

DRAFT MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
TRANSPORTATION REVIEW COMMITTEE

June 29, 2006

Maricopa Association of Governments Office
302 North First Avenue, Suite 200, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Maricopa County: Mike Ellegood, Chairperson	*Litchfield Park: Mike Cartsonis
ADOT: Bill Hayden for Dan Lance	Mesa: Jim Huling
Avondale: David Fitzhugh	*Paradise Valley: Robert M. Cicarelli
Buckeye: Scott Lowe	Peoria: David Moody
Chandler: Patrice Kraus	Phoenix: Don Herp for Tom Callow
El Mirage: Mark Fooks for B.J. Cornwall	Queen Creek: Mark Young
Fountain Hills: Randy Harrel	RPTA: Bryan Jungwirth
*Gila Bend: Lynn Farmer	Scottsdale: Mary O'Connor
*Gilbert: Tami Ryall	Surprise: Stephanie Wilson for Randy Overmyer
Glendale: Terry Johnson	Tempe: Carlos De Leon
Goodyear: Cato Esquivel	+Wickenburg: Shane Dille
Guadalupe: Jim Ricker	Valley Metro Rail: John Farry

EX-OFFICIO MEMBERS ATTENDING

*Regional Bicycle Task Force: Randi Alcott, RPTA	*Pedestrian Working Group: Eric Iwersen, City of Tempe
*Street Committee: Darryl Crossman, City of Litchfield Park	*ITS Committee: Alan Sanderson

* Members neither present nor represented by proxy. + - Attended by Videoconference
- Attended by Audioconference

OTHERS PRESENT

Roger Herzog, MAG	Bob Antila, Valley Metro/RPTA
Ken Hall, MAG	Kwi-Kang Sung, ADOT
Paul Ward, MAG	Katie Rounds, Goodman Schwartz
Steve Tate, MAG	David Martin, AGC
Chris Plumb, MCDOT	Jim Creedon, Landry and Creedon
Lynn Timmons, City of Phoenix	Bob McGinnis, Holly Asphalt
Dave Meinhardt, City of Scottsdale	Bill Brake, Holly Asphalt
Matthew Clark, MAG	Patrick Pittenger, City of Mesa
Jeff Romine, MAG	

1. Call to Order

Chairperson Mike Ellegood called the meeting to order at 10:00 a.m.

2. Approval of May 25, 2006 Draft Minutes

Addressing the first order of business, Mr. Ellegood asked if there were any changes or amendments to the meeting minutes. Ms. Mary O'Connor stated that she would like the previous minutes to reflect the fact that the City of Scottsdale was in favor of looking at a process to address closeout funds. Mr. Huling then called the Committee's attention to page five of the minutes, to the fourth line of the third paragraph. He said that he wanted to have that statement removed from the minutes, because he commented in support of light rail funding. Mr. Huling also called the Committee's attention to paragraph two of page six, and stated that he wanted his reference to the "elimination of funding" removed, because he was in fact supportive of providing funds for the higher ranked street sweepers. Ms. Mary O'Connor then moved to approve the minutes as presented, with the understanding that MAG Staff will make the identified corrections. Mr. Dave Fitzhugh seconded, and the minutes were subsequently approved by unanimous voice vote of the Committee.

3. Call to the Audience

Mr. Ellegood stated that he had not received any request to speak cards from the audience, and moved on to the next item on the agenda.

4. Transportation Director's Report

Mr. Ellegood introduced Mr. Roger Herzog, MAG Senior Project Manager, to provide the Transportation Director's report. Mr. Herzog informed those in attendance that he would be providing today's Transportation Director's Report, due to the fact that Mr. Eric Anderson, MAG Transportation Director, was in attendance at the ADOT freeway meeting regarding a final decision on the alignment of the Loop 202 South Mountain freeway. Mr. Herzog informed those in attendance that ADOT would be releasing their recommended westside element of the South Mountain Freeway sometime this morning, which links the proposed South Mountain Freeway to the I-10. Mr. Herzog then informed the Committee that sales tax revenues for May were 13 percent higher than last year's numbers, and that the year to date growth rate for revenues was at approximately 16.1 percent. He also informed the Committee that the Federal Highway Administration and the Federal Transit Administration have awarded the MAG Regional Transportation Plan the 2006 Transportation Planning Excellence Award for planning leadership. The formal announcement will be made by the Transportation Planning Board at an upcoming meeting in La Jolla, California, on July 9, 2006.

Mr. Herzog then informed the Committee that as part of the legislative budget package, the Statewide Transportation Acceleration Need (STAN) account has been established to provide funding in an effort to advance ADOT projects. Mr. Herzog stated that as part of the budget

package, a total of \$307 million was appropriated. He stated that of this amount, a total of \$185 million, or approximately 60 percent of available funding was provided to the MAG Region. Mr. Herzog said that upcoming discussions concerning the use of these funds in the MAG Region will begin at the July Transportation Policy Committee meeting, and continue through September. Mr. Herzog also stated that advanced ADOT projects that are selected by MAG must be approved by the State Transportation Board, and that MAG has to report to the legislature by December 15, 2006, on the activities related to the STAN fund for the MAG Region. Mr. Herzog then informed the Committee that the second commuter rail stakeholder's meeting was held yesterday. He said that a draft RFQ for strategic planning services related to commuter rail has been drafted and should be advertised by mid-July. Discussion followed, and Mr. Ellegood said that the Federal Highway Administration had very positive things to say about the MAG Regional Transportation Plan during the Desert Peaks awards ceremonies that took place yesterday. Mr. Ellegood then asked Mr. Herzog whether a process has been developed for the allocation of STAN funding for the Regional Transportation Plan. Mr. Herzog stated that this would be something that the MAG Transportation Policy Committee would address as early as July. There were no additional questions or comments, and this concluded Mr. Herzog's report to the Committee.

5. Approval of Consent Agenda

Addressing the next order of business, Mr. Ellegood addressed Agenda item #6 (Final-Phase Public Input Opportunity), Agenda item #7 (Draft MAG Regional Transportation Plan - 2006 Update), and Agenda item #8 (Approval of the FY 2007-2011 MAG Transportation Improvement Program), and asked whether any members in attendance had questions concerning these items. Mr. Don Herp moved to recommend approval of the Consent Agenda. Mr. Bryan Jungwirth seconded, and the motion was approved by subsequent voice vote of the Committee.

9. Draft FY 2008-2012 MAG Transportation Improvement Program Guidance Report

Addressing the next order of business, Mr. Ellegood introduced Mr. Paul Ward, MAG Transportation Programming Manager, to provide an overview of the Draft FY 2008-2012 MAG Transportation Improvement Program (TIP) Guidance Report. Mr. Ward stated that he had distributed copies of the FY 2008-2012 TIP Guidance Report to members in attendance prior to the meeting, and stated that he would have a full version of this item ready in time for the mailout of the Agenda packet for the July Management Committee. Mr. Ward stated that the TIP Guidance Report acts as a guide to decision makers, in an effort to assist them in the programming of transportation projects throughout the region. He noted that the 2012 funds are in the process of being programmed, and that several MAG Committees are identifying projects. Mr. Ward noted that the deadline for submitting eligible projects for MAG federal funds is September 1, 2006, and that the deadline for submitting projects utilizing other funds is January 12, 2007.

Discussion followed, and Mr. Ellegood asked about the process for accepting the TIP Guidance Report, and asked whether the TRC would hear this item again prior to its acceptance by the

Regional Council. Mr. Ward said that this item would move directly to the Management Committee and Regional Council, prior to it being heard again by the TRC. However, Mr. Ward stated that he would encourage members of the TRC to provide comments, and that he in turn would submit all comments to members of the Management Committee and the Regional Council for their consideration prior to adopting the report. Ms. Mary O'Connor asked Mr. Ward whether the document contained any major or substantial changes from previous versions. Mr. Ward informed the Committee that there were only minor changes. Discussion followed, and Mr. Ellegood suggested that the Committee not take action on this item, or make any changes. Mr. Ellegood stated that Committee members should take the time to review the document, and provide Mr. Ward with any comments. There was no further discussion on this item, and this concluded Mr. Ward's presentation to the Committee.

At this time, Mr. Ellegood informed the Committee that he had received news from ADOT regarding their decision on the alignment of the Loop 202 South Mountain Freeway. Mr. Ellegood announced that ADOT has formally decided to adopt the 55th Avenue alignment as the preliminary, preferred alternative for the future Loop 202 and I-10 intersection. There were no further comments.

10. Final Closeout of the Federal Fiscal Year (FFY) 2006 MAG Federally Funded Program

Addressing the next order of business, Mr. Ellegood introduced Mr. Paul Ward, MAG Transportation Programming Manager, to provide an update of the final closeout of the Federal Fiscal Year 2006 MAG federally funded program. Mr. Ward informed the Committee that during the interim closeout process, the MAG member agencies provided a list of the projects that would utilize funds that are expected to become available. Mr. Ward stated that at the last TRC meeting, a total of \$3.1 million was recommended for expenditure during the interim closeout process. Mr. Ward said that a total of \$1.4 million in recommended projects for additional or redistributed Obligation Authority were approved for light rail construction (\$1.4 million) and the City of Surprise Bell Road Sidewalk project (\$400,000). Mr. Ward stated that the City of Mesa has recently informed him of the fact that they plan to defer their Country Club Drive - 8th Avenue to Baseline Road project, due to setbacks associated with sole source contractual requirements with the Federal Highway Administration. Mr. Ward stated that as a result of Mesa's deferment, their project amount of \$788,810 dollars has been moved up to fund Light Rail instead, as recommended as part of the original interim closeout process recently approved by the MAG Regional Council.

Mr. Ward stated that due to this recent deferment, he now realistically expects anywhere between \$1.25 and \$2.5 million to be available. Mr. Ward recommended that the Committee should identify further contingency projects at this time, as part of the final closeout, in the event that this money becomes available. Ms. Patrice Kraus then asked Mr. Ward what his best estimate would be on the amount of available contingency funds. Mr. Ward recommended that the Committee identify a minimum of \$1.0 to \$1.25 in contingency projects. He noted that these projects should only be recommended if they could be obligated prior to October 1, 2006.

Ms. Kraus stated that the City of Chandler currently has a project on Germann Road at Arizona Avenue in the amount of \$550,000, for the design of a regional park and ride facility. She said

that although this project is officially her request, the city would consider any money that could be obtained. Mr. Ward informed the Committee that this was a Priority Three project. Mr. Ellegood then asked Mr. Ward to discuss available money, and to also address any remaining projects that could potentially be considered for contingency funds. Mr. Ward said that the process depends on the amount of money that becomes available, when it becomes available, and suggested that he could read a list of potential projects for consideration. Discussion followed, and Ms. Mary O' Connor then asked Mr. Ward to provide the Committee with copies of a list of projects to review. She requested that Mr. Ward arrange to have copies for distribution before the Committee makes any decisions on the final closeout process.

Ms. O'Connor said that the City of Scottsdale has a project in the amount of \$97,400 that she would like to have considered for contingency funding. Ms. O' Connor said that she would also like to see additional funding for light rail. Mr. Ellegood requested that Mr. Ward make copies of the eligible projects for consideration, and that the Committee reconvene on this Agenda item in a few minutes when Mr. Ward has the copies for review. Mr. Ellegood then asked for a motion. Mr. David Moody moved to defer this item and reconvene once MAG Staff has an opportunity to complete project lists for the Committee's review on Agenda item #10. Mr. Bryan Jungwirth seconded, and the motion passed by unanimous voice vote of the Committee. There was no further discussion.

11. Discussion of Construction Costs and Contracting Provisions

Addressing the next order of business, Mr. Ellegood introduced Mr. Jeff Romine, MAG Senior Regional Economist, to provide information on construction costs and contracting provisions. Mr. Romine discussed the issue of rising material costs in the region, and also addressed concerns that rising costs were having at the transportation programming and policy levels. He addressed the implications of rising costs on the construction industry, and how this could ultimately affect projects that were planned within the MAG Regional Transportation Plan. Mr. Romine addressed recent trends in materials, and noted that the price of asphalt has risen by approximately 7 percent in the last month. He provide a brief summary of cost increases for other construction-related commodities; such as cement and concrete, steel, lumber and aggregate materials. Mr. Romine also spoke about functional relationships and activities as they were related to fuel and labor.

Mr. Romine then displayed a graph pertaining to U.S. Cement Consumption and Production, and provided an overview of leading states that were consuming Portland cement. Mr. Romine said that the leading states for inbound Portland Cement were California, Texas and Florida - with Arizona ranking fourth in the nation. He informed those in attendance that the consumption of cement in Arizona was rising rather significantly. Mr. Romine said that approximately 50 percent of all cement needed for construction purposes was produced within Arizona; whereas the remaining 50 percent was imported from other areas of production. He addressed regional demand patterns for cement between 2001 and 2005, and noted that the residential building sector in Arizona is experiencing a 15 percent decline compared to last year. He warned that the reduction in cement demanded for residential uses is being more than offset by increases in the commercial markets and the increased demand in streets and highway construction projects.

Mr. Romine then summarized his report by discussing how to assess contract horizons; discussing the process of annual updates on each commodity; and addressed methodological issues associated with local prices and other underlying inputs and factors associated with accurately monitoring the costs of construction in the MAG Region. At this time, Mr. Jeff Romine then introduced Mr. David Martin, from the Arizona Chapter of the Associated General Contractors.

Mr. Martin addressed the Committee, and provided a brief overview of the asphalt market. Mr. Martin stated that it was his hope the industry could figure out a way to assess risk factors associated with determining prices, and that the industry could come close to establishing a fair market price. Mr. Martin addressed escalation costs, and stated that he advocated a system of escalation and de-escalation. He addressed some of the volatile factors associated with the asphalt industry, and then introduced Mr. Bob McGinnis, Technical Manager for the Holly Asphalt Company, located in Glendale, Arizona. Mr. McGinnis stated that there is a feeling of anxiety in the industry. He said that this is primarily due to the fact that since June of 2004, the cost of asphalt has risen from under 100 dollars a ton to a present amount of over 400 dollars a ton. This change in price is for asphalt only, with the change in price in asphalt paving material (which includes asphalt, aggregate stone, and other materials) being much lower - but still rising by almost 50 percent compared to last year. He then provided an overview of Holly Corporation, and their role in Arizona.

Mr. McGinnis addressed the primary asphalt companies in Metropolitan Phoenix, and provided a detailed overview of how asphalt is made. He highlighted the petroleum refining process and provided a mathematical overview of pricing in the industry. Mr. McGinnis then addressed alternative asphalt refining processes, such as coking and Residuum Oil Supercritical Extraction (ROSE). He noted recent trends in the asphalt industry, which have resulted in a 15 to 30 percent drop in supply over the past two years, while the demand has remained relatively stable. This has resulted in a significant increase in the overall cost of asphalt. Mr. McGinnis provided information on purchase agreements, and how often times, purchase agreements and quoted prices are only good for one day, and are subject to availability due to the supply levels. He also noted how the railroads no longer carry as much asphalt.

Mr. McGinnis stated that over the next two years - barring any more national catastrophic events - the market may in fact stabilize through adding capacity at refineries; providing more rail terminal storage; and may also stabilize through better "position management" between the buyers and sellers of asphalt. Mr. McGinnis then summarized his presentation and introduced Mr. Bill Brake, Arizona Marketing Manager for Holly Asphalt Company. Mr. Brake stated that unlike cement, asphalt is a market driven industry and that it was difficult to know what the costs of asphalt will be from day to day. Mr. Brake said that presently, the industry is not able to get enough asphalt into the metropolitan area because rail supplies are inadequate, and stressed the need for ADOT and contractors to address escalation and de-escalation contractual clauses on future projects. There were no questions on this item, and Mr. Ellegood thanked Mr. Romine, Mr. McGinnis and Ms. Brake for their presentation and comments.

10. (Item Continued) Final Closeout of the Federal Fiscal Year (FFY) 2006 MAG Federally Funded Program

Addressing the next order of business, Mr. Ellegood called for the continuation of Agenda item #10 at this time, and introduced Mr. Paul Ward, MAG Transportation Programming Manager. Mr. Ward addressed the Committee, and distributed a handout entitled *Table 1 - FFY 2006 Interim Close Out Requests - Not Recommended (as at 5/25/06)*. Mr. Ward stated that the projects as identified on the list represent all interim close out projects that were not recommended for funding. He said that the projects are listed under priority categories 1B, 2A, 2B and 3. Mr. Ward then informed the Committee that they should strike the bottom project on the list, which was the Mesa ITS project on Country Club Drive for \$154,000, as the City of Mesa would not be proceeding with the project at this time.

Ms. Kraus asked Mr. Ward whether the projects displayed on the list were ready to be obligated. Mr. Ward said that with the exception of an ADOT project in the amount of \$710,257, all of the projects would need to follow the normal obligation process. Discussion followed pertaining to which projects would be able to obligate, and Ms. O' Connor asked whether it would be appropriate to have communities in attendance discuss whether they are ready to obligate funds. Several members in attendance also stressed the importance of funds being available for light rail. Ms. Kraus recommended that the Committee should only consider those projects that are ready to obligate funds by October 1, 2006, and all projects that could not obligate prior to that should automatically be removed from consideration. At this time, the Committee went around the room and discussed which projects could obligate. Mr. Ellegood then summarized the projects that were ready to obligate, and suggested that the Committee take a short break to discuss projects, and then reconvene to vote on a list to be forwarded for consideration of available funding. A formal break was announced at 11:22 a.m.

Mr. Ellegood reconvened the meeting at 11:30 p.m., and called on Ms. O'Connor to provide project suggestions for consideration. Ms. O'Connor stated that she had developed a list, although not in priority order, that included \$1.2 million for light rail; \$50,000 for Avondale (McDowell Road: Agua Fria River to 119th Avenue); \$300,000 for Scottsdale (\$150,000 for Hayden Road at Via de Ventura: Intersection Improvements on 2A, and another \$150,000 for Hayden Road at Via de Ventura: Intersection Improvements listed in 2B); \$500,000 for ADOT (Loop 101 Agua Fria Freeway: Install FMS from Camelback Road to Northern Avenue); \$300,000 for Chandler (\$150,000 for Germann Road at Arizona Avenue: Design money for a regional Park and Ride facility, and another \$150,000 for the same project); and \$100,000 for Mesa (South Canal: McKellips Road to McDowell Road). Discussion followed, and Mr. Carlos De Leon stated that he would like to include a project from the City of Tempe that was ready to obligate funds. Mr. De Leon suggested reducing the amount for light rail from \$1.25 million to \$1.0 million, and including \$250,000 for Tempe's Western Canal: multi-use pathway project. Mr. Ellegood asked for comments, and Mr. Don Herp stated that this request would be agreeable.

Ms. Kraus then suggested that the projects under discussion at this point should be "closed," and moved to close the list of projects for further discussion to the identified projects only. Mr. Terry Johnson seconded. Further discussion took place regarding an agency's ability to obligate funds on time. It was suggested by many in attendance that if projects could not

obligate in time, that the remaining funds should be forwarded to light rail. Mr. Johnson then moved to recommend that if a project cannot obligate prior to October 1, 2006, and if any money is left over, that it would first go to light rail, with additional funds being provided to the ADOT (Loop 101 Agua Fria Freeway: Camelback Road to Northern Avenue) project. Mr. David Moody seconded the motion. The Committee then agreed to prioritize the projects. Mr. Ward reminded the Committee that these are contingency projects and there was no guarantee that any money would be available for the projects under discussion.

After further discussion, Ms. Kraus moved to recommend approval of the following project list for the final closeout of the FFY 2006 MAG funds: \$1.0 million for light rail (2 of 3); \$50,000 for Avondale (McDowell Road: Agua Fria River to 119th Avenue); \$150,000 for Chandler, Germann Road at Arizona Avenue: Design Regional Park and Ride facility (1 of 2); \$150,000 for Scottsdale, Hayden Road at Via de Ventura: Intersection Improvements (1 of 2); \$100,000 for Mesa (South Canal: McKellips Road to McDowell Road); \$500,000 for ADOT, Loop 101 Agua Fria Freeway: Install FMS from Camelback Road to Northern Avenue (2 of 3); another \$150,000 for Chandler, Germann Road at Arizona Avenue: Design Regional Park and Ride facility(2 of 2); another \$150,000 for Scottsdale, Hayden Road at Via de Ventura: Intersection Improvements (2 of 2); and \$250,000 for Tempe (Western Canal: multi-use pathway project); with the understanding that if a project cannot obligate prior to October 1, 2006, and if any money is left over, that it would first go to light rail, with additional funds being provided to the ADOT (Loop 101 Agua Fria Freeway: Camelback Road to Northern Avenue) project. Mr. Johnson seconded and the motion passed by unanimous voice vote of the Committee. There was no further discussion.

12. Member Agency Update

Mr. Ellegood asked members of the Committee whether they would like to provide member agency updates, and there were no comments by members at this time.

13. Next Meeting Date

Mr. Ellegood informed members in attendance that the next meeting of the Committee would be held on July 27, 2006. There being no further business, Mr. Ellegood adjourned the meeting at 11:53 a.m.