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April 3, 2008

TO: Mayor Steve Berman, Gilbert
Chair, Arizona Municipal Water Users Association

Mayor Keno Hawker, Mesa
Chair, MAG Building Lease Working Group

Mayor Elaine Scruggs, Glendale
Chair, Regional Public Transportation Agency

Councilman Tom Simplot, Phoenix
Chair, Valley Metro Rail

FROM: Mayor James M. Cavanaugh, Goodyear, Chair

SUBJECT: MEETING NOTIFICATION AND TRANSMITTAL OF TENTATIVE AGENDA FOR
PRE-MEETING REGARDING THE REGIONAL OFFICE CENTER

Monday, April 7, 2008 - 10:00 a.m.
MAG Office, Suite 300, Cholla Room
302 North 1st Avenue, Phoenix

At the March 26, 2008 Regional Council meeting, the future of the Regional Office Center Project was discussed. The staff was directed to invite the partnering agencies (MAG, Regional Public Transportation Authority, Valley Metro Rail), and the Arizona Municipal Water Users Association (AMWUA) to participate in a joint meeting of the boards to discuss the issues involving the Regional Office Center Project to determine if the project will move forward. Staff was also directed to convene a pre-meeting to assist in organizing the joint meeting. The time and place for the pre-meeting is noted above.

The purpose of the pre-meeting is to discuss the format of the joint meeting and to initially address outstanding questions/issues pertaining to the project that would be discussed at the joint meeting. This information will be used to prepare the agendas for the April 23rd Joint Meeting.

We appreciate your willingness to meet to discuss the Regional Office Center Project. If you have any questions please contact Dennis Smith at the MAG office.

c: Dave Boggs, Executive Director, RPTA
Rick Simonetta, President/CEO, METRO
Steve Olson, Executive Director, AMWUA

**REGIONAL OFFICE CENTER PRE-MEETING
TENTATIVE AGENDA**

COMMITTEE ACTION REQUESTED

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| <p>1. <u>Call to Order</u></p> | |
| <p>2. <u>Discussion of General Format for April 23, 2008 Joint Meeting</u></p> <p>At the March 26, 2008 Regional Council meeting staff was directed to invite the partnering agencies for the Regional Office Center and the Arizona Municipal Water Users Association (AMWUA) to a joint meeting of the four boards to discuss the future of the Regional Office Center. This joint meeting has been tentatively scheduled for 3:30 p.m. on April 23, 2008, prior to the Regional Council meeting. To assist in organizing the content for the joint meeting, the agency representatives at the pre-meeting are being requested to offer their guidance on what information will appear on the agenda and the presentations necessary to adequately address questions/issues pertaining to the project. Staff will also seek guidance on what, if any, action would be considered at the joint meeting, or if the partnering agencies would convene following the joint meeting to consider any possible action on the Regional Office Center.</p> | <p>2. Information, discussion and possible action to determine the format for the joint meeting of the potential partnering agencies for the Regional Office Center and to develop the agenda regarding any potential action that may be considered on the agenda.</p> |
| <p>3. <u>Questions/Issues to be Considered at the Joint Board Meeting</u></p> <p>At the March 26, 2008 Regional Council meeting questions and issues regarding the Regional Office Center project were discussed. The Regional Council directed that additional information be solicited from the partnering agencies for consideration at the joint meeting. Since the Regional Council meeting, questions/issues have been received from the Regional Public Transportation Authority (RPTA), Valley Metro Rail (METRO), and Arizona Municipal Water Users Association (AMWUA) and will be addressed at the joint meeting. To assist in guiding initial discussion to address the questions/issues submitted by the agencies, draft answers are being prepared by staff. Please refer to the enclosed material.</p> | <p>3. Information, discussion and input on the Regional Office Center questions to be addressed by the joint meeting of the regional partnering agencies.</p> |

AGENCY QUESTIONS AND ISSUES FOR DISCUSSION

MARICOPA ASSOCIATION OF GOVERNMENTS

1. The conference space is too large.
2. The pricing of land is expensive and in the wrong location.
3. It is not necessary for the agencies to be together.
4. The proposed building is not large enough if all of the local transit agencies consolidate in the future.
5. The project is too costly.
6. The economy is down and now is not the right time to move forward on this project.
7. This is a MAG project and agencies want to do their own building.
8. This is a bad business deal for MAG.
9. The project has gone on too long.

REGIONAL PUBLIC TRANSPORTATION AUTHORITY

1. What is the decision process that has taken place to proceed with the ROC and what will the process be going forward?
2. How will the Board decide whether and when to authorize construction and what approval rights will the Board have concerning the design and project costs?
3. Is it possible that the cost of the project will change in light of the impact of the current market conditions on the construction industry?
4. What is the status of the current lease for the space the RPTA will occupy in the ROC?
5. Will the project have to be redesigned to come in under budget? What limitations will be imposed to prevent the design builder from reducing the scope and quality of the ROC?
6. Could payments be held back from the design builder if the costs of the project could be reduced?
7. What is the status of the METRO request to the RPTA and MAG for assistance regarding the termination of its current office lease and possible costs?
8. Did the Board as a whole discuss the ROC or was there a working group? How was the decision made to proceed with the ROC? Was there any separate discussion by any sub groups of the Board?
9. Is the current office space substandard or are the current offices sufficient for staff? Should the RPTA occupy Class A or Class B office space?

10. What is the City of Phoenix' intentions for the existing office space? Has Phoenix asked the RPTA and/or MAG to vacate?
11. How much has already been spent on the project? Is that funding gone now?
12. What options are available for the RPTA? What are the future and basic needs of the agency? Is partnering still an option?
13. Justification for the location and office space is needed. How many people come to visit the agencies?
14. What value decisions can be made? Decision making needs to be made clearer when cities are voting on different committees so the votes are consistent.
15. What is the total amount of funds expended per agency to date and what were the uses of the funds?
16. To what geographic areas should the RPTA confine its search (if any)?
17. Is it important for the RPTA to be located in downtown Phoenix or near bus/light rail transit?
18. Should the RPTA continue to explore co-locating space with MAG, METRO or other regional agencies or proceed independently?
19. Do Board members have a preference on leasing, lease to own, purchasing or constructing a building?
20. Does the Board have any guidance on any financial or space constraints?
21. Should the RPTA secure the services of a commercial real estate broker?
22. Should the RPTA secure space now and reserve the right to sublease to address RPTA's future space needs?
23. If the RPTA can locate its offices in a jurisdiction that grants favorable property tax treatment by having the local jurisdiction owning the building, is that acceptable to the Board?

VALLEY METRO RAIL

1. Will the three partners agree to share in any profit and loss when METRO abandons its present space?

ARIZONA MUNICIPAL WATER USERS ASSOCIATION

1. As a small organization totally reliant on dues from our members, it does not make sense that AMWUA be an owner of the property; focus is primarily on renting.

2. Does AMWUA need a high-end office facility - i.e. Class A vs. Class B?
3. Would it be advisable to locate AMWUA in the same building since the organization is a subset of the MAG membership that may be in conflict with other MAG members on some issues?