

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
TRANSPORTATION POLICY COMMITTEE MEETING

May 20, 2009
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

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| 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
David Scholl |
| # Kent Andrews, Salt River Pima-Maricopa
Indian Community | * Mayor Elaine Scruggs, Glendale
Mayor Scott Smith, Mesa |
| Councilwoman Maria Baier, Phoenix | Mayor Jim Lane, Scottsdale |
| # Vice Mayor Gail Barney, Queen Creek | * Mayor Lyn Truitt, Surprise |
| Stephen Beard, HDR Engineering Inc. | Supervisor Max W. Wilson, Maricopa County |
| * Dave Berry, Swift Transportation | * Felipe Zubia, State Transportation Board |
| * Jed Billings, FNF Construction | * Vacant, Citizens Transportation Oversight
Committee |
| Mayor James Cavanaugh, Goodyear | |
| Mayor Boyd Dunn, Chandler | |
| # 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 4:00 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Chair Berman announced that Vice Mayor Gail Barney, Mayor Hugh Hallman, and Kent Andrews were participating by telephone. Mayor Berman noted that for agenda item #7, the Project Status Report for transportation projects in the MAG region funded by the American Recovery & Reinvestment Act, was at each place.

3. Call to the Audience

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

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

4. Approval of Consent Agenda

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

4A. Approval of the April 15, 2009, Meeting Minutes

The Transportation Policy Committee, by consent, approved the April 15, 2009, meeting minutes.

4B. Fiscal Year (FY) 2009 - Arterial Life Cycle Program Regional Area Road Fund Closeout

The Transportation Policy Committee, by consent, recommended approval of advancing reimbursements from fiscal year (FY) 2012 to FY 2009 in the Arterial Life Cycle Program (ALCP) for the selected Regional Area Road Fund (RARF) Closeout Projects: Queen Creek Road from Arizona Avenue to McQueen Road for \$6.076 million and Lake Pleasant Parkway from Union Hills Drive to Dynamite Road for \$4.793 million, totaling \$10.869 million, and amend the FY 2009 ALCP and Regional Transportation Plan 2007 Update, as necessary. The Regional Area Road Fund (RARF) Closeout Process was established in Section 260 of the Arterial Life Cycle Program (ALCP) Policies and Procedures approved by the MAG Regional Council. A financial analysis of ALCP revenues and expenditures as well as the ALCP bonding program was conducted. After reviewing the output of the analysis, MAG staff recommended that two eligible projects be reimbursed in the FY 2009 ALCP RARF Closeout Process. The MAG Transportation Review Committee and the Management Committee recommended approval.

4C. Project Changes – Amendment and Administrative Modification to the FY 2008-2012 MAG Transportation Improvement Program and FY 2009 Arterial Life Cycle Program

The Transportation Policy Committee, by consent, recommended approval of amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, the FY 2009 Arterial Life Cycle Program and as appropriate, to the Regional Transportation Plan 2007 Update, as shown in the attached tables. The FY 2008-2012 Transportation Improvement Program (TIP) and Regional Transportation Plan (RTP) 2007 Update were approved by the MAG Regional

Council on July 25, 2007, and the FY 2009 Arterial Life Cycle Program (ALCP) was most recently approved by the Regional Council on April 22, 2009. Since that time, there have been requests from member agencies to modify projects in the programs. The proposed amendments and administrative modifications to the FY 2008-2012 TIP that were heard and recommended for approval by the Transportation Review Committee (TRC) are listed in Table A. These include two new projects funded with federal American Recovery and Reinvestment Act (ARRA), and federal aid projects that are requesting to be deferred to a later year in the TIP. The proposed administrative modifications to the FY 2009 ALCP that were heard and recommended for approval by the TRC are listed in Table B, which are reimbursement changes to ALCP projects located in Scottsdale. These funding modifications do not negatively impact ALCP reimbursements in FY 2009, nor increase or decrease overall committed regional reimbursement amounts. Since the TRC met, there were requests to add and modify projects which are noted in Table C and include transportation enhancement projects funded with ARRA funds, local projects funded with ARRA, reprogramming of a project, and other project modifications. On May 13, 2009, the Management Committee recommended approval of Tables A, B, and C. Since the Management Committee meeting, there were additional requests for project changes for federal bridge and ARRA funded projects, which were included in Table D.

5. Development of the FY 2010 Arterial Life Cycle Program

Christina Hopes, MAG Transportation Planner, provided a report on the Arterial Life Cycle Program (ALCP) and the impact on the ALCP resulting from the decrease of the Regional Area Road Fund (RARF) revenue projections, which is the half cent sales tax for transportation. She noted that the ALCP was on the agenda this month for information and discussion only.

Ms. Hopes stated that the ALCP is updated on an annual basis and amendments are made as needed. She noted that the ALCP has been amended four times this year through the MAG committee process with no challenges.

Ms. Hopes stated that staff is looking at staying on schedule for the annual update, which included submission of project updates for inclusion in the ALCP in January and February, review and modification in March and April, a review and possible recommendation for approval by the Transportation Review Committee in May, a review and possible recommendation for approval by the Management Committee and Transportation Policy Committee in June and a review and possible approval by the Regional Council in June. Ms. Hopes noted that upon approval by the Regional Council, ALCP projects eligible for reimbursements in FY 2010 could be reimbursed as of July 1, 2009.

Ms. Hopes stated that the downturn in the economy has negatively impacted the RARF revenue projections by about \$3 billion. She stated that the ALCP is funded by 10.5 percent of the RARF, and this decrease translates to a decrease of about \$330 million to the ALCP over the life of the program (2009-2026).

Ms. Hopes stated that programming and updating the ALCP is guided by the ALCP Policies and Procedures that was approved by the MAG Regional Council, and also provides guidance on how to proceed in case there are a surplus or a deficit of funds. She noted that with surplus funds, projects may be accelerated in priority order, and with a deficit of funds, projects may be delayed in priority order. Ms. Hopes reported that in 2007, the surplus funds policy was utilized, but for FY 2010, the program will be utilizing the deficit policy.

Ms. Hopes stated that in the first draft the FY 2010 ALCP, there were \$97.7 million of projects that would be unfunded, and as a result, four strategies outlined in the ALCP Policies and Procedures were relied on to help balance the program: Coordinating with Lead Agencies on Project Changes, Project Exchanges, Utilizing and Maximizing Federal Funds, and Delaying Project Reimbursements in Priority Order. Ms. Hopes stated that working with member agencies, they were able to reprogram approximately \$99 million of RARF funds to Surface Transportation Program (STP) funds and approximately \$52 million of RARF funds to Congestion Mitigation and Air Quality (CMAQ) funds. She noted that \$22 million in unfunded projects were delayed in priority order to FY 2027.

Chair Berman thanked Ms. Hopes for her presentation. No questions from the Committee were noted.

6. Proposal to Advance the Design and Right of Way for a Portion of the Williams Gateway Freeway

Eric Anderson, MAG Transportation Director, reported that the City of Mesa has requested consideration of its proposal to advance the design and right of way acquisition for the segment of the Williams Gateway Freeway from the Santan Freeway to Ellsworth Road. He said that a request to accelerate the design, right of way and construction of this segment was approved by the MAG Regional Council in January 2009 using the Statewide Transportation Acceleration Needs (STAN) funds that had been allocated to the project in 2006. Mr. Anderson explained that soon after the Regional Council approval, the legislature swept the funds that had been designated for the accelerated project.

Mr. Anderson stated that the City of Mesa is now requesting that only the design and right of way be advanced, which is a total commitment of about \$45 million – approximately \$12 million for design and approximately \$32 million for right of way. Mr. Anderson explained that the City of Mesa has proposed issuing Highway Project Advancement Notes (HPAN), which are secured by the city's excise tax, to fund the accelerated design and right of way, and he added that since Mesa would be issuing the debt, there is no impact on the freeway program's financing capacity. Mr. Anderson stated that Mesa has requested that the \$8 million of advanced right of way funding that is programmed for this project in the Freeway Life Cycle Program for FY 2009 through FY 2012 be used to cover the interest expense on the financing.

Mr. Anderson referenced the onscreen map of the area and noted that the alignment for this segment of Williams Gateway Freeway is set, although alternatives for the alignment in Pinal County are under consideration as part of the environmental assessment process underway and

which is due to be completed in late 2010. He added that although the project may advance through the MAG process this month, actual work probably will not begin until next year when ADOT's environmental work concludes. Chair Berman thanked Mr. Anderson for his presentation. No questions from the Committee were noted.

Vice Chair Lopez Rogers moved to recommend approval of the Mesa request to advance the design and right of way of an interim connection of the Williams Gateway Freeway between the Santan Freeway and Ellsworth Road by approximately three years to be incorporated into the draft FY 2010 to FY 2014 MAG Transportation Improvement Program and the Regional Transportation Plan and that the program funds allocated to the Williams Gateway Freeway for advanced right of way acquisition be used instead to pay for the interest expense associated with the proposed acceleration, and authorize the MAG Executive Director to enter into an agreement with ADOT and Mesa. Councilmember Aames seconded, and the motion carried unanimously.

7. Update on the American Recovery and Reinvestment Act of 2009: Arizona Department of Transportation (ADOT) Portion, MAG Sub-Allocation, Transportation Enhancement Portion, and MAG Region Transit Funds

Eileen Yazzie, MAG Transportation Program Manager, noted that the Regional Council requested that staff produce a monthly status report on the projects funded by the MAG sub-allocated portion of the American Recovery and Reinvestment Act (ARRA). She said that the first iteration of the report was at each place and noted that the report will continue to evolve and expand. Ms. Yazzie stated that the report includes project development status, Regional Council approval dates, steps required by the federal agencies, and the obligation, advertisement, construction, and closing out of the projects. She requested input on the report from the Committee.

Mr. Anderson stated that the first project listed, Verrado to Sarival, was allocated \$43 million. He noted that the bid came in at \$26 million, including contingency, and this significant cost savings means that ADOT will be moving down the prioritized list of projects. Mr. Anderson stated that the next project on the list is SR-85, at a cost of \$20 million.

Mr. Beard suggested including subtotals of the federal funds allocated and the status of the amounts committed and uncommitted. Ms. Yazzie asked for clarification on a preference for indicating if the project was ADOT led or locally led. Mr. Beard replied that his main interest was showing how the funds are allocated.

Mayor Dunn asked if the report would include information on projects that might be lagging. He commented that the region does not want to lose the full federal stimulus funding. Ms. Yazzie replied that the deadline dates would be included in the next status report. She said that if a project is not obligated by November 30, 2009, action by the Transportation Policy Committee and Regional Council would be needed.

8. Transportation Planning Update - Proposition 400 Regional Freeway Program

Mr. Anderson stated that since the presentation on this topic in February 2009, staff has been working on costs and options to address funding shortfalls in the Regional Freeway Program. He said that staff would present tonight the findings and the beginnings of a possible strategy to deal with the program funding shortfall. He stated that the original budget for the Regional Transportation Plan was approximately \$9.4 billion, and the current cost estimate by ADOT is approximately \$15.9 billion. Mr. Anderson stated that projects already obligated or that will obligate through FY 2010 total approximately \$2.7 billion, and the approximate cost for completing the Regional Freeway Program from FY 2011 to the end of the program is approximately \$13.2 billion, which leaves a projected deficit of \$6.6 billion. He noted that the available funding for the balance of the Regional Freeway Program, which includes the half cent sales tax, ADOT, and federal funds, is approximately \$6.6 billion. Mr. Anderson advised that the sales tax report for April 2009 was received on Friday, and it was the worst month to date – revenue was down 17.8 percent compared to April 2008. He commented that they are being optimistic that the downward trend has bottomed out. Mr. Anderson stated that year to date revenue for the first ten months of FY 2009 was down 13.1 percent compared to FY 2008. He stated that if that trend continues to the end of the year, actual revenue will be \$50 million under the ADOT projection of approximately \$380 million for this fiscal year. Mr. Anderson stated that the challenges facing ADOT will be presented under the Legislative Update agenda item.

Mr. Anderson stated that the presentation tonight would focus on the \$6.6 billion deficit and some of the options to address the deficit that staff has drafted. He requested feedback and suggestions on other areas that the TPC would like to research. Mr. Anderson stated that staff would like to come back with a draft plan in June or perhaps July for the Committee's consideration.

Bob Hazlett, MAG Senior Engineer, continued the presentation. He asked members to keep in mind the \$6.6 billion deficit as the presentation progressed. Mr. Hazlett stated that over the past few months, staff has been trying to find a way to mitigate the sales tax deficit. In January 2009, three scenarios were presented – Trend Line (stay the course and extend the program), Maintain Budget (build projects with the funds available), and Blend.

Mr. Hazlett explained that MAG staff met with ADOT staff and management consultant teams, facilitated a peer review of the Central corridor area, and made suggestions to ADOT to see if there could be any cost savings from any of the ideas they had developed. Mr. Hazlett stated that they moved toward a tentative scenario of very draft ideas for the TPC to discuss and provide guidance on whether staff is moving in the right direction.

Mr. Hazlett explained that they took the four main strategies 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 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, they realized that even with some cost savings, some project timelines

could be pushed out. He noted that they tried to remain consistent with the Regional Transportation Plan priorities, and most of the deferral candidates were Phase IV projects. Mr. Hazlett stated that with the rising gasoline prices, they looked wherever they could to advance the HOV lane system. 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 seem to be decreasing. He said that they took an overall ten percent reduction on construction and right of way costs, and added that they did not use a higher number because they needed to consider that this would apply to the next 15 years. 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, and return the contingency back to 40 percent. He said that this could result in a savings of \$2.8 billion in terms of right of way on the Regional Freeway System.

Mr. Hazlett advised that systemwide costs in the Regional Transportation Plan totaled \$1 billion and ADOT estimates the amount will be \$1.5 billion. He said that systemwide costs include such things as the management consultants, freeway service patrol, the freeway management system, and the Don't Trash Arizona program. They asked that systemwide costs be held to the budgets originally identified in the Regional Transportation Plan.

Mr. Hazlett then addressed value engineering on the South Mountain Freeway, which is one of the most critical corridors in the Regional Transportation Plan. He said that the original estimate in the Regional Transportation Plan was approximately \$1.1 billion and the current estimate is about \$2.5 billion. Mr. Hazlett noted options that were presented to the Committee in January – to continue with current plans as a freeway or consider a narrower footprint or parkway. He said that the results of traffic demand modeling indicated that the South Mountain wants to behave like a freeway. Mr. Hazlett stated that if the South Mountain could not be built as a parkway, they considered what could be done to trim costs. They focused on segments eight and nine, which were the most expensive elements of the corridor. Mr. Hazlett stated that they suggested moving the alignment to 59th Avenue, reconfiguring the ramps, and building it like the Price Freeway was constructed. He stated that the way it is currently designed affects the service traffic interchanges on I-10 from 75th Avenue to 43rd Avenue, and with the 59th Avenue alignment, there would be less of an impact to I-10. Mr. Hazlett indicated that this change represents a cost savings of approximately \$130 million. He said that they have requested input from the City of Phoenix on this option, and Phoenix has indicated no objections with a 59th Avenue alignment.

Mr. Hazlett stated that another element on the South Mountain was the cross section and why it was so wide. The original intent was to construct the South Mountain as six lanes, and ultimately widen it to ten lanes, with outside/inside widening, contrary to Proposition 300 practice. Mr. Hazlett stated that if the manner of construction returned to how it was done in Proposition 300,

it would help along Pecos Road. He stated that ADOT already owns about 95 percent of the right of way along Pecos Road to build the Proposition 300 cross section. He advised that there are some pinch points where some properties were allowed to encroach into the area, but the Pecos Road option could reduce the housing takes in Ahwatukee by about two-thirds. Mr. Hazlett stated that in terms of savings, using the 59th Avenue alignment would save about \$128 million, the Proposition 300 cross section could save approximately \$105 million, lower right of way and construction costs could save about \$204 million, and other value engineering could save about \$132 million. He noted that the cost could be reduced to about \$1.9 billion, which includes HOV lanes for the entire corridor, versus the ADOT identified cost of \$2.5 billion. Mr. Hazlett stated that another \$65 million could be saved if HOV lanes were not included.

Mr. Hazlett addressed Loop 303. He said that the original cost estimate in the Regional Transportation Plan was \$1.4 billion, and the current estimate is approximately \$3.1 billion. Mr. Hazlett explained two key interchanges planned on Loop 303, at US-60 and at I-10. He stated that the original design for the interchange at US-60 is a stack 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. He stated that as proposed, the cost for the interchange at US-60 is about \$200 million. 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 other options due to concerns of the City of Surprise for the intersection of 163rd Avenue. He stated that 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, approximately Level D, through the year 2030. Mr. Hazlett stated that they asked ADOT to revisit this, and he noted that going to this design could save approximately \$150 million.

Mr. Hazlett addressed the proposed system traffic interchange of Loop 303 with I-10. He said that the interchange on I-10 would extend to Bullard Road to the east and Perryville Road to the west; the interchange on Loop 303 would extend to Thomas Road on the north and to Van Buren Street to the south. Mr. Hazlett stated that the cost to build this system traffic interchange is about \$760 million, and represents 53.5 percent of the cost to build all of Loop 303 identified in the Regional Transportation Plan from MC-85 to I-17. Mr. Hazlett advised that the last big system interchange, the SuperRedTan, cost \$280 million, and cost of the Loop 303/I-10 system interchange exceeds that by \$500 million.

Mr. Hazlett addressed some of the anticipated savings on the Loop 303 corridor, which include simplifying the interchange with I-10 at a cost savings of about \$370 million and potentially deferring the construction of the MC-85 to I-10 segment at a cost savings of \$240 million. He stated that this could reduce the cost to \$2 billion from \$3 billion.

Mr. Hazlett addressed potential deferrals. He noted that SR-801 is a Phase IV project that connects to Loop 303 by the MC-85 to I-10 segment. Mr. Hazlett stated that another potential deferral is SR-802 between Ellsworth and Meridian. He reported that currently, there is no funding in Pinal County for this corridor. Mr. Hazlett stated that adding general purpose lanes on other freeways located throughout the entire valley might be considered for deferral. He advised that the HOV

lanes would still be included in this plan and not deferred. Mr. Hazlett stated that another potential deferral could be the direct HOV ramp connections at I-10 and Loop 101, and I-17 and Loop 101.

Mr. Hazlett stated that the Durango Loop of I-17 between the Split and the Stack is nearing the end of its service life, and funds perhaps could be shifted to this area to make it a more cohesive project. He commented on leaving in the traffic interchange for west Sky Harbor access, and added that security has plans for plazas along Sky Harbor Boulevard to better control traffic at the airport.

Mr. Hazlett recalled the \$6.6 billion deficit mentioned at the beginning of the presentation. He stated that with the savings he described on the South Mountain and Loop 303 corridors, deferring new freeway segments, general purpose lanes, and direct HOV ramps and traffic interchanges, lower right of way contingency and construction costs, and reducing systemwide costs, the net savings to the program are approximately \$6.6 billion, which matches up with the program deficit. Chair Berman asked members if they had any questions.

Councilmember Aames stated that interchanges are the points where congestion occurs on freeways. He asked Mr. Hazlett if he felt the revised type of interchange at Loop 303 and I-10 could handle the same amount of traffic as the original design. Mr. Hazlett responded that based on their experience and information they are seeing, there are alternative geometries that could be considered at this location. He stated that the type of geometry will take a concerted value engineering analysis, and ADOT is launching this effort on June 2nd. Mr. Hazlett stated that they have noticed that design speeds for ramps on this type of interchange are the same as freeway mainlines – about 55 miles per hour – and allow drivers to move safely and efficiently between corridors. Mr. Hazlett stated that the question is whether you want people to be aware they are changing freeways. He added that the ramps could go to a lower design speed, which is a safe speed to operate and still save on right of way costs.

Councilmember Aames asked if there would be a lower level of service and more congestion. Mr. Hazlett replied that this traffic interchange is operating at a very good level of service, the C or D range.

Mr. Anderson noted that not only do MAG and ADOT have to agree, but also the local and federal offices of the Federal Highway Administration (FHWA). He advised that FHWA is concerned about this interchange because it is a connection to the interstate system. Mr. Anderson stated that congestion on these types of system interchanges in the Valley is not necessarily the function of the ramp design, but that the ramp is not long enough. He stated that on the SuperRedTan, the lanes extend one mile before they drop. Mr. Anderson stated that short merges at the Loop 101 to Loop 202 interchange at the Stack and on the old system interchanges cause problems. Mr. Anderson stated that a lot of work is still needed on this, but he thought a cost of three-quarters of a billion dollars for one project was difficult to accept. He expressed that he found it hard to believe that options could not be found to significantly reduce the cost.

Councilmember Aames asked for clarification of the projects on Grand Avenue in Phase IV. Mr. Hazlett replied that the Phase IV projects are mainly grade separations and traffic interchanges.

Supervisor Wilson stated that he understood the concept to reduce costs because it is relevant to building houses; if a house is built with two-by-threes instead of two-by-fours, or drywall instead of plaster, the cost is less. However, the Loop 303 project takes care of growth for fifty-plus years, and he thought the option of building it less expensive should be approached with caution. Supervisor Wilson added that with the downturn in the economy, this is the time to build and save the most while the costs are down. He asked Mr. Hazlett if he agreed. Mr. Hazlett stated that a lot of tradeoffs will need to be considered. He noted that there are certain published design guidelines and standards identified for building roadways. Mr. Hazlett stated that staff does not advocate for going to the minimum, but is asking if some of the costs could be pared down to more meet the budget for the entire Regional Freeway System. Mr. Hazlett stated that significant amounts of money can be saved by decreasing the construction cost by ten percent and the right of way cost by seven percent. Mr. Hazlett expressed his agreement with Supervisor Wilson's statement about this being a favorable time to build, and he added that he thought it would take both cost decreases and a favorable bid situation to balance the program.

Mr. Anderson said that this is similar to saying not to buy a five bedroom house with a pool right now, but maybe buy just the house and buy the pool later. He stated that the analysis of the interchange at Loop 303 and US-60 shows that the interim option provides a good level of service to 2030. Mr. Anderson stated that with the interchange at Loop 303 and I-10, a look at other options to provide the same level of service needs to be taken. He commented that there are features in this design that perhaps could be staged, and he noted that the SuperRedTan was built in three or four phases. Mr. Anderson stated that these are the types of things that will be discussed in the next few weeks. He added that additional revenue could be forthcoming and federal strategies have not yet been discussed.

Supervisor Wilson stated that Maricopa County built a bridge at Sun City and Grand Avenue. He commented that they laid out the plan and sold it to the residents so they would know what to expect. Supervisor Wilson expressed concern that some of the residents could be confused if the design changed, and he did not want to risk safety or endurance.

Mr. Smith recalled the crisis in funding Proposition 300 when ADOT sent a letter to the City of Tempe promising tunnels on US-60 and the program had no money. He said that a Motorola engineer came to ADOT with an idea that looked similar to this. The option ended up being built and saved ADOT a lot of money. Mr. Smith stated that drivers do have to slow down on this type of ramp, but they work, and the Price Freeway and US-60 carry a significant amount of traffic. He stated that this is a matter of a tradeoff: Will MAG consider options like this or let projects slide? Mr. Smith stated that this is a policy decision, and it is not a matter of whether you like it, but whether it provides an acceptable level of service.

Mr. Hazlett noted that ADOT just built an interchange with this configuration at the Carefree Highway and I-17 that was presented to the TPC as a potential interim design for Loop 303 at US-60.

Mayor Dunn stated that discussions are about cost and design changes, not decreasing safety or building something that will not last. He agreed with Supervisor Wilson's statement that if the design is changed, the public needs to be convinced. Mayor Dunn stated that he liked what he was hearing about the South Mountain in terms of cost. He said that a parkway option was included in the savings estimate, and he commented that the residents of Ahwatukee are concerned about traffic backups with a parkway. Mayor Dunn stated that some residents do not want a freeway, and those who do want a freeway want efficiency. He brought up that there are also noise mitigation issues. Mayor Dunn stated that there will be a process to follow if a different design is chosen, and communication to the citizens that the design is workable will be needed.

Mayor Cavanaugh stated that the term deferral is disconcerting to everyone. The only way to respond to the deferral issue is to provide citizens with a set deferral point, such as the project will be delayed until funding is available. He stated that this needs to be communicated to citizens and has to be a part of the process. Mayor Cavanaugh clarified that the segment of Loop 303 from I-10 to SR-801 is a Phase III project, not a Phase IV project, and is a significant deferral. Mayor Cavanaugh asked if there was a possibility of having an interim roadway with right of way acquired for a future freeway, not necessarily a parkway, but an interim roadway to move people.

Mr. Hazlett stated that Mayor Cavanaugh's suggestion could be looked at, and he noted that even if a project is deferred, it is still a part of the Regional Transportation Plan. He said that there is still demand for the SR-801 corridor.

Mr. Anderson stated that an analysis was done on how far the program would need to be extended for completion, and he said that they feel deferred projects could be built by 2030. He stated that this assumes a continuation of the sales tax and costs.

Mr. Anderson clarified that the cost for the South Mountain given by Mr. Hazlett assumes an eight-lane freeway, three general purpose lanes and one HOV lane in each direction. He stated that the analysis shows a parkway concept has some favorable attributes, but for carrying capacity, they feel the resources are available to build a freeway if the cost is in the \$1.9 billion to \$2 billion range. Mr. Anderson advised that FHWA has expressed concern for safety issues associated with people not recognizing that a full freeway coming onto a parkway facility. He stated that options are still being considered, but at this point, the narrower footprint avoids a number of house takings in Ahwatukee, and staff thinks it might be a better solution than a parkway.

Mayor Dunn expressed appreciation for the clarification, and noted that the concept of a parkway is still out there. He stated that this design is more of an urban-like freeway with a wall effect than a landscape effect. Mayor Dunn stated that people will need to be informed that it will not look the same as a freeway with landscaping and setbacks.

Mr. Anderson noted that environmental analysis typically clears the maximum right of way that will be needed for a facility.

Mayor Smith commended staff for incorporating all of the changes that have been discussed over the past few TPC meetings. He said that some suggestions might not please everyone, but they deal with the reality that we will not get the system we envisioned due to lower revenue. Mayor Smith remarked that it is still MAG's responsibility to provide as much of the Regional Transportation Plan as possible. Mayor Smith stated that homes in the Valley used to be built with two-by-sixes, and now are mostly built with two-by-fours. He said that two-by-fours are the standard – they are functional and very safe. Mayor Smith stated that he thought the current plan for the Regional Freeway System was a two-by-six and the region could get by with a two-by-four, which would be efficient and provide what the public expects. Mayor Smith stated that the 59th Avenue alignment option for the South Mountain Freeway is a great way to think and that we should think like that every day regardless of whether there is a financial crisis. Mayor Smith commended staff for the creative and wide variety of solutions to try to get as much of a regional transportation system as possible.

Councilwoman Baier expressed her agreement with Mayor Smith's comments on the information that was presented. She said that it was helpful, thorough, and innovative. Councilwoman Baier stated that the Phoenix City Council will hold a work study session on the South Mountain in June, and some of this information will be presented to the Council, residents, and interested parties. She said that Phoenix would provide the date and time of the session to ensure the information is circulated. Councilwoman Baier stated that Councilman DiCiccio meets frequently with residents regarding the South Mountain corridor, and she thought the reaction of the residents would soon be known.

Mr. Scholl thanked staff for all of the information. He stated that deferrals could take advantage of increased revenue as the economy improves, but if alternative approaches are chosen, the option to revert to the original plan may no longer be feasible. Mr. Scholl asked if a list of point-of-no-return recommendations could be drafted and provided to the Committee.

Vice Chair Lopez Rogers expressed her appreciation for looking at cost savings, which is critical to the program, and for looking outside the box. She asked if the Committee would receive a copy of the presentation given by Mr. Hazlett. Mr. Anderson noted that the presentation had been posted on the MAG Web site. Vice Chair Lopez Rogers asked the timeline and for clarification of members of the Central Phoenix peer review group. Mr. Anderson responded that the peer review group consisted of John Conrad, former Washington Department of Transportation State Engineer; Mike Falini, Wilson & Company and developer of the SPUI interchange design; and Jack Lettiere, former commissioner with the New Jersey Department of Transportation and Executive Director for the New Jersey Transit. He said that the Group issued a draft report for MAG in March 2009, from which a lot of concepts were taken for the presentation. Mr. Anderson stated that the Group's report would be transmitted to the Committee upon finalization. He then responded to the question about the timeline by saying that input received tonight and at the next Committee meeting would be converted to a draft program for the TPC's consideration. Mr. Anderson noted that this timeline could be extended if needed. He said that this is an important process and it is important to ensure it is done right, rather than done quickly. Mr. Anderson stated that he thought most questions could be answered because a great deal of data is available and a lot of analyses has been done. He stated

that MAG had a lot of cooperation with ADOT and the management consultants have done a good job. Mr. Anderson indicated that staff and the consultants had intense discussions on a number of issues due to doing things differently because of the financial crisis. He expressed his agreement with Mayor Smith's comments that there are some things we will want to do on a daily basis, and we need to be front and center during the project development process. Mr. Anderson stated that we might be able to do value engineering early in the process.

Vice Chair Lopez Rogers asked for clarification of changes to the Plan through the MAG committee process. Mr. Anderson replied that the typical committee process would parallel the process used to develop the Regional Transportation Plan. He said that the TPC is where the discussions take place, then have a similar presentation at the Regional Council, then a presentation to the Management Committee and a fresh round of presentations and input by the TPC.

Vice Chair Lopez Rogers expressed concern for the SR-801 alignment because they are working through their general plan and the location of the alignment is crucial.

9. Legislative Update

Nathan Pryor, MAG Senior Policy Planner, reported that, similar to last year, a shortfall in the Highway Trust Fund is projected to occur in September 2009. He said that this might require an injection of funding of approximately \$4 billion, perhaps from the general fund. Mr. Pryor stated that a similar situation is foreseen for the next fiscal year, and there is the possibility that the FY 2009 and FY 2010 budgets may be fixed together.

Mr. Pryor stated that the Congressional Budget Office baseline for the transportation trust fund shows flat growth for the next ten years, and there should not be an expectation of receiving large amounts of funding. He stated that a \$1 billion increase in highway funding and a one percent increase for mass transit programs are anticipated for FY 2010.

Mr. Pryor noted that the White House Corporate Average Fuel Economy Standards were increased this week, to increase fuel economy and to reduce greenhouse gases by 30 percent by 2016. He noted that as cars become more fuel efficient, the less gas is pumped and the less tax revenue is collected. Mr. Pryor advised that the standards could result in a reduction of Highway Trust Fund revenue by \$2.1 billion by 2017.

Mr. Pryor stated that reauthorization, which is set to expire September 30, 2009, may not see reenactment until next year or even for two years.

Mr. Pryor stated that a part of the American Recovery and Reinvestment Act (ARRA) includes about \$1.5 billion nationally in Transportation Investment Generating Economic Recovery (TIGER) Grants. He reported that the guidelines were released last week and are posted on the MAG Web site. In addition, the information was sent to the Management Committee and Intergovernmental Representatives. Mr. Pryor stated that he understands the government is looking

for large projects and the minimum project size is \$20 million. He added that staff has heard that multimodal projects will score well. Mr. Pryor noted that applications are due September 15, 2009.

Mr. Pryor stated that approximately \$8 billion was set aside in the ARRA funds for high speed rail, and in the next five years, this amount is expected to grow to \$13 billion. He reported that Transportation Secretary LaHood has stated there is an opportunity for those along the existing corridor to participate in funding discussions. Mr. Pryor stated that the question was raised what if you are not on a corridor? He explained that there was an opportunity to participate when the map was created in the 1990s, but that window of opportunity closed. Mr. Pryor stated that Secretary LaHood indicated they will convene meetings to open up the discussion and there is an opportunity to be included on the map. Mr. Pryor displayed a map that staff put together of high speed rail that includes the Intermountain West. He reported that staff will attend a meeting on June 2, 2009, in Salt Lake City with Intermountain West cities to discuss this further. In addition, a meeting will take place on June 3, 2009, in Washington, DC, to address the same issue.

Councilmember Aames asked if high speed rail included commuter rail. Mr. Pryor replied that it is mostly intercity rail.

Mr. Anderson stated that he heard that Amtrak was considering reinstating passenger rail service to Phoenix, which would be a big step forward in the intercity rail component. He mentioned that they also might reactivate the Yuma branch line, which could be a boon to the West Valley if the Union Pacific brings in freight.

Eric Anderson provided an update on the impact of state budget issues on ADOT. Mr. Anderson stated that more than \$295 million in transportation funds have been transferred from ADOT to address the FY 2009 state general fund budget deficit. Mr. Anderson stated that this includes the \$104 million sweep of STAN funds, of which \$94 million came out of the MAG region. He said that he understands that there will be a transfer of \$167 million from ADOT to balance the FY 2010 budget. Mr. Anderson advised that ADOT has done all it can to reduce costs and they are now to head count reductions.

Mr. Anderson stated that ADOT is in a unique position because it is funded by Highway User Revenue Fund (HURF). He advised that the HURF revenue is about the same as it was five years ago, and it is running about eight percent below forecasts. Mr. Anderson stated that this translates to a reduction of approximately \$125 million, half of which affects ADOT. He commented that FY 2010 does not look like it will be much better.

Mr. Anderson displayed a chart of the State Highway Fund low cash balances, which John Halikowski has been showing in his presentations. He noted that there were many months with cash balances below zero. Mr. Anderson explained that ADOT had about \$60 million in Board Funding Obligations – funds borrowed from the State Treasurer – which ADOT was using as their working capital. He advised that the State Treasurer called those bonds last month and ADOT no longer has those funds to use. Mr. Anderson stated that ADOT is in a significant, poor financial situation, but they think they can manage because they have some reserve funds. He said that

ADOT will be looking at some changes, such as the way they reimburse contractors. Mr. Anderson explained that ADOT has to front the money and then be reimbursed by the federal government. He commented that ADOT is trying to deliver the largest program in its history at the same time as the its budget being cut. Mr. Anderson expressed that ADOT will not be able to deliver projects unless this is addressed.

Mr. Anderson stated that staff understands that the draft 2010 budget has a provision that removes the statutory cap on the amount of the State Highway Fund permitted to be transferred to the Department of Public Safety. He commented that this has been violated continuously over the years. Mr. Anderson expressed that staff is very concerned about this because MAG depends on ADOT funds for the MAG program. He expressed that MAG staff was grateful to ADOT for making them aware of the situation. Mr. Anderson added that this probably will not affect MAG's ability to deliver the program, but could affect maintenance programs and hours at the Motor Vehicle Division, and close ADOT offices.

Mr. Smith noted that this was Chair Berman's last TPC meeting. He expressed appreciation on behalf of MAG staff to Chair Berman for his service to transportation in the MAG region.

Mayor Dunn expressed his appreciation to Chair Berman for his leadership on the TPC.

The TPC and meeting attendees applauded Chair Berman.

Chair Berman thanked everyone and said that it had been a pleasure participating on the TPC.

There being no further business, the meeting adjourned at 5:55 p.m.

Chair

Secretary