOT, RPTA, and Valley Metro Rail, has been meeting to coordinate the implementation of Proposition 400 and provide input to the Annual Report.

Mr. Herzog stated that the Annual Report will be updated for each fiscal year from FY 2006 through FY 2026. He said that the Annual Report represents a snapshot at a particular point in time and includes information through June 30, 2005. He noted that the remaining Proposition 300 projects, which MAG is required to report on, are also included in the Annual Report. Mr. Herzog indicated that a Public Hearing on the report was held November 14, 2005 and a transcript from the hearing was included in the agenda packet. Mr. Herzog stated that the initial funds from Proposition 400 do not start flowing until March 2006; therefore, this annual report is more background and reporting.

Mr. Herzog displayed a chart of the funding sources for FY 2006 to FY 2026, totaling \$31.7 billion, and uses of the funds. He noted that the use of funds includes an allowance for inflation, debt service, and return of principal.

Mr. Herzog reviewed the Freeway/Highway Program. He said that ADOT produced a life cycle program for the freeway/highway portion of the Plan and hired three management/engineering consultants to guide the program over the next 20 years. Mr. Herzog stated that \$279 million for litter pickup and landscape maintenance and \$75 million for noise mitigation are included in Proposition 400 funding.

He stated that the TPC Freeway Maintenance/Noise Mitigation Subcommittee was formed to make recommendations on these two programs.

Mr. Herzog stated that ADOT has a number of preliminary engineering projects underway, which include design concept reports and environmental assessments for I-17, Loop 101 to the Carefree Highway; Loop 101, Princess Drive to Loop 202; and SR-51, Loop 101 to Shea Boulevard. He added that studies are also underway on Loop 303, the South Mountain Freeway corridor, and I-10.

Mr. Herzog indicated that the Proposition 300 Regional Freeway Program is almost complete, with segments remaining on the Santan and Red Mountain. He said that the Red Mountain Freeway completion is anticipated in mid-2008. Mr. Herzog displayed a chart that showed the funding sources and uses for the freeway/highway program from FY 2006 to FY 2026.

Mr. Herzog then addressed the Arterial Streets Program in the Annual Report. He stated that local jurisdictions will implement the projects in the program. Mr. Herzog stated that the Arterial Program Policies and Procedures were approved in June 2005 and the Arterial Life Cycle Program was adopted in October 2005. Mr. Herzog stated that individual project assessments are proceeding that will be used in the development of project agreements. Mr. Herzog noted that federal funding legislation was recently reauthorized and the program will be refined based on the amount that the region receives. Mr. Herzog stated that work continues on drafting the model project agreement. He displayed a chart of funding sources and uses for the Arterial Street Program for FY 2006 to FY 2026, totaling \$3 billion, that shows the program is in balance.

Mr. Herzog then reviewed the Transit Program in the Annual Report. He said that the Valley Metro Board adopted the program's guiding principles, financial model, and the program policies. Mr. Herzog stated that staff are working on bus service planning, park and ride predesign, and LRT standards and system studies. He said that the Metrocenter LRT link is in the EIS process. Mr. Herzog noted that the LRT 20-mile minimum operating segment is expected to be completed in December 2008. He displayed a chart of funding sources and uses of the Transit Program for FY 2006 to FY 2026.

Mr. Herzog addressed the key findings of the report. He said that the report found that a strong coordination effort is being pursued by the agencies implementing Proposition 400, and the RTP Partners is an important element. He advised that the report found that the life cycle programming process has been initiated for all transportation modes, in keeping with state statute; the preliminary life cycle programs are consistent with the RTP and costs are in balance with projected revenues; and construction on the Proposition 300 Freeway Program will be completed by mid-2008 and costs are in balance with available revenues.

Mr. Herzog then reviewed future issues found by the report. He said that potential cost of future right-of-way will require careful monitoring and may warrant periodic program adjustments; material prices are facing an environment of global competition and limits on supply, affecting future construction costs and cost/revenue balance; the Federal New Starts Program for light rail may have a major effect on the schedule for implementing LRT route extensions; minimizing "scope creep," which is expansion of projects, will be a continuing challenge.

Chair Hawker thanked Mr. Herzog for his report. He asked the format of the five year audit. Mr. Herzog stated that the five year audit is being kept in mind when the annual reports are being drafted so that the information compiled will be useful for the five year audit. He said that the five year audit will be produced by an independent transportation consultant.

Supervisor Stapley extended his appreciation to Mr. Herzog for the yeoman's work on this complex report. He said that he did not want to reopen the Proposition 400 debate, but there has been discussion recently on bottlenecks on major freeways entering the region. Supervisor Stapley stated that Supervisor Max Wilson represents the West Valley and gave a passionate plea at the Board meeting for the County to work with MAG and ADOT to come up with a solution. He stated that he recently met with the Chair of the Appropriations Committee and found support. Supervisor Stapley stated that one idea for a solution was to reallocate the \$118 million in HURF currently spent by the State on DPS, bond against it and accelerate improvements where bottlenecks are occurring. He said that some freeway improvements are priorities and some are 15-20 years out. Supervisor Stapley stated that we need to come back to the table and discuss this. He stated that planning the Challenge of Construction Forum was commendable and he would attend. Supervisor Stapley remarked that he felt a tragic mistake was made when the gas tax was not indexed in 1992. He added that he felt there is a lot of sentiment at the Legislature to move forward and figure out the bottleneck problem. Supervisor Stapley requested input on the \$118 million in HURF, the VLT, and indexing. He stated that the State Legislature is moving quickly on the budget and now is not too soon. In addition, discussion needs to take place with the Transportation Chairs, the leadership of the House and Senate, and the Governor's office. Supervisor Stapley advised that the Board is very serious about this and wants to elevate the discussion.

Vice Chair Thomas stated that he agreed and supported the premise, especially when he has been hearing about additional funds in the budget. He added that he heard figures of up to \$1 billion over the years have gone to DPS that could have gone to bonding the existing freeways. Vice Chair Thomas remarked that the pay as you go system has its detractors as well and we are seeing the fruits of that right now.

Mr. Gant stated that the State Transportation Board would welcome any support for returning the money that went to DPS. He said that the Board has not done successful lobbying, but the effort would be helped with Regional Council support. Mr. Gant stated that the Board is desperately searching for funding to improve the major freeways in and out of the Valley. He remarked that the Board would welcome support and being a part of the solution. Mr. Gant added that the Board will work with the cities, the County and MAG on this.

Mayor Manross asked Supervisor Stapley specific locations in the most dire need. Supervisor Stapley responded that all freeways are going to receive funding, but the question is using State bonding capacity. He said that I-10 west and south, and I-17 are in great need. Supervisor Stapley remarked that he did not want to reopen the Proposition 400 debate, but there might be ways to augment or accelerate them. He commented that US-60 will be widened, but only to Meridien. That is why this needs to be State money. Supervisor Stapley mentioned that he heard discussion about the County being tapped, but that is difficult legally. He said that the County has no general obligation debt and is moving forward on pay as you go for capital projects. Supervisor Stapley stated that the Board is open to any good ideas. He added that all are here for a finite period of time and do not want to look back politically with regret that not everything was done that could have been done.

Mayor Manross commented that there is a great need to find solutions. She asked Supervisor Stapley how using HURF for the outer loops would be reconciled to communities in the centers who feel they might not get return on their contributions. Supervisor Stapley responded that the freeway system is an interconnected system and impacts affect the entire system. He added that he did not have a good answer, which is why this needs debate.

Mr. Lane commented that in an election year like this, some of these issues are subject to problems at the Legislature. He expressed concern that when something is made a priority there will be a move to change the composition of the State Transportation Board. Mr. Lane stated that anytime the Board is politicized, there are problems, and the group with the most votes gets the next freeway. He stated that today, freeways are built on engineering principles. Mr. Lane stated that care needs to be taken when lobbying that this does not get politicized.

Mayor Shafer stated that the City of Surprise has been discussing this with their legislators. She said that two roads serve the City of Surprise with 96,000 residents, in addition to the residents in the two Sun Cities. Mayor Shafer said that they hoped to have buses, but they ended at Peoria. She stated that a lot of communities need help and returning the HURF funds needs to be conveyed to Legislators.

Mayor Scruggs commented that one of the top priorities at the League Conference was to restore the HURF funds for all cities and towns statewide. She stated that there needs to be more than just those at this table and she was uncertain if all in the State would support the Legislature as they take care of freeways in the Valley. Mayor Scruggs stated that the Challenge of Construction Forum will attempt to do what Supervisor Stapley and the Legislature want—to build the RTP as quickly as possible. She stated that in keeping with the adopted guidelines that projects will stay in order, all factors need to be considered. Mayor Scruggs stated that during the last two hours of the Forum will be discussion of things that can be done by the Legislature, cities and towns, and industry to help solve serious problems. She mentioned the ADOT presentation at the TPC meeting about projects coming in above bid. Mayor Scruggs commented that it is a bigger picture than money and it needs to address all cities in the State because it is everyone's money. She expressed her hope that all will attend the Forum because it will be an opportunity to examine the entire problem and look for solutions.

Supervisor Stapley expressed his agreement. He added that this is also the highest priority on the Legislative agenda, at the Supervisors Association and the Association of Counties. Supervisor Stapley stated that everyone can work on this together and perhaps address the HURF issue this year and the gas tax next year.

Chair Hawker stated that it would be appropriate to put HURF, the gas tax, and funding sources on as topic for discussion on a future agenda. It was decided to hear agenda item # 8 as the construction costs update dovetailed with this discussion.

Vice Chair Thomas said that he needed to leave the Regional Council meeting to attend a special meeting of Litchfield Park's City Council, so he would offer his comments on agenda item #7. He said that even more problems with the bottlenecks can be anticipated. Vice Chair Thomas stated that his source for that concern is from a MAG document that level of service for 2030 will have problems, despite spending \$15.8 billion. He stated that there is on ongoing need to review and consider other avenues for the relief of bottlenecks. Vice Chair Thomas mentioned that this also ties into the air quality

problems somewhat, but is more of a level of service problem. He said that transportation continues to limit the ability to grow and develop. He referenced an *Arizona Republic* article that the Town of Buckeye will impact the region's ability to continue its pace of growth.

8. Presentation and Discussion on the Cost Estimation Process for Freeway Projects

This agenda item was taken out of order.

Eric Anderson gave an overview of highway construction costs. He said that supply and demand are affecting material costs. He said that transportation costs, material availability, increasing demand for materials from China and the Pacific rim countries, the Gulf Coast rebuilding, the 75 percent tariff on Mexican cement, railroad capacity, and energy are all factors in rising costs.

Mr. Anderson stated that there have been recent significant cost increases on cement, aggregate, steel, lumber, petroleum products, and PVC conduit, which is also in short supply. For example, the cost for cement was \$100 per ton in August and \$117 per ton in October. Steel rose from 55 cents per pound in 2003 to \$1.03 per pound in 2005. Mr. Anderson stated that the cost of aggregate, which is used in concrete, increased 30 percent in the past year due to processing and hauling costs and reduced availability of sources. He commented that pits have been depleted and facilities are being moved farther out, therefore, the transportation costs are higher. Mr. Anderson noted that difficulties in obtaining governmental permits due to environmental concerns also added to the cost of aggregate. He added that PM-10 is a great concern for this region. Mr. Anderson stated that another significant factor is the price of diesel fuel, which increased 70 percent in the past year.

Mr. Anderson stated that even though there are thousands of people moving here there still is a shortage of skilled available labor. He said that some of it is due to the high level of construction in the state and Gulf Coast rebuilding. Mr. Anderson noted that rail and trucking are at capacity. In addition, railroads are tending to carry higher value products at the expense of high-weight, low-value commodities.

Mr. Anderson then addressed the impact of these factors on recent bids. He said that the State's estimate was \$59.7 million for the US-60 widening from Gilbert to Power Road project. Two bids were received and the low bid was \$73.7 million, which was 23 percent over the estimate. Mr. Anderson stated that the State's estimate was \$52.4 million for the Red Mountain, University to Southern project. He said that only one bid was received in the amount of \$68.4 million, which was 38 percent over the estimate. Mr. Anderson stated that the State's estimate for the I-17, Cactus Road traffic interchange project was \$3.6 million. One bid was received in the amount of \$5.9 million, which was 64 percent over the estimate. Mr. Anderson stated that the State's estimate for the Red Mountain, Power to University, was \$144 million. Two bids were received and the newly revised estimate is \$206 million, a 43 percent increase. Mr. Anderson noted that this summer, bids received were 20 to 45 percent higher than estimates.

Mr. Anderson advised that the strategies may vary depending if the situation is short term price spikes that will come back down, whether the higher prices will form a new plateau, or if prices will continue to climb. He said that commodity markets, unit prices, and cost impact on the program will continue to be monitored.

Mr. Anderson stated that a Task Force with ADOT and industry representatives are examining program delivery options, such as cost adjustment clauses, the size of projects, and possible adjustments to specifications. He said that a progress report will be given to the TPC in January 2006. Mr. Anderson stated that a Challenge of Construction Forum is being planned for January 6, 2006 at the Phoenix Airport Marriott. The Forum will examine ideas to assist the construction industry in delivering needed projects for all of Arizona. Stakeholders will be engaged in discussing their ideas on how to meet these challenges and to help provide direction on actions to be pursued. Mr. Anderson stated that we have a record Five Year plan in place with extensive financing behind it. He advised that a lot needs to be strategized in the next 60 to 90 days to deal with the issue. Mr. Anderson stated that one piece of good news is that revenue from the sales tax was up 17 percent in the July to September period, eight percent above the forecast. He advised that this would have to continue for many years to grow enough revenue to deal with the cost increases.

Mr. Smith stated that ADOT is looking at serious issues with the statewide program and does not have bonding ability. He advised that it is not wise to do additional bonding because we are already at a high level. Mr. Smith stated that statutorily, we have to keep the program in balance between revenue and costs. He commented that this is a thimble-full of information to use in making long-range decisions. Mr. Smith stated that we need to be proactive and get on the issue right now.

Mr. Anderson stated that in a recent national telephone conference call on the cost of construction materials, there was a lot of discussion of the moderation of the housing market because of interest rate increases. He commented that this could take some of the pressure off the commodity supply issue. Mr. Anderson stated that California, Arizona and other western states will be in a unique position regarding shortage issues, especially regarding aggregate cement. He said that the Forum will provide an opportunity to talk to local and national construction people to get a better idea of what is happening.

Chair Hawker thanked Mr. Anderson for his report and added that he hoped everyone would attend the Forum. No questions from the Council were noted.

7. Commuter Rail Update

Mr. Anderson gave an overview of commuter rail. He said that the High Capacity Transit (HCT) Study was completed in 2003, and as a result of the study, \$5 million was placed in the Regional Transportation Plan to examine future implementation issues regarding commuter rail. Mr. Anderson advised that if further action on commuter rail is desired by member agencies, an update of commuter rail information could be considered as a consultant study in the FY 2007 MAG Unified Planning Work Program and Annual Budget.

Mr. Anderson stated that the commuter rail piece of the HCT study involved a comparison of commuter rail and light rail characteristics, a summary of commuter rail operations in other areas, an inventory and evaluation of rail infrastructure in the MAG region, ridership projections based on 2040 population and employment projections, cost estimates for commuter rail capital and operations by corridor. Mr. Anderson also included a report on the Trinity Railway Express in Dallas.

Mr. Anderson showed a table of comparison data for peer commuter rail systems in Los Angeles, San Diego, and San Jose. He stated that commuter rail and light rail are complementary to each other;

commuter rail is for longer trips and light rail is for shorter trips. Mr. Anderson noted that the average trip length for commuter rail was 25 miles and stations are usually about two to ten miles apart. He said that the light rail commutes average about five miles with stations located one mile or less apart.

Mr. Anderson showed a map of rail service in the MAG region, which is served by the Burlington Northern Santa Fe (BNSF) and the Union Pacific (UP). He stated that the BNSF line from Phoenix to Wickenburg is a single track of about 53 miles in length with 55 at-grade street crossings. He noted that about five trains per day use the track, although this number might have increased since the study was done. Mr. Anderson noted that the right-of-way is 100 feet wide, making the installation of another track possible. The track does not have an existing train signal system, which would probably be necessary for commuter rail service. Mr. Anderson stated that the corridor has a maximum speed of 49 miles per hour, although for most of the track in the more populated areas the speeds are closer to 15 to 25 miles per hour. Mr. Anderson noted that freight traffic has a priority use for the track.

Mr. Anderson then spoke about the BNSF yard facilities. He said that BNSF has a maintenance and switch yard facility near 19th Avenue and McDowell Road. Another facility, at 51st Avenue along Grand Avenue, is used to load and unload truck trailers onto the rail line, which could be an impediment to commuter rail operations. Mr. Anderson stated that the BNSF operating facilities are at capacity and BNSF has plans to move most of its operations farther out on the Grand Avenue corridor.

Mr. Anderson noted that upgrades or changes in the BNSF corridor that would be desirable for implementing commuter rail include installing a train signal control system, laying a second track, lengthening sidings, and reducing main track switching activity by moving BNSF operations. He added that the right-of-way is suitable for accommodating another track.

Mr. Anderson stated that the UP track is about 75 miles long and includes 109 mainline grade crossings. It is a single-track configuration with sidings to allow trains to pass at certain points. Mr. Anderson said that the mainline is signalized and has a speed limit that varies from 15 to 60 miles per hour, depending on the location. The right-of-way is generally 100 feet wide. He said that when the HCT study was done, the UP operated about six trains per day.

Mr. Anderson stated that the principal UP operating yard is located in downtown Phoenix, bounded by 7th Street and 16th Street. He stated that changes in the UP corridor that would be desirable for implementing commuter rail include upgrading rails and replacing ties, replacing the signal systems, and good coordination with freight traffic.

Mr. Anderson stated that there are operational issues common to both companies that would need to be addressed, including the ownership model, liability and risk management, freight/passenger capacity conflicts, grade crossings, noise impacts, station impacts, capital needs, operating and maintenance costs, and governance structure. Mr. Anderson added that the Corporation Commission is looking at safety concerns for grade crossings in the urban area.

Mr. Anderson stated that ridership projections were produced based in the interim population and employment projections. Phase 1 was based on 2020 projections with three inbound and three outbound peak hour daily trains. Phase 3 was based on the 2040 population and employment forecasts with full commuter service.

Mr. Anderson then addressed cost estimates for commuter rail capital and operations by corridor. He stated that Phase 1 upgrade capital costs for BNSF are estimated at more than \$300 million, with slightly less for UP. Mr. Anderson reviewed the projected operating costs by corridor.

Mr. Anderson spoke about the Dallas Area Rapid Transit (DART), which operates fixed route bus service, as well as light rail transit (LRT) and commuter rail. He displayed a chart of the operating subsidy per passenger for the various transit services provided by DART. Mr. Anderson noted that commuter rail requires an operations subsidy. He added that commuter rail as a profit making enterprise has not happened anywhere in the US.

Mr. Anderson stated that the commuter rail study update could include a review of peer commuter rail systems, an inventory by ADOT of rail infrastructure and operations, including freight, which was not included in the HCT study, updated ridership projections, capital and operating costs, and implementation steps over the next decade or so. Mr. Anderson stated that a group of stakeholders could be formed to assist in the development of the scope of work. The proposed study could be started in July 2007.

Chair Hawker asked about useful information that could be obtained from an update and whether it could be implemented. Mr. Anderson responded the purpose of the study would be to provide good data and the latest cost numbers. He said that there have been significant changes in railroad operations since the study was completed in 2003 and some significant infrastructure investments are being planned by the railroad companies. Mr. Anderson stated that if funds were found through another source, federal for example, we would know the amount needed for implementation. He commented that there are different ways to fund the ongoing subsidy, including a tax. Mr. Anderson stated that it is premature to name a strategy to implement commuter rail. This study is just to ensure we have the current data and good targets on both the capital and operating sides.

9. Presentation and Discussion of the Status of Freeway Projects by Corridor

Mr. Anderson reported on the implementation of Phase 1 of RTP by ADOT. He displayed a map of widenings and improvements to the existing corridors of Grand Avenue, SR-85, I-10, Loop 202 and US-60. Mr. Anderson reviewed the HOV lane projects on SR-51, Loop 101 and Loop 202 and HOV and general purpose lanes on I-17, I-10, and US-60. He then showed the new freeway corridors and right-of-way for Loop 303 and Loop 202 (South Mountain). Mr. Anderson explained the ongoing and upcoming studies on corridors.

Mr. Anderson moved on to more detail on the South Mountain project. He said that the Environmental Impact Statement was initiated in 2001, and completion is expected in 2007. Mr. Anderson noted that three connections with I-10 being considered: the MAG-adopted connection at 55th Avenue, one at 71st Avenue, and one at Loop 101. He advised that at this time, Pecos Road is the only alignment being considered because the Gila Indian Community has not indicated it will allow the freeway onto its land. Mr. Anderson displayed a map that showed the three options for a connection to I-10. He noted a number of public meetings on the alignment that have been held by ADOT. Mr. Anderson added that a preliminary recommendation from ADOT and FHWA is anticipated in February or March 2006. Mr. Anderson advised that an alignment change from the MAG-adopted connection would require a major amendment to the RTP. Mr. Anderson showed a map of rubberized asphalt projects. He said that the

cost has increased significantly because of the rise in price of liquid asphalt and we might want to delay some segments. Chair Hawker thanked Mr. Anderson for his report. No questions from the Council were noted.

10. Comments from the Council

An opportunity was provided for Regional Council members to present a brief summary of current events. The Regional Council is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action. No comments from the Council were noted.

Mayor Manross stated that the Loop 101 photo speed enforcement pilot program will start up in January. She explained that the project extends eight miles between Pima/90th Street and Scottsdale Road. Mayor Manross noted that initially, warnings will be issued, followed later by citations. She said that to increase awareness, she would be sending a letter to members on the project. Additional information is available on the City of Scottsdale website.

Mayor Scruggs announced that the City of Glendale's Parks and Recreation Department was awarded the Good Sports Community of the Year by *Sports Illustrated* magazine for its youth program. Mayor Scruggs noted that only eight of these awards were given nationally this year.

Chair Hawker read and presented a Resolution of Appreciation to Rusty Gant for his service to the MAG organization since 1992. Chair Hawker thanked Mr. Gant for his contributions, which made the region a better place to live. Mr. Gant commented that there have been many changes since he became a Regional Council member in 1992. He said there are many issues that will require the dedication of the people in this room. Mr. Gant stated that it has been a privilege and pleasure to serve on the Regional Council.

Supervisor Stapley announced that the National Association of Homebuilders awarded County Planner Joy Rich with its highest national award for planning.

There being no further business, the Regional Council meeting adjourned at 6:50 p.m.

Chair

Secretary