

**MINUTES OF THE JOINT MEETING OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL AND
TRANSPORTATION POLICY COMMITTEE**

April 23, 2008
MAG Office, Saguaro Room
Phoenix, Arizona

REGIONAL COUNCIL MEMBERS ATTENDING

Mayor James M. Cavanaugh, Goodyear, Chair
Mayor Mary Manross, Scottsdale, Vice Chair
Councilmember Robin Barker, Apache Junction
* Mayor Marie Lopez Rogers, Avondale
* Mayor Bobby Bryant, Buckeye
Mayor Wayne Fulcher, Carefree
Vice Mayor Gilbert Lopez for Councilmember
Dick Esser, Cave Creek
Mayor Boyd Dunn, Chandler
Mayor Fred Waterman, El Mirage
Treasurer Pamela Mott for President Clinton
Pattea, Fort McDowell Yavapai Nation
Mayor Wally Nichols, Fountain Hills
Mayor Fred Hull, Gila Bend
* Governor William Rhodes, Gila River Indian
Community
Mayor Steven Berman, Gilbert
Mayor Elaine Scruggs, Glendale
Mayor Rebecca Jimenez, Guadalupe

Councilmember Paul Stucky for Mayor
Thomas Schoaf, Litchfield Park
Supervisor Don Stapley for Supervisor
Max W. Wilson, Maricopa Co.
Mayor Keno Hawker, Mesa
Mayor Ed Winkler, Paradise Valley
Mayor Bob Barrett, Peoria
Vice Mayor Peggy Neely, Phoenix
Mayor Art Sanders, Queen Creek
Vice President Martin Harvier for President
Diane Enos, Salt River
Pima-Maricopa Indian Community
Mayor Lyn Truitt, Surprise
* Mayor Hugh Hallman, Tempe
* Mayor Adolfo Gamez, Tolleson
* Mayor Ron Badowski, Wickenburg
Mayor Michael LeVault, Youngtown
Felipe Zubia, State Transportation Board
Victor Flores, State Transportation Board
* David Martin, Citizens Transportation
Oversight Committee

TRANSPORTATION POLICY COMMITTEE MEMBERS ATTENDING

Mayor Keno Hawker, Mesa, Chair
Councilmember Ron Aames, Peoria
Kent Andrews, Salt River Pima-Maricopa
Indian Community
Vice Mayor Gail Barney, Queen Creek
* Stephen Beard, SR Beard & Associates
Mayor Steven Berman, Gilbert
* Dave Berry, Swift Transportation
Jed S. Billings, FNF Construction
* Mayor Bobby Bryant, Buckeye
Mayor James Cavanaugh, Goodyear
Mayor Boyd Dunn, Chandler
* Mayor Hugh Hallman, Tempe

* Eneas Kane, DMB Associates
* Mark Killian, The Killian Companies/
Sunny Mesa, Inc.
Felipe Zubia, State Transportation Board
* Mayor Marie Lopez Rogers, Avondale
Mayor Mary Manross, Scottsdale
* David Martin, Citizens Transportation
Oversight Committee
* David Scholl
Mayor Elaine Scruggs, Glendale
Mayor Lyn Truitt, Surprise
* Supervisor Max W. Wilson, Maricopa County

- * Those members neither present nor represented by proxy.
- # Attended by telephone conference call.
- + Attended by videoconference call.

1. Call to Order

The meeting of the MAG Regional Council was called to order by Chair James M. Cavanaugh at 5:08 p.m. The meeting of the Transportation Policy Committee was called to order by Chair Keno Hawker at 5:08 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. A moment of silence was observed in memory of former Surprise Mayor Joan Shafer, who passed away the week before. A condolence letter to Mayor Shafer's family was circulated among the Council for signature.

Regional Council Chair Cavanaugh noted that Councilmember Robin Barker, Mayor Boyd Dunn, Mayor Art Sanders, and Vice Mayor Gail Barney were participating by teleconference.

Regional Council Chair Cavanaugh welcomed Victor Flores from the State Transportation Board as a new member to the Regional Council.

Regional Council Chair Cavanaugh introduced proxies for the Regional Council meeting: Vice Mayor Gilbert Lopez for Councilmember Dick Esser, Councilmember Paul Stucky for Mayor Tom Schoaf, Supervisor Don Stapley for Supervisor Max Wilson, Treasurer Pamela Mott for President Clinton Pattea, and Vice President Martin Harvier for President Diane Enos.

Regional Council Chair Cavanaugh noted materials at each place for agenda items #5I, #6, and #8. Transit tickets and parking validation were available to meeting attendees.

Regional Council Chair Cavanaugh stated that the Small Plant Review and Approval for the Preserve at Goldfield Ranch Water Reclamation Facility has been postponed for one month and will be heard at the May 28, 2008 MAG Regional Council meeting. This item was postponed to allow time to investigate new information provided by the Salt River Project with regard to the clay layer analysis. Regional Council Chair Cavanaugh stated that the Salt River Pima-Maricopa Indian Community has indicated it has hired a consultant to further study this matter. The information from the consultant study will then be presented to the MAG Water Quality Advisory Committee for its review prior to the May 28, 2008 MAG Regional Council meeting. Regional Council Chair Cavanaugh requested that any issues MAG Regional Council members may have regarding this item be provided to the MAG staff as soon as possible. He noted that these issues will also be given to the Goldfield Preserve representatives so they can be thoroughly investigated and there can be a productive discussion and decision reached at the May 28, 2008 MAG Regional Council meeting.

3. Call to the Audience

Regional Council Chair Cavanaugh noted that public comment cards were available to members of the audience who wish to speak on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Citizens are requested not to exceed a three minute time period for their comments. A total of 15 minutes is provided for the Call to the Audience agenda item, unless the Regional Council requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.

Regional Council Chair Cavanaugh recognized public comment from Dianne Barker, who spoke about the Berlin candy drop of 1948. Ms. Barker reported on comments on the \$42 billion referendum she has heard from citizens that they want to be involved. One citizen said he did not want any skullduggery and another wondered what happened to the Proposition 400 money. Ms. Barker stated that she is still waiting to hear if the CTOC member is voting on behalf of himself or the entire commission when voting at MAG. She submitted a written statement that was entered into the permanent record. Ms. Barker stated that the 101, 202, and 303 circle the Valley. She stated that express bus corridors could move people around rapidly. She also suggested thinking differently and considering diagonal routes, similar to the Grand Avenue alignment. Regional Council Chair Cavanaugh thanked Ms. Barker for her comments.

4. Executive Director's Report

No report was provided.

5. Approval of Consent Agenda

Regional Council Chair Cavanaugh noted that agenda items #5A through #5J were on the consent agenda. Chair Cavanaugh asked members if they had questions or requests to hear an item individually.

Supervisor Stapley stated that he would like to invoke the weighted voting procedure under article XIII of the MAG By-Laws, which states under Section 1, A, that "if any member entity requests a weighted vote, the numerical vote shall have no force or effect unless concurred in by the weighted vote."

Supervisor Stapley moved to continue agenda items #5 and all its subparts, through #9, until such time as the Small Plant Review and Approval for the Preserve at Goldfield Ranch Water Reclamation Facility is placed on the Regional Council's agenda for consideration for an up or down vote. Vice Mayor Neely seconded.

Dennis Smith, MAG Executive Director, stated that the MAG weighted voting procedure says that the Regional Council takes a vote first on the basis of one city, one vote. Then, if the weighted vote is called, it eliminates the first vote.

Supervisor Stapley noted his disagreement with Mr. Smith's explanation. He stated that according to the MAG By-Laws, the weighted vote is simply invoked by any member. Mr. Smith stated that

Supervisor Stapley was correct, but there must first be the one city, one vote, which is then followed by the weighted vote.

Supervisor Stapley stated that they had consulted with the County Counsel and they do not agree with that interpretation. Mr. Smith read from Article XIII, Section 1, A of the MAG By-Laws: "The Regional Council and Management Committee shall vote on all motions on the basis of one vote per member, except that the two Arizona Department of Transportation board members for District I on the Regional Council shall each have one vote. However, if any member entity requests a weighted vote, the numerical vote shall have no force or effect unless concurred in by the weighted vote." Mr. Smith noted that the members take the one city, one vote, then the weighted vote would follow. He stated that after the weighted vote is called, the first vote is off the table.

Supervisor Stapley stated that taking a one city, one vote first is not required. Fredda Bisman, MAG General Counsel, stated that the way Mr. Smith explained it is the way the By-Laws have been applied. She stated that the weighted vote process requires both numerical and weighted votes be taken.

Regional Council Chair Cavanaugh stated that before he called for a vote, he wanted to confirm that the motion was to continue items #5 and its subparts through #9 until the Small Plant Review and Approval for the Preserve at Goldfield Ranch Water Reclamation Facility was on the agenda. Supervisor Stapley replied that was correct. He added that he would encourage a Regional Council meeting be called as soon as possible, and not wait until May 28th.

Regional Council Chair Cavanaugh noted that if the motion passed, this meeting would be fundamentally adjourned. Supervisor Stapley replied that was his intention. He commented that there had been a tremendous amount of discussion and lobbying related to this item. Supervisor Stapley stated that this is a small plant wastewater facility at Goldfield Ranch and has become one of the most politically heated battles at the Regional Council in recent times. He commented that this matter has been held from the agenda without consideration of other members. Supervisor Stapley stated that the Chair received numerous letters from member cities and the County requesting this be put on the agenda, and he disregarded them with little or no explanation. He stated that it has become clear that the rules of this volunteer association are ambiguous and unclear on respecting the wishes of the group. Supervisor Stapley stated that it is inconceivable that a quasi-government body can leave itself in the hands of one member. He commented that if a matter is to be considered by MAG, it should be considered on its merits and the charter intent of the organization. Supervisor Stapley extended his apologies to those who will have wasted their time attending the meeting if the motion prevails. He stated that he thought the matter is bigger than moving one issue. Supervisor Stapley asked Regional Council members how they would feel if they had a matter that should have been on an agenda but was unilaterally pulled from the agenda by the chair. He stated that the matter is about process, the politicizing of a simple matter. Supervisor Stapley stated that in the past, the Regional Council has acted almost unanimously and in a timely fashion on 208 items. He commented that it is time to change the way MAG does business.

Susan Goodwin, MAG Special Counsel for the Small Plant Review and Approval for the Preserve at Goldfield Ranch Water Reclamation Facility, stated that because the item is not on the agenda, limiting discussion to the motion as to whether to invoke weighted voting to continue the agenda items is

appropriate. She advised that discussion of the Small Plant Review and Approval for the Preserve at Goldfield Ranch Water Reclamation Facility matter was not appropriate. Ms. Goodwin stated that for questions on weighted voting in general she would defer to the MAG General Counsel. It was noted that MAG's General Counsel, Fredda Bisman, was also counsel for Ellman Companies and had declared a conflict of interest regarding discussions on the Goldfield Ranch facility.

Regional Council Chair Cavanaugh asked if there was reason to not proceed to a vote right now.

Mayor Berman expressed that he had a huge problem with weighted voting. He said that it tends to marginalize smaller cities. Mayor Berman commented that all members are important and all are at MAG meetings for a reason. He stated that weighted voting has a negative effect and thought it should be used only in extreme cases. Mayor Berman stated that this item was postponed for 30 days and asked Supervisor Stapley why not continue with the rest of the meeting.

Supervisor Stapley replied that he made the motion to continue agenda items #5 and all its subparts, through #9, until such time as the Small Plant Review and Approval for the Preserve at Goldfield Ranch Water Reclamation Facility is placed on the Regional Council's agenda for consideration for an up or down vote. Ms. Goodwin advised that it was acceptable motion.

Mr. Zubia asked if there would need to be a motion for each item. Mr. Smith replied that a one city, one vote could be taken first either on all of the items or item by item, and then followed by a weighted vote if requested.

Mayor Hawker asked if the application for the Goldfield Ranch Water Reclamation Facility was pulled, would the Regional Council ever meet again? He added that he would dislike having meetings scheduled only if someone has an application pending or not.

Ms. Bisman replied that MAG has regularly scheduled meetings and she did not think that the motion has the power to defer regularly scheduled meetings, which are also set in the MAG By-Laws and procedures. Ms. Bisman stated that in her judgment, the motion defers the items only to the next regularly scheduled meeting.

Supervisor Stapley commented that he hoped to have a meeting before the next regularly scheduled meeting and as soon as legally possible.

Mayor Manross expressed that this was a poor way to do business. She said that she came to the Regional Council meeting expecting to have discussion and take action on some agenda items. Mayor Manross stated that this is occurring because of a request to take time to get answers to questions. She commented that she did not understand that taking one month or less to have answers to questions was a reason to hold up a meeting and discussion of important items.

Mayor Hawker asked if the TPC meeting could be severed from the Regional Council meeting and have the transportation discussion. Ms. Bisman stated that the motion could be amended if the maker wished to sever any of the items. Mayor Hawker noted that he was referencing agenda item #6.

Supervisor Stapley asked his proxy status on the TPC. Mr. Smith noted that proxies are not allowed on the TPC.

Supervisor Stapley expressed that he would amend the motion to allow TPC discussion of agenda item #6.

Vice Mayor Neely asked if the motion meant that the TPC could meet, but the Regional Council would not. Mayor Hawker noted that the TPC could meet and discuss agenda item #6.

Vice Mayor Neely stated that she seconded the motion because the City of Phoenix had submitted a letter requesting that the Goldfield facility item be put on the agenda. She said that she will be submitting a letter because MAG is an organization without governing rules of operation. Vice Mayor Neely stated that there was no process for add-ons, and that has become a situation of frustration. She stated that operational rules are needed and that is why she supported the motion.

Mr. Zubia called a point of order. He stated that the proposed amended motion was to allow taking off agenda item #6 and allow the TPC to meet. Since the meeting was advertised as a joint meeting, would it take an action of the board to sever one meeting and hold one. He asked if this does not take an action in and of itself?

Ms. Bisman stated that items were agendaized as a joint meeting, she felt it was appropriate and legal to have a motion to sever that.

Mayor LeVault asked how anything not on the agenda could be a matter of discussion, motion and action. Ms. Goodwin stated that the Goldfield Ranch item that was not on the agenda was not technically under discussion. She said that the motion was artfully drafted for continuation of agenda items. Mayor LeVault stated that the Goldfield Ranch Water Reclamation Facility was included as part of the motion. Ms. Goodwin stated that she did not believe that the Regional Council was discussing the merits of the item.

Mayor Fulcher stated that the Goldfield Ranch Water Reclamation Facility was a fundamental part of the motion and he would question that.

Regional Council Chair Cavanaugh stated that there was a motion on the table to continue agenda items #5 and all its subparts, through #9, until such time as the Small Plant Review and Approval for the Preserve at Goldfield Ranch Water Reclamation Facility is placed on the Regional Council's agenda for consideration for an up or down vote. He noted that there was an amendment to separate the TPC meeting from the Regional Council meeting, but he did not hear a second. Chair Cavanaugh stated that for lack of a second, the original motion was on the table. He asked Ms. Goodwin to clarify yes and no votes. Ms. Goodwin stated that a yes vote would be to continue agenda items #5 and its subparts through #9 to the next Regional Council meeting. A no vote would not continue them.

Vice Mayor Lopez asked for clarification of proxy votes. Mr. Smith explained that proxy votes are allowed at Regional Council meetings and this was a Regional Council motion.

A roll call vote was taken and the motion failed by a vote of eight yes and 17 no, with Mayor Nichols, Mayor Hull, Mayor Scruggs, Councilmember Stucky, Mayor Winkler, Vice Mayor Neely, Mr. Zubia, and Supervisor Stapley voting yes, and Chair Cavanaugh, Mayor Manross, Councilmember Barker, Vice Mayor Lopez, Mayor Fulcher, Mayor Dunn, Mayor Waterman, Treasurer Mott, Mayor Berman, Mayor Jimenez, Mayor Hawker, Mayor Barrett, Mayor Sanders, Vice President Harvier, Mayor Truitt, Mayor LeVault, and Mr. Flores voting no.

Supervisor Stapley moved to invoke a weighted vote. Vice Mayor Neely seconded.

Mayor Berman asked about quorum requirements. Mr. Smith explained that in order for the weighted vote to pass, it needs a majority of members present representing a majority of the population of members present.

A roll call weighted vote was taken and resulted in eight yes and 17 no. The weighted vote was 59 yes weighted votes and 51 no weighted votes. Vice Mayor Lopez, Mayor Nichols, Mayor Scruggs, Councilmember Stucky, Mayor Winkler, Vice Mayor Neely, Mr. Zubia, and Supervisor Stapley voted yes, and Chair Cavanaugh, Mayor Manross, Councilmember Barker, Mayor Fulcher, Mayor Dunn, Mayor Waterman, Treasurer Mott, Mayor Hull, Mayor Berman, Mayor Jimenez, Mayor Hawker, Mayor Barrett, Mayor Sanders, Vice President Harvier, Mayor Truitt, Mayor LeVault, and Mr. Flores voted no. Mr. Smith noted that the motion failed because it did not pass the two requirements: a majority of members present and representing a majority of the population of members present.

Supervisor Stapley stated that the vote passed by weight. Mr. Smith stated that for a weighted vote to pass, it must pass two tests: by a majority of members present and a majority of the total population of all members present. Ms. Goodwin stated that Article XIII, Section 1, A, says, "if any member entity requests a weighted vote, the numerical vote shall have no force or effect unless concurred in by the weighted vote." She stated that Mr. Smith was correct in his explanation of weighted voting.

Supervisor Stapley stated that they had this researched by the County Civil Division, and that is not what the MAG By-Laws say. He commented that the By-Laws say the opposite: for a numerical vote to take precedence, it has to also match the weighted vote.

Mr. Smith stated that a weighted vote can block a numerical vote. For example, if 16 out of 30 members present vote yes, that vote will not pass if the 16 do not represent the weight of the region present. Supervisor Stapley stated that is not what the By-Laws say.

Mr. Zubia suggested restating the motion in the affirmative, requesting that the Regional Council proceed with the full agenda. Supervisor Stapley remarked that he was unsure how effective that might be.

After a short break, the meeting resumed. Ms. Goodwin stated that she had reviewed the MAG By-Laws, which state that "if any member entity requests a weighted vote, the numerical vote shall have no force or effect unless concurred in by the weighted vote." Ms. Goodwin also noted that an explanation of weighted voting was provided in the informational publication about MAG. She said she believed that Mr. Smith was correct in his explanation that for a weighted vote to pass, it has to pass both numerically

and by population of those present. Ms. Goodwin noted that the numerical portion of the vote did not pass.

Supervisor Stapley stated that he would not belabor the point, but asked Ms. Goodwin if her opinion was based on the MAG By-Laws or the staff publication, and if based on the publication, had it been approved by the Regional Council. Ms. Goodwin advised that her opinion was not based on the MAG publication. She added that she mentioned that the publication was helpful in understanding weighted voting, but was not the basis for her determination.

Supervisor Stapley requested going on record as objecting to this interpretation, and expressed his appreciation for the opportunity to move this forward.

Regional Council Chair Cavanaugh called for a motion to approve consent agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, and #5J. Mayor Hawker moved, Mayor Winkler seconded.

Before a vote was taken, Regional Council Chair Cavanaugh recognized public comment from Woody Thomas, who commented on agenda item #5D, MAG Commuter Rail Strategic Plan. He passed out an article written in the *Westsider* newspaper in 1969 about constructing a subway to alleviate congestion. Mr. Thomas expressed his desire that the commuter rail plan not sit on a shelf but be an operating document to move rail forward. He noted articles in the newspaper that morning about new EPA standards and the communities that will be affected, and the high gas and oil prices and their effects. Mr. Thomas pointed out the employment areas shown in the map on page seven of the report and how they match up in each city. He stated that the estimated cost of a regional commuter rail system is \$2 billion, but so is the cost for the South Mountain and Loop 801. Mr. Thomas stated that each serves one portion of the population rather than a system to serve the entire region.

With no further discussion, the motion to approve the Consent Agenda passed unanimously.

5A. Approval of the March 26, 2008 Meeting Minutes

The Regional Council, by consent, approved the March 26, 2008 meeting minutes.

5B. Project Changes: Amendments, and Administrative Modifications to the FY 2008-2012 MAG Transportation Improvement Program

The Regional Council, by consent, approved amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, and as appropriate, to the Regional Transportation Plan 2007 Update, as shown in the attached table. The FY 2008-2012 MAG Transportation Improvement Program (TIP) was approved by Regional Council on July 25, 2007. 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 are listed in Table A. The amendments include adding the noise reduction study at ADOT, repackaging of two City of Tempe projects into one, and adding six Transportation Enhancement Projects that were approved by the ADOT Board in November 2007. An administrative modification does not require a conformity determination. The Transportation Review Committee and the Management Committee recommended approval of

these project changes. Since the Management Committee's recommendation, there has been an additional project identified by the City of Chandler that requests a modification. On April 16, 2008, the Transportation Policy Committee recommended approval of the project changes.

5C. ADOT Requested Change to Statewide Transportation Acceleration Needs (STAN) Projects

The Regional Council, by consent, approved the ADOT request to decrease the funding by \$1.0 million for the I-10: Sarival to Verrado Way project and increase the funding by \$500,000 each for the L303: Bell Road crossing and for the L303: Cactus and Waddell Road crossing projects. ADOT requested that a small change in the funding from the State Transportation Acceleration Needs (STAN) account that was approved by MAG in December 2006 be modified slightly to decrease the funding by \$1.0 million for the I-10: Sarival to Verrado Way project and increase the funding by \$500,000 each for the L303: Bell Road Crossing and for the L303: Cactus and Waddell Road Crossing projects. This has determined that the \$1.0 million is not required to complete the I-10 project and the additional funding is needed for the L303 projects. There is no fiscal impact on the MAG Freeway Program. The Transportation Review Committee, the Management Committee, and the Transportation Policy Committee recommended approval of the project change.

5D. MAG Commuter Rail Strategic Plan

The Regional Council, by consent, accepted the Commuter Rail Strategic Plan as the guiding implementation framework for commuter rail, and for MAG to proceed with the first four implementation steps identified on page nine of the Executive Summary: 1) Ongoing Coordination; 2) Union Pacific Passenger Rail Coordination; 3) Burlington Northern Santa Fe Railway Coordination; and 4) Regional Transit Planning. Since February 2007, MAG has been working on a Commuter Rail Strategic Plan, which will establish a framework for implementing commuter rail service in Maricopa County and northern Pinal County. The MAG consultant provided project briefings to the Management Committee, Transportation Policy Committee, and Regional Council in November and December 2007. The Transportation Review Committee, the Management Committee, and the Transportation Policy Committee recommended acceptance.

5E. ADOT Red Letter Process

In June 1996, the MAG Regional Council approved the Arizona Department of Transportation (ADOT) Red Letter process, which requires MAG member agencies to notify ADOT of potential development activities in freeway alignments. Development activities include actions on plans, zoning and permits. ADOT has forwarded a list of notifications from July 1, 2007, to December 31, 2007. ADOT received 548 Red Letter notifications in the period from July 1, 2007 to December 31, 2007. Of the 548 notices received, 130 had an impact to the State Highway System. Upon request any of the notices can be removed from the consent agenda and returned for action at a future meeting. This item was on the agenda for information and discussion.

5F. Conformity Consultation

The Maricopa Association of Governments is conducting consultation on conformity assessments for an amendment and administrative modification to the FY 2008-2012 MAG Transportation Improvement Program. The proposed amendment includes the addition of six Valley Metro Transportation Enhancement funded projects in fiscal years 2008, 2009, and 2010, and a new Arizona Department of Transportation (ADOT) Noise Reduction Study project in FY 2008. In addition, an administrative modification is required for the repackaging of City of Tempe pedestrian and bicycle facility projects on College Avenue, and to increase funding for two ADOT projects. Since this item was on the Management Committee for consultation, there has been an additional project identified by the City of Chandler that needs a modification. The amendment includes projects that may be categorized as exempt and minor project revisions that do not require a conformity determination. The comment period on the conformity assessments was extended to April 23, 2008. This item was on the agenda for consultation.

5G. Discussion and Update on the Draft FY 2009 MAG Unified Planning Work Program and Annual Budget

Each year staff develops the MAG Unified Planning Work Program and Annual Budget. The Work Program is reviewed in April by the federal agencies and approved by the Regional Council in May. The proposed budget information is being presented incrementally in parallel with the development of the budget information. This presentation and review of the FY 2009 MAG Unified Planning Work Program and Annual Budget represent the budget document development to-date. Due to current economic conditions, MAG is proposing no increase in estimated dues and assessments. The individual member dues and assessments may change due to population allocation, but the overall dues and assessments total of \$606,550 remains the same amount as FY 2008. Each year new projects are proposed for inclusion in the MAG planning efforts. These new project proposals come from the various MAG technical committees, policy committees and other discussions with members and stakeholders regarding joint efforts within the region. These projects are subject to review and input by the committees as they go through the budget process. The proposed new projects for FY 2009 were presented at the February 13, 2008 Management Committee meeting, the February 27, 2008 Regional Council meeting, and the March 17, 2008 Regional Council Executive Committee meeting. The new project requests have been revised and included in an updated FY 2009 "MAG Programs in Brief." Since the new projects for FY 2009 were presented in March, there have been two changes to the project list. An Air Quality Associate for \$80,000 has been deleted and a transportation project entitled, "MAG Travel Demand Modeling - Pinal County Review," has been added for \$80,000. The MAG Travel Demand model extends far into Pinal County and the travel demand in Maricopa County also reflects the population and economic activity in Pinal County. As input, the model uses socioeconomic projections and the road network in Pinal County. Using the planning resources and data that have been collected by CAAG, CAAG will provide the review and changes necessary to accurately portray the projections and transportation network in Pinal County. The FY 2009 budgeted expenses for MAG show an overall increase of about 1.6 percent from last year. This increase is due to a budgeted increase in contingency from 10 percent to 15 percent. Setting contingency as 15 percent of operating expenditures is a recommended best practice by the Government Finance Officer's Association. Capital Expenditures for FY 2009 have been reduced by 50 percent from the prior year. The majority of MAG's capital equipment inventory is computer hardware which is on a replacement cycle of approximately every three years. Unless additional capital is being added to the overall inventory, the budgeted capital

costs remain constant. MAG staff has an annual performance evaluation in June and based on performance, salary increases that average up to five percent may be considered. There are no new staff positions being requested for FY 2009 and FTE at MAG remains at 75.25. The Intermodal Planning Group meeting was held on April 2, 2008. This meeting included a review and comments on the draft FY 2009 MAG budget by the Federal Highway Administration, the Federal Transit Administration (FTA), ADOT, EPA, and other related parties. The overall comments from this meeting were extremely positive regarding the project work that MAG has underway and planned in meeting the SAFETEA-LU requirements. Specifically the comments from the FTA stated that the MAG Work Program is thorough and covers the key point successfully. FTA noted that the Coordinated Human Services Plan and report of activity are especially important this year because some FTA funds will lapse prior to October 1, 2008. This item was on the agenda for information.

5H. Revision to the Social Services Block Grant Allocation Recommendations

The Regional Council, by consent, approved that the revised Social Services Block Grant (SSBG) allocation recommendations for FY 2008-2009 to be forwarded to the Arizona Department of Economic Security. On February 27, 2008, the MAG Regional Council approved the allocation recommendations for the locally planned Social Services Block Grant dollars be forwarded to the Arizona Department of Economic Security (DES). On March 13, 2008, the MAG Human Services Technical Committee recommended approval of moving \$55,693 from the pregnant/parenting youth category to the basic needs category in the same target group. This revision will allow the agency that receives the funding, the City of Phoenix, to better utilize these funds while continuing to offer services to pregnant teens through other programs. The program that has historically received these funds has been eliminated. This revision will leave \$38,283 in the pregnant/parenting youth category for use by other agencies. The MAG Human Services Technical Committee and the MAG Management Committee recommended approval of the revision.

5I. Nominating Committee

Each April, the Chair of the Regional Council appoints a five-member Nominating Committee from the Regional Council. According to the Nominating Process, revised by the Regional Council in April 2002, the Nominating Committee develops a slate of seven candidates. These candidates include a Chair, Vice Chair, Treasurer, the Past Chair, and three members at-large. If the Past Chair is not a current member of the Council, the Nominating Committee nominates an additional at-large member. The past Chair of the Regional Council, if still a current member, serves as Chair of the Nominating Committee. The Nominating Committee is required to provide a balanced slate of officers. The slate of nominations is forwarded to all of the Regional Council members at least two weeks prior to the annual meeting in June. The members of the Nominating Committee include Mayor Keno Hawker, Mesa, Chair; Mayor Boyd Dunn, City of Chandler; Mayor Ed Winkler, Town of Paradise Valley; Mayor Bob Barrett, City of Peoria; and Mayor Michael LeVault, Town of Youngtown.

5J. Regional Office Center Update and Consideration of Executive Committee Actions

The Regional Council, by consent, approved 1) Analyzing the current agency leases and project staff growth and the amount that would be spent in the next 15 years and apply that amount as a tentative

budget to consider at different development sites; 2) Directing staff to identify buildings for sale and/or lease in the Greater Phoenix Metro area; 3) Requesting David Kaye, the owner of the property at 1st Avenue/McKinley, to negotiate a first right of refusal on the property and terminate the payment of \$38,000 per month. At the March 26, 2008 Regional Council meeting, the future of the Regional Office Center project was discussed. Staff was directed to invite the partnering agencies (MAG, RPTA, METRO), 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. To prepare for this joint board meeting, staff was directed to work with the other three regional agencies to schedule a preliminary meeting, consisting of policy board members and directors, to identify the issues that are outstanding for each of the agencies. On April 7, 2008, the pre-meeting was held and steps were identified to move the project forward. It was determined that the respective agencies would consider these steps at their April board meeting. On April 14, 2008, the MAG Regional Council Executive Committee reviewed these steps and recommended the following: 1) Analyze the current agency leases and project staff growth and the amount that would be spent in the next 15 years and apply that amount as a tentative budget to consider at different development sites; 2) Direct staff to identify buildings for sale and/or lease in the Greater Phoenix Metro area; 3) Request David Kaye, the owner of the property at 1st Avenue/McKinley, to negotiate a first right of refusal on the property and terminate the payment of \$38,000 per month.

6. Transportation Planning Update and Discussion and Input on the Preliminary Critical Needs Definition Document

Regional Council Chair Cavanaugh stated that this was now the beginning of the joint meeting. He noted that for the past three years, MAG has been engaged with the regional planning organizations throughout Arizona to work collaboratively to address Arizona's growth and transportation issues statewide. Chair Cavanaugh noted that the item was on the agenda for information, discussion, and input on the critical needs document.

TPC Chair Keno Hawker extended his compliments to Mayor Cavanaugh for the extensive amount of work he had done with the State Councils of Governments (COGs) and Metropolitan Planning Organizations (MPO) Association, ADOT, and their regional organizations. Chair Hawker congratulated the Governor and the TIME Coalition for their efforts. He stated that former Phoenix Mayor Skip Rimsza tried to promote a statewide sales tax for transportation years ago, but the effort was unsuccessful. Chair Hawker expressed his appreciation for the framework studies being done statewide to allow for an analysis of technical needs. He stated that growth patterns, economic development, transportation, land use and water availability will be critical components. TPC Chair Hawker stated that a statewide election is an ambitious plan, and he was concerned with the lack of detail, and that is why he wanted a joint meeting. He stated that he refers to the congestion maps to show what will happen if improvements to the infrastructure are not continued. He indicated that he was hoping to get more data on the dollar magnitude and the timeframe, in order that modeling could be done. TPC Chair Hawker stated that this could show the benefits that could result from spending \$42 billion. He stated that many of the MPOs are allocated a dollar magnitude, and this region needs to prioritize so there is not a bloodbath in two years as to who gets what money. TPC Chair Hawker stated that he would like more specificity and that is why he wanted a joint meeting to discuss what this ambitious proposal is about.

Kelly Taft, MAG Communications Manager, provided a presentation on a statewide survey of residents. She stated that in order to provide input into the statewide proposal, the Regional Council approved that a statewide survey be conducted to measure regional and statewide public attitudes, opinions, and interests relevant to addressing transportation needs, including potential solutions and timing. Ms. Taft stated that the main survey will be a telephone poll of 1,200 high efficacy voters that can be analyzed by three subareas: Maricopa County, Pima County and the balance of the state. Ms. Taft stated that following a procurement process, the firm of WestGroup Research was selected to conduct the survey.

Ms. Taft stated that along with the telephone survey, WestGroup recommended that focus groups be conducted to talk more in depth with residents around the state about the main transportation issues they are experiencing and their preferred solutions. Ms. Taft stated that focus groups were conducted in March in Yavapai, Pima and Maricopa Counties. In the Maricopa group, participants were recruited equally from the East, West and Central Valleys.

Ms. Taft stated that respondents' demographics were distributed among gender, age, income level and employment. She noted that while transportation appears to rank behind other issues such as the economy and immigration, all groups agreed that transportation is a critical concern facing the state as well as local areas. Ms. Taft added that congestion, construction, planning and transit were consistently offered as the primary transportation issues or problems facing the local areas. She noted that voters seem to recognize that a lack of funding is a key contributor to the congestion being experienced. Ms. Taft advised that there also was a prevailing attitude that there has been a failure to adequately plan and prepare for growth. When asked who they thought was responsible, a number of respondents referenced ADOT, the State Legislature and a general lack of cooperation among leaders at all levels of government.

Ms. Taft stated that many respondents expressed a strong desire for information about how the transportation planning process occurs and what role they can play in influencing the desired solutions. She pointed out that they also want accountability in any plan to make sure they receive what is promised. Ms. Taft stated that overall, the groups seemed willing to pay for transportation improvements, as long as they felt they could trust the process.

Ms. Taft reported that the participants expressed a desire for a multimodal plan, and most supported the solutions that directly impacted them or their region. She said that when the respondents were asked what options they would support even if additional taxes were needed, many favored transit solutions, especially if gas prices remain high. She advised that the respondents overwhelmingly opposed toll roads, especially converting existing roads to toll roads. Ms. Taft noted that some people indicated they might support toll roads if they are built as alternatives to existing freeways where commuters have a choice as to whether to use them.

Ms. Taft then reviewed the funding option preferences. She said that participants most favored dedicating future growth in tax revenue to transportation, followed by increased developer fees and a statewide sales tax. The least support was given to the options of paying a personal income or statewide property tax and taking funding from other programs.

Ms. Taft stated that respondents indicated that 2008 was not feasible due to the economic climate. Most respondents also saw value in waiting until statewide framework studies were completed and more public involvement was conducted.

Ms. Taft stated that the telephone survey is expected to take about three weeks to complete, after which WestGroup will analyze the findings and present them to the Regional Council and TPC at their May meetings.

Eric Anderson, MAG Transportation Director, provided an overview of the planning principles and factors that are applicable to the MAG region. He noted that there are three investment principles that came out of the National Surface Transportation Policy and Revenue Study Commission, which was set up under SAFETEA-LU to look at overhauling the federal transportation system in terms of funding and programs. Mr. Anderson noted that the principles are: (1) Investments should be tied to specific desired systemwide performance objectives. (2) Potential investments should be subject to quantitative analysis to identify their benefits and costs. (3) Investment decisions should be influenced by economic, environmental, and energy considerations beyond the immediate transportation-related objectives.

Mr. Anderson stated that federal planning requirements say that state agencies shall provide a coordinated process with MPOs, include a proactive Public Involvement Process, cooperate with MPOs on the portion of the plan affecting MPO areas, and, in nonattainment areas, the MPO shall not approve any transportation plan, program or project which does not conform with the SIP.

Mr. Anderson stated that MAG must follow statutory requirements, which say that the Regional Transportation Plan (RTP) must be developed to meet federal air quality requirements established for the region, MAG must approve any change that affects the planning agency's plan or transportation improvement program, including project priorities, consultation among agencies for major amendments to the RTP, and that MAG develop criteria to set project priorities.

Mr. Anderson stated that the Casa Grande Resolves were a set of seven principles agreed to by a group of transportation professionals in 1999. He noted that the seven principles were included in the copy of the presentation at each place. Mr. Anderson stated that the Casa Grande Resolves established that there would be one multimodal transportation planning process in each region to avoid multiple plans being developed, and includes early and regular dialogue and interaction. Mr. Anderson noted that the Casa Grande Resolves did not set a funding formula; that is determined by the Resource Allocation Advisory Committee (RAAC), which makes a recommendation to the ADOT Director. He explained that in one of the first meetings of the RAAC in 2000, it was agreed that the MAG region would receive 37 percent of the state highway program. Mr. Anderson noted that this is over and above other revenue coming to this region, such as the statutorily earmarked funds from ADOT for the MAG freeway program, and the CMAQ and STP federal funds. He stated that if the return was dollar for dollar, the MAG region's share would be closer to 43 percent, but it was realized the Maricopa region would need to be a donor region. Mr. Anderson advised that new revenue sources, however, need to be looked at incrementally. He noted that two-thirds of the sales tax revenue would be generated in Maricopa County and its share should be higher than existing revenue sources.

Mr. Anderson noted the four dimensions of equity: The first dimension of equity is funding: What is the funding source and who pays? The second dimension of equity is participation: Is there broad ownership of the plan? The third dimension of equity is long-term impacts: What problems are being addressed—congestion, mobility options, connectivity? The fourth dimension of equity is access: What is the return on investment (donor/donee)?

Mr. Anderson stated that an urban mobility study by the Texas Transportation Institute shows the “time tax” this amounts to 82 million person hours in Maricopa County, and an annual cost of \$1.7 billion in terms of delay in 2005. He commented that the MAG region is by far the most congested area in Arizona.

Mr. Anderson stated that there will be an increased demand for transit due to high fuel prices, aging population, and environmental benefits. He also noted that a significant increase in public demand is expected following the opening of light rail in December 2008.

Mr. Anderson stated that due to increased costs there is a hole in the core part of the freeway program estimated at \$4 billion to \$4.5 billion. He noted the need for approximately \$6 billion to fully fund the I-10 Collector Distributor System, and funding for I-17 at the Durango Curve and south of the Arizona Canal. Mr. Anderson stated that additional resources could provide the MAG region with the ability to accelerate Proposition 400 projects. Mr. Anderson stated that the cumulative funding deficit for streets is estimated at \$9 billion in this region. He advised that municipalities are given one-half of the Highway Users Revenue Fund for streets, which has decreased largely as a result of the gas tax not changing since 1991. Mr. Anderson noted that the MAG region represents approximately 60 percent of the population and 67 percent of the sales tax generation. He noted that in a letter thanking the Governor for the critical needs list, the request was made for scope, schedule, and budget.

Victor Mendez, the Director of the Arizona Department of Transportation, presented an overview of the state’s package. He noted that other members of the state’s team were available for questions, Noah Kroloff, the Governor’s Deputy Chief of Staff; John McNamara of DMJM+Harris, the chief planner and consultant; and Marty Shultz and Jack Lunsford from the TIME Coalition.

Mr. Mendez stated that the red dot maps that have been shown on many occasions, really do tell the story of the future. He stated that the MAG region is the engine for the state, but Arizona is at a funding crossroads and is not keeping pace with the growth it has experienced.

Mr. Mendez spoke about the transportation challenges of the MAG region: congestion, circulation and connectivity to the rest of the state. He stated that common sense priorities need to be addressed. Mr. Mendez stated that the policy committees on the framework studies have debated the issue of how to establish priorities. He reported that Regional Council Chair Cavanaugh had asked the committees to look at the common sense priorities that all can begin to agree on and they incorporated that guidance. Mr. Mendez advised that the critical needs are based on past planning and statewide input.

Mr. Mendez commented that the state is at a critical point and it is important to act now, invest in the state’s communities, and preserve quality of life. He stated that Maricopa County is the economic engine for the state and the question is what can be done to keep it intact. Mr. Mendez stated that the

critical needs package offers an opportunity to offer transportation projects sooner than planned. He remarked that he was before the Regional Council and Transportation Policy Committee to discuss statewide concerns, but he understood what is being faced by Maricopa County.

Mr. Mendez spoke about the “time tax” and that it causes people to sit in congested traffic every day. He stated that each area has grown differently – the transportation needs of Tempe differ from the needs of the West Valley – and more than a one-size-fits-all solution is needed. Mr. Mendez stated that the shortfalls in the current program, cost increases and decreases in transportation revenue are affecting everyone.

Mr. Mendez stated that his office tried to bring all of the MPOs and COGs to the table to outline the critical needs and assessments solution. He said that within this solution they tried to address diverse needs throughout the state. Mr. Mendez stated that they took guidance on common sense priorities and have had planning, debate and study over the years to help identify what the true needs are. He said that the solution is to have more diverse modes, more public transportation, accelerate Proposition 400 projects, and funding to provide relief to funding shortfalls.

Mr. Mendez stated that there are four components to the \$42 billion statewide funding scenario: 58 percent or \$24.698 billion toward strategic highway projects, 18 percent or \$7.665 billion toward strategic rail and transit projects and programs, 20 percent or \$8.517 toward local mobility projects and programs, and four percent or \$1.703 billion to transportation enhancement and walkable/bikeable communities.

Mr. Mendez then provided a breakdown of the first component, the strategic highway projects. He advised that 45 to 50 percent of the \$24.698 billion in strategic highway project funds would be committed to MAG. Mr. Mendez displayed a slide of projects and pointed out that the projects listed in the right column were projects already in the MAG RTP; the projects in the left column were potential projects that could be added to the program. Mr. Mendez stated that they identified projects with a panel of experts that included MAG. He acknowledged that the package would need to follow the MAG prioritization process followed by the modeling and conformity processes.

Mr. Mendez then provided a breakdown of the second component, the strategic rail and transit projects and programs. He said that the package proposes that \$1.2 billion be committed to public transit projects and programs and \$2.3 billion be committed for commuter rail for the MAG and PAG areas. Mr. Mendez noted that there are three components within that for the MAG region, commuter rail along Grand Avenue, from Buckeye to the central city, and the East Valley to the central city; \$4.1 billion for high speed intercity rail from Phoenix to Tucson; and high speed rail from Phoenix to northern Arizona, to Prescott or the Williams area.

Mr. Mendez then provided a breakdown of the third component, local mobility projects and programs. He stated that they propose allocating 60 percent of this category to the MAG region for distribution to cities, towns and the county on a population basis. Mr. Mendez explained that the funds would go directly to cities and allocated using the usual budgeting and priority processes in place.

Mr. Mendez then provided a breakdown of the fourth component, transportation enhancements and walkable/bikeable communities. He said that they propose that 60 percent of the funds in this category be allocated to the MAG region for distribution on a grant application basis. Mr. Mendez explained that currently, there is a similar program in place statewide, where jurisdictions compete for enhancement funds through a grant application process.

Mr. Mendez stated that they believe the solutions they proposed have identified strategic highways, rail transit components, local mobility priorities, and conservation.

Regional Council Chair Cavanaugh recognized public comment from Mr. Thomas, who said that he took exception to the inclusion of street intersections in a regional plan. Mr. Thomas stated that intersections should be done by the cities and towns, and he did not see a need for the state to be involved in that. He commented on the critical needs and stated that it all comes back to growth. Mr. Thomas stated that a process exists in our constitution for taxation, which is the excise tax, to offset the impact from an activity. He stated that there are impact fees, but one of the components missing with the excise tax was the housing industry. Mr. Thomas said that Greg Vogel reported that developers are walking away with 30 to 40 percent profit. He spoke about the air quality advantages of commuter rail. Mr. Thomas stated that he was not sure of a solution for the I-17 problems, which are indicative of how far behind we are. Chair Cavanaugh thanked Mr. Thomas for his comments.

Mayor Manross reiterated her concern that the TPC took several years to put together the Regional Transportation Plan and it took Scottsdale two years to do its own 20-year plan. Mayor Manross expressed her belief that this process is too rushed. She said that she understood the need for regional and statewide plans for transportation, but this does not have enough accountability and she saw no sense of equity. Mayor Manross stated that Scottsdale and Phoenix will contribute more than 42 percent of all of the statewide dollars, but the critical needs package shows an imbalance. She commented on having a reasonable proportionality between investments and sources of revenue that will pay for the investments. Mayor Manross stated that not enough questions have been answered, the critical needs and delineation of processes are too vague, and rushing it decreases the chance of success.

Vice Mayor Neely stated that the City of Phoenix thinks the process needs significant changes. Regarding the 58 percent toward the strategic highway projects fund, it contains no specific plans, programs, or commitments for allocating the funds. She remarked that ADOT has sole control over the funds and could use them in any proposed use authorized under law. Vice Mayor Neely stated that Phoenix believes the funds will be returned to the MAG region, but with no specific language guaranteeing that, there is no assurance of any return. She commented that the entire amount could be spent anywhere in the state and the City of Phoenix believes specific language is needed. Vice Mayor Neely stated that the draft contains a line item funding proposal for light rail in the Phoenix metro area and Tucson has been added to local transportation funding category which increases the funding to Phoenix, but at the expense of the streets funding they had sought. Vice Mayor Neely stated that they believe light rail should be funded from the public transportation fund and should be specifically earmarked. She stated that the proportion of funds allocated to local transportation funds is less than needed. She said they suggested to the state a minimum of 30 percent be allocated. If this proposal becomes law, it is unlikely that VLT or gas tax will occur. Vice Mayor Neely stated that it appears that any increased revenue to street improvements must come from the sales tax. She stated that 20 percent

is insufficient, the tax presents a lack of guarantees, does not provide sufficient funding for transit, and underfunds streets needs. Vice Mayor Neely reported that Phoenix raised these issues and believes they need guarantees and more specifics to move forward.

Regional Council Chair Cavanaugh and TPC Chair Hawker recognized public comment from Marty Shultz. Mr. Shultz was provided additional time to speak. He stated that he was here to describe the TIME Coalition initiative. Mr. Shultz advised that he was involved in the Proposition 300, Proposition 400, and other transportation processes, and served on the TPC and on the federal commission. Mr. Shultz noted that the TIME Coalition went around the state attempting to engage the MPOs and COGs involved in the framework studies. Based on the Coalition's analysis, the time for action is now – sooner than later. Mr. Shultz stated that it is the Coalition's belief that based on 29 percent of the system that is congested, it is very clear that this is the time to put additional revenue into the system. Based on the framework studies plan, they would be unable to be on the ballot until 2012, and it then takes five to eight years to get a service up and running and then you are at 2020. Mr. Shultz stated that the Coalition concluded that 2008 was appropriate for an election because of the following reasons: It is a general election with an expected turnout rate of 80 percent and analysis and public opinion polls show that people are concerned about changing the constitution of Arizona, which would be required to hold an off-year election, such as 2009. Mr. Shultz stated that it is the belief of many political analysts that since 2010 is a gubernatorial year with an open seat, it would be problematic for a statewide sales tax election. He said that based on public opinion polls he thought the state's citizens would not want to wait for a future election. Mr. Shultz remarked that the package is a work in progress. The TIME Coalition's intent is to finish an initiative, which would feature a source of revenue to raise \$42 billion over 30 years to fund the critical needs package. Mr. Shultz stated that the initiative language was expected early the following week and people could see that what they asked for was included in regard to where the money is going. He commented that the pots of money are generally consistent with what Mr. Mendez reported. Mr. Shultz stated that their objective was to go to the streets and gather signatures before the July 3rd deadline. He stated that he had been involved in this process for a long time and recognized the frustration of the cities and towns, which have individual challenges. Mr. Shultz commented that Mayor Cavanaugh, Mr. Smith and Mr. Anderson pulling this together statewide is on target. He stated that the Governor and the TIME Coalition believe that transportation infrastructure should be looked at in its entirety. Mr. Shultz stated that they understand that the political and planning structure would not get us there until 2012, which they find unacceptable and that is why they are taking these steps to put out an initiative.

TPC Chair Hawker stated that the initiative language would be important to see. He asked Mr. Mendez if their premise was to first come up with funding and then figure out the needs that could be addressed. Mr. Mendez replied that the results of the reconnaissance study provided broad impacts on a statewide basis. Then the regional framework studies emanated. Mr. Mendez advised that the Governor wanted the critical needs to 2030 determined quickly. She said to work with the planning experts. Mr. Mendez stated that they compiled all of the information on needs, and this totaled \$160 billion. The next task was to pare it down. Mr. Mendez stated that they looked at scenarios, such as increasing the gas tax, but settled on a sales tax increase of one cent, which generated the \$42 billion.

TPC Chair Hawker asked what would qualify a project to be a part of the \$42 billion, or does each project have to fight for a place in the \$42 billion to see if it can still qualify. Mr. Mendez stated that

they actually know specific elements. He said that in the MAG region, ADOT does not have full planning authority, so ADOT is suggesting there are several elements they can address in the MAG region. Eventually, they will have to take it through the MAG planning process. Mr. Mendez stated that funding shortfalls could be backfilled or RTP projects accelerated, or other projects that they identified in common sense issues, such as the mini-stack. He advised that there is a listing of projects that they need to go through with MAG on what could be done in the MAG region.

TPC Chair Hawker stated that Mr. Mendez mentioned the MAG region would receive 45 percent to 50 percent of the strategic highway projects fund. He commented that this was a huge difference and asked when would they know the number. He also asked when, before the vote, they would have a list of projects, a timeframe, and dollar figure spent on those projects. Mr. Mendez stated that the strategic highway projects component amount will be known in a week to ten days because it has to be in concert with the initiative language.

TPC Chair Hawker asked how they know the timeframe when the money will be released. Mr. Mendez stated that it would not be unlike the current revenue streams where the money comes in over a period of time. He explained that the way they accumulate the funds to be able to build projects is to bond in order to bring the money forward.

TPC Chair Hawker asked how much specificity would he be able to give his voters in regard to dollar magnitude and timeframe. Mr. Mendez replied that elected officials would be able to tell their voters on the strategic highway projects that specific projects that will be funded. He added that MAG would need to make backfill projects as a priority decision. TPC Chair Hawker asked if the decision making process would be a joint process. Mr. Mendez replied that was correct.

TPC Chair Hawker asked if projects would be listed specifically so voters will know what project, when the project will be constructed, and how much the project will cost. Mr. Shultz stated that the plan is that the initiative is the framework for the source of revenue and pots of money will be consistent with the critical needs package and certain pots of money in generalities. He noted that the package would be reviewed and approved by the State Transportation Board in time to file with the Secretary of State on July 3rd.

TPC Chair Hawker asked if he would need to wait until July 3rd to get specific information. Mr. Shultz replied that was true for the official document. However, prior to this time, projects and pots of money are being vetted, and will be known well before July 3rd.

Mayor Waterman asked how it was determined to settle on sales tax as the funding source when it was third on the list of those participating in the WestGroup survey. He noted that people indicated their preference for the other two sources. Mayor Waterman noted that in addition, with the extra percentage, cities and towns may not be able to utilize a sales tax for their own needs because this exceeds what anyone will want to pay for sales tax. Mayor Waterman asked why everyone was so set on sales tax by itself when people indicated there were two other options that were politically acceptable. Mr. Mendez stated that they listened to concerns and continued to make changes. He indicated that they heard that concern statewide and conveyed it to the Governor, and she conveyed it to the TIME Coalition. Mr. Mendez commented that the TIME Coalition's initiative is a private initiative. Mr. Shultz stated that

the sales tax raises \$42 billion over 30 years. He acknowledged that other sources are under consideration and will be finalized at the end of this week in order to get out the initiative as soon as possible. Mr. Shultz stated that the only delay is their legal team is working through complications because they want to ensure it is correct and legal. Mr. Shultz noted that they realized there is a problem with the level of sales tax. He commented that in some communities, it is not considered regressive because they do not have a tax on food or medicine. Mr. Shultz stated that in 1985, when he was promoting Proposition 300, they were told one-half cent would break the state. He expressed his appreciation that the sales tax rate is not the highest in the nation. Mr. Shultz expressed that everyone benefits from transportation and this is the most efficient way from a tax policy standpoint. The gas tax is becoming the least efficient source of transportation revenue.

Mayor Barrett commented on other revenue sources. He expressed his concern that it will be devastating to a city if its ability to raise funds for city needs is taken away. Mayor Barrett asked about taxing those items not being taxed, such as services. Mr. Shultz stated that he did not disagree, but the implication is creating a uniformity for sales tax. If they could go through the planning process and get to the ballot earlier than 2012, then they might change the state law and change the categories now exempted. Mr. Shultz stated that this was the first time they had heard that suggestion to apply the sales tax to those categories. Mayor Barrett encouraged giving serious consideration to applying tax statewide in this manner. Mr. Shultz stated that if the state changed the categories to include services, cities would probably change city sales tax as well. He commented that the reason the state is in this dilemma and taking action is because of growth. Mr. Shultz commented that it is time to move and get revenue to do projects that enhance the state's transportation system, alleviate congestion, and improve on the multimodal nature as the population becomes more dense.

Councilmember Aames stated that he liked the overall vision of the plan because it is comprehensive, but specific funding for light rail is missing. He commented on focusing more on where congestion is occurring than focusing on Phoenix to Tucson. Councilmember Aames stated that he sees too much money toward high speed rail and would like to see more money to light rail. He asked the distribution of payment to Maricopa County for public transit rail. Mr. Mendez replied that the high speed rail allocation is not broken down by county. He indicated that if the amount was broken down, a lot would be allocated to the MAG region. Mr. Mendez stated that what they are saying is that this is a statewide issue and handled through ADOT, not allocated to specific counties. That is why there are not individual allocations to counties on high speed intercity rail. Mr. Mendez noted that the local mobility program would distribute 60 percent to the MAG region and would be allocated on a population basis. He added that the transportation enhancements pot commits 60 percent to the MAG region for regional purposes.

Councilmember Aames asked about light rail funding. Mr. Mendez replied that they built light rail into local mobility projects. At one time they included \$1 billion, but as they increased local mobility, they built in the light rail component as a local issue. Councilmember Aames noted that the City of Phoenix objects to that and Phoenix is an important partner here. Mr. Mendez expressed his agreement and said that they feel they need to go through the details on a local basis.

Mr. Lunsford stated if the tax base is expanded, it would result in a single subject issue related to the state constitution and that would require two ballot questions or would complicate the issue, because one revenue stream would be dependent on the other.

No comments were received from those teleconferencing.

Regional Council Chair Cavanaugh stated that it is important to be able to tell the Governor the concerns of the MAG Regional Council and TPC. He indicated that he felt gratitude to the Governor, Mr. Kroloff, and Mr. Mendez for their efforts to find a solution to the transportation crisis. Regional Council Chair Cavanaugh stated that everyone needs to move ahead together. He stated that when requirements are under-defined or ill-defined, \$42 billion is too much money. Regional Council Chair Cavanaugh stated that a one percent sales tax is harmful to cities and towns because it limits their future flexibility, by taking their sales tax rates of eight to ten percent to rates of nine to eleven percent. He said he had suggested a two-part program at the April TPC meeting. Part one would reduce the 2008 program to requirements, for example, I-10 and I-17. Regional Council Chair Cavanaugh expressed that it would be wrong to wait because there is an initiative underway, but he had concerns about funding being applied to projects not defined. He stated that the framework studies would be completed in 2009, which involves the transportation needs for more than 50 years. A plan resulting from the studies then could be presented to citizens in 2012. Regional Council Chair Cavanaugh stated that the citizens could vote for a reduced plan in 2008, but would have a long range plan to consider in 2012. He stated that they really need something based on intelligent analysis, and time is needed to gauge the interests of the citizens over the long run.

Regional Council Chair Cavanaugh stated that the participation of the federal government is needed, and our legislators in Washington need to stand up and be counted for the state in transportation needs. He commented that the integration of rail and highways is important and he thought that could be accomplished in the long term. Where and how rail would impact highways could be determined through analysis. Regional Council Chair Cavanaugh commented on parity because some counties have their own transportation sales tax, some counties do not. He indicated that the residents of Maricopa County would have a problem with that and thought there should be a workaround.

Regional Council Chair Cavanaugh commented on the public/private partnerships definition. He said that this might involve right-of-way or toll roads, and need to be determined specifically. Regional Council Chair Cavanaugh stated that one question is how to take advantage of right-of-way donations. He stated that land owners are willing to donate land, but the question is how to capitalize on that opportunity. Regional Council Chair Cavanaugh suggested that perhaps for the first 15 years build parkways with total freeway right-of-way, which would save money.

Regional Council Chair Cavanaugh indicated that he thought the 2008 plan was looking at ways to spend money, not save money. He stated that we need to move from a lot of questions with few answers to answers that derive relatively few questions.

Mr. Mendez stated that he wanted to reiterate that on a statewide basis, they met with people and vetted the package, to which they made dramatic changes over the past few days. He added that they hope to finalize the numbers in the next week or ten days. Mr. Mendez stated that on a statewide basis, a

commitment is needed to plan for the future. The longer action is delayed, the worse the situation will be. Mr. Mendez stated that it is incumbent upon leaders to find a way to solve this crisis, and he requested the assistance of the leaders in the MAG region.

TPC Chair Hawker asked how the TPC roles and responsibilities would fit in with the ballot proposal that includes money allocated to subregions for dispersal. Mr. Smith stated that in the normal, preferred process, public involvement is sought to start building a plan. After discussion and agreement on the plan, a conformity analysis is done and the plan is included in the TIP and RTP, which are then approved by MAG. Mr. Smith advised that the federal law is specific that before any plan, program or project can be built in a nonattainment area, it has to undergo conformity analysis and be in the adopted TIP and RTP. He remarked that if the Clean Air Act requirements are circumvented, there are provisions for a citizens lawsuit.

TPC Chair Hawker asked if this process could be postponed until the election passed. Mr. Smith replied that he was not sure this same situation had occurred before, but proposals were given to MAG in 1994 by Governor Symington. In January 1995, the Regional Council approved them for public input, after which they went through the required process.

TPC Chair Hawker asked the options MAG could explore as a body. Mr. Anderson replied that his recommendation is after the list becomes available, the projects could be put into statewide and regional models to find out the impact. He advised that to do that, timing, a general scope and speculation on how the projects will line up with existing projects of Proposition 400 would be needed. Mr. Anderson stated that would be a policy discussion involving the Regional Council and TPC. He stated that whether the TIP and RTP are amended before or after the November vote, it is a risk to wait because the situation could put us out of conformity. Mr. Anderson added that the outer years are also risky and could push us out of conformity. He explained that we would have a list of projects that are not a part of an adopted TIP or Plan and therefore, could not be built.

Mayor Scruggs asked for clarification of her understanding that no projects would be defined and the money would come back to MAG where the process would determine the projects. TPC Chair Hawker replied that there would be a list of projects with no timeframe, no dollar amounts, and no knowledge of when they would be completed. He commented that this was a long way from making him comfortable.

Mayor Scruggs stated that MAG cannot approve plans, programs or projects without an air quality conformity analysis. She said that she understood there is no project list because MAG being a nonattainment area precludes it.

TPC Chair Hawker asked how the voters could be convinced to support the election if there is no specificity.

Mayor Truitt commended the Governor and Mr. Mendez for coming up with a statewide plan. He remarked that everyone will have to put in money to make it happen. Mayor Truitt stated that there is a quantified list, but it is difficult to go to the voters for a different plan when the last plan is not yet

completed. He stated that he has heard discussion of backfilling, but he was not confident that the existing plan will be funded.

TPC Chair Hawker asked if the TPC and Regional Council agreed to backfill and accelerate Proposition 400 projects in order, could that be delineated. Mr. Anderson replied that could be looked at. He said that the revenue stream would be needed to match up with Proposition 400 needs. Mr. Anderson advised that the difficult part would be the acceleration potential. The first step would be to look at the cost issues with the existing program and keeping the current schedule. The second step would be to look at possible project accelerations. The third step would be looking at how additional funds might be incorporated. Mr. Anderson noted that could be accomplished, but it is a fairly laborious exercise that would take a couple of months once the schedule and cost information are received.

Mr. Mendez clarified that the two-column list he showed in his presentation was the critical needs list they identified with MAG. He added that the same process was used with other parts of the state. Mr. Mendez stated that the critical needs from the MAG region are backfill and accelerations for the existing RTP, and the projects shown in the left column are the common sense projects that everyone can agree would relieve congestion. He commented that if congestion is relieved, it seems believable that the air quality will improve.

TPC Chair Hawker expressed his concern about running out of money because the dollar magnitude is unknown, and when it starts flowing, if it will accomplish the goal.

Councilmember Aames said that he would like the TIME Coalition, ADOT and the Governor to listen to Mayor Cavanaugh's suggestions. He said the suggestions make the program more palatable to voters and could provide options for additional types of revenue for future funding. Councilmember Aames commented that the election could come away with half of the program, or could come away with nothing.

Mayor Scruggs noted an additional piece Mayor Cavanaugh suggested at the April TPC meeting not mentioned tonight was that no one county would pay more than .75 percent in sales tax toward transportation. She said that this would mean that Maricopa and Pima counties would have a one-quarter percent increase. Mayor Scruggs commented that this begins to address the equity issue and that is a very appealing part of his proposal.

Mr. Smith read a written statement for the record submitted by Mayor Lopez Rogers, who was unable to attend the meeting. "The transportation needs in the state are great and I sincerely appreciate the Governor's desire to find solutions in our communities and across the state. Overall, I support the Governor's goal and the TIME Coalition's efforts in improving the state's transportation infrastructure. I do have two issues regarding the recent package that I would like to address. They are as follows: Source of Funding – Municipalities have had very little – if any – input regarding how to fund this statewide transportation plan. The creation of an additional one percent sales tax statewide for 30 years creates a growing fiscal challenge for local jurisdictions in our ability to raise local revenues for local needs. More consideration from the Governor's office and the TIME Coalition must be given to expanding the transaction privilege tax (TPT) base which would result in increased revenue at a lower rate than the one percent offered in this proposal. A recent report by the Arizona Department of

Revenue reveals hundreds of state sales tax categories are exempt from taxation. One example is personal care services. If personal care services were no longer exempt from the tax base, more than \$43 million a year could be collected. Thereby - expanding the tax base and lowering the rate. Asking taxpayers to impose a one percent sales tax on existing sources without serious consideration of expanding the base is a missed opportunity to lower the rate and create a tax system more robust and better able to withstand economic swings. Fulfilling Proposition 400 Obligations – Maricopa County voters were promised the completion of many projects as part of Proposition 400. Due to revenue losses, those projects most likely will not be funded. I strongly urge that the Governor’s office and TIME Coalition ensure that those unfunded Prop 400 projects receive funding priority over any other projects being secured in this new plan. Asking Maricopa County taxpayers to impose another sales tax on projects they have already approved in 2004 without some guarantee that those projects are funded first – creates real inequities for Maricopa County residents.”

TPC Chair Hawker expressed appreciation for all of the comments made tonight. He said that this concluded TPC business. The TPC meeting adjourned at 7:45 p.m.

7. Maricopa County Clean Air Initiative

This item was not considered.

8. Legislative Update

This item was not considered.

9. Comments from the Council

An opportunity will be provided for Regional Council members to present a brief summary of current events. The Regional Council is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

Mr. Smith noted that the Arizona Transportation Summit will be held on May 29, 2008. He said that many issues will be discussed, including public/private partnerships.

Regional Council Chair Cavanaugh noted that due to the length of the meeting, the Maricopa County Clean Air Initiative and the Legislative Update would not be heard tonight and would be presented at a future Regional Council meeting. Chair Cavanaugh stated that due to the Open Meeting Law, he was unable to explain his rationale for postponing the 208 amendment for Goldfield Ranch. He stated that this will be provided in a communication to everyone.

There being no further business, the Regional Council meeting adjourned at 7:47 p.m.

Chair

Secretary