

MINUTES OF THE  
MARICOPA ASSOCIATION OF GOVERNMENTS  
TRANSPORTATION POLICY COMMITTEE MEETING

February 18, 2009  
MAG Office, Saguaro Room  
Phoenix, Arizona

MEMBERS ATTENDING

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

\* Not present

# Participated by telephone conference call

+ Participated by videoconference call

1. Call to Order

The meeting of the Transportation Policy Committee (TPC) was called to order by Chair Steven Berman at 4:08 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited.

Chair Berman noted that Mayor Hugh Hallman, Mayor Boyd Dunn, and Steve Beard were participating by teleconference and Vice Mayor Gail Barney was participating by videoconference.

Chair Berman announced that Jed Billings and Mark Killian were reappointed to the TPC by Senate President Robert Burns.

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

3. Call to the Audience

Chair Berman stated that an opportunity is provided to the public to address the Transportation Policy Committee on items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Citizens will be requested not to exceed a three minute time period for their comments. An opportunity is provided to comment on agenda items posted for action at the time the item is heard.

4. Approval of Consent Agenda

Chair Berman stated that agenda item #4A was on the consent agenda. He stated that public comment is provided for consent items. He noted that no public comment cards had been received. Councilmember Aames moved to approve consent agenda item #4A. Mayor Cavanaugh seconded, and the motion carried unanimously.

4A. Approval of the January 23, 2009, Meeting Minutes

The Transportation Policy Committee, by consent, approved the January 23, 2009, meeting minutes.

5. Transportation Planning Update

Bob Hazlett, MAG Senior Engineer provided an update on activities related to balancing the freeway program component of Proposition 400. He said that two activities have been underway—the first is the Inner Loop Peer Review and the second is MAG working with the ADOT management consultants in workshops to look at ways to save costs on those corridors.

Mr. Hazlett stated that the Inner Loop Peer Review expert panel has been studying the area from Northern Avenue to the South Mountain, from Loop 101 on the west to Loop 101 on the east. He noted that a final report is anticipated for the end of March 2009.

Mr. Hazlett stated that the Inner Loop Peer Review expert panel convened in November 2008, and is a joint effort by ADOT and MAG to examine the Regional Transportation Plan (RTP) and Design Concept Report (DCR) recommendations for freeways leading to the Inner Loop in order to accomplish future travel demand and look at the network's constraints. Mr. Hazlett stated that three nationally recognized experts are on the panel: John Conrad, CH2M Hill, and former Washington Department of Transportation State Engineer; Mike Falini, Wilson & Company, and extensive expertise with the Florida DOT, Colorado DOT, and Utah DOT; and Jack Lettiere,

former commissioner with the New Jersey Department of Transportation and Executive Director for the New Jersey Transit.

Mr. Hazlett stated that the panel expressed their amazement at MAG's extensive information, and indicated that although \$5 billion short of need, the Regional Transportation Plan (RTP) is well funded, compared to other areas of the country. Mr. Hazlett stated that the panel also felt that the region's transportation system is in good condition.

Mr. Hazlett stated that the panel discussed some areas of improvement. He said that one area to address is traffic congestion, and the panel discussed the impacts of doing nothing, expanding to meet the need, or stabilizing to meet traffic demand. Mr. Hazlett stated that another area is addressing the HOV lane policy, and a part of that is maintaining the relationship with park and ride lots and HOV freeway-to-freeway connections to maintain the speed of travel in these lanes. Mr. Hazlett stated that the panel expressed that the current park and ride lot system may not meet the demand. He said that another area for improvement was in travel demand management. Mr. Hazlett commented that the MAG region is the only place in the United States paying for freeway operations with sales tax funds.

Mr. Hazlett stated that the panel discussed MAG's planning process, and to improve efficiency, they thought the process should be expanded to a systemic analysis, rather than analysis by individual corridors themselves. He stated that this was apparent with studies on I-10 and I-17 that recommended bringing more traffic onto the Stack, but not necessarily improving the Stack itself. He remarked that essentially, it is moving people faster to a larger parking lot. Mr. Hazlett stated that transit is also a solution, and a balance between transit and roadways is needed.

Mr. Hazlett reviewed some options suggested by the panel. For the I-10/Maricopa Freeway, integrate alternative modes and consider other corridors to meet the travel demand. For the I-10/Papago Freeway, improve the integration with light rail plans and do not make any improvements without adding additional capacity in the Stack. For the I-17 truck route, do not make any improvements without adding additional capacity in the Stack and utilize to meet travel demand from one end of downtown to the other. For the I-17 Black Canyon Freeway, operate the upper deck as a toll facility to recoup costs. Mr. Hazlett stated a formal report on the panel's recommendations will be provided to the TPC.

Mr. Hazlett then addressed the second activity — the corridor review workshops being held with MAG, ADOT, and ADOT's management consultants to find some options for cost savings in the freeway system. He noted that two six-hour workshops have been held, with one more planned.

Mr. Hazlett said that options identified in the workshops for the Loop 202/South Mountain Freeway could include construction as a six-lane freeway and obtaining right of way for an ultimate ten-lane facility; construction of a six-lane freeway with a provision for HOV lanes in the median; build within a narrower footprint, such as SR-51; construction as an Arizona Parkway in freeway right of way; construction as an Arizona Parkway in parkway right of way; or no build. He noted that these same options could also be considered for the SR-801.

Eric Anderson, MAG Transportation Director, stated that these options are being modeled and cost information developed for these corridors, and he expected more detail would be available by the March TPC meeting. He added that staff is trying to put together the pros and cons for each option.

Mr. Hazlett addressed some options for Loop 303, south of SR-801, SR-801 to I-10, I-10 to US-60, and US-60 to I-17. He stated that options for Interstate 17/Black Canyon Freeway could include evaluating options for the segment from the Arizona Canal to Loop 101, and added that most of the improvements north of Loop 101 are already under construction. Mr. Hazlett reported that improvements are under construction for the Interstate 10/Papago Freeway from Loop 303 to Dysart Road and from Dysart Road to Loop 101. Mr. Hazlett noted that one option might be to mitigate deficiencies at system traffic interchanges. He stated that options for Interstate 10/Maricopa Freeway still need to be evaluated.

Mr. Hazlett stated that next steps include getting a better handle on the revenue, establishing costs, completing impact assessments, and coordinating EIS and DCR schedules and design and construction.

Mr. Anderson stated that the revenue projections received from ADOT in Fall 2008 showed flat revenue, but the actual projections are running 11.2 percent below that projection. He noted that on a base of \$380 million, the amount of the sales tax decrease will total about \$40 million. Mr. Anderson stated that ADOT is going to the bond market this Spring and it looks like the RARF will be down almost \$1.9 billion. He added that the \$6 billion deficit could become a \$7 million deficit.

Mr. Anderson reported that ADOT is also revising the HURF forecast, and he noted that HURF revenues are down significantly this year. He remarked that he thought that HURF for this fiscal year would be \$120 million to \$150 million below forecast, which is a 10 percent decline. Mr. Anderson advised that because much of the HURF revenue is composed of fuel and vehicle taxes, decreases in the fund cannot be recovered. He said that a vehicle that is not going to drive twice the distance because the recession ended. Mr. Anderson stated that the economic downturn has not yet ended, and so it is difficult to develop a plan when the revenue picture continues to decline. He said that he had indicated to the ADOT financial staff that he thought the financial forecast might be conservative. Mr. Anderson remarked that due diligence is required when going to the bond market and issuing debt.

Chair Berman asked about the original forecast of sales tax collection. Mr. Anderson replied that the original forecast in 2003 was about \$15 billion, and that amount is now down to \$12 billion with the revised forecast. Mr. Anderson added that the HURF, which is usually more stable than sales tax is also down, due to the significant decline in the fuel tax and vehicle license tax.

Mr. Hazlett stated that staff wants to get the information from the four areas for improvement and the individual corridor options and have an in-depth discussion at the TPC meeting in March. He added that he hoped there was a better understanding of the revenue side by that time.

Mr. Anderson suggested that workshops for the TPC members could be held, perhaps in 30 to 60 days.

Mayor Scruggs stated that cost saving ideas may save money, but changing a facility to become something less than planned is not fulfilling the intended use. She asked if that happened does the alternative continue to be considered. Mr. Hazlett replied yes, and added that one of the remarks by the expert panel was to design to need and not to money. That is the direction we are heading. Mr. Hazlett stated that an impact assessment needs to be studied about the impacts of changes on the traffic, the program, and accomplishing Proposition 400.

Mayor Scruggs asked for clarification that Mr. Hazlett was saying that fulfillment of the need would not be sacrificed to achieve a big cost reduction. Mr. Hazlett replied that conclusion could be made, and added that it is a delicate situation because costs have escalated dramatically. He noted that they are having a workshop to present the details and look at the impacts if changes are made.

Mayor Scruggs stated that there was considerable vetting when these projects were included in the RTP in 2003 and were determined to be the needs. She expressed concern with people saying a project is not needed because the system has revenue problems. Mayor Scruggs stated that if a project was needed in 2003 and was in the plan and voted on by the people, she thought it would be difficult to diminish a facility because of money. She said that she hoped the TPC would keep this in mind during discussion of the stimulus agenda item.

#### 6. Federal Economic Recovery/Stimulus Update

Nathan Pryor, MAG Senior Policy Planner, stated that the Reinvestment and Recovery Act was signed by the President on February 17, 2009. He said that the highway/bridge component of the legislation is \$27.5 billion, plus a \$1.5 billion competitive grants provision. Mr. Pryor stated that the legislation includes \$8.4 billion for transit.

Mr. Pryor stated that the State of Arizona is expected to receive \$521.9 million for highway infrastructure and \$99 million for transit. He reported that three percent off the top is allocated for transportation enhancement projects, but the actual distribution formula is yet unknown.

Mr. Pryor stated that the State Transportation Board will discuss regional funding, including the STAN funding issue, at its meeting on February 20, 2009, and he added that the region is looking at receiving an amount in the range of \$253 million to \$352 million.

Mr. Anderson clarified that the highway suballocation includes other uses besides highway projects. He said that they are called highway funds because they are Federal Highway Administration funds.

Mr. Pryor stated that the funds are expected to be made available no later than 21 days after the date of enactment (March 10, 2009), after which the "use it or lost it" clock starts ticking. He

explained that the State has 120 days to obligate 50 percent of the funds and transit has 180 days to obligate 50 percent of the funds. He added that there is no short term provision for the MPOs, and said that 100 percent of all three of the funds must be obligated in one year (February 17, 2010). Mr. Pryor stated that the unobligated funds will be put into a pot which creates an opportunity for other states to apply for the unused funds.

Mr. Pryor stated that FHWA is still working on the criteria and application process for the competitive grants provision, and once that is completed applications will be due 180 days after criteria publication, and project selection is to occur by February 17, 2010.

Mr. Pryor reviewed the reporting requirements, which would occur at 90 days, 180 days, one year, two years, and three years, and noted that reporting is to be posted on [www.recovery.gov](http://www.recovery.gov) for the public's view. He then reviewed some of the information to be reported, such as the amount of funds appropriated, the numbers of projects, projects put out to bid and awarded, direct and indirect jobs created, etc.

Eileen Yazzie, MAG Transportation Program Manager, continued the presentation on programming projects for the economic recovery funds, and noted that she would cover the federal requirements, the status of highway and transit projects, the coding of projects submitted by member agencies, other factors to consider besides the federal requirements, proposed funding scenarios, and policy direction.

Ms. Yazzie stated that economic recovery funds can be used on projects that meet current Surface Transportation Program (STP) and Transportation Enhancement federal programs. She said that questions were asked at the Management Committee and TRC meetings about paving projects, and explained that paving dirt roads and alleys do not qualify under these programs. Ms. Yazzie noted that the funds, though, could be flexed to projects such as transit projects, bike and pedestrian projects, and ADA projects.

Ms. Yazzie stated that the focus needed to be on the federal requirements and the TIP status. She explained that one year to obligate the funds seems like sufficient time, but because it usually takes two years to get a project through the federal process, one year is a quick turnaround. Ms. Yazzie stated that right now, the TIP is conforming and if new projects are added that affect the conformity determination, the public input process of 30 to 45 days would have to be followed.

Ms. Yazzie stated that there is a range of possible funds that could come to MAG, such as the funds coming to ADOT and some of the \$16 million in Enhancement Funds that will be available statewide. She said that the State Transportation Board will be discussing this on February 20, 2009.

Mr. Anderson stated that how ADOT will be allocating the funds in Arizona was discussed at a previous Board study session. He said that the issue is MAG believes it is fair to make MAG whole from the sweep of MAG's portion of STAN funds by the Legislature to balance the state's 2009 budget. Mr. Anderson noted that these funds included \$94 million that were for I-10, I-17,

and Williams Gateway Freeway projects, and \$10 million in cost savings on the I-10 widening project outside of the MAG region. He stated that this accounts for the difference in the range of totals, and he believes, based on discussion, that the amount for ADOT projects in the MAG region would be in \$170 million to \$180 million range. Mr. Anderson stated that the Board needs to have that discussion, give guidance to ADOT management, and then MAG will have a clear idea how much money will be available for the project selection process.

Mr. Smith stated that federal law requires that MAG produce a financial plan and have a cooperatively developed revenue estimate. He said that the projects on the ADOT list also need to be developed cooperatively. Mr. Smith stated that the state has to meet a 120-day deadline to obligate the economic recovery funds, and if there could be agreement on projects, the list could be provided to the Regional Council on February 25, 2009, to get the ADOT projects out the door.

Ms. Yazzie noted that at each committee member's place was the MAG list of projects for the State Transportation Board's discussion.

Ms. Yazzie stated that MAG is working cooperatively with RPTA, which has been hosting meetings on the transit side. She reported there are 80 projects on the list totaling about \$1.8 billion with funds available in the range of \$64 million to \$75 million. Ms. Yazzie reported that RPTA will host a meeting February 19, 2009, following the RPTA Board meeting, to discuss prioritization and a possible project list.

Mr. Smith noted that transit projects need to get out quickly as they have a 180-day deadline. He said if there was agreement on projects, the list could also be provided to the Regional Council on February 25th.

Ms. Yazzie then proceeded to preparations for programming the MAG suballocation, which is approximately \$88 million. She indicated this number could change slightly, and added that they are waiting on finalization of the number from FHWA. She expressed appreciation to member agency staff for their diligent work on assembling the project lists.

Ms. Yazzie explained the coding of lists, and said that due to the timing requirements, they looked at whether a project was in the TIP, would the project affect the TIP conformity determination, and the project's status in federal clearances. She advised that the federal clearance is a huge factor because the process can take two years and the economic recovery funds have to obligate in one year. Ms. Yazzie stated that more than 100 projects, totaling more than \$1.5 billion, were coded "C," which means that they would affect the conformity determination or would be facing a lengthy NEPA process, and are probably not good candidates for these funds.

Ms. Yazzie stated that projects coded "A" and "B" seem to be better candidates for the economic recovery funds. She stated that the TRC Working Group has met twice to discuss the projects. Ms. Yazzie noted that member agency staffs were asked to contact MAG staff if they had a project coded "C" and felt it should be coded differently. Ms. Yazzie stated that "B" projects are categorical exclusions and could be obligated quickly. She displayed a list of categorical

exclusions, such pavement preservation that includes mill and overlay and bridge rehab and maintenance.

Ms. Yazzie said that the economic recovery funds can be used to fund 100 percent of a project's cost. Ms. Yazzie stated that the projects must be prepared to obligate in one year. She explained that each year, MAG does a fiscal analysis of those projects that did not obligate their federal funds and noted that MAG still needs to obligate the current fiscal year federal funds. Ms. Yazzie stated that MAG has a large carry forward from fiscal year 2008 and anticipates that the amount for fiscal year 2009 could be in the range of \$50 million. She noted that a lot of projects on the list could take advantage of these closeout funds.

Ms. Yazzie stated that if economic recovery funds are used to supplant currently programmed local funds, that agency would have to report on how it used the funds on transportation in the same time period.

Ms. Yazzie reviewed possible project selection criteria that include feedback from the Management Committee and the TRC Working Group. She noted that the criteria were not listed in any particular order. Ms. Yazzie stated that criteria include projects that can be obligated and/or constructed in the short term, which goes back to the coding of projects as "A" or "B" projects. She said that balancing funding for "A and "B" projects was discussed, with distribution based on population and funding groups of projects that can fit a categorical exclusion or met in the short term.

Ms. Yazzie then provided a review of possible scenarios, and noted that the \$88.7 million number has not been finalized. She stated that Scenario A includes funding AA projects first, and then do a member agency allocation for BB (categorical exclusion) projects of \$57.8 million, which leaves \$30.5 million to be distributed to member agencies. Ms. Yazzie noted that it has been suggested that this could be distributed on a minimum funding amount and then do a population-based distribution on top of that.

Ms. Yazzie stated that Scenario B includes funding projects that are AA or AB and possibly do a member agency allocation to categorical exclusion projects. She noted that this is more project based and would not leave a lot of money for member agencies.

Ms. Yazzie stated that Scenario C would distribute all of the \$88.7 million to member agencies with a minimum funding amount and adding a population-based distribution onto that.

Ms. Yazzie stated that the next two scenarios involve possible early closeout. Scenario D would fund AA projects first, then allocate \$68.5 million to member agencies. Scenario E would distribute \$82.7 million to first priority projects and \$56 million to member agencies.

Chair Berman asked members if they had questions.

Supervisor Wilson asked if there was a higher priority placed on projects that perhaps complete a highway or are based on traffic. Ms. Yazzie replied that the majority of projects on the project list are not road widening improvements and many are intersection, bicycle, pedestrian, ITS projects. She explained that a lot of roadway projects that add capacity are mostly categorized as C projects because they cannot meet the quick obligation timeline of one year. Ms. Yazzie stated that there are not a lot of these types of roadway projects in the pipeline that meet the federal standards.

Councilmember Aames asked for clarification of the allocations in Scenario A. Ms. Yazzie replied that \$57.8 million would be allocated to AA projects and \$30.5 million would be allocated to member agencies based on population. Councilmember Aames asked if AA projects were anticipated to meet the obligation timeline. Ms. Yazzie replied that was correct, and explained that the first A indicates a project is in the TIP and the second A indicates that the project has met the federal clearances and is ready to obligate. Councilmember Aames asked for clarification of BB projects meeting the timeline. Ms. Yazzie replied that BB projects, which are categorical exclusions, are good candidates to meet the one year obligation timeline. She noted that if C status projects were included, there was the possibility of not meeting the one-year deadline of obligating the economic recovery funds and the region could lose the funds.

Mr. Billings asked for clarification that the AA projects represented a total of about \$79 million in costs. Ms. Yazzie replied that was correct, and about \$22 million of the total is currently programmed with federal funds. She said that it is recommended that the federal funds remain and added that the \$57 million would supplant the local funds, which would remove the member agency dollar contributions.

Mayor Scruggs asked for clarification how this new money could reconcile the \$6 billion shortfall delivered in the previous agenda item, which presented options for shaving down projects that were agreed to initially because there is no money. She said that she would have a hard time saying it is a good idea to use the economic recovery funds for striping 100 miles of arterial streets versus doing work on the Northern Avenue Parkway or Loop 303. Ms. Yazzie referenced the first sheet of projects that includes the ADOT identified ready project list that can obligate within one year. She said that she did not know if the \$88.7 million would fill the gap in the freeway program, but she recognized the question. Ms. Yazzie stated that the \$88.7 million suballocated to MAG could be determined as a priority to turn to the freeway or transit program because the funds are flexible between modes.

Mayor Scruggs asked for clarification of replacement of the STAN funds that were swept. Mr. Anderson stated that MAG is looking to ADOT for stimulus funding to replace the \$94 million in STAN funds that were swept. He said that the \$94 million would come out of the \$170 million or \$180 million from ADOT and MAG would still have another \$88 million on top of that.

Mayor Scruggs referenced the eight TIP projects on the chart and asked if they are ready to go and are a part of the RTP. Mr. Anderson replied that was correct, the projects are the A category of projects.

Mayor Scruggs commented that the other categories were new projects that would not help reach the goal of completing Proposition 400, but would relieve the financial pressure on cities. She expressed that she felt strongly that her responsibility is to the public to complete Proposition 400. Mayor Scruggs stated that it seems a grim prospect right now that will be achieved. She stated that taking the \$88 million and spreading it to projects that are not a part of the RTP do not help overcome the deficit, bring us no closer to meeting the needs identified in 2002 and 2003, and would be irresponsible. Mayor Scruggs stated that it would be nice to have extra money coming to her city, but she is at MAG in a regional capacity, not in a parochial capacity. She said she needed help to guide her decision as to why she should support this over moving toward a way to say to ADOT, the Legislature, the Governor, and the citizens that MAG is working toward the fulfillment of the commitment made to them. Mayor Scruggs stated if there are some funds that cannot be allocated that way, she needed to know that, but she heard that all funds could be allocated to the RTP.

Chair Berman stated that the allocations did not seem to approach equity at all. He said that he could not support that his city would get \$4 million to \$5 million and other cities not much larger would receive \$40 million to \$50 million. Chair Berman stated that the goal of this body is to provide a regional transportation system. He said he would also like money to come to Gilbert to do roadwork, but more important, is his regional obligation. Chair Berman stated that his first priority is to allocate as much money as possible to completing the projects all agreed to in Proposition 400, but if that is not possible, his second choice would be to allocate the money to each city proportionately based on population to do with as they see fit. Chair Berman stated that the interstate highway system was initiated by President Eisenhower as part of national defense, and if an evacuation is ever needed, a proper transportation system would be critical.

Councilmember Aames asked if one of the scenarios would accomplish what Chair Berman suggested. Ms. Yazzie replied that a scenario that funds ready projects in Proposition 400 with a member agency distribution based on population has not been run, but staff could do that. She added that the Proposition 400 shortfall affects more than the freeway system, it also impacts the transit life cycle and the arterial life cycle programs.

Mayor Truitt expressed his agreement with Mayor Scruggs, and said that to do less than Proposition 400 projects first would be irresponsible and not in line with the voters' wishes. He said that he did not think there was a second option but to do that first, and then split the money that is left over.

Councilmember Aames noted that the caveat is that projects need to conform to the timeframe.

Vice Chair Lopez Rogers said that her understanding of the stimulus funding is to create jobs first, it does not say to complete Proposition 400. She stated that if jobs can be created in that timeframe, Proposition 400 can then be looked at, but we have to meet that timeframe with creating jobs first. Vice Chair Lopez Rogers stated that she also was looking at an equitable distribution.

Mayor Scruggs stated that she saw Proposition 400 as construction projects, which represent jobs. She said when she does not consider sign replacement projects on the project list as creating the types of jobs she thought this was about. Mayor Scruggs stated that this nation is going into debt for decades, and she felt a tremendous responsibility to accomplish what the economic recovery act intended. She stated that Proposition 400 includes construction jobs, and that is why we want the STAN funds replaced. Mayor Scruggs expressed that this is the fair thing to do because they were the next projects that were going to be constructed. Mayor Scruggs stated that the regional equity battle was fought in 2003 and 2004. She said that keeping the program moving with construction jobs will create real jobs and people will have money to spend which then generates sales tax that can be used for more projects. Mayor Scruggs stated that equity will be maintained because that was hammered out already; it is just advancing the plan further. She stated that those projects at the end of the plan will have a greater chance to finish, and we will also not have to fight each other again. Mayor Scruggs stated that she thought putting money into the Proposition 400 program will meet the intent of the economic stimulus – it will create jobs, relieve congestion, better our air quality, provide opportunities for economic development along those roadways, and achieve what was hoped Proposition 400 would accomplish.

Mayor Cavanaugh asked if any AA or AB projects from Proposition 400 would not be funded due to the criteria listed. Mr. Smith noted that if the TPC wants to work the process for Proposition 400, he wanted to mention that ADOT is constrained to obligate projects in 120 days. He said they need to go through the list, figure out what is related to Proposition 400, and hopefully have a list for the February 25th Regional Council meeting. Mr. Smith noted that the projects that would be funded by the \$88 million suballocation would not require action by the Regional Council on February 25th.

Councilmember Baier stated that in looking at all of the options presented, she tended to agree with Vice Chair Lopez Rogers that these projects could fall into the intent of the economic stimulus to get people back to work. She expressed she was not sure a couple of highway construction projects are necessarily the end-all of getting people back to work; in fact, the numbers indicate that is not the case. Councilmember Baier indicated that she thought the TPC ought to look at what is possible to be done and what is equitable. She stated that of all the options presented, she supported Option C, which offers each municipality and the region the opportunity to do the most for the region in the timeframe established, including BB projects that can forego some of the regulatory timeframes that could make obligating some of these projects functionally impossible.

Chair Berman asked for clarification if Scenario C was the one that came closest to equitable distribution to each city. Ms. Yazzie replied that was correct; the distribution was based on a minimum funding requirement and additional distribution based on population.

Supervisor Wilson stated that a bridge in Maricopa County that goes over US-80 is on the list and costs \$7.4 million. He said that probably ten to fifteen vehicles use this bridge daily, and one day, he sat for four hours and saw two trucks go over it. Supervisor Wilson commented that there are so many places with traffic problems, there must be a way to utilize the funds to solve them and

accelerate projects we need than to spend money as fast as possible. He added that he understood the money needed to be spent or we would lose it.

Mayor Smith stated that the TPC has been talking about priorities, but there are dueling expectations. He commented that the TPC has been diligent to be true to the voters' expectations on Proposition 400. Mayor Smith stated that with the economic stimulus, there is a separate set of expectations from those of the voters that has nothing to do with transportation priorities – it has to do with economic stimulus priorities. He remarked that whether we like it or not, every penny available to us has to be spent, and if any of it is left on the table the voters will take exception. Mayor Smith commented that whether or not MAG can fit it into a transportation priority or not, the first priority is to spend the money because it is coming from a completely different source and scenario than Proposition 400. Mayor Smith expressed concern that we will fail our first priority to take the money and put it to work in our communities. He said that he felt the expectation of the voters is to use the money, and he was not sure if it is their priority to put it toward Proposition 400. Mayor Smith stated that the reason AA and AB projects are on the list does not have to do with transportation priorities, but with timing – if a project is ready, it is on the list. Mayor Smith stated that he did not want to say to the voters we did not use some of the funds because we did not feel a project was worthwhile from a transportation standpoint. He remarked that he was not sure there is time to get hung up if it works with the details, but MAG needs to ensure nothing goes back to the pot that can be used by another state or region. Mayor Smith stated that he was not sure which scenario that fit. He suggested applying as much as possible to the Proposition 400 program and the ADOT program, but this might be a different expectation of the voters.

Mayor Lane stated that he felt the taxpayers' expectation is to use the funding responsibly, not just use it up. He said if \$88.7 million needs to be obligated within one year, his question was are there Proposition 400 projects not on the list that would fit into that year. If that is the case, the money would be used responsibly. Mayor Lane expressed he would support going back to the Proposition 400 allocations provided the projects could be done within the stipulated timeframe.

Mayor Truitt asked for clarification that Mayor Lane was suggesting filling out Proposition 400 projects and then create jobs on a regional basis, and if so, he would support that. Mayor Lane replied yes.

Ms. Yazzie noted that it would be a new scenario, Scenario F. She asked for clarification if by Proposition 400 funds they meant street, freeway, and transit projects that are ready to go.

Mayor Lane replied that was what he meant.

Mayor Scruggs stated that she thought transit had its own funding. Ms. Yazzie explained that ADOT Highway Discretionary funds go directly to ADOT, but are distributed to the MAG region and dedicated to the MAG freeway program. She noted that they are called highway funds, but this is an umbrella term that includes bicycle, pedestrian, ITS, and street projects. Ms. Yazzie stated that transit is a separate pot of money. She noted that MAG does give some of its allocation to transit, the majority of which goes to local projects.

Chair Berman stated that Gilbert has a \$3 million project on the A list, and Fountain Hills, a town one-tenth the size of Gilbert, has an A list project of \$3.5 million. He asked who categorized the projects. Ms. Yazzie replied that MAG staff and member agency staff categorized the projects over the last two to three weeks. Ms. Yazzie stated that the coding was a straightforward process: If a project is in the TIP, it is an A project; if it is not in the TIP, it is a B or C project. She added that they are still open if a project is not categorized correctly.

Mayor Scruggs asked for clarification of her understanding that a vote by the Regional Council next week is the goal, but there are some funds that can wait one year and not be at risk of being lost to other states. Mr. Smith confirmed that the \$88.7 million amount does not need to be obligated for one year and a decision is not needed on February 25th. He added that the tighter timeframe is for the ADOT funds, which are expected to be in the \$170 million to \$180 million range. Mr. Smith stated that what he was hearing is to get a list from ADOT that would accommodate the one-year time that MAG has to obligate the suballocated funds, ensure the list benefits Proposition 400 projects, and bring it to the Regional Council on February 25th. Mr. Smith noted that we already have the motion from the TPC and Regional Council on I-17 and I-10 west regarding the STAN funding, so we know where \$73 million of the funds will go.

Mayor Scruggs asked about the Williams Gateway Freeway. Mr. Anderson replied that it was on the list for \$12 million for design components.

Mayor Scruggs asked the total amount of STAN funds on these projects that were swept. Mr. Anderson replied the amount is \$73 million or \$94 million, depending if the Williams Gateway Freeway design money was included. Mayor Scruggs asked if the amount of ADOT Discretionary Funds ranged from \$99 million to \$188 million. Mr. Anderson replied that was correct. Mr. Anderson stated that he was not sure what the State Transportation Board would decide, but if the amount is in the \$170 million range and the Regional Council funds the three STAN projects at \$85 million, they would still have another \$85 million to allocate on other projects.

Mayor Scruggs stated that she was hearing it is entirely doable for staff to present to the TPC a list of ADOT projects that meet the criteria and are also in Proposition 400. Mr. Anderson replied that was correct.

Mayor Scruggs stated that she was also hearing no action was needed by the Regional Council next week on the \$88 million. Mr. Anderson replied that was correct. Mayor Scruggs stated that it all gets down to policy decisions on how the money will be used, and she was not certain if there was agreement yet on the policy aspects. She indicated that she would be more comfortable with the Regional Council considering the \$99 million to \$188 million amount with a list of projects that ADOT says are ready to go that meet all of the criteria and are in Proposition 400, and leaving the \$88 million for a future time when there is more opportunity to think this through.

Mayor Smith asked if the Proposition 400 ADOT projects would be able to utilize the \$85 million left. Mr. Anderson replied that he thought so. He indicated that this list was assembled at the time staff thought the window was only 75 to 90 days and that is why pavement preservation projects

and sign replacement projects, which can be obligated quickly, are included on the list. Mr. Anderson indicated that since the Conference Committee passed, the window of obligation is now known, but staff has not had the opportunity in one day to go back to ADOT.

Mayor Smith asked for clarification that he was understanding it might be an easier task to select projects because Proposition 400 projects through ADOT may be eligible in the \$99 million to \$188 million amount and, then following this decision, we would get into the detail for the \$88 million. Mr. Anderson replied that was a fair summary statement.

Mr. Smith asked for clarification from the TPC that there was consensus on the ADOT projects for a list to go to the Regional Council. He said that if the TPC could give guidance on some options for the \$88 million, then staff could work on that for the next TPC meeting.

Chair Berman expressed that he liked the option of dividing the funds equally among the cities. Mr. Smith noted that having a base, perhaps \$250,000, plus the population distribution provides a meaningful amount to accomplish something.

Vice Chair Lopez Rogers asked for clarification of CMAQ and the supplanting issue. Ms. Yazzie replied that all projects in the AA and AB lists are in the TIP, and with the exception of a couple of AB projects, have some sort of federal funding and local funds. She said that if the economic recovery funds are used to take the place of the local funding, that project's agency would be required to report back on the use of those recovery funds for transportation projects in the same time period.

Supervisor Wilson asked if there was any reward for spending the money quickly, other than being able to submit requests for the funds not used by other agencies. Ms. Yazzie replied that if there is any bonus, it is not having the funds taken away. She also advised that whatever is obligated for the recovery funds needs to be completed in three years (February 17, 2012), and added that obligating means that ADOT and FHWA agree that a project met its federal requirements and can proceed to the bidding process.

Councilmember Baier stated that she liked the idea of having a base allocation plus the population distribution. She said that she thought it might be premature to discuss the highway funding because that conversation has not yet taken place. Councilmember Baier expressed that she thought it was a good idea to get more information on the relationship between TIP projects and Proposition 400 projects and what is feasible. She said that she would not favor a scenario where \$277 million goes to build a couple of lanes of a highway because she thought that was not the intent of the stimulus program.

Mayor Cavanaugh stated that the effect of the addition to this list of Proposition 400 ready-to-go projects is unknown. He said that assuming up to \$277 million might be available, it is important to decide on Option A, Option B, or Option C, although not necessarily tonight. Mayor Cavanaugh indicated that the decision may be each city getting its proportion, but what we need to see is exactly what is going to be funded by each option. He suggested showing how the money would

be distributed in each option as a separate element, because the impact of Proposition 400 ready projects on this list is really not known.

Councilmember Aames asked for clarification that he was hearing that Proposition 400 projects would be covered under the ADOT ready-to-go projects that are not on this list. Mr. Smith stated that ADOT money will take care of ADOT projects; this is a constrained list. He added that ADOT projects also can use STP funding and MAG has one year to obligate its funds. Councilmember Aames asked what are the Proposition 400 related projects if ADOT was given more time for the \$88 million.

Ms. Yazzie stated that there are street and transit projects in Proposition 400 and asked for clarification if the TPC wanted staff to look at the project readiness of those projects to be included in the analysis of the \$88 million. She offered a recap of the scenarios by saying that Scenario C would use a base number and population distribution for the \$88 million, with no decision tonight. After the ADOT list has been determined, see if there is a gap in the highway section and whether the \$88 million could infill any of that. Look at current street, highway, and transit Proposition 400 projects and see if any could be funded.

Chair Berman stated that with the Scenario C option, if funds were allocated to cities, he would like a second column added to show funds saved if another methodology was used. He remarked that he did not mind giving up a little bit to have a functional network, but he had a problem with giving \$650,000 to put up video detection cameras in another city.

Councilmember Aames asked for clarification that the \$88 million had to be obligated in one year. Ms. Yazzie replied that was correct.

Mayor Scruggs expressed her concern for including transit, because at RPTA they are grappling with the shortfall of funds, and to do that, they are reexamining policies, such as the cost of operations being considered when buses are being purchased. She said that she thought it would be difficult if MAG tries to allocate funds to transit.

Mayor Hallman expressed his disagreement with Mayor Scruggs. He commented that if MAG is going to follow the concept of allocation to existing Proposition 400 projects, all items need to be included. Mayor Hallman noted that was a part of the compromise of the Proposition 400 process. Mayor Hallman expressed for examining those projects that would help address the shortfall at a regional level, and the discussion should include all projects that are Proposition 400 eligible.

Mayor Scruggs asked for clarification if Mayor Hallman meant to include the Proposition 400 RPTA projects but include operating costs. Mayor Hallman replied that in connection with capital projects, operating and maintenance costs would be included if funding is available. Mayor Scruggs replied that she was comfortable with that.

Mr. Billings asked if MAG receives a similar amount of federal funds this year and next year if the five-year highway bill is passed, and if passed what projects and how do they factor into this list.

Mr. Smith stated that for several years, MAG had a carry forward of about \$20 million from projects that could not complete the processes, and last year the carry forward was about \$45 million, part of which is the Northern Avenue Parkway. He stated that we do not yet have a solid number and have resource issues at ADOT that need to be corrected to get that number. We will have projects that need to be obligated this year or else we will try to carry forward the money with ADOT. Mr. Smith stated that the economic recovery bill outlines getting as many construction projects out as possible. He added that the ADOT consultants are ready to help MAG obligate projects. Mr. Smith stated that he thought MAG needs to look at using the money responsibly and getting the economy moving because it is about jobs.

Ms. Yazzie stated that on a normal basis, the federal funds to the MAG region do not include the State Discretionary funds and MAG would get about \$90 million to \$100 million in STP and CMAQ funds.

Mayor Cavanaugh stated that it is important to know the impact of Options A, B, and C and he would like to have that for the Regional Council meeting next week.

Councilmember Baier stated that it would be helpful to add the closeout money as a component of each scenario. Mr. Smith advised that it would be a conservative guess because we might not have the number yet from ADOT. Councilmember Baier expressed she supported that.

Mayor Lane asked for clarification of who would decide how the \$88 million would be allocated. Ms. Yazzie replied that the TPC and Regional Council would recommend a list of projects to be amended or administratively modified into the TIP.

Mayor Lane asked if the TPC and Regional Council would decide the projects and the amount of funding of each project if the \$88 million were applied to the projects on the list that meet the criteria. Mr. Smith replied that ideally, this would go through the MAG Transportation Review Committee, the MAG Management Committee, the TPC, and the Regional Council process, but tonight, staff needs guidance to get to the March meetings.

Mayor Smith asked if it was an accurate statement that if the funds are applied to Proposition 400 projects it would be an acceleration mechanism, although not in the technical sense, to do things that could not be done otherwise. Mr. Smith replied that was an accurate statement. Mayor Smith suggested that if the funds were not used to accelerate Proposition 400 projects, then the \$88 million could be prioritized and used as a completely different pool of funds to do completely different projects. He said that the funds might be put into Proposition 400 projects, to accelerate everything, supplant the existing funds and projects move up the list, or put toward different projects with another list, and options seems to be what percentages are allocated to which projects.

Councilmember Aames commented that he understood if local funds are not spent there is a reporting requirement.

Mr. Anderson remarked that one of the difficulties is the uncertain revenue forecast and rather than accelerating projects it is keeping projects from being delayed.

Chair Berman stated that his initial thought was to complete Proposition 400 projects with the stimulus funds, but it is a separate program which the federal government set up to distribute to all, presumably in a semi-equal way. Chair Berman commented that it was not necessarily fair to attach Proposition 400 criteria. He expressed that he thought the funds should be distributed equally, based on population which is as fair as anything and which is how the money was collected.

Mayor Scruggs stated that the State of Arizona is in an indescribable situation. She said that we like to spend our time making sure the Legislature and Governor do not look on our money to help them solve their problems, and she would like to put that on the table for thought. Mayor Scruggs stated that if the decision is made to take this money, and instead of running our cities, apply it to ADOT projects, it would be seen as doing more than our share and helping a greater cause. She remarked that we are all citizens of the State of Arizona and are impacted by what is going on there. Mayor Scruggs expressed that she thought there will be a day we have to answer to the Legislature as to why we should not help with the problem. Mayor Scruggs said that she felt strongly that this should not be seen as a windfall to help our immediate problems, but goes to a commitment that has been made. She commented on supplanting by saying that when we experience shortfalls, this money seems attractive, but we have to pay it back; it is not free money.

Chair Berman stated that he did not know how he would tell his citizens that this federal money came into the State to be divided among the cities and Gilbert got \$3 million, Fountain Hills got \$5 million, and Mesa got \$40 million. He stated that this is not money we collected from a proposition, this is federal money to be divided fairly among all of us. Chair Berman stated that he would not support any allocation that represents such a disproportionate distribution.

Mayor Cavanaugh remarked that he thought the TPC indicated a consensus to consider the Proposition 400 projects. He said that by the Regional Council meeting we may have an idea how the Proposition 400 projects impact the list; they may have no impact whatsoever, but let us find out before denying or accepting Proposition 400 projects.

Chair Berman replied that he would agree to that, but he did not see his position changing dramatically and his city walking out with nothing from the economic stimulus. He stated that when we see the numbers, we will see some cities that are big winners and other cities that are big losers. Chair Berman stated that the goal of the stimulus plan is not disproportionate distribution, no matter what criteria are used.

Mayor Cavanaugh stated that the TPC just needs to give staff clear guidance on what to bring to the Regional Council.

Mayor Lane stated that he thought the guidance was to come back with Options A, B, and C for the \$88 million. He said that he understood that the list of ADOT-ready projects could be at the

Regional Council meeting. Mayor Lane said that the funds being distributed based on population is a measure, but if the distribution is arbitrary and is based on the list, it could be more difficult to bring back to the voters. Mayor Lane stated that he would like to see what will happen with the Proposition 400 projects, because there has already been a determination of those projects, although he also would consider a distribution based on population.

Councilmember Aames asked for clarification if the TPC would discuss the allocation of the \$88 million at the March meeting. Mr. Smith replied that MAG has one year to obligate the \$88 million, but some projects need time to get ready. He said that hopefully, we will have clarification next month for the TPC to make a recommendation to the Regional Council.

Mayor Scruggs extended her compliments to Ms. Yazzie for her professionalism and calm demeanor in responding to the TPC's questions.

There being no further business, the meeting adjourned at 6:16 p.m.

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Chair

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Secretary