

**STATEWIDE and REGIONAL TRANSPORTATION PLANNING FRAMEWORK
POLICY COMMITTEE MEETING**

Wednesday, February 18, 2009

Felipe Zubia: Unfortunately we don't have as much participation as we had to start out with and as I said before anybody that does have any contact with any of the COGS, MPOS anybody on the policy committee, I would urge you to encourage them to attend, particularly as we start getting into the actual planning. So with that, let's go ahead and start off with introductions, to my left here is Mayor Paul Loomis. Paul, go ahead.

Mayor Loomis: I'm Paul Loomis. I am Mayor of the Town of Oro Valley and representing the Pima Association of Governments.

Becky Hill: Hi, Good Morning I am Becky Hill and attending on behalf of the Arizona Transit Association for Paul Miller this morning.

Felipe Zubia: I know we have Tom Dorn here with the APA (Arizona Planning Association) he must have stepped out, but on the phone do we have anybody on the phone with us?

Jennifer Toth: Sharon, are you there?

Sharon Mitchell: I sure am, Sharon Mitchell with SEAGO.

Felipe Zubia: Alright, well given we have a light committee here we will go ahead and get started, and start off with Jennifer, I am assuming you are going to get into just a quick two minute update on organizational changes as everybody knows that the Interim Director of ADOT named Mr. John Halikowski, is that correct? So Jennifer I will let you, you are probably in the more in the loop than I, so if you can give a quick update.

Jennifer Toth: Sure we had a meeting with Mr. Halikowski yesterday in relations to the framework studies and he is very supportive of the multimodal aspects of the framework studies and continuing forward with the direction that we have been headed with the Framework Studies in addition you know, he emphasized the close coordination with all of our partners including the COGS and MPOS and continuing that as well as enhancing that and moving forward into the long range transportation plan that the Framework Studies are the basis for what we are doing and launching us into the long range transportation plan. So very supportive of where we are headed in terms of the Framework studies.

Felipe Zubia: I guess more specifically dealing with this committee though I know Victor attended regularly. I am assuming that planning is going to be taking a more active role, either yourself, Rakesh or somebody else is that a fair assumption?

Jennifer Toth: Correct. And I apologize for both of them. We are in midst of budget meetings today, right at this moment, so neither one of them were able to attend today.

Felipe Zubia: Okay. Understood, I appreciate it Jennifer. Alright then we are going to jump into old business and we are right back on track it is 10:20, and well start with Brent Cain.

Felipe Zubia: Hi there. Did we have somebody join us on the phone?

David Wessel: Yes, this is David Wessel in Flagstaff.

Felipe Zubia: Great David, welcome, appreciate it. David we just wrapped up introductions and we are getting into the first part of the old business and Brent Cain is prepared to give us a presentation.

Brent Cain: Hello, Good morning everybody, Brent Cain with HDR part of the management consultant team for the Framework Study. I am going to provide a brief overview of the Travel Demand Model (TDM) that we have been working on for the last year and a half or so. We've actually developed two models; one is a sketch planning tool, as well as the robust statewide travel demand model. I will talk a little more about the sketch planning tool, the statewide model is a three step model. We took a trip generation distribution assignment and we're also looking at a vehicle component, as well as commercial or truck activity. To talk a little bit about the sketch planning tool, we wanted to make sure and capture the interaction outside of the State of Arizona, so we looked at Southern California, Nevada, Utah, New Mexico and Mexico. It is not a true travel demand model, but a sketch planning tool that we use to feed into the statewide model, we use this to look at the interaction with the State of Arizona and again it uses average based on traffic counts. This map just illustrates the area in compass of the sketch planning tool. We incorporate obviously Arizona, but also Southern California, the Vegas area, Utah, Colorado, New Mexico, and also Mexico, again we wanted to make sure and capture the influences outside the state. This is feed into the statewide model. This image is actually the model itself, the statewide travel demand model; we are modeling all state highways and Interstates as well as what we call roads of reasons of significance. What that means in the Phoenix area, it's the major arterials lets say, for example in the Navajo nation its DIA roads that connect the major facilities or areas. I don't want to get into details

of the model itself, but this just kind of provides an outline of what is contained in the model we look at different trip purposes as shown on the screen and we also look at long distance trips. We want to make sure and capture the trips that are longer than 50 miles which is recreational travels modes. We use standard production and attraction of means of generating traffic cross classification for household side, and employment side we use attraction rates. We use employment information as office, industrial service, and also special generators such as Military institutions, Universities, Airports and I believe that's it. The other thing that we did incorporate in at the end as I mentioned is the long trips. On the commercial side or the truck, we used two different methodologies, the NCHRP quick response method where we broke that out to single unit, multi-unit trucks. We thought that is very important as part as the statewide model and incorporated that because, particularly, in rural areas trucks account for significant portion of traffic. Also, we used the transfer's data that ADOT is wrapping a report up on. We actually used that as well too help establish what the commodity flows we used within the model. We've developed 2005 as a base year, 2030 and 2050 population employment estimates. Listed here are just the various sources of information that we had used. We essentially used all accepted and adopted land use and social economic plans that are out there That was the basis for driving our population employment estimates.

This table shows the estimates for 2005, 2030, and 2050 by county. We estimate in 2005 about 6 million people. We estimate by 2050 for Arizona to grow to almost 15 million people. Some of the notable ones you can see on this table. Pinal County is looking at significant growth, growing up to 2 million people, as well Yavapai County growing over one million people. This schematic map illustrates the density which shown on the left is 2005, what is showing on the right is the estimated 2050 and you can kind of see the trend of the megapolitian that spans from the Mexican border all the way up to I-40.

Additionally, another figure that was developed was looking at more of a 3-D scale. As mentioned we want to make sure and capture the influences outside of the State of Arizona. We had developed this sketch planning tool to capture that. One of the things that feed into that tool is population estimates. So if you look at California and other areas outside there is significant growth that is planned outside of our state that will influence our state. For example, looking at Southern California, their change in population between 2005 and 2050 is approximately 12 million people or 13 million people, which is what our state will be by 2050. Also, other areas that are showing significant growth are Southern Utah, Southwest Utah as well as the Vegas regions. So we want to make sure and capture that as part as the statewide model.

Felipe Zubia: Brent on that note, on population, where do those numbers come from and are they current?

Brent Cain: Yes. A lot of this information we had gathered from other states MPOS, COGS, and their web sites. We also contacted them directly to get what their estimates for what their projections where.

Felipe Zubia: And what about backing up to Arizona though, where do we get those numbers from?

Brent Cain: A lot of that was obtained from other previous studies. We use the SATS, COGS, MPOs, what models where available, MAG, PAG, and all the MPOs information to get the forecast.

Felipe Zubia: More directly though, I think there has been, and I thought I saw Dennis show up, but I think that MAG was looking at updating their numbers or their projections based on not only current economy, but in fact some of the data with regard to housing starts or actually how many of those homes are actually occupied anymore. Then again I know we may be splitting hairs here, but, the numbers that you are using are they the most current, reliable data?

Brent Cain: The numbers that we obtained where basically the summer of last year and these were the estimates that where derived at that time. I am assuming it is hit or miss obviously and it is dynamic process in forecasting the population in employment figures. Especially with the economy down, turning down, this may or may not come in to coition by 2050 the economy may come right back up.

Felipe Zubia: Well, I apologize, and I apologize for digressing, but if I could just real quick have Dennis address that issue also, I think it is pretty important of course because it is the basis of what we are doing here and I would just like to have some assurance that somebody is looking at that. I apologize for putting you on the spot Dennis.

Dennis Smith: Executive Director of the Maricopa Association of Governments. About two months ago we adopted a new set of projections and it's not a complete overhaul of the car it was more like a valve job. We understand what Felipe is saying that with the downturn in the economy you're going to have a lot greater vacancies and this was a minor adjustment to our projections, but when you are getting out to 2050 there is such a variance, so I am not sure that your numbers would be that far off from the earlier series that we had. So it's probably in pretty good shape.

Felipe Zubia: Great, I appreciate the clarification Dennis. Brent go ahead. Jennifer, do you have something to add?

- Jennifer Toth: Yeah, if you don't mind me adding a clarification too, that when we start a modeling process and Brent can explain this a little bit more, but there is a point in time where you have to pick in order to build that model. What Brent is showing you here today is a culmination of a almost a years worth of work to build that model, build the network, etc. so it's real important to know that you know if there are adjustments that need to be made they could be made in the future. Where we are in the process right now we would have to completely redo the model essentially because you are changing the total input and assumptions that go in the beginning of building that model. So I just want to make it clear so that we understand
- Felipe Zubia: I appreciate that, yeah, I don't think that there was any intent on changing any of the input, just reassurance that in fact that we are keeping an eye on that issue.
- Jennifer Toth: Absolutely, and I can also tell you from ADOT's prospective of our new Data Integrity Section that we are continuing to look at that and update our figures as we move forward as well.
- Felipe Zubia: Yes Paul.
- Paul Loomis: Just one emphasis that this Framework Study that we are doing is going to be the document for planning transportation in the future it will probably get used throughout the state and so I think one of the things we need be sure that we do is to be sure we do have the document references for the populations numbers. I agree that the numbers do not need to be exact and the changes that are going to be occurring for the 2050 future are something that we going to be planning for. We have to recognize that they are not going to be exact because of interruptions from one year to another. If we have the foundation documented, than we know where to go to look for the future changes as time goes on in the future.
- Felipe Zubia: That is a very good point, so essentially just a consistent reliable source that would be cited and any updates in the future would rely on that consistent source.
- Brent Cain: Absolutely. What we don't show here is that we actually developed a working paper specifically addressing the land use assumptions that was actually an input put into the model
- Felipe Zubia: Yeah I think we went through that last meeting in December.
- Paul Loomis: Right and the big thing I want to include is who did you talk to? Who did you talk to in Utah to get the number? From them? Or where did they get their source from? Because that's going to all be part of the balances in my point.

Brent Cain: Absolutely, and that is all documented.

Felipe Zubia: Okay, great.

Brent Cain: Since the social economic data actually drives what the traffic forecast will be what we have done with this is developed a baseline condition. On the left is 2005, on the right is 2050, which is existing plus committed which essentially funded projects to date. Using the 2050 social economic data, what we show is actually severe congestion throughout most of the urban areas, all of the urban areas, but also throughout the rural areas as well too. It is very apparent that a No Action plan is not an option. Another pneumatic map that was created to help illustrate this is what I call Isochrones, on the left is 2005, on the right is 2050. It basically goes from cold to hot in increments of time. With the blue you are looking at half an hour to an hour, all the way out to red which is up to six hours. In this particular example we looked at Show Low. So it is actually travel time out of Show Low into the rest of the state. You can see basically from Show Low to the Phoenix area that it's three and a half to four hours. Looking at 2050, on existing plus committed with no improvements other than what's funded, it's going take well over six hours from this particular location.

I think this is probably; well this is similar to all other locations throughout the state. Part of the Frameworks Study general process, I think Jen will talk more about the various scenarios and get into these later in the presentations. We have scenario A, B, and C. Personal Vehicle Mobility, Transit Mobility, and Focused Growth. We have taken the first cut in incorporating this in to the Travel Demand Model. Still a work in progress, but we've got the model running getting some results out of it. So with that I know it is difficult to see on a statewide level, but scenario A, it does show congestion in the urban areas, but not nearly what we are seeing in the baseline congestion. It does seem to operate fairly well.

Scenario B, again similarly, there's a lot of improvements that were incorporated in all the scenarios and they seem to all work much better without the existing points committed. This is the Transit scenario, and again there is congestion in the urban areas, but for the most part does work well throughout the state.

Then there's scenario C - Focused Growth. What we are showing in the colors with blue is free flow, and I apologize for not explaining this earlier. Red is severe congestion, stop and go traffic. Some of the parameters that will be taken out of the Travel Demand Model part of the evaluation criteria is some of the performance measures we are looking at additional centerline miles, vehicle miles per travel (VMT), vehicle hours of travel (VHT), delay and also efficiency. Some of the observations, initial observations, that we've seen with the various scenarios is A has the most centerline miles, B obviously has less since it is more transit orientated. As far as VMT, Scenario B has the least overall and that is primarily due to the lack of roadway, and additional

roadway capacity. Scenario A provides the lowest overall delay with the highest travel speeds. And looking at Scenarios B and C, there was a reduction based on a non-auto trip anywhere from 2% to 16% that did help alleviate the traffic congestion. With that I will turn it back to Jennifer who will take the questions.

Felipe Zubia: Any questions here around the table or on the phone? Yes, Mayor Loomis.

Paul Loomis: Could you expand a little bit on the differences between the scenarios? Your saying that basically Scenario A, is pretty much the only one that adds additional roadway capacity?

Brent Cain: Actually they all add additional roadway capacity. Scenario A probably adds a lot more than the other two scenarios, Scenarios B and C.

Paul Loomis: Okay so there is limited capacity added to the others. I am noticing this and it looked better, I can see it better on the slide than what was presented is that at looking at the scenarios they seem to get worse as you go on.

Brent Cain: Right. We are at additional roadway capacity as on Scenarios B and C, however Scenario A has the most because it is more of a roadway based scenario, where as B and C have more emphasis on transit and smart growth principles.

Paul Loomis: Okay.

Felipe Zubia: Okay, is that it?

Paul Loomis: Yep. Thank you.

Felipe Zubia: Great thank you Brent, I appreciate that.

Jennifer Toth: Alright. I want to say that I am real excited because this is the first time we have been able to really get the model going and present you with the results. Well not the first time that we've got the model going, it's been going (laughing), it's been in production for quite some time. We're just real excited that we have the tool available now that we've moved forward with the three different scenarios, to be able to see what that does for our VMT's, for congestion, etc. Where we are in terms of the Framework Study? We've gathered input, we developed the scenarios, and we are now in the evaluation portion of those scenarios. What we are trying to do right now is take the regional scenarios, and we have stitched them together. I don't like using that word but it's probably the best word right now on in terms of putting the four different regions together. In addition, we had a meeting with MAG, and we've had a meeting with PAG to develop what projects and what, for each of those three different scenarios associated with their regional transportation plans, updates and what their doing in terms of their Transit studies. MAG Transit Framework, their commuter rail study and then also PAG, with their

high speed transit study, and their bike and pedestrian study as well. We're integrating those and being able to see how then those inputs and those different projects or those different scenarios will perform with the model as well. I'm not going to cover the scenarios, we had those in here, but I think the important thing that we want to kind of move on to the new business and get to some of the funding tools.

Everybody's seen the three different scenarios numerous times and Brent just covered those as well. So as I mentioned, we are in the process of rolling out the statewide scenarios. We held a meeting last week with Management Committee and the Regional Advisory Team to look at putting all four of those regions together and where some inconsistencies may be. One region may have it listed as a freeway and another had it as an access controlled Interstate. We wanted to make sure that we discussed some of those inconsistencies, and were able to look at how do we present this in a unified fashion and resolve those before we moved into the special interest workshops.

As I mentioned before, we are working with MAG and PAG, on their different scenarios. We've also had most of the border states input and that's depicted in the margins of the maps with the key points that came out of some of those meetings. The one that we do have to continue with is scheduled for next week, February 25 which is the New Mexico DOT. We will be bringing that information back and wrapping up a border states report which we can distribute to this group as well. Another aspect, starting next week, we have the Special Common Interests Workshops as you see listed here. We have economic development, natural resources, tribal communities, planning professionals, resource agencies, development community, and were doing a major freight user in conjunction with the rail component of the Framework Studies. In addition, we kicked off the Rail Technical Advisory Team on January 28th, and we are having a joint coordinated effort with MAG on March 25 of the rail stakeholder groups pulling their group together with our group and looking at common issues and what's happening on a local basis as well as a statewide basis. In addition, as we move forward well be looking at assimilating all this input from the common interests groups, what we have heard from the public in the November timeframe, the committee inputs, and the evaluation criteria and how does that all then funnel us down to a preferred scenario as we move in to the summer months.

Felipe Zubia: Okay great. Jennifer, real quick, Tom Dorn has a question.

Tom Dorn: Hi. I have a question regarding these interests groups. Do you have a listing of who you're going to ask for each of these groups? Is that something we could see? Because we may have other organizations or parties that may be interested that may be overlooked.

Jennifer Toth: We do. Kristin can provide that to you. The invitations have gone out but we can continue to add to that, absolutely.

- Tom Dorn: Okay. Great. Thank you.
- Felipe Zubia: On that note I would like to (interruption) go ahead Tom if you are not finished.
- Tom Dorn: I just wanted to make sure that all of the parties that would be interested, that I am aware of, are invited.
- Felipe Zubia: Just to supplement that I would encourage you to pull members from this actual committee who are involved for instance, we have a BLM representative here, we have planning association, transit representative. I would pull them directly in, and schedule time with their organizations to do that.
- Jennifer Toth: We have them. We are in the process of scheduling some with Game and Fish as well, some separate meetings, and we can definitely meet with BLM and Forrest Service as well.
- Felipe Zubia: I know that MAG and PAG are doing theirs. We've got separate frameworks for those, but I am aware of new partnership between GPEC and TREO, where they are really pushing the economic development of that Sundt Corridor between Tucson and Phoenix. I would add them to the list if you could, in fact, just contact GPEC directly (The Greater Phoenix Economic Council).
- Jennifer Toth: They are on the list for the economic development group.
- Felipe Zubia: Ok great. Well you are ahead of the game. Go ahead.
- Becky Hill: I have one more question please. How do we see that the interest groups from the federal perspective are included? As SAFETEA-LU comes up for re-authorization, federal priorities change if the Transportation Research Agenda evolves; how do we plan on using, taking those changes and applying them to the scenarios over the course of next year?
- Jennifer Toth: You know, that is a very good point. Where we are in authorization as compared to the timeframe for this study? I think that what you will see is as authorization comes forward in any new regulations associated with those would be incorporated into the Long Range Transportation Plan. Which is where we are launching into and the frameworks provide the basis for that. Not necessarily, perhaps incorporated in the Frameworks Studies just from timing prospective?
- Felipe Zubia: Is that it?
- Woman: Just a quick comment the reason I asked is because I get the feeling that just because think tanks and foundations and research groups out there have a

pretty strong voice in terms of policy. And I don't know to what extent, it might help to have someone with them to see what direction their headed just to avoid surprises more than anything else but I think it might be an interesting exercise as we try to project where we are going to be in five or ten years in terms of National Transportation policy.

- Women: A lot of those groups have already done composition papers on the upcoming re-authorization we can look at that as well. We can have that. That is a good idea.
- Felipe Zubia: Great thank you. Any other questions? Let's move on here. Appreciate that Jennifer, again any other questions on the phone? If not then we will move on to new business. Thank you, Jennifer.
- Jennifer Toth: Complete Streets. I know that this was a topic brought up at the last policy committee in terms of areas that this committee wanted to review. We are in the process of developing through grant applications with the Governors Office of Highway Safety, a complete streets workshop. The first would be April 7, which would be a two hour overview, and anybody could attend. The second one would be targeted towards the MAG region, and the third with the statewide prospective. Those second two dates on April 8 and 9 are actually all day workshops. Whereas on the 7 is a two hour overview. I think we wanted to approach this committee and see, Felipe if there were any volunteers that wanted to attend in relationship to this committee and report back out to the April Policy Committee Meeting.
- Felipe Zubia: That is a great suggestion; just expedite it in fact with the connection there with planning I would certainly love to see Tom get involved in that if possible and anybody else maybe a second member here or on the phone that would be available. What were the dates again Jennifer?
- Jennifer Toth: The first one will be April 7 and that will be a two hour overview, and as details get flushed out I will be able to send that out to the whole Policy Committee. Then the next dates would be on April 9.
- Felipe Zubia: Again Complete Streets is just really mobility on trying to coordinate, pedestrian, transit, and traditional facilities. Is that a fair summary?
- Jennifer Toth: That is a good summary.
- Felipe Zubia: Okay, great. Tom!
- Tom Dorn: Mr. Chairman. I would be happy to participate or get someone from the Arizona Planning Association to be there.
- Felipe Zubia: That would be great.
- Tom Dorn: Yeah.

- Felipe Zubia: Appreciate it. Great then you will be the Committee's official representative. A lot of responsibility comes with that Tom. (Crowd Laughing)
- Tom Dorn: Hey, wait a second...okay.
- Felipe Zubia: Great alright, thanks Jennifer.
- Jennifer Toth: Okay. Again I just want to mention in terms of the rail coordination, we are hosting, with MAG, a statewide coordination meeting on March 25 and looking at holistically at everything that is happening within the MAG region and across the state, and coordinating those stakeholder groups together, I want to emphasize that.
- Felipe Zubia: I don't want to spend a lot of time on this because it could be a big hornet's nest, frankly, but there is no statewide overseeing body for rail right now. Obviously, MAG has the most vested interests in seeing that this is successful. Again, I know that we are coordinating with them, but how closely are we actually in lock step on this issue with them?
- Jennifer Toth: Yeah, we have established monthly rail coordination meetings with Kevin Wallace, myself, John, and their consultant and Kristin is part of that as well. We're trying to work with what do we overlap? Can we go to the public at the same time with certain information so that we are providing it in a unified front? As well as looking at where does commuter rail go? What's the connection with commuter rail and high speed rail? How does that serve the regional level from a MAG prospective? How do we serve that at a statewide prospective? How do we unify that and move forward?
- Felipe Zubia: Well I suspect that, and I haven't spoken with anybody at MAG, but I suspect they see some of the same coordination difficulties by not having one overseeing body. What's their take on it? Is there any move at the state level to deal with that issue? Because ultimately I'm, in my own opinion, I think there needs to be some coordinated entity that oversees that, particularly, MAG, Pinal County, and PAG.
- Jennifer Toth: Well I can't speak for MAG, I will let Dennis do that but in terms of ADOT's prospective I don't know if we've initiated those conversations, at least not on my level. They may have happened at the Directors level, but I will turn it over to Dennis to answer.
- Felipe Zubia: I apologize, Dennis, for pulling you back up...
- Dennis Smith: Mr. Chairman, members of the group here. We had some early concerns with the duplication effort with the rail study and the rail funding that was going on. We want to make sure that we weren't wasting the tax payer's money. As a result, we had a discussion with Victor, at that time, MAG, and basically everything within the Maricopa County border, and those routes adjacent to it.

Then we would be cooperatively working with the ADOT studies because they're going to need input from us in order to complete the routes that are going further out. I think we have that sorted out. There is a lot of money being spent on commuter rail right now, and we've got to make sure that we use it effectively. So, we've had those meetings and I think its working well.

Felipe Zubia: Great, well, I appreciate that Dennis. As it makes sense then as part of this statewide plan to have some sort of recommendation or suggestion within the document as to how to best coordinate that cause since we are talking about a 2050 horizon. I don't think it makes sense to stay silent on that issue. I mean if it works best the way it currently is, than let's recommend that there's a better way to do it, maybe that should be a recommendation as well.

Jennifer Toth: I think there's definitely a next steps portion, in terms of rail, and exactly what you're bringing up. I think what we're trying to do from the Framework prospective is to find where the need is, and then the next step could be as part of the document, not necessarily defining what that government structure would be, but saying that this is the next step in terms of taking rail to where we need it to be.

Felipe Zubia: Okay, great thank you. Mayor Loomis.

Paul Loomis: Just a question. Are you including in this Statewide Framework Study for the Northern Rail some representative from Northern Arizona and Southern Arizona? I guess, not being extremely familiar with it, I'm not sure that PAG is either. I know the issue that PAG is really focused on, but with the two different lines, one on I-40 and the other on I-10, we need both of them to be part of this. I would guess.

Jennifer Toth: Yes, and all of the COGS and MPOS are represented on the Rail Technical Advisory Team, as well as, the railroads, including short lines and Class 1 railroads as well.

Paul Loomis: Okay, thank you.

Jennifer Toth: That's true. One of the next steps in terms of gathering information for rail is working with all of the COGS and MPOS to host some focus groups. We're going do it in a tiered situation. One will be in the Phoenix area, working with MAG to co-host that on March 25. We've approached PAG about doing one in the March and April timeframe. Then we'll be looking into Flagstaff. Also we'll look into the Kingman, Safford, and Yuma areas as well. Thank you, Kristin.

Felipe Zubia: Great, thank you, Jennifer. Curt I see you kind of standing in the wings there are you ready to hit the ground running here?

Curt Lueck: Thank you, Felipe. I think my goal today is to try to establish a common base of information about current and potential transportation funding sources and

then when I get done I am going to leave you with three suggestions on things to focus on.

Felipe Zubia: Great.

Curt Lueck: I have about thirty slides, so hopefully I will get us back on track here. Just by way of overview, obviously the transportation system of Arizona's multi-model system is extremely important for many reasons, but I cited three of them here. One is for economic development, and Lord know we can use a little of that right now, one is support of our Western lifestyle, and one is to enhance the quality of life. Transportation funding is a shared effort. There's federal, state, and local funding involved. There is also a private sector commitment, by building sub-division streets or building something more giant like a toll road. The information I have on these slides is really something that we have been putting together over probably the last twenty years since we did the first transportation plan for PAG. Most of the information, the data sources are available on the internet, if you are curious enough you can go out and look at some of these things in more detail. Particularly if you are interested in subjects, and I'm not going to spend a lot of time on that today like transit, Indian Reservation roads, aviation, those kinds of things. I am primarily going to focus on roads today. The Arizona population growth, of course, has been something that has been continuous since even before World War II, and I have two exhibits in this slide that show the increase in Arizona population from 1970. The total population was about 1.8 million. Today we are about almost about six and a half million. This kind of gives you a sense of the magnitude of rural versus Arizona, excuse me, urban population in Arizona. If you look at the chart on the lower right, you see that same information, in a stack bar chart, but it's at 100%. What you can see is that the percentage of rural population in Arizona is essentially unchanged, and it's typically about 25 percent. We have lots of transportation issues in Arizona, and I gave a presentation a few weeks ago at the Rural Transportation Summit. When I was doing some research for that it was kind of interesting because there really isn't an agreed upon definition for rural. If it's not an agreed upon definition for rural, I guess there's probably not one for metro either.

When we start looking at the different funding challenges and the different sectors of the state, obviously it becomes, from a policy prospective, it becomes fairly complex. We do have lots of molds as I mentioned. I am going to emphasize highways in this and I am not going to discuss at all such things.

Where does the funding come from? This is really transportation funding 101. The two primary sources we have are at the federal level we have is the gas tax, 18.3 percent per gallon, and at the Arizona level we have gas tax as diesel fuel and so on. There is about eleven different sources that go into the Highway User Revenue Fund, you will see the infamous distillery diagram a little bit later, on this, and local revenues also. Typically if you consider all taxes are local, what happens is that the money goes up to the federal

government, and about 20 percent roughly comes back to a local level. The funding that goes to the state level, about half of it comes back to the local level, and the money that's generated locally stays there at the local level. Private funding is available from dedications of right-of-way from construction. In other areas, obviously, we have things as toll roads and operating a toll ferry system, toll bridges all those kinds of things, we don't have that here.

I want you to really pay attention to the last bullet on this, and that is bonding GARVEES, TIFIA's, and all those kinds of things are really not a revenue source. They're financing mechanism; they are like an agency credit card. So I am not going to spend much time talking about that. This is kind of an interesting chart that shows, and again, this is a stacked bar chart. It shows the history of the Arizona and federal gas tax going back to about 1920 or 1921. Arizona is on the bottom, that lighter green color or lighter blue, is the Arizona gas tax rate and the federal gas tax rate you can see actually started to come in about 1930, roughly. To me what's off putting from a policy prospective on this are the plateaus that are there. You can see where we have very long periods with no increase in the gas tax revenues. It is on a per gallon basis and it really is helped to complicate our transportation needs issues. The current accumulated gas tax for Arizona and federal is about 36.3 cents; it's about 18 cents for the state and 18.3 cents for the federal government. There is also a one penny; we use to call it LUST (Leaky Underground Storage Tanks) they dropped the "L" on it and now it's just the USD the (Underground Storage Tank) fund. That is paid at the pump in Arizona and it goes to ADOT and then ADOT then sends it over to a different department for use in salving that tank problem. This is an interesting chart here, it shows what happened with retail gas prices, and probably all of you are consumers of gasoline, you can see what's happening here from 2003 to 2009. Obviously we had a huge price spike last year where when gasoline got to a little over 4 dollars per gallon. This chart shows both the Arizona average and the national average in gas. A couple of weeks ago I found a charge slip underneath the passenger seat in my Prius, and I am going to talk about that car a little bit more in a few minutes as well. It was about 4 dollars per gallon and it was just from a few months ago. So we are back down to a half of that right now. The reason I mentioned that even though gas prices have fluctuated considerably over the last few years we have seen a generally increasing trend in gasoline sales until recently. And if you look on the upper right corner of that chart that's in the upper left, you will see a slight decline, and that is very unusual.

What we have going on right now is a decline in prices and we have a decline in sales. That's a tough issue for an economist to figure out just looking at transportation. If you look at the global economy I guess it's no surprise things are slowing down. The existing major sources at the federal level are at the highway trust fund which is allocated by formula. Arizona gets about 92 cents back on every dollar that's paid at the state level though we're essentially a donor state. The State Highway User Revenue Fund, also allocated by formula, is extremely complex. It's a little simpler than it was a

few years ago due to some legislative changes, and the uses are defined by statute essentially and I am going to show you a couple of charts here in a minute.

At the local level, we have sales taxes, for example Maricopa county half-cent sales tax. There are four counties that have the half-cent, Pima, Pinal, Gila and Maricopa Counties. Impact fees are used generally in the higher growth areas of Arizona. Although they are also applicable in other parts of the state, some use the general fund also. There are discretionary funds of course, some people call them PORK. All transportation funding sources at the bottom point here with the exception of fuel fund have use of limitations if it's from a federal or state agency. The private sources exactions, dedications roadway construction improvement districts, and community facility districts. The last two I think are, well certainly the second to last one is somewhat under utilized in Arizona. The Improvement District can be used to help resolve current deficiencies in the roadway system by establishing a district that gives commercial areas with needs to access improvement and so on. Community Facility Districts (CFD) were an extremely hot topic until the growth in Arizona came to a grinding halt. CFD is somewhat like an improvement district, it uses a tax increment financing basically from the new development to pay for all kinds of infrastructure required for new growth when it occurs.

Felipe Zubia: Curt, can I break in real quick?

Curt Lueck: Yes.

Felipe Zubia: Is there any sense on, and I am just gathering my thoughts a little bit, on the funding? You said the break down come from gas tax, HURF, user fees, private, and then bonding. Is there any sense anybody has to what the current percentages are for our reliance on anyone of those categories within the state?

Curt Lueck: Yeah, within the state I will show you the chart here in a minute.

Felipe Zubia: Okay.

Curt Lueck: At the local level, there is a huge reliance on the Highway User Revenue Fund. You'll see that there's, I think there's under reliance on local revenues in Arizona and obviously the state also relies on HURF as well as federal funding.

Felipe Zubia: Okay, I will wait for that.

Curt Lueck: These are, if you are familiar at all with ICETEA and SAFETEA-LU then you're familiar with these different funding categories at a federal level, I won't go into detail on those. federal funds for Arizona are programmed by ADOT and by the MPOS. Obviously there is competition between counties and between local jurisdictions for federal funding. A lot of it is on a

competitive basis. For example, enhancement projects either state or federal, people submit projects at the local level for sidewalk or bike and PED type of facilities, and then they compete statewide for some of the revenues. In the last authorization before FY 05 through 09, in Arizona about 3.25 billion, 92 percent with returns and a majority of it is under control by ADOT. Arizona funding, again, federal type revenue fund, the last gas tax increase that we had was in 1990, when the Arizona gas tax went from 17 cents to 18 cents, and that extra penny was not intended for transportation purposes. It was intended to be for DPS. So, actually, the last gas tax was increase for transportation purposes was about 1987, or somewhere in that timeframe. It was quite a while ago. So again, think back at those plateaus on that chart that I was showing you.

Felipe Zubia: Tom.

Tom Dorn: I have a question Mr. Chairman. Take me back to 1990 that one penny was for DPS?

Curt Lueck: Yes.

Tom Dorn: Is that with current appropriations that we've all been aware of? The HURF sweep, you know they take sweep, the legislature has been sweeping money out of the state highway fund, shifting it over to DPS. Does that, is that happening in addition to a penny that's already been ear-marked, if you will, in 1990 for DPS?

Curt Lueck: Well actually, I think Tom that the intent of the one-cent from 1990 somehow got lost. There was a period of time when the amount of money that went to DPS was less than that one penny amount which is about 25 million a year. So I think they're kind of catching back up. I never see a citation back to the 1990 Legislative Act.

Tom Dorn: That's very interesting; because I wonder if it would be interesting to research the legislative record to determine if that was the intent of the legislature to discontinue sweeps once and for all. Then we'll just do a penny to DPS and call it a day.

Curt Lueck: Yeah, that would be an interesting exercise, the JLBC published a report about three or four years ago, that has the entire history of HURF and well of the gas tax basically and so you can actually track some of the Legislation.

Tom Dorn: Mr. Chairman. Is that something that we could ask the committee, because that could sure go a long way, I mean to, putting more money into the HURF for statewide use. Is that something we could ask staff to research a little more?

Felipe Zubia: Restate the question that you would like to have them look at.

- Tom Dorn: The question is: was it the intent of the legislature in 1990 by doing the additional penny sales tax on gasoline intended to fulfill the needs of DPS? Therefore we would no longer need to be doing sweeps from the state's highway fund to help fund DPS. You guys know what I am talking about?
- Felipe Zubia: Yeah, I think I get what you're getting at. You want some sort of analysis as to how that came about what the intent was.
- Tom Dorn: Yeah it would be nice if a recommendation coming out of this Framework Policy Committee eventually is a historical reminder to the legislature and the Governor that what you have been doing for the last eighteen years should have not been happening and the money should be left in the state highway fund for use for roads instead of swept over to DPS.
- Felipe Zubia: Well, as long as I could be assured that they won't ever do it again, I am all for it Tom, so... (Laughter)
- Tom Dorn: Yeah, Legislative intent is only as good as the attorney that's working on it.
- Felipe Zubia: Yeah, I don't mind having some reference to that in the report, but I think really digging into it a lot is, I don't know if it's going to have, how much of an effect it's really going to have if you want to summarize (interrupted).
- Tom Dorn: Well, I guess I am really looking for a recommendation coming out of this group. A recommendation or a reminder, an official reminder coming from this group that in 1990 that issue was to be resolved once and for all.
- Felipe Zubia: Yeah, I don't have a problem putting something out of the report at least just a historical reference to the gas tax.
- Tom Dorn: You know where I am headed.
- Curt Lueck: Yeah, one answer you might want to consider is the Underground Storage Tank penny and see if that is really needed yet for its intended purpose. The HURF, once collected by the state for various funding pots (interrupted by Felipe).
- Felipe Zubia: Real quick on that thought, real quick going back to Tom's comment, maybe we deal with that in the next steps. If there's some way in the next steps we could say, well this one penny was allocated for DPS, for instance, the next step may be a recommendation to look at the need for that still today, so just to clarify.
- Curt Lueck: Sure.
- Felipe Zubia: Just to clarify. Thank you, go ahead Curt.

Curt: Yeah you're welcome. The Highway User Revenue Fund is, as I mentioned, is allocated by formula, and is primarily populations based. Forty-nine percent goes to local jurisdictions, and divided amongst the counties and the municipalities. Local Transportation Assistance Systems Fund, there is two of those, LTF, LTAF I and II. They are primarily from the lottery fund, and for most jurisdictions, for the larger jurisdictions it is primarily for transit. Now interestingly this and I think this is important as the, this Policy Committee elaborates on the funding, there are a lot of constitutional restrictions on how this revenue fund can be used, by gas taxes and so on. Those restrictions are cited here, Title 9, Section 14 of the Constitution in several Supreme Court decisions dealing with certain actions and I want to talk about a Phoenix Lawsuit here in a few minutes as well.

This really ties hands a lot primarily with HURF only being used for roadway purposes, and not for transit. That really is the impediment right now. You can, however, use the HURF for indirect transits such as bus pullouts, and pedestrian crossings and those kinds of things. This as a matter of fact, here is this case, the City of Phoenix vs. Popkin in 1963. The City of Phoenix tried to impose a two-cent per gallon gasoline tax at the pump, not a sales tax, but a per gallon tax and Mr. Popkin and his anti-tax group came out and went through the entire Judicial process and it ended up in the Arizona Supreme court. The Supreme Court looked back at the Constitution and said only the state can charge a tax on gasoline. When we start to look later on that the local options that, we may have to have some Constitutional revisions as well. Felipe, you were asking me before of the reliance on HURF, this pie chart is from 1998 it's for MCDOT (Maricopa County DOT). Believe me it hasn't changed in the last eleven years, and all I want you to get from this chart is that big green thing, that is the reliance that Maricopa County DOT has on the Highway User Revenue Fund. It's huge. It's over 80 percent, this is very typical for counties and municipalities in Arizona. There are a bunch of, and in this case for MCDOT, there are several other funding sources. MCDOT does have an impact on these and so on but this reliance is there. So if we have a shrinking fund, the Highway Users Revenue Fund yet increasing needs we've got a huge problem. I will try and clarify that in a few minutes.

You've all probably seen this before, this is the first refinery, or the distilled diagram, and this is usually in ADOT's interim reports. It is very descriptive, the top tank shows several revenue sources that contribute to the Highway User Revenue Fund. This is the gas tax, diesel tax, vehicle license tax, and 42 percent roughly of the vehicle license tax paid here goes into HURF, and so on. Then you can see the outflow of economy, the outflow of last year that went to the DPS. There was some additional outflow down in the lower right corner also, with DPS I think it was together like \$20 million, something like that went to DPS, well about \$12.9 million went to DPS last year. So anyway, what we did is took this and what's missing from this chart really is order of magnitude, and that is really all were trying to do with this chart. This is a simple bar chart, over on the left, the vocal line the inflows, in other words, the items that are on the top of that distillery diagram and so the size of the bar

you can get a rough idea how important each one of these different revenue sources are. Then over on the right, the outflow is below the act access, and you can see where the money actually is going. ADOT in the one column, general use, cities, towns, and counties are the three big ones. You can see the end ones, such as the economic strength, DOA, and so forth.

Tom Dorn: Quick question. The DOA, what, what is the DOA funding?

Curt Lueck: That a Department of Administration.

Tom Dorn: Yeah.

Curt Lueck: I think what's happening there, is ADOT is paying Department of Administration for handling some of the records, I don't know for sure.

Tom Dorn: Oh, okay thanks.

Curt Lueck: I do have another version of this chart that has a citation for all of legislation as well. This chart is interesting as well from a policy prospective. What it shows for the eighteen years is, as a percent of which of these revenue sources in HURF is the most important. As we go back over to 1990 in the far left you can see the green line for example, which is the vehicle license tax, counted for about 15 percent, and as we go out, you can see that now it has almost doubled that in percentage, it's about 30percent. If you look at the dark blue line which is gas tax, you can see that going down. The reason for that as a percentage basis of course, is that the gas tax has remained at 18-cents, it hasn't been affected by inflation. The license tax, which is primarily based on the price of vehicles is indexed inflation indirectly, which is based on the price of vehicles and they're going up over time. What's happening is that the vehicle license tax is becoming more important revenue resource over time than the gasoline tax. Again I will give my Hybrid example in a couple of minutes.

Inflations affect is huge. The replacement tax today, as I mentioned, Arizona's tax today is 18-cents. It will be about .31 to .32 cents and replacement. This chart takes a little bit of explanation, if you go back to the year 1990, our last increase to 18-cents a gallon and we either inflate or deflate that 18-cents over time, we can see what the affect it has on buying power or what the replacement gas tax would be. If we had 19-cents in 1990, if we deflated that and actually had some buying power of 10-cents today, in other words we can only have 10-cents of materials if we would go back in time, or if we wanted to somehow buy as much as we could back in 1990. The tax would have to be increased to about 32-cents. Its 18-cents so were off 14-cents profitable issue.

Here I wanted to look at several factors combined. Most of the agencies that rely on HURF, are fairly pinched but they probably really haven't quantified why but that's what I am trying to do here. We're going to look at three factors. The first is the HURF collections and these are actual year, actual

dollar collections from 1988 and it's actually over a 20-year period. In 1988 there was about \$600 million. In 2008, as you remember on the last charts, \$1.3 billion roughly. That's good news, it's going up. It's had a very slight decline recently, and here's what I, and originally I just put this in as Arizona's population, but I'm going to call this demand on the system, and I am using population as a proxy. Another way you might look at this, is, that each person in Arizona accounts for about 10,000 vehicle miles of travel per day. You could put a different spin on it if you want to, essentially it's Arizona's population growth over time.

This is the Construction Cost Index normalized to 1988. If in 1988 the Construction Cost Index was one, and it wasn't, it was 820 or something like that, but this is how construction costs increased in that same 20-year period. Now I put together those three factors. The actual HURF in dollars, the population demand system, and the Construction Cost Index and this is what you get. Basically this is called index, you could call it whatever you want to, but if in the year 1988, we had a hundred, and this really this is 170 dollars of HURF per person is what we had in 1988 but if we normalized that for population, or system demand, and for the Construction Cost Index we would have a 110 of those units and it's going down. So it's a huge profit, basically we have only about 65 percent of the revenue available than we had the last time we had an increase to the gas tax.

I mentioned before, I thought it was about new technology, and my Prius. Originally I put up this slide in defense of my Prius, I don't have to apologize for it anymore (laughter). I don't think after running the numbers here. What I wanted to show was basically two equivalent vehicles and the taxes that are paid. This includes sub tax to transportation fund tax; on the left is the Prius and has a sale price of about \$23,000, the equivalent car, a non-hybrid, in this case it's a Camry, has a price of about \$17,650. Then if you look at the table you can see the assumption, which is pretty good, about gas mileage and about how mileage is driven per year, how much gas tax is paid by each of these vehicle's owners. Then over a ten year period the vehicle license tax that's paid. As you recall, the vehicle license tax goes down about 16 percent each year. It's based on manufacturers base price for the first year, and each year it goes down a little bit to a minimum of \$20.00 dollars or something like that. Basically the bottom line on this, in comparison between the two vehicles, this is the accumulated taxes paid by the two vehicle owners over time, that the Prius, even though it's getting better mileage, it's earning a little bit more in taxes, because the price of the vehicle is higher. This kind of gets back to the chart before, where I showed you that the vehicle license taxes are becoming more important over time and the gas taxes becoming less important, you can kind of see that for my Prius.

There are a lot of potential revenue sources and they call for a couple of different categories, generally these categories are, what we can do with current legislation and what we can do with revised legislation. The sources are generally a very long list and we have done this for a couple of other

studies and it can create a fairly long list of candidate revenue sources and screened out for the ones you like, and don't like, sort of like policy categories. One of the things we can do is to expand the current revenue sources. These are available in most jurisdictions under the current legislature. Some jurisdictions have you, are working on a map right now that shows which local revenue sources are being used by the counties and municipalities in Arizona. So you would be able to take a look and see who is being aggressive and whether it is an opportunity and its possibility to increase federal funds, and you know that's certainly happening with the current federal legislation. Increase the gas tax, more grants, and those kinds of things, utility fees for right-of-way corridors increasing the VLT, all of those things. These are primarily increases of current fees and taxes. An important one really is the countywide half-cent sales tax. Here are two quick examples. The first is from MAG. Most of you have been around Arizona for a while; you are familiar with this program. It's helping to build and maintain freeways here, major streets, partially funding the light rail system and so on, projected revenues are about \$8.5 billion through the year 2026. Some of that money will be used for bonding, and the net actually is the cost of borrowing \$5.5 billion after debt services. Here is a Pinal County example. You have a rural or urbanizing county, I don't know how to define Pinal County as of right now, except for the fact it has changing and its also clearly aggressive about transportation revenue, There again, their second twenty year period with the half-cent sales tax, they have a cooperative relationship with all of the jurisdictions and completed some very important projects recently. Parkling Drive and its I-10 corridor, and SR 79 just opened that up a couple of months ago. Their projected revenue here, this projected revenue was presented at the Rural Transportation Summit as well by the Pinal County staff. Local sales taxes are important for several constitutes here in the Valley that have sales taxes that are primarily for transportation purposes, but others as well. Buckeye has a 3 percent construction sales tax, and I will be talking about construction on that here in a minute.

We may need to have, if things can't happen at a state or federal level, locally we may have to more sales tax. Development Impact Fees are important as well, the statues are virtually the same for both cities and counties, I think about two thirds of the agencies in Arizona that could have impact fees now could not have before. About one third does, in other words two thirds don't. There are lots of regulations associated with catch bird requirements associated with impact fees and there's also some legislation that's been introduced for revising impact fees in Arizona. I haven't been monitoring those though. Maricopa County and Santa Cruz County are two counties that are actively considering impact fees right now. The Maricopa County one right now is not surprisingly called MCDIF. It is about halfway through that study. Goodyear imposes a slight impact fee for transportation and higher fees for other purposes. Most jurisdictions have a fairly high fee for transportation, for roads particularly, and lower fees for other things, such as park and municipal services. Pima County, this is a project that I have been working on, is more than doubling fees in what is called the Southwest Infrastructure Area

Plan or the SWIP. The third fee, this is for transportation, is \$4,500 per home and that is going to go to \$10,700. So, that will be one of the highest in the state, once adopted. Here is a list of some things that really aren't used; general funds are almost never used for roadways, general funds are almost always used for transit, and that's because we can't use highway funds for transit, so most local jurisdictions are using general funds for that. There is a Transportation Property Tax, that all counties in Arizona can impose which is 25 cents per \$100 of assessed evaluation. No Arizona county is currently doing that, but there also is a statute that allows the establishment of a Municipal Transit Authority. That's kind of interesting because a city or a group of cities can form one of these Metropolitan Transit Authorities, and they work out their annual budget. If there is a shortfall, they just go and knock on the door of their Board of Supervisors, and the statute compels the Board of Supervisors to impose a property tax to cover the shortfall. No one is using that Legislation right now. Of course we have current Toll Road Legislation in Arizona that needs to be revised but it is on the books. Here is a list of some new sources that require either legislation or constitutional amendment or both.

There are a lot of options, and I just cited a few of them here, Local Option Gas Tax for example, that is what the City of Phoenix tried to do in 1963. The Arizona Supreme Court said they could not do it, because a gas tax indexed against inflation. That obviously is used in some states. Wisconsin has that and California has portions of that as well. Look through that list, there is probably a couple hundred different transportation record options. These tend to be the kinds of ones that are used most frequently. We have a huge issue in Arizona of course, trying to increase taxes, at the state level due to Proposition 108 which requires two thirds vote of the legislature. Of course we have about one third of the current legislature, roughly, have signed a no tax pledge. If you require a two thirds vote to have the statewide tax approved and you have a third of the legislatures already have said that they are not going to raise the tax, it's going to be really difficult to get some kind of statewide increase. The legislature will probably have to go to a vote of the public. Again, I talk a little bit about the supermajority requirement here. There are some possible work a rounds if you look at the State Constitution. There are three exemptions in there for the supermajority requirement which means it's a need of only a simple majority. One is counter acting effects of inflation. The second one has to do with non-prescription things that are set by staff, basically of fees for example. For example ADOT right now doesn't charge for the review of traffic impact report when it comes in. Sometimes they will hire a consultant to do it, sometimes they do it by staff, but you know that could be a four or five thousand dollar review fee. There are some options available, and the last one, really is where I think we have an opportunity, are things that are imposed by counties, cities, and towns. Let's take the City of Phoenix. The City of Phoenix wanted to impose a sales tax, on the sale of gasoline, I think they can do that without violating the Constitution and certainly without requiring any action by the state Legislature that's different than the per gallon

gas tax report. There's a lot of legal debate about all this stuff, I am not a lawyer, just wanted to throw some opportunities out there.

- Jennifer Toth: I just wanted to highlight a few potential Legislations or Bills that are actually out there right now. One is: House Bill 2396 which has to do with any form of private entity submitting a proposal has to demonstrate that it is in compliance with Arizona Statue for regulating foreign corporations. Senate Bill 1261 is in reference to methods of procuring transportation facilities that there could be best value, or un-solicited proposals, and specific authority is granted for public private partnerships that permit the private partner to collect user fees, Senate Bill 1359 is that a municipality is permitted that deals with cities and towns more so than the ADOT system that they are allowed to construct, operate and finance Toll Roads. Senate Bill 1463 are procedures set forth which public entities can enter into the public private partnerships. So as a follow up to Curt's discussion in terms of Legislation and that potential funding options, these are what's out, these are the Bills that are, can't talk right now, but there out there right now.
- Felipe Zubia: Great, thank you Jennifer. Why don't we go around here with any questions for Curt on his presentation? Any questions, right now, around the table? Alright if not, let's go to the phone line to see if we have questions for Curt? Nope. Okay great we have one here from Mayor Loomis.
- Pual Loomis: Curt, you mentioned an interesting one on the Municipal Transit Authority County property Tax.
- Curt Lueck: Yes.
- Mayor Loomis: Now does that have to be initiated by, if you don't have it in place, does that have to be initiated by a vote of the people, or could it be initiated by the Board of Supervisors?
- Curt Lueck: It can't be initiated by the Board of Supervisors, but it can be initiated by Town Council, or City Council. So it's one or more municipalities working together. I don't know what they call it or if they're required to vote.
- Paul Loomis: Interesting.
- Felipe Zubia: Curt, it was a great presentation. Very, very good. It helped highlight the issues a little more clearly. In fact with regard to not only on decreasing revenues, but why and where we will be coming more reliant on certain revenues.
- Curt Lueck: I did promise you, three policy concepts to keep in mind, as we move forward with the plan. We really kind of got three overlapping circles. One that's dealing with resolving today's congestion as soon as possible. That's clearly a distinct set of policies. We've got infrastructure that's failing. We've got the capacity problems even if there where no more growth in Arizona. The second

set of policy issues really has to deal with getting ready for the next growth spurt. How can we be smarter about dealing with transportation to better include transit alternate modes into those kinds of decisions? So, getting ready for a few years from now. The third one is a little more visionary and that's for preparing for changing vehicle technology. You know we're so reliant now, at the federal and state level on gas taxes, if we switch over to electric vehicles, there won't be any gas taxes. That is something I think that is coming in line with when we start to see vehicles within five years coming in the main streams, so we need to think real seriously real quick about how we start to bridge the gap as these technologies change.

Felipe Zubia: Those are great suggestions in a round about way It has been brought up before with this board. Which kind of gets in the scenarios A, B, and C with regard to mobility, technology and gas prices we foresee. On that note also, what I am trying to do here is on the Policy Committee stay at the 30 thousand foot level, and not dive in to the weeds but does it make sense to have a discussion, recommendations, or part of the report and I'm just opening this up for discussion. A policy, a recommendation on a percentage break out as to what the goal may be for the next five, ten, fifteen , fifty years on where we get our revenues from. For instance, I see the graph showing 85 percent of our funds coming in the HURF, VLT area, does it make sense to, and again I'm kind of thinking off the top of my head here and try to come up with something that shows a little bit more of a balance between private dollars that are out there. Bonding, is there a certain amount that we want to keep under with the regard to bonding since it eats so much into your future revenues? Then getting into the HURF and VLT; does it make sense to come up with a policy as to becoming less reliant to the gas tax, and trying to shoot for a goal of X percent to bring it down to within certain amount of years. So again, these are just high level policy discussions

Jennifer Toth: Put our fingers together and really look at, kind of the three areas that Curt proposed there you know. What happens if we just continue maintenance and construction? What happens if we, if the gas taxes go extinct because were just not using gas anymore? Those are all options that we need to look at, especially from long range transportation plan because we see that as setting our strategic direction for where we need to head. This process is actually a perfect place to start that discussion and be able to outline some of those options and where we need be.

Felipe Zubia: Well, then again, and that kind of really relates to the existing proposed legislation that's out there. I support what's being, for instance, I think its Senate Bill 1261 of Public Private Partnerships dealing with Toll Roads. I think those are worthy goals, but again I think that the legislature is looking at it as somewhat of a vacuum, and not really looking at it. Well, how does that fit in to the overall puzzle, with regards to percentage of overall funding and reliance on certain areas? I understand, I think I read this weekend the Governor may be considering a referendum going out this summer to deal with, not necessarily transportation, but just general funding issues with the

state and maybe this spring. That soon, huh. I've got to assume that transportation is got to be part of what she's thinking I may be wrong but, No?

Paul Loomis: I don't think so.

Felipe Zubia: Well I guess it shows you how much in the loop I am. I get my question answered on the spot. But again, I agree with you Jennifer. I think there needs to be a larger discussion even while this is going on so at least there are some direction here in the future as to how we are addressing our funding needs.

Jennifer Toth: Also, one other factor you may already be assuming it, but that federal gas tax is declining as well and they're looking at options as well to do with that. I assume your monitoring that, and maybe those are, we can make a mold after that. And how are you dealing with that? Or how do you want to deal with that?

Curt Lueck: Sure, at the federal level there was a big push. Both in research and fuel cases on what's called the "vehicle per mile charge" working in Washington and I don't think that's what's going to happen. Most new vehicles are coming out with some sort of GPS system, of some kind, so it would be easy to track where vehicles are on the roadway system by usage. Then actually as it becomes much more like a utility where you're driving around with GPS basically, but you're metered and charged by how much you've ingested. How much capacity consumed and so on. It really is real simple technology, and that's where we were going to end up. In Arizona, we wanted something simple like an odometer reading a couple times a year and base a fee up on that. I doubt that will happen but we'll wait for someone to push it. Yeah, there's a lot going on and we are preparing a presentation on references there that will take you to the Oregon website and to the University of Iowa website where we get our information.

Felipe Zubia: Yes, Becky.

Becky Hill: I just wanted to jump in to agree with you for purposes of the record, to help guide you. I think it's critical that we start designing this document. The models and scenarios on what we think what will ever happen rather than what's happened in the past, because consumer habits, land use, and planning as well as all of the new technologies and the research agendas really are going to change. I think a lot of the road blocks that we have seen on having a resolution on transportation funding because we're stuck on some of the old arguments about why things will or won't work. While we're having those arguments some of our funding sources really are just becoming our KXO so it really doesn't matter. I would agree 100 percent that talking about funding, it has to be tied to how policy, and actually, how our cities and towns are designed. What do consumers think will have to be a part of that. I agree 100 percent.

Felipe Zubia: Good. I appreciate your concurrence. Tom.

Tom Dorn: Mr. Chairman. I want to agree with her agreement. It's what I was going to say. One thing specific I did want to point out with regard to the scenario planning. We have reduced greenhouse gas production in here and when you talk about economics you know the funding of it. Are we going to adopt California fuel standards? All of these things are being talked about and we need to make sure that we're balancing if this is to continue to be one of the goals. We need to make sure any discussion or modeling, I guess, that would be done with regard to that greenhouse gas reduction. There should be an economic impact alongside of it to make sure that we're not shooting ourselves in the foot all in the name of reducing greenhouse gases. Thank you.

Felipe Zubia: Okay great Tom. Mayor Loomis.

Paul Loomis: A couple of things I would like to highlight. I think we need to identify realistically some, put in some realism, in identifying some of the sources requiring Legislation or any sort of funding that may be used or may not be used. I think that we have to make sure to identify the unknown, for example impact fees, those are one time fees that are specific to expansion to assist in expansion or something like that. We need to be realistic. I guess I like the idea of going after a new approach whether it be via the light vehicle miles traveled or as a preferred sort of method of ongoing finances. We've worked for ten years, that I have been involved, in trying to get a gas tax adjusted. I don't think that's going to happen; but there may be opportunities to look at a significant chain. Something new that people may be willing to accept something new as an alternative.

Felipe Zubia: Mayor Loomis, great. Appreciate it. So, Jennifer then where can we go from here? It sounds like the consensus here of the committee is to get some sort of direction and recommendations on how this gets incorporated in the plan. With that, I am looking at the status report, which if you guys haven't read through it, it's great. I appreciate it Jennifer. This is a great summary of what's happened in the past and I look forward to the next one, but it looks like we're getting into the actual preparation of the draft network. Are we on track still to hit that in the beginning of April? You're going to be starting that, right?

Jennifer Toth: Yeah, once we have the common interest workshops and some of those things in the February and March timeframe. Then our intent is to move forward into that preferred scenario and being able to look at that in the April timeframe. Understand that's very preliminary and that we would then be going out after that to the public probably in the, I believe we said, May or August; the summer timeframe so (interrupted by Felipe).

Felipe Zubia: When's our next meeting?

Jennifer Toth: Our next meeting is in April.

Felipe Zubia: Okay.

Jennifer Toth: 15th

Felipe Zubia: April 15th, okay.

Jennifer Toth: Oh tax day.

Felipe Zubia: Yeah.

Jennifer Toth: So I guess in terms of next steps, as Curt mentioned, we have the funding options paper and the briefing paper. I think that we're ready to go ahead and submit that to this group. It's been through our QA/QC process. I wanted to make sure that it got through that and then be able to get it out to you guys for more digestion, because that was a lot that he presented today.

Felipe Zubia: Right.

Jennifer Toth: And then perhaps we can add this to the agenda in April as well to (Interrupted by Felipe)...

Felipe Zubia: This paper will have actual recommendations in there, or how are we going to frame that?

Jennifer Toth: No, not actual recommendations (everyone laughs).

Felipe Zubia: As long as we have something that we as a group can discuss and maybe even settle on a consensus as to what we believe. Again, remember if the committee will, this will then be documented that it was recommended to the State Transportation Board for adoption and ultimately part of the Statewide Plan. So it's very, it's going to be a very powerful document. It's not going to change any of the states statues, but hopefully be the bases for, or the impetuous for some changes at the state level. Is my hope...yes one more. Tom.

Tom Dorn: Mr. Chairman, have you, you may have said this at the beginning, but have you, sounds like you already talked with the Brewer administration about all of this. Has any outreach been done towards the new legislatures? If not it may be something you may want to do. Sit down with, especially all of the new ones, and bring them up to speed so they're more accepting of the recommendations. I mean, I know that the target is the State Transportation Board. However, it would be good for them to be part of this, at least aware of it, because the new people may not even know about it.

Felipe Zubia: Right, well at least at a very minimum those members of the Transportation Subcommittees. To what extent does the department brief them on anything?

Jennifer Toth: You know, I would have to defer to our Director on that. Just because I have not been involved in that so I'm not aware of what does happen in that room.

Felipe Zubia: Okay. We'll hold that for another day then.

Jennifer Toth: Yeah.

Felipe Zubia: Any other questions going around the table here? No? On the phone? Got anybody left there?

Caller: No, we don't have any questions.

Felipe Zubia: Okay, great I appreciate it. With that then I'll take a motion to adjourn.

Paul Loomis: One other item.

Felipe Zubia: Sorry.

Paul Loomis: If we're on to another item, just as a heads up for other legislative elements, there is a House Bill 2557. I think which talks about bus pullouts on highways. It has made it out of committee, the House Committee; we should track it because that's going to impact the multimodal. I don't think that there's anybody against it, basically what we did is scratched out the 45 miles per hour, and change it to 55 miles per hour as the speed limit on highways to allow bus pullouts That's something that's going through. It was a significant impact in Oro Valley. We're actually widening Oracle Road and they took the bus pullouts that had been designed out; because of this 2006 law change. So we put in a correction that's making it's way through. I don't think anybody will be close to it. It made it out of committee a zero, so just be aware that it's out there. If it doesn't make it out of committee it may impact some of our multimodal opportunities.

Felipe Zubia: Great. Thanks for the information, I appreciate you stopping me in my haste to end the meeting, because I did have one other question on the draft map that we have here. Jennifer, of the different scenarios, I'm assuming that this is going to be for our review and will be part of discussion at the April meeting. Is that a fair? Okay. Along with that, the follow up question is: Are we going to have a matrix that shows cost under each scenario for instance, the a Capitol Cost projected or O and M costs? For instance, as I could imagine, that O and M cost scenario "A" is going to be much higher under scenario "B" if we're painting with a broad brush here.

Jennifer Toth: Yeah, I know we do have some cost effectiveness criteria in the evaluation criteria. I'm not sure that we, Ethan might be able to help me out, if we've broken that out by O and M and Capitol Cost.

Ethan Rauch: Yeah we can.

Jennifer Toth: We can?

Felipe Zubia: Yeah, if you could because I think it's critical in the discussion here rather than just looking at lines on a map we could look at policy issues and the implications for what we're going to be spending money on in the long term.

Jennifer Toth: Right.

Felipe Zubia: When where choosing certain scenarios.

Jennifer Toth: Okay.

Felipe Zubia: Okay great, thank you. With that, again, I will take a motion to adjourn again.

Paul Loomis: Moved.

Felipe Zubia: Second. Alright, all in favor (crowd states I). I and motion has been adjourned. Thank you Jennifer again. Great presentation Curt, appreciate it. John and Kristin, great work as usual.

Paul Loomis: Thank you all for being here.

Felipe Zubia: Yeah. (Crowd talking) We still love you guys, we got to get the other folks to show some love though.