

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
TRANSPORTATION REVIEW COMMITTEE

September 25, 2008

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

MEMBERS ATTENDING

Phoenix: Tom Callow	Maricopa County: John Hauskins
ADOT: Kwi-Sung Kang for Floyd Roehrich	Mesa: Scott Butler
Avondale: David Fitzhugh	Paradise Valley: Robert M. Cicarelli
Buckeye: Scott Lowe	Peoria: David Moody
Chandler: Patrice Kraus	*Queen Creek: Mark Young
El Mirage: Pat Dennis for Lance Calvert	RPTA: Bob Antila for Bryan Jungwirth
*Fountain Hills: Randy Harrel	Scottsdale: Dave Meinhart for Mary O'Connor
*Gila Bend: Vacant	Surprise: Randy Overmyer
*Gila River: David White	Tempe: Carlos de Leon
Gilbert: Stephanie Prybyl for Tami Ryall	Valley Metro Rail: John Farry
Glendale: Terry Johnson	*Wickenburg: Gary Edwards
Goodyear: Cato Esquivel	Youngtown: Lloyce Robinson
Guadalupe: Jim Ricker	
Litchfield Park: Mike Cartsonis	

EX-OFFICIO MEMBERS ATTENDING

*Regional Bicycle Task Force: Jim Hash, City of Mesa	Pedestrian Working Group: Brandon Forrey, City of Peoria
*Street Committee: Darryl Crossman, City of Litchfield Park	*Transportation Safety Committee: Kerry Wilcoxon, City of Phoenix
*ITS Committee: Mike Mah	

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

OTHERS PRESENT

Eric Anderson, MAG	Ray Dovalina, City of Phoenix
Monique de los Rios-Urban, MAG	Wulf Grote, Valley Metro
Dean Giles, MAG	Bill Hayden, ADOT
Bob Hazlett, MAG	David Johnson, Town of Buckeye
Roger Herzog, MAG	Brad Lundahl, City of Scottsdale
Nathan Pryor, MAG	Sue McDermott, City of Avondale
Steve Tate, MAG	Jenna Goad, City of Glendale
Tim Strow, MAG	Tom Remes, City of Phoenix
Eileen Yazzie, MAG	Julio Alvarado, ADOT
Steve Trussell, ARPA	Amanda McGennis, AGC
Patrick Weaver, Vulcan	

1. Call to Order

Mr. Tom Callow from the City of Phoenix called the meeting to order at 10:05 a.m.

2. Approval of September 28, 2008 Draft Minutes

Mr. Callow asked if there were any changes or amendments to the meeting minutes, and there were none. Mr. John Hauskins from Maricopa County moved to approve the minutes. Mr. Terry Johnson from the City of Glendale seconded the motion, and the minutes were subsequently approved by unanimous voice vote of the Committee.

3. Call to the Audience

Mr. Callow 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. Callow invited Mr. Eric Anderson to present the Transportation Director's Report. Mr. Anderson requested the members disregard the last two pages to Attachment Three, which was inadvertently attached to the agenda.

Mr. Anderson announced that July RARF revenues were down 11.2 percent from July 2007 and that FY2008 revenues were 3 percent lower than FY2007. He stated this was the first year to year loss in revenue since the inception of the tax in 1986. Mr. Anderson added that the August RARF revenues were down 9.1 percent compared to the previous year and that year-to-date RARF revenues were down 10.2 percent from the previous year.

Mr. Anderson stated the decline would probably continue throughout the fiscal year due to several factors including the collapse of the housing market. He informed the Committee that 40 percent of homes purchased within the last five years in the Phoenix metropolitan area have a net loss compared to the purchase price. He added that 50 percent of the homes sold in the second quarter of FY2008 were sold at a loss, and 38 percent of the housing transactions were foreclosures for that same period. Mr. Anderson noted a broad base loss of consumer confidence in the economy adding that MAG would continue to monitor the situation.

Mr. Anderson reported that MAG anticipated the publication of revised revenue projections by the Arizona Department of Transportation (ADOT) in October 2008. He warned the Committee that the projections would likely show a decrease in revenue. He reported the general consensus of the national media and local and regional experts suggested the economic downturn continuing would continue into 2010.

Continuing on, Mr. Anderson discussed construction and commodity costs. He stated that although construction bid activity had been favorably over the last 6 to 12 months, experts were speculating about an increase in bids amounts due to commodity pricing. Mr. Anderson reported a continued increase in asphalt cost and announced that a presentation would be provided later in the meeting on escalation causes pertaining to asphalt.

Next, Mr. Anderson addressed the status of the Freeway Life Cycle Program (FLCP) and announced a \$4 billion deficit in the program. He stated the deficit would likely increase once the revised ADOT revenues projections were released. He explained if the revised projection were lower than currently forecasted that the bonding ability of the program would be negatively impacted. Mr. Anderson stated that the bonding ability was originally built into the program; however, a lower forecast would result in a reduced bonding capacity.

Mr. Callow asked if there were any questions or comments about this agenda item. There were none, and this concluded the Transportation Director's Report.

5. Approval of Consent Agenda

Addressing the next order of business, Mr. Callow directed the Committee's attention to the consent agenda. Three items were on the meeting's consent agenda: Agenda item #6 (ADOT Red Letter Process), Agenda item #7 (Project Changes - Amendments and Administrative Modifications to the FY2008-2012 Transportation Improvement Program), and Agenda item #8 (Submittal of Paving of Unpaved Road Projects and PM-10 Certified Street Sweepers for MAG Federal Funding). Mr. Callow asked whether any members in attendance had questions concerning these items, and there were none. Mr. Hauskins moved to recommend approval of the Consent Agenda. Mr. Bob Cicarelli seconded, and the motion was approved by a unanimous voice vote of the Committee.

9. TRC Guidelines for Recommending Projects for Federal Funding

Ms. Eileen Yazzie from MAG addressed the Committee about the Transportation Review Committee (TRC) Guidelines for Recommending Projects for Federal Funding. Ms. Yazzie directed the Committee's attention to the attachment for this agenda item.

Next, Ms. Yazzie recapped the Committee's August discussion on guidelines historically used by the TRC to review project applications and select recommendations. She stated the attachment documented the guidelines discussed at the August meeting and included reviewing and considering:

- the rank ordered project application list from the Technical Advisory Committees (TACs);
- the Congestion Mitigation and Air Quality (CMAQ) evaluation (cost effectiveness scoring) and it's part in the TAC review process;
- the funding allocation recommendations from the MAG Regional Transportation Plan (RTP);
- the MAG RTP Goals; and
- the MAG RTP Priority Criteria.

Ms. Yazzie reported that Member Agencies had expressed an interest in more narrow and focused guidelines. Next, she requested the Committee's guidance on how to proceed with developing the project selection guidelines. She stated that in January 2009 the TRC would begin the project review and selection process and suggested that finalized guidelines be in place at that time. Mr. David Moody from the City of Peoria asked if Ms. Yazzie to send the comments received to the Committee. Ms. Yazzie explained that the comments received to date were informal and non-specific.

Ms. Pat Dennis from the City of El Mirage asked if it was possible to establish a working group to resolve this issue. Mr. Anderson suggested that the Committee conduct workshops in lieu of forming a working group. He explained that workshops would allow for greater flexibility. Mr. Hauskins agreed stating that if a Committee Member could not attend the workshop a proxy could be sent in their place whereas with a working group this was not possible. A brief discussion followed, and the Committee and MAG Staff present informally decided to hold a workshop on the TRC Guidelines for Recommending Projects in November 2008.

Ms. Yazzie thanked the Committee for their guidance and announced that a MAG Staff would conduct a workshop in late October or early November. Mr. Callow asked if there were any additional comments in the agenda item. There were none, and this concluded the discussion on the TRC guidelines for recommending projects to receive federal funding.

10. 2008 Annual Report on Status of the Implementation of Proposition 400

Continuing on to the next agenda item, Mr. Callow invited Mr. Roger Herzog from MAG to provide the 2008 Annual Report on the Status of the Implementation of Proposition 400. Mr. Herzog informed the Committee that under Arizona Revised Statute Section 28-6354 MAG was required to issue an annual report on the status of projects funded through Proposition 400. In addition, the statute required MAG conduct a public hearing, which was scheduled for early November 2008. Mr. Herzog announced that the full version of the report was available on the MAG website.

Mr. Herzog reiterated the decreased RARF revenue collection discussed by Mr. Anderson in the Transportation Director's Report and announced a 2.6 percent decrease in federal revenues due to impact of increased gas prices on travel patterns. Revenue projections are being updated, which will likely result in lower long-range forecasts. He continued stating that the structure of future Federal transportation funding programs also represented a major uncertainty explaining that the funding legislation expired at the end of FFY 2009. Mr. Herzog anticipated a continuing resolution for funding due to the election year.

Mr. Herzog announced that the estimated future costs for the Transit Life Cycle Program (TLCP) were currently in balance with projected revenues. He reported that future revenues from FY2009 through FY2026 were forecasted at \$6.315 billion for TLCP while future costs for that period were estimated at \$6.312 billion. Mr. Herzog informed that Committee that costs were rising faster than anticipated and revenues are not expected to keep pace, at least in the short term.

Mr. Herzog stated that if revenues continued to decline, new bus service implementation may

be impacted in the future. In addition, existing bus service may need to be reviewed to ensure that productivity goals are met. He reported that during FY 2009, RPTA would examine closely the assumptions used in estimating both revenues and expenditures for the Transit Life Cycle Program.

Next, Mr. Herzog addressed the Arterial Life Cycle Program (ALCP). Mr. Herzog explained that reimbursements were capped for projects in the ALCP therefore the program was not experiencing the same issues as the FLCP and the TLCP. Mr. Herzog announced that the total estimated future regional reimbursements for projects in the ALCP were in balance with projected revenues. He reported that future revenues from FY2009 through FY2026 were forecasted at \$1.864 billion for ALCP while future disbursements for that period were estimated at \$1.703 billion.

Mr. Herzog noted Lead Agencies' difficulties in providing the required matching funds, and other scheduling and resource issues, which resulted in the deferral of a number of arterial projects by implementing agencies. He reported that Lead Agencies deferred \$46 million in federal and regional funding from FY 2008 to later years. He added that MAG Staff anticipated project scope changes and rescheduling would continue to occur in the future, as local jurisdictions continue to face a variety of fiscal issues.

Continuing on, Mr. Herzog addressed the Freeway/Highway Life Cycle Program (FLCP) in greater detail. Mr. Herzog announced that the unadjusted future costs of the Freeway/Highway Life Cycle Program were currently in balance with projected revenues. He reported that future revenues from FY2009 through FY2026 were forecasted at \$10.273 billion while future unadjusted costs for that period were estimated at \$10.008 billion.

Mr. Herzog cautioned that the cost estimates did not include the impacts of construction cost increases and project scope changes on the Freeway/Highway Life Cycle Program, which currently were being evaluated. He stated that the new preliminary estimated program costs increased to \$14.9 billion (2008\$). In 2003, the base planning estimate for the FLCP costs was \$8.5 billion. Mr. Herzog announced that price inflation for commodities, construction and labor added \$3.7 billion to estimated costs. In addition, scope changes added \$2.7 billion to the estimated costs.

Mr. Herzog reported that \$1.4 billion inflation allowance was included in the program at the time of development. However, the unprecedented cost increases have exceeded the inflation allowance by \$2.3 billion. In addition, a \$1.3 billion contingency allowance was included in the program at the time of development to account for scope changes. To date scope changes have exceeded the allowance by \$1.4 billion.

Mr. Anderson explained to the Committee that the preliminary cost estimate were provided by ADOT in June. At that time, ADOT reviewed the FLCP and updated unit costs to generate revised cost projections using completed scopes. Since then, revised project costs have been submitted. For instance, the South Mountain Freeway project cost estimate increased by \$600 million. Mr. Anderson cautioned the Committee that costs continue to be volatile. A brief discussion followed.

Mr. Herzog informed the Committee that the new program estimate exceeds estimated funding by approximately \$3.3 billion. He stated that the difference was subject to future increases,

depending on the outlook for inflation, facility design contingencies, further cost estimate refinements, and updated revenue forecasts. He explained that given the potential deficit of approximately \$3.3 billion, a major effort to achieve a balance between future program costs and available revenues would be required. Mr. Herzog reported that potential approaches to balance the program balance could include enhanced financing methods, project phasing, extension of the programming period, and adjustment of project schedules.

Mr. Johnson from Glendale suggested that ADOT should revise cost and revenue figures annually. Mr. Anderson concurred and stated that MAG had requested that ADOT review the planning estimates. He stated that the cost estimates for the High Occupancy Vehicle (HOV) lanes were fairing better than the cost estimates for the new freeway alignments. Mr. Anderson explained that ADOT generally revises cost estimates by project as figures become available; however, a program wide update is not conducted annually. A brief discussion followed.

Mr. Callow asked if there were any additional questions or comments on the agenda item. There were none, and this concluded the Annual Report on the Status of the Implementation of Proposition 400.

11. Design Guidelines for the Arizona Parkway

Next, Mr. Callow invited Bob Hazlett from MAG to present of the design guidelines for the Arizona Parkway. Mr. Hazlett reported that the Arizona Parkway concept was derived from a recommendation from the Hassayampa Framework Study and was being carried forward to the Hidden Valley Framework Study.

According to Mr. Hazlett, the Arizona Parkway is a type of arterial concept which has been recommended for these areas. Mr. Hazlett explained that the Parkway concept has been in use for over forty years in seven states, particularly in Michigan. He reported a marginal cost increase over conventional arterials as well as near freeway level volumes and a context-sensitive design.

Mr. Hazlett summarized the primary differences between a typical arterial treatment and the parkway design. He stated that the parkways generally require a 60 foot medians and 200 feet of right-of-way and include up to eight thru lanes. A typical arterial includes a 12 foot median with 130 foot right-of-way and include six thru lanes. Mr. Hazlett explained that although direct left-turns are prohibited, indirect left turns are permitted. He reported that the State of Michigan noted a reduction of 60 to 75 percent in injury crashes as result of the indirect left turns on the parkways.

Mr. Hazlett stated that the parkway concept reduced signal phasing to two-phases, which made progression with other signals easier. He reported that the concept has received national recognition from United States Department of Transportation. He referenced a report by the Federal Highway Administration, which recognized the parkway's ability to accommodate large amounts of traffic under safer conditions.

Next, Mr. Hazlett provided an overview of the approach implemented in Michigan. He provided examples of Woodward Avenue, Telegraph Road, Northwestern Highway, and Michigan State Route 78. Mr. Hazlett stated that “fishhook signs” were used to instruct drivers how to accomplish indirect left turns on the parkways. He provided implementation examples in rural and urban settings as well as the appearance from an overhead and ground level perspective.

Mr. Hazlett acknowledged the efforts of Maricopa County on studying the concept. Results of the study conducted by the Maricopa County Department of Transportation (MCDOT) indicated that using the parkway approach reduced delay by 33 percent, stops by 21 percent and travel time by 10 percent compared to a conventional transportation network. Mr. Hazlett reported that using the parkway approach would reduce the number of conflict points at intersections from 32 conflict points to 16 conflict points.

Then, Mr. Hazlett provided an overview of the MCDOT design guidelines for the Arizona Parkway. The project, initiated in January 2008, included a site visit to Michigan to review the implementation of the technique, a state of the practice assessment, draft design guidelines, and a final report, which was published in July 2008. The final report addressed the following aspects of the parkway concept:

- cross-sectional elements;
- access management;
- median opening geometrics;
- multi-modal accommodations;
- traffic elements;
- phasing; and
- typical intersection configurations.

In closing, Mr. Hazlett directed the Committee’s attention to various resources which are available on the topic. The resources available included enhanced parkway reports and the MCDOT design guidelines. He also announced an Arizona Parkway website available on the Maricopa County website.

Mr. Callow asked if there were any questions or comments about the agenda item. Mr. Randy Overmyer from the City of Surprise informed the Committee that the concept has been included in the City’s Transportation Plan. He announced that a corridor improvement study had just been completed with MCDOT’s assistance on a 5-miles segment and stated that City anticipated a parkway being completed within the next five years. Discussion followed.

Ms. Pat Dennis from the City of El Mirage inquired if MAG intended to create different functional classifications. She questioned if the concept would be going to the MAG Streets Committee for review. Mr. Hazlett explained that presentation was for information and discussion only. He stated that the information was available for Member Agencies use, if they so choose. He added that the MAG modeling department would recognize roads designated as parkways for air quality modeling purposes to reflect the air quality benefits the parkway concept can provide.

Mr. Callow asked if there were any additional questions or comments on the agenda item. There were none, and this concluded Mr. Hazlett's presentation on the Arizona Parkway Design Guidelines.

12. Proposed ADOT Contract Provisions for Commodity Price and Availability

Moving on, Mr. Callow invited Mr. Patrick Weaver, the Regional Manager for Vulcan Materials Company, to present on contract provisions for commodity price and availability. Mr. Weaver stated his presentation would address the asphalt industry's risk and exposure due to extreme price changes in petroleum products and potential solutions.

According to Mr. Weaver, liquid asphalt pricing has increased from approximately \$325 per ton to more than \$800 per ton in the last year. He stated the cause of the increase was due to the amount of demand exceeding supply. One reason he attributed to the reduced supply was that refineries have more options outside the paving industry to supply their bottom-end products, such as coker feed, heating oil, and bunker fuel.

Mr. Weaver reported that the Phoenix Metropolitan Service Area consumes between 5 to 6.5 million tons of asphalt per year. He stated that the average percent of oil in a ton of asphalt ranges between 5 and 5.5 percent. Given the price change of liquid asphalt of \$475, the cost of impact to a ton of mix ranges from \$23.75 to \$26.15. As a result, the cost impact to region based on current consumption has increased from \$118 million to \$170 million total cost.

To address the cost increase, Mr. Weaver suggested potential options for the Committee's consideration. First, he proposed allowing more creativity in the design mix used for roads. Toward that end, he encouraged Member Agencies to consider Reclaimed Asphalt Pavement (RAP). Mr. Anderson inquired why RAP was not permitted in Arizona. Mr. Weaver replied that RAP did not meet the State of Arizona's established specifications. A brief discussion followed. Mr. Weaver also proposed eliminating prescription asphalts. He recommended performance mixes which allow for optimization of oil contents without sacrificing quality, in his opinion.

Then, Mr. Weaver asked Mr. Julio Alvarado from the Arizona Department of Transportation to discuss the second half of the presentation. Mr. Alvarado's portion of the presentation focused on contract provision for commodity price adjustment for diesel fuel and bituminous material. He explained that ADOT, in partnership with industry and Federal Highway Administration (FHWA), developed specifications to minimize risks and impacts to contractors, subcontractors, and material suppliers of price fluctuations in diesel fuel and bituminous material. Mr. Alvarado reported that the provisions for bituminous material were instituted in January 1987 and the diesel provisions followed in September 2000.

Mr. Alvarado explained the benefit of including escalators provisions into construction contracts included minimizing risk, leveling "the playing field" at bid time, removing uncertainty, and enabling adjustments (increases and decreases). He added that the negative impact of the provisions included increased cost to projects. Mr. Alvarado explained that each contract includes a provision that trigger the price adjustment. At ADOT, the trigger is established at a 15 percent increase or decrease in cost.

Next, Mr. Alvarado provided an overview of the project eligibility requirements established by ADOT for contracts that include the escalator provision for diesel. According to Mr. Alvarado projects must have an estimated cost of \$1 million or more, with earthwork exceeds 20,000 cubic yards, have an aggregated quality exceed 1000 cubic units per yard, and asphaltic concrete quantities that exceed 5000 tons. Then, he provided the requirements for a bituminous material cost adjustment. The requirements included the cost of asphalt oils, emulsions, asphalt rubber material, and asphaltic concrete.

Continuing on, Mr. Alvarado provided a summation of ADOT's cost experience with the escalator clauses. He stated that ADOT had realized both cost increase and decreases as a result of the clauses.

Mr. Dave Moody acknowledged representatives from the asphalt community in the audience. He inquired about their satisfaction with the contract clauses. The audience members expressed satisfaction with the clauses and suggested resources for the Committee Members to use in regards to the issue. A brief discussion followed.

Mr. Callow asked if there were any additional questions or comments on the agenda item. There were none, and this concluded the agenda item.

13. Member Agency Update

Mr. Callow asked members of the Committee if they would like to provide updates; address any issues or concerns regarding transportation at the regional level; and asked if any members in attendance would like to address recent information that was relevant to transportation within their respective communities. There were none, and Mr. Callow moved to the next agenda item.

14. Next Meeting Date

Mr. Callow informed members in attendance that the next meeting of the Committee would be held on October 23, 2008. There being no further business, Mr. Callow adjourned the meeting at 11:47 a.m.