

MINUTES OF THE
MAG MANAGEMENT COMMITTEE MEETING
June 10, 2009
MAG Office Building - Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Charlie McClendon, Avondale, Chair	Christopher Brady, Mesa
Mark Pentz, Chandler, Vice Chair	Jim Bacon, Paradise Valley
# Matt Busby for George Hoffman, Apache Junction	Carl Swenson, Peoria
David Johnson for Jeanine Guy, Buckeye	Frank Fairbanks, Phoenix
* Gary Neiss, Carefree	John Kross, Queen Creek
* Usama Abujbarah, Cave Creek	* Bryan Meyers, Salt River Pima-Maricopa Indian Community
Spencer Isom for B.J. Cornwall, El Mirage	John Little, Scottsdale
Alfonso Rodriguez for Phil Dorchester, Fort McDowell Yavapai Nation	Michael Celaya for Randy Oliver, Surprise
Rick Davis, Fountain Hills	Charlie Meyer, Tempe
* Rick Buss, Gila Bend	Chris Hagen for Reyes Medrano, Tolleson
* David White, Gila River Indian Community	# Gary Edwards, Wickenburg
George Pettit, Gilbert	Lloyce Robinson, Youngtown
Jessica Blazina for Ed Beasley, Glendale	Steve Hull for John Halikowski, ADOT
Romina Korkes for John Fischbach, Goodyear	Kenny Harris for David Smith, Maricopa County
RoseMary Arellano, Guadalupe	Bryan Jungwirth for David Boggs, Valley Metro/RPTA
Sonny Culbreth for Darryl Crossman, Litchfield Park	

* Those members neither present nor represented by proxy.

Participated by telephone conference call.

+ Participated by videoconference call.

1. Call to Order

The meeting was called to order by Chair Charlie McClendon at 12:00 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair McClendon noted that Rick Buss, Gary Edwards, Matt Busby, and Michael Celaya were participating via teleconference.

Chair McClendon noted material at each place: item #5J, the addendum to the agenda, revised material for agenda item #6, and a bill summary chart for agenda item #11.

Chair McClendon announced that parking garage validation and transit tickets were available from Valley Metro/RPTA for those using transit to come to the meeting.

3. Call to the Audience

Chair McClendon stated that Call to the Audience provides an opportunity to the public to address the Management 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. Chair McClendon noted that those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard. Public comments have a three minute time limit and there is a timer to help the public with their presentations.

Chair McClendon recognized public comment from Dianne Barker, who expressed her thanks for the transit ticket she received. She said that she had been seen riding light rail by Rick Simonetta's assistant, and that she had brought Mike Hendricksen to the meeting. Ms. Barker reported that she had sent out a Twitter message at 6:00am that said "Warning: Happiness is contagious," and she had received a response, "I caught it." She stated that two light rail riders from Surprise, who parked their car on Central Avenue and were traveling to Tempe, asked her if the Surprise City Manager or Mayor rode light rail. Ms. Barker stated that multimodal transportation feels good. Chair McClendon thanked Ms. Barker for her comments.

4. Executive Director's Report

Dennis Smith, MAG Executive Director, reported to the Management Committee on items of interest to the MAG region.

Mr. Smith stated that he met with the Central Arizona Association of Governments (CAAG) regarding their planning relationship. He said that federal law 450.312 requires that the Metropolitan Planning Area boundaries, shall encompass the entire existing urbanized area, plus the area expected to be urbanized within a 20-year forecast period for the metropolitan transportation plan. Mr. Smith displayed maps of the contiguous area expected to be urbanized by 2010 and by 2030, and noted how the boundary was expanding. Mr. Smith noted that MAG, CAAG and Pinal County have already participated in many joint planning efforts, such as the Southeast Maricopa/Northern Pinal study and Hidden Valley Transportation Framework Study. He stated that for the MAG transportation model to perform correctly, requires the MAG transportation model to extend into Pinal County. Mr. Smith stated that previously the MAG model indicated that the level of service was not showing congestion in the Mesa area, however, when MAG extended the model into Pinal County, the level of service dots turned red, indicating congestion. Mr. Smith displayed a map of the air quality nonattainment boundary for 8-hour ozone that was recommended by the Governor to EPA, and pointed out that it extends farther into Pinal County. He advised that the 2010 Census will establish the new urbanized areas.

Mr. Smith stated that MAG is a Transportation Management Area, which means that it must undergo a certification review by the Federal Highway Administration and Federal Transit Administration. He continued that the 2004 final report of MAG's certification review concluded that, "As the urbanized area continues to grow outside the boundaries of Maricopa County, the boundaries of the MPO should grow with it. We strongly encourage MAG to work with the neighboring jurisdictions outside Maricopa County to make their transition to the MPO as seamless as possible."

Mr. Smith stated that MAG's next certification review is scheduled for November 2009, and the federal agencies will ask how MAG followed up on the comments from the 2004 certification. Mr. Smith stated that one possible strategy would be to develop a joint planning coordination resolution with MAG, CAAG and the Pima Association of Governments to discuss mutual planning interests. Mr. Smith reported that he had been invited to the CAAG Transportation Policy Committee to discuss planning coordination, and he wanted to keep members informed that these discussions are ongoing. Chair McClendon thanked Mr. Smith for his report. No questions for Mr. Smith were noted.

5. Approval of Consent Agenda

Chair McClendon stated that agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, and #5J were on the Consent Agenda. He reviewed the public comment guidelines for the Consent Agenda. He noted that no public comment cards had been received.

Chair McClendon asked if any member of the Committee had questions or a request to have a presentation on any Consent Agenda item.

Ms. Korke moved to recommend approval of Consent Agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, and #5J. Mr. Culbreth seconded, and the motion carried unanimously.

5A. Approval of May 13, 2009, Meeting Minutes

The Regional Council, by consent, approved the May 13, 2009, meeting minutes.

5B. Draft Fiscal Year (FY) 2010 Arterial Life Cycle Program (ALCP)

The Management Committee, by consent, recommended approval of the Draft FY 2010 Arterial Life Cycle Program contingent on a new Finding of Conformity for the Regional Transportation Plan 2010 Update and FY 2010-2014 MAG Transportation Improvement Program, which will be finalized in January 2010. The Regional Transportation Plan (RTP) identifies 94 arterial street projects to receive funding from the regional sales tax extension and from MAG federal funds. The Arterial Life Cycle Program (ALCP) provides information for 93 of the 94 projects spanning a 20-year life cycle. Information contained in the ALCP includes project location, regional funding, fiscal year (FY) of work, type of work, status of project and the lead agency. As part of the ALCP process, Lead Agencies update project information annually, at a minimum. MAG staff has programmed the Draft FY 2010 ALCP based on the information provided by Lead Agencies and from projected revenue streams from the Regional Area Road Fund (RARF), MAG Surface

Transportation Program funds (STP-MAG), and Congestion Mitigation and Air Quality (CMAQ) funds. On May 27, 2009, the Transportation Review Committee recommended approval of the Draft FY 2010 Arterial Life Cycle Program.

5C. Project Changes – Amendment and Administrative Modification to the FY 2008-2012 MAG Transportation Improvement Program

The Management Committee, by consent, recommended approval of amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, and as appropriate, to the Regional Transportation Plan 2007 Update, as shown in the attached tables. The fiscal year (FY) 2008-2012 Transportation Improvement Program (TIP) and Regional Transportation Plan 2007 Update were approved by the MAG Regional Council on July 25, 2007. Since that time, there have been requests from member agencies to modify projects in the programs. The majority of the requested changes are related to modifying transit projects and the costs related to 2009. These modifications are needed to match the transit grant applications. The other requested project changes involve adding three new federal-aid Safe Routes to School projects, modifying costs for American Recovery and Reinvestment Act funded projects, modifying the project schedule for ADOT led projects, and doing the technical amendment to add the Phoenix Sky Train project into the TIP. These requests were recommended for approval by the Transportation Review Committee.

5D. Update to the Federal Functional Classification System

The Management Committee, by consent, recommended approval of updates to the federal functional classification system as identified in the attached material. The sub-allocation to the MAG region from the American Recovery and Reinvestment Act (ARRA) requires projects to adhere to the requirements established in the Surface Transportation Program (STP). As such, ARRA funded projects must be located on a facility that is classified as an urban collector or rural major collector or higher in the federal functional classification hierarchy. Toward that end, MAG member agencies have requested the update of the federal functional classification of specific roadways. On May 27, 2009, the Transportation Review Committee (TRC) recommended approval of the updates for Vulture Mine Road, Pecos Road, and Estrella Drive. Since the TRC met, there has been an additional request to classify Norterra Parkway.

5E. PM-10 Pave Unpaved Road Projects

The Management Committee, by consent, recommended approval of a list of PM-10 Pave Unpaved Road projects to be programmed with Congestion Mitigation and Air Quality (CMAQ) funds in 2011 and 2012, and to be included in the Draft FY 2010-2014 MAG Transportation Improvement Program. The MAG Regional Transportation Plan (RTP) allocates all future MAG federal funds to specific modes and, in some cases, identifies specific projects for the funds. For PM-10 Pave Unpaved Road projects, the RTP and MAG Transportation Improvement Program (TIP) identify the funding source of Congestion Mitigation and Air Quality (CMAQ) but do not specify individual projects. Requests for CMAQ funds expected to be available for PM-10 Pave Unpaved Road projects for 2011 and 2012 have been received, reviewed by the Street Committee, and ranked by the Air Quality Technical Advisory Committee (AQTAC). The Transportation

Review Committee recommended PM-10 Pave Unpaved projects in 2011 and 2012 to be programmed with CMAQ funds which are shown in the attached tables.

5F. Amendment to the FY 2009 MAG Unified Planning Work Program and Annual Budget to Include Funding for a Park and Ride Study and a Transit Circulator Study for the City of Avondale

The Management Committee, by consent, recommended approval to amend the FY 2009 MAG Unified Planning Work Program and Annual Budget to include \$200,000 to support a Park and Ride Site Selection Study for the City of Avondale and to include \$150,000 for a Transit Circulator Study. In March 2009, the Regional Council allocated American Recovery Reinvestment Act (ARRA) funds for the MAG region. The City of Avondale received funding for a park and ride study site selection study. Following the Regional Council action, the City of Avondale was informed by the Federal Transit Administration that the ARRA funds could not be used for a park and ride lot site selection study. To move this project forward, MAG is requesting that the FY 2009 MAG Unified Planning Work Program and Annual Budget be amended to provide MAG federal planning funds in the amount of \$200,000 to support a park and ride site selection study and \$150,000 for a bus circulator study. The park-and-ride study is an analysis of potential sites and right-of-way availability for a park and ride parking structure facility in the vicinity of I-10 and Avondale Boulevard. The circulator study will deliver a plan that recommends routes, operations and funding sources for the service.

5G. Conformity Consultation

The Maricopa Association of Governments is conducting consultation on a conformity assessment for an amendment and administrative modification to the fiscal year (FY) 2008-2012 MAG Transportation Improvement Program (TIP). The proposed amendment involves several projects, including transit projects for Avondale and Phoenix and new federal Safe Routes to School projects located in Phoenix and Gilbert for FY 2010. The proposed administrative modification involves several projects, including minor revisions to transit projects for Phoenix, and Arizona Department of Transportation projects on State Route 88, Loop 101 Pima Freeway, and Loop 202 Red Mountain Freeway. The amendment includes projects that are exempt from a conformity determination and the administrative modification includes minor project revisions that do not require a conformity determination. Comments on the conformity assessment are requested by June 19, 2009. This item was on the agenda for consultation.

5H. New Finding of Conformity for the FY 2008-2012 MAG Transportation Improvement Program and Regional Transportation Plan 2007 Update, As Amended

The Management Committee, by consent, recommended approval of the new Finding of Conformity for the FY 2008-2012 MAG Transportation Improvement Program and Regional Transportation Plan 2007 Update, as amended. On April 22, 2009, the MAG Regional Council approved a proposed amendment to add Stage One of the Phoenix Sky Harbor Automated Train System (Sky Train) to the fiscal year (FY) 2008-2012 MAG Transportation Improvement Program (TIP) and MAG Regional Transportation Plan (RTP) 2007 Update for the necessary air quality conformity analysis. MAG has conducted a regional emissions analysis for the proposed amendment. The results of the regional emissions analysis for the proposed amendment, when

considered together with the TIP and RTP as a whole, indicate that the transportation projects will not contribute to violations of federal air quality standards. Any comments on the amendment and finding of conformity are requested by June 19, 2009, following a 30-day public review period.

5I. Resource Maps - Part of Regional Heat Relief Planning Efforts

The Maricopa Association of Governments has developed two maps of resources to help make water and shade available to vulnerable populations during the hot summer months. This activity supports regional heat relief activities. The first map shows where water hydration stations and refuge locations are located throughout the county, or where people in need can go for water and shade. The second map shows water collection and donation sites in the region. Many heat-relief efforts have been added since last year to prevent people from dying from heat-related illnesses. This item is presented to alert member agencies to resources available throughout the summer months and to solicit assistance in making these resources available. This item was on the agenda for information and discussion.

5J. Amendment to the FY 2009 MAG Unified Planning Work Program and Annual Budget to Provide Funding for MAG to Join the Western High Speed Rail Alliance

The Management Committee, by consent, recommended approval to amend the FY 2009 MAG Unified Planning Work Program and Annual Budget to provide \$5,000 per month for twelve months for MAG to join the Western High Speed Rail Alliance. MAG has been contacted by participants in the Western High Speed Rail Alliance to solicit MAG's participation in the Alliance. The purpose of the Alliance is to develop and promote a high speed rail network to provide high speed rail connections throughout the Rocky Mountain region with connections to the Pacific coast. It is the intention of the Alliance to seek professional assistance to carry out its mission. To fund the effort, regions throughout the Intermountain West would contribute financial resources. To date, the regions representing Las Vegas, Reno and Salt Lake have committed. The regions for Albuquerque, Denver and Phoenix are also being requested to join. Each participant is being requested to provide \$5,000 per month for twelve months toward the effort.

6. Update and Review of Project Deferral Requests for Federal Fiscal Year (FFY) 2009 MAG Closeout

Eileen Yazzie, MAG Transportation Program Manager, provided Committee members with a report on the Interim MAG Closeout for federal fiscal year (FFY) 2009. She reviewed the new material at each place. Ms. Yazzie stated that the packet included a memorandum and Table A, which listed the requests for project deferrals and deletions. She said that pages one and two showed new requests to defer projects and remove federal funds, and these totaled approximately \$3.4 million. Ms. Yazzie stated that Table A also included previously approved project deferrals and deletions which were shown on pages two and three. She noted that these projects totaled approximately \$10.6 million, and she added that about one-half of the projects have already been approved by the Regional Council. Ms. Yazzie explained Table B, which included the 71 projects submitted for closeout and their cost effectiveness score. She noted that the far right column indicated the recommendation from Transportation Review Committee (TRC). Ms. Yazzie stated

that the packet also included the required justification letters from Fort McDowell, Guadalupe, and Scottsdale for the four projects requesting deferrals more than once.

Ms. Yazzie reviewed actions taken by the TRC. On May 28, 2009, the TRC recommended approval of additional projects to be deferred from FFY 2009 to FFY 2010 or later, and recommended approval of additional projects requesting to remove federal funds, which were shown on Table A. On June 8, 2009, the TRC recommended approval of projects to be funded with funding available through the FY 2009 Closeout as annotated in Table B.

Ms. Yazzie said that section 600 of the draft programming principles guides the closeout process for deferrals, and say that for all projects, member agencies would be allowed a one time deferral without justification, and if a project is requesting to be deferred for the second time or more, the sponsoring agency for the project will submit a justification letter explaining why the project should remain in the MAG Federal Fund Program. Ms. Yazzie stated that this justification letter with the deferral notification will be taken through the MAG committee process, beginning at TRC; if the justification is approved the project would remain in the program, and if the justification is not submitted or not approved, the project would be removed from the program.

Ms. Yazzie stated that the project deferrals and deletions total approximately \$3,393,030. She said that four projects were requesting to be deferred for a second time or more and required a justification letter, two projects were requesting a first time deferral and do not require a justification letter, and five projects were requesting federal funds to be removed. Ms. Yazzie added that four of the five projects requesting removal will continue to move forward with local funds and one will not move forward at this time. Ms. Yazzie asked members if they had questions on Table A.

Mr. Isom asked if some of the projects looking to utilize closeout funds were projects deleted in prior years. Ms. Yazzie replied that deleted projects were annotated by an asterisk in Table B. She said that Buckeye, Surprise and Phoenix have deleted projects and are requesting that those funds be applied to another project in their jurisdiction.

Mr. Isom asked if the funds for projects deleted in a prior year had been closed out, or are those projects being resurrected. Ms. Yazzie responded that this closeout is only for deletions in FFY 2009, and she advised that the books had been reconciled for deletions in FFY 2008.

Mr. Isom commented that he thought one of the projects on the list was from FFY 2007, and asked if that is the case, how the books were being reconciled. He added that he understands and supports the use it or lose it concept, but it seems MAG is undergoing an abbreviated process that does not go through a subcommittee review. He asked who served on the committee that made the FFY 2009 recommendation. Ms. Yazzie replied that the normal application process for projects to be approved for federal funds starts at the subcommittee level and proceeds through the Transportation Review Committee, Management Committee, Transportation Policy Committee, and Regional Council. She noted that due to the tight time constraint of the end of the federal fiscal year, when ADOT has to reconcile its books by the end of September, MAG conducts an abbreviated process that starts at the Transportation Review Committee. Ms. Yazzie stated that this year, the Transportation Review Committee met twice on closeout and the

recommendation then continues to the Management Committee, Transportation Policy Committee, and Regional Council.

Mr. Isom stated that MAG seems to have closeout funds each year. He asked if there was a way to review the closeout process. Ms. Yazzie responded that MAG is working under draft federal fund programming principles that include the guidelines and process for closeout. She advised that there will be an examination of the principles at a formal level this summer and fall to see if there is an opportunity to modify the process and review of federal fund projects.

Mr. Isom expressed that he was concerned and curious about the accounting, if there is an issue with mixing funding sources, and tracking that projects will be obligated this year. Ms. Yazzie stated that a report on the federal fund project status is provided twice per year to the Street Committee, the Transportation Review Committee, the Management Committee, and the Regional Council, in addition to a quarterly federal fund status report to the Street committee. She stated that the projects are tracked in coordination with ADOT. Ms. Yazzie stated that if a project does not obligate, it is reported and annotated and usually is not carried forward.

Mr. Harris noted that there is one Maricopa County project on the contingency list and asked how that worked. Ms. Yazzie said that the presentation on Table B would address the contingency list and asked if she could respond to his question after the update. Mr. Harris agreed.

Mr. Bacon stated that it seems there are two categories of explanation for deferrals: fiscal constraint and the ability to apply technical resources. He stated that some communities are unaware of the technical requirements. Mr. Bacon asked if the reason for requesting a deferral mattered. Ms. Yazzie replied that agenda item #8 will provide a report on the federal funds process and financial commitments. She said that this is the first year that deferral letters were requested, and they are looking for more detail, whether financial or technical. Ms. Yazzie stated that in the past, there were more deferrals attributed to technical reasons than financial reasons, but this year, there seem to be more financial difficulties.

Ms. Yazzie stated that Congestion Mitigation and Air Quality (CMAQ) and (Surface Transportation Program (STP) federal funds available to the MAG region totaled \$154 million, and \$138.7 million was programmed. She said that requests to defer projects or delete funds totaled \$14 million and \$21.4 of STP funds in the fiscally constrained Arterial Life Cycle Program (ALCP). Ms. Yazzie advised that this leaves an unobligated balance of \$50.4 million and they are carrying forward \$22 million to maintain fiscal balance in the ALCP. She noted that the unobligated funds for FFY 2009 Closeout total \$28.7 million.

Ms. Yazzie reviewed the prioritization of unobligated federal funds in closeout process according to the draft programming principles. She stated that projects submitted for use of closeout funds will be selected based on the following three priorities in order: 1) Advancing projects (or phases of projects) of the same mode that are already programmed in the current Transportation Improvement Program (TIP) with MAG federal funds from a future year, in chronological order of the TIP; 2) Adding additional federal funds to an existing, unobligated project, up to the originally programmed, federal-aid maximum, or the maximum established by the mode in the RTP, whichever is less; 3) Adding projects to the TIP for new funding.

Ms. Yazzie stated that 71 projects were submitted for FFY 2009 closeout funds, seven were submitted after the due date for almost \$80 million, with \$28.7 million available. Ms. Yazzie explained that Table B is organized by priority category, then cost effectiveness, and she noted that some projects do not have cost effectiveness scores, this does not mean they are 'ranked' low, it means that the score is not pertinent to them mainly because they are requesting STP funds.

Ms. Yazzie explained the Priority Code Key: 1 is a project advancement; 1A is advancing a portion of a construction project for a new design phase; 1-2 is an advancement and request for additional funds; 2 indicates a request for additional funds; 2# is a request for additional funds for previously obligated projects; 3 indicates a request for new funds; and 3A indicates a request for new CMAQ funds on a TEA funded project.

Ms. Yazzie reviewed the recommendation of the TRC, which was indicated in the far right column of Table A. In Priority Code 1, one project was recommended to advance in the amount of \$350,000; in Priority Code 1A five projects were recommended to advance a portion of construction projects for a new design phase in the amount of \$1.216 million; in Priority Code 1-2, projects were recommended to advance and requested additional funds in the amount of \$2.59 million; in Priority Code 2, projects were recommended to receive additional funds in the amount of \$17.78 million; in Priority Code 2# 13 projects were recommended to receive additional funds for previously obligated projects in the amount of \$146,439; and in Priority Code 3, twelve projects were recommended for new funds in the amount of \$6.56 million.

Ms. Yazzie noted that there is a policy implication in the RTP. She said that the current policy allows up to the originally programmed, federal-aid maximum, or the maximum established by the mode in the RTP, whichever is less. Ms. Yazzie stated that the RTP designates a 70/30 split for bicycle, pedestrian, ITS, and arterials. She added that the RTP policy for paving dirt road projects varies depending on the year programmed. Ms. Yazzie noted that the federal aid maximum is 94.3 percent, and the Federal Energy Act of 2007 allows 2009 CMAQ projects to obligate at 100 percent. She advised that the majority of the projects in the TRC recommendation fall within either the Federal aid maximum percentage or the Federal Energy Act of 2007 percentage, but differ from the RTP policy of a 70/30 split.

Ms. Yazzie then addressed Mr. Harris's earlier question about the Maricopa County project on the contingency list by saying that the TRC also recommended that the two projects on Table B be put in priority order, with the Maricopa County project first and the Phoenix project second.

Ms. Yazzie concluded her presentation and said that she would answer questions from the Committee.

Mr. Meyer asked for clarification of the deadlines. Ms. Yazzie replied that for the past two years, MAG has instituted deadlines for closeout, especially for projects to be submitted. She explained that the first deadline for the FFY 2009 closeout was published in July or August of last year in the Transportation Programming Guidebook, where schedules and deadlines are published for the fiscal year. Ms. Yazzie reported that a memorandum on closeout was sent to member agencies in mid March and the deadline was April 20. She explained that the deadline is so tight because the majority of projects submitted must undergo a CMAQ cost effectiveness analysis. Ms. Yazzie

stated that submitted projects must first be reviewed by the Transportation Division and then the Environmental Division, followed by an evaluation by MAG staff. She said that following this, the project would be considered by the Air Quality Technical Advisory Committee for a recommendation. Ms. Yazzie noted that completing this process for 60 to 70 projects takes a significant amount of time.

Mr. Meyer asked if the deadlines were calculated by the hour or the day. Ms. Yazzie replied that the deadlines for this process are calculated by the day.

Mr. Swenson moved to recommend approval of additional projects to be deferred from FFY 2009 to FFY 2010 or later, recommend approval of additional projects requesting removal of federal funds, recommend approval on priorities for utilizing MAG federal funds, which become available through the FFY 2009 Closeout Process, and make the necessary amendments and modifications to the FY 2008-2012 MAG Transportation Improvement Program, and as necessary to the Regional Transportation Plan 2007 Update. Mr. Kross seconded, and the motion passed with Mr. Isom abstaining.

8. Expenditure of MAG Federal Funds

This agenda item was taken out of order.

Eric Anderson, MAG Transportation Director, reported to members on the Closeout process for federal funds. He thanked members for their patience as the Closeout process is conducted. Mr. Anderson stated that the process was developed by a working group established by the Management Committee in 1995. He advised that federal law requires that MAG conduct air quality conformity to ensure projects meet air quality standards. Mr. Anderson stated that paving dirt roads is a great benefit for PM-10. He noted that federal law also requires that the Transportation Improvement Program, especially the first two years, must be fiscally constrained, and there are implications when projects are delayed or the federal funds cannot be obligated.

Mr. Anderson referenced Mr. Bacon's statement that deferrals fall into two categories: technical and financial. He said that in reviewing requests for Closeout funds, many projects may not have the full financial commitment at the local level due to financial issues. Mr. Anderson noted the difficulties encountered in obligating as many federal funds as possible and to have as many projects on the street creating jobs and assets.

Mr. Anderson noted that one of the original Closeout guidelines said that a project could only be deferred for one year. He explained that the guidelines required member agencies to notify MAG staff by March 1 if a project would be withdrawn or carried forward and if carried forward, a project can be carried forward one time only and must be obligated by March 1 the following year. Mr. Anderson noted that MAG has projects that have deferred many years for a number of reasons, and this complicates the MAG process. He commented that MAG is carrying over approximately \$50 million in federal funds and that money could be on the street creating jobs.

Mr. Anderson stated that staff is looking for guidance from the Management Committee, and a number of suggestions for discussion were listed in the agenda item. He commented that one-year

deferrals are fine, but subsequent deferrals cause problems and staff would like to see a one-year limit on deferrals become a hard deadline. Mr. Anderson advised that if a project is deleted, that does not mean an agency cannot request that project be funded later once the issues are resolved. He suggested that perhaps a limitation could be set on submitting new projects requests from a jurisdiction that has requested a number of deferrals for existing projects.

Mr. Anderson stated that the TIP is fiscally constrained, and it is important in moving forward that the local share to do projects is budgeted, especially for the first three years of the TIP and is reflected in a jurisdiction's capital improvement program. He commented that MAG staff would like the guidance of the Management Committee on these concepts and also to welcome suggestions on additional concepts. Mr. Anderson stated that staff would like to draft some recommendations and vet them through the Transportation Review Committee and come back to the Management Committee at the next meeting for additional discussion.

Chair McClendon clarified that staff had no set recommendations today, just thoughts, and the concepts would be taken to the Transportation Review Committee for discussion and brought back to the Management Committee. Mr. Anderson replied that was correct. He stated that a seven-member group of staff and Management Committee members worked on the Closeout process and that could be an option, or working through the Transportation Review Committee could be another option.

Mr. Isom commented that Mr. Anderson had brought up a concern of his that if a project is deleted in a prior year that a jurisdiction would have the ability to bring that project back, but to delete that project and replace it in a subsequent year with an entirely different project indicates the process needs review.

Mr. Bacon commented that he saw it a little differently than Mr. Isom. He said that if a jurisdiction has projects and wants to allow it to be withdrawn, it seemed to him that they should be able to apply for another project. Mr. Bacon stated that he thought there is a difference between financial and technical obstacles. He said that it can matter in terms of financial contributions if a project is closed out or allowed to continue. If there are technical issues and a jurisdiction can demonstrate it is making progress to resolve those issues, then he would see a longer time period than for financial issues. Mr. Bacon expressed his agreement that the first three years should be included in a jurisdiction's budget.

Mr. Fairbanks commented that the Bible says that he who is without sin should cast the first stone. He said that his city was not without sin, so he was not going to cast any stones and would speak about his city. Mr. Fairbanks stated that Phoenix does a fair job with Closeout, but the problem Mr. Anderson laid out is a huge problem, particularly now. He stated that there are a lot of unemployed people who cannot pay their mortgages or for their day-to-day needs. Mr. Fairbanks stated that MAG has federal money ready to spend that for various reasons, is not being spent. He remarked that the money needs to be spent within the rules on good projects. Mr. Fairbanks stated that MAG has crept into the mode where projects are thrown into the pot and if they can be done, that is all right; if they cannot be done, that is also all right, and this is a real problem. He noted that there is another reason to be timely: the bids that have come in over the past few months are outstanding – in some cases they are 30 percent to 50 percent lower than one year ago.

Mr. Fairbanks stated that MAG needs to spend the money because all member agencies are asking for funds for roads, transit and infrastructure. One standard from the ARRA requires that the money be spent on time and if MAG cannot spend the vast majority of the money its position to request more money for regional facilities is weakened. Mr. Fairbanks stated that he was glad this issue had been raised and he thought everyone needed to be more restrained when submitting projects and committed to getting them done in the time allotted and have the money and community support lined up. Mr. Fairbanks commented that he thought allowing this to continue was a recipe for disaster. He indicated his strong support for the issues that were raised by Mr. Anderson and he added that he was willing to bind his city to MAG's rules that encourage the expenditure of this money quickly on quality projects and get them done as promptly as possible.

Mr. Pettit commented that his Town was also not without fault. He said that the primary difficulty his Town encounters is getting through the initial hurdles and cost of the environmental clearance process. Mr. Pettit indicated that one of his frustrations is that the year long process to have an idea vetted, reviewed and certified has not been relaxed. He stated that their 20-year trail system project sounded like a simple process until they heard the federal clearances that would be needed and how much a jurisdiction would have to commit on its own, which is a significant cost shift and has been a burden. Mr. Pettit expressed that he hoped there would be some sensitivity to this issue during the review of the Closeout process.

Mr. Anderson remarked that Mr. Pettit was correct – the process from the time a number is received from ADOT to receiving clearances can take as long as 24 to 30 months. He indicated that MAG staff is working with ADOT and FHWA to see if the process can be streamlined. Mr. Anderson stated that this has been an issue at ADOT, member agencies and at MAG, and we need to work across the board on this. He noted that Mr. Halikowski has indicated he is committed to making available staff resources and streamlining the process.

Chair McClendon stated that Avondale staff met with ADOT and they were very helpful. He said that they discussed certification of local jurisdictions in other states that could provide the requirements now fulfilled by ADOT, which would, in effect, increase ADOT's resources.

Mr. Rodriguez noted that with the ARRA funding, his community partnered with Maricopa County to conduct the project because Fort McDowell does not have sufficient resources to do it fast enough.

Chair McClendon asked Mr. Anderson if staff had a preference to work the process through the TRC or to appoint a special committee to develop guidelines. Mr. Anderson replied that it could be done either way, but he had a slight preference for the Management Committee appointing a special committee because it elevates the issue to an appropriate level. He expressed his concern for a TRC-only committee because some have been in the process for so long they might not have a new perspective. Mr. Anderson stated that staff could draft some initial concepts that could be vetted through the working group.

Chair McClendon asked if the committee could be appointed today. Mr. Smith noted that the issue is on the table and the Management Committee has the authority to create subcommittees

under the bylaws. Mr. Anderson noted that in 1995, the seven representatives were designated by the member agencies, and it was not just Management Committee members.

Fredda Bisman, MAG General Counsel, stated that if the intention was to appoint Management Committee members to the subcommittee she would say it could proceed, but if the intent was to appoint people outside the Management Committee, she would say it would need to be properly agendized.

Chair McClendon directed staff to solicit names for members and have the appointment on the next agenda.

Mr. Smith stated that he would like to see a concept explored that was implemented in the state until recent resource shortages for smaller communities would trade their federal funds to the department of transportation for HURF money. He suggested working with MCDOT, who would put the federal funds toward a large project and put the HURF toward projects such as intersections. Mr. Smith commented that it is difficult for smaller communities to participate because they lack technical resources. He noted that it took Scottsdale four years to be certified. In addition, this is not just an ADOT call, but a Federal Highway Administration call. Mr. Smith stated that he would like to get more agencies certified, but it is an arduous process.

Mr. Anderson commented that once an agency is certified, there are major resource requirements.

Chair McClendon noted that Management Committee members were requested to make known their recommendations for subcommittee members and MAG staff will bring back the suggested list in July.

7. Transportation Planning Update - Proposition 400 Regional Freeway Program

Chair McClendon introduced Bob Hazlett, MAG Senior Engineer, for a staff report on this item, and thanked Mr. Hazlett for his presentation to the Avondale City Council. Mr. Hazlett stated that for the past three to four months, MAG staff has been working with ADOT staff and the management consultants on some strategies to address the funding gap in the Regional Freeway and Highway Program. Mr. Hazlett stated that the original budget for the Regional Transportation Plan was approximately \$9.4 billion, and the current cost opinion by ADOT is approximately \$16 billion. He stated that the approximate cost for completing the Regional Freeway Program from FY 2011 to the end of the program is approximately \$13.2 billion and available funding is approximately \$6.6 billion, which leaves a projected deficit of about \$6.6 billion.

Mr. Hazlett explained that they took the four main principles of management strategies, value engineering, deferrals, and staying the course, as ways to deal with the deficit in the Regional Freeway Program. With management strategies, they looked at whether there was a better way to do construction, right of way, and systemwide costs. With value engineering, they looked at two specific corridors, the South Mountain and Loop 303, and tried to identify if there could be some cost savings. Mr. Hazlett stated that with deferrals, projects would still stay in the Regional Transportation Plan, but deferred to a later date. With staying the course, Mr. Hazlett noted that there are a number of projects that will stay on schedule.

Mr. Hazlett stated that recent construction project bids and right of way costs on the Regional Freeway System have been lower than the engineer's estimate and they took an overall ten percent reduction on construction. He explained that historically, ADOT would estimate the right of way cost and apply a contingency to take care of things like relocation and court costs. Mr. Hazlett stated that the contingency used to be 40 percent, but with the real estate boom between 2005 and 2007, ADOT increased contingency to 50 percent. He said that with the downturn in the real estate market, they asked ADOT to reduce the right of way cost estimates by seven percent for projects after FY 2011, by returning the contingency back to 40 percent. Mr. Hazlett noted that non-project specific RTP costs, such as the freeway management system, quiet pavement, noise walls and management consultants, were creeping into the Freeway Program and they held these costs to the budgets originally identified in the RTP. He advised that these concepts could result in a savings of about \$900 million.

Mr. Hazlett stated that they looked at value engineering on the corridors themselves. He said that the original estimate for the South Mountain Freeway in the Regional Transportation Plan was approximately \$1.1 billion and the current estimate is about \$2.5 billion, an increase of about \$65 million per mile. Mr. Hazlett noted that they looked at continuing with current plans as a freeway considering a parkway, or no-build. He said that the results of traffic demand modeling indicated that the South Mountain wants to behave like a freeway and as a result, staff dismissed the parkway idea. Mr. Hazlett stated that if the South Mountain could not be built as a parkway, they considered what could be done to trim costs and still get capacity. They focused on segments eight and nine, which were the most expensive elements of the corridor because it is a commercial area and includes a tank farm. Mr. Hazlett stated that they suggested moving the alignment to 59th Avenue, which represents a cost savings of approximately \$130 million.

Mr. Hazlett stated that another element on the South Mountain was the cross section. He said that the original intent was to construct the South Mountain as six lanes, and ultimately widen it to ten lanes, with outside/inside widening to allow future expansion. Mr. Hazlett stated that this design is contrary to the designs of Proposition 300 freeways and added that returning to the Proposition 300 cross section would help along Pecos Road, where ADOT already owns about 95 percent of the right of way to build the Proposition 300 cross section. He added that two-thirds fewer relocations would be required. Mr. Hazlett stated that in terms of savings, using the 59th Avenue alignment, the Proposition 300 cross section, lower right of way and construction costs, and other value engineering could reduce the cost to about \$1.9 billion versus the ADOT identified cost of \$2.5 billion. He advised that the \$1.9 billion cost includes HOV lanes for the entire corridor.

Mr. Hazlett addressed Loop 303, which has seen the greatest cost increase of any of the freeway corridors. He said that the original cost estimate in the Regional Transportation Plan was \$1.4 billion, and ADOT's current opinion is approximately \$3.1 billion, an increase of about \$91.7 million per mile. Mr. Hazlett explained two key interchanges planned on Loop 303: at US-60 (Grand Avenue) and at I-10. He stated that the original design for the interchange at US-60 is a stacked SPUI, with ramps on both sides of Grand Avenue, and the left turning movements would be at the traffic signals under the decks. Mr. Hazlett also noted that the BNSF railroad would be located within the traffic interchange footprint. Mr. Hazlett stated that as part of an access management study by MAG and the City of Surprise on US-60 that is underway, they looked at a partial cloverleaf design, and a traffic analysis showed that this design will carry traffic at a quite

acceptable level of service through the year 2030. Mr. Hazlett noted that this interim design could save approximately \$150 million, and added that the traffic movements would be no different than those in use today.

Mr. Hazlett addressed the proposed system traffic interchange of Loop 303 with I-10. He said that this system interchange is really six interchanges in one and the cost to build it is about \$760 million, or three times what the Hoover Dam bypass is costing and represents about half of the cost to build all of Loop 303 identified in the Regional Transportation Plan from MC-85 to I-17. Mr. Hazlett stated that they have met with ADOT and Federal Highway Administration to look at the interchange to determine if there were economies without sacrificing safety and capacity.

Mr. Hazlett addressed some of the anticipated savings on the Loop 303 corridor, which include simplifying the interchanges with I-10 at a cost savings of about \$300 million and potentially deferring the construction of the MC-85 to I-10 segment at a cost savings of \$240 million. He noted by using these methods, plus the Proposition 300 cross section could save the program almost \$1 billion.

Mr. Hazlett addressed potential deferrals and commented that they tried to keep the priorities established in the RTP. He advised that they recommend building out the HOV system because of gas prices and they can be built very cost effectively. Mr. Hazlett added that safety could be improved because HOV lane construction would allow concrete jersey barriers to be installed in place of cable barriers. He noted that they looked at deferrals for SR-801, additional general purpose lanes on the freeways, and some of the direct HOV ramp connections because they would require a complete reconstruction of some of the older traffic interchanges. Working on the recommendations from the Central Phoenix Peer Review Group, Mr. Hazlett noted that they thought looking at I-17 from the Split to the Arizona Canal would be better than from I-10 to the Arizona Canal. He said that they retained funding for the west access to Sky Harbor Airport to accommodate new security measures required by Homeland Security.

Mr. Hazlett stated that with the savings he described on the South Mountain and Loop 303 corridors: deferring new freeway segments; add general purpose lanes, and direct HOV ramps and traffic interchanges; lowering right of way contingency and construction costs; and reducing systemwide costs, the cost of the program is about \$9.5 billion and the net savings to the program are approximately \$6.6 billion, which matches up with the program deficit. Mr. Hazlett stated that the Transportation Policy Committee will receive a more detailed report next week and staff would be looking for their guidance on balancing the system.

Chair McClendon thanked Mr. Hazlett for his report and asked members if they had questions.

Mr. Bacon expressed his appreciation for the work and the thought that went into this presentation. He suggested that staff might rethink reducing construction costs and real estate costs in the outer years – 2012 and beyond. Mr. Bacon said that finance directors say right now costs are good, but they expect significant inflation in the outer years.

Mr. Pettit suggested clarifying the reconciliation of the original estimates on the major elements of engineering, construction, or right of way to see where the projections missed badly. Mr.

Hazlett responded by saying that a lot of the changes were due to the unprecedented increases in construction costs in 2006 and 2007 – cement itself saw a three- to five-fold increase. He commented that these cost increases coupled with the booming real estate market created the perfect storm. Mr. Hazlett stated that scope creep also contributed to the situation and they are working with ADOT to minimize this where possible. He stated that when the engineering and actual planning are done in a corridor, efforts are needed to mitigate things that are discovered. Mr. Pettit stated that he was just trying to reconcile those items before scopes of work are reduced.

9. Zero Emissions Partnership Update

Jonathan Read from ECotality provided members with a report on a zero emissions partnership with Nissan that will help establish Arizona as a leader in the program for electric vehicles. He said that the main purpose of the partnership is to create an electric charging infrastructure program for Maricopa and Pima Counties and the connecting corridor between them. Mr. Read announced that ECotality had submitted the proposal on time to the U.S. Department of Energy and this morning they had received a preliminary indication that the proposal had passed the first round.

Mr. Read stated that the program is for 5,000 vehicles – the largest electric vehicle program in history. He said that key players include British Petroleum America, Bovis Lend Lease, CB Richard Ellis, Oak Ridge Laboratory, and Ohio State University. Mr. Read stated that not one penny of the funding is going to Nissan and that the Department of Energy is paying for the infrastructure. He reported that Chrysler and General Motors asked the Department for \$350 million for 350 vehicles, and commented that the ECotality program is far ahead of everyone economically.

Mr. Read stated that the program will help Arizona reduce auto emissions and CO₂, make Arizona a launch site for all electric vehicles, and position the MAG region for stimulus infrastructure funding. He noted that they had been contacted by four other vehicle manufacturers to work with them to launch their electric vehicles. Mr. Read stated that they are actively hiring engineers and project that they will employ more than 150 skilled workers long term.

Mr. Read stated that they are working with the utilities, the policymakers and vehicle manufacturers. He said that initial meetings have taken place in Arizona with building code representatives to discuss streamlining the permitting process. He indicated that there has been some resistance and they plan to bring the five major cities together to help them understand the process. He added that meetings will be held in Phoenix so there will be no expense by local company representatives. Mr. Read stated that initial meetings have taken place with retail property owners and that they are on board with having charging stations at shopping malls.

Mr. Read stated that Nissan has been working on projections with CalTech and Ohio State University to identify the potential demographic distribution of vehicles to match up with recharge opportunities. He noted that another partner, British Petroleum, has the most advanced profiling of travel and refueling patterns in the world. Mr. Read stated that ECotality will meet with city and town managers to present them with the potential opportunity for electric vehicles in their communities.

Mr. Read stated that contract notification for the Department of Energy proposals will be in July with award of the contract in September. He said that they have been advised that everything is on schedule and they are working to ensure the money is out the door by the end of the federal fiscal year.

Mr. Read stated that they expect to have the public infrastructure rollout in the fourth quarter of 2009 and vehicle rollout in 2010. He noted that as a result of this proposal, Nissan announced it will be building a plant in Tennessee so they will be American-made vehicles. Mr. Read said that they expect \$25 million in direct support for buildout of the electric vehicle infrastructure for the region, plus a significant amount for the engineering that will take place.

Chair McClendon thanked Mr. Read for his report and asked members if they had questions.

Mr. Pettit asked if they, along with APS and SRP, had identified all of the old EV1 charging stations that were put in and then abandoned about five years ago. Mr. Read replied that they had identified the stations in Casa Grande and in shopping centers. He said that APS and SRP are working with Portland utilities to find out how to better make this work.

10. Election of Officers

Chair McClendon stated that each June, the positions of Chair and Vice Chair are elected by the Management Committee. He called for nominations.

Mr. Fairbanks moved to nominate Mark Pentz of Chandler as Chair of the Management Committee and Carl Swenson of Peoria as Vice Chair of the Management Committee. Mr. Brady seconded, and the motion passed unanimously.

Mr. Pentz thanked Mr. McClendon for an outstanding job as chair.

11. Legislative Update

Nathan Pryor, MAG Senior Policy Planner, provided an update on legislative issues of interest. He noted that reauthorization of the transportation bill expires September 30, 2009. Mr. Pryor stated that the federal FY 2010 budget shows flat growth for transportation funding this year and in the outer years. He noted that the Highway Trust Fund is projected to run out of money in August or September the only significant increase in funding appears to be for high speed rail.

Mr. Pryor stated that the administration is saying the projected shortfall in the Highway Trust Fund will be made up with program cuts instead of a transfer from the general fund. Mr. Pryor stated that the fuel economy standards were announced by the White House and the environmental components that will go into the transportation bill are unknown. He said that some of the other unknown components in the bill include the 2010 appropriations, the mounting deficit, the political unwillingness to address additional revenue from the gas tax or vehicle miles traveled, and cap and trade that has been moving forward.

Mr. Pryor stated that Senator Oberstar has indicated he will release transportation legislation in the following weeks and would like to see it adopted before the current legislation expires, but there is discussion reauthorization may not occur until 2010 or 2011.

Mr. Pryor stated that the TIGER grants for stimulus funds were released last month and applications are due September 15, 2009. He noted that the link to the TIGER information is posted on the MAG Web site.

Mr. Pryor stated that the state budget has dominated this legislative session. He said that the Legislature has approved its FY 2010 budget proposal but has not yet forwarded it to the Governor. Mr. Pryor advised that there could potentially be a \$170 million transfer from the HURF fund to the general fund. He added that the Governor is proposing a five percent reduction instead of a 15 percent reduction. Mr. Pryor stated that additional information is included in a press release issued that morning that is posted on the ADOT Web site.

12. Comments from the Committee

An opportunity will be provided for Management Committee members to present a brief summary of current events. The Management Committee 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 were provided by the Committee.

There being no further business, the meeting adjourned at 1:25 p.m.

Secretary

Chairman