

CITIZEN'S TRANSPORTATION OVERSIGHT COMMITTEE

Arizona Department of Transportation

Minutes

January 27, 2009

A Citizen's Transportation Oversight Committee (CTOC) meeting was held at the Arizona Department of Transportation, 206 South 17th Avenue, Phoenix, Arizona 85007 on January 27, 2009, with David Martin, Chairman presiding.

Members Present:

David Martin, Chairman
Jack Lunsford, Member At Large
Jeffrey Schwartz, Maricopa County District 2
Nelson Ladd, Maricopa County District 3
Leyton Woolf, Maricopa County District 4
Peggy Jones, Maricopa County District 5

Members Absent:

None

Others Present:

Bryan Jungwirth, Valley Metro	Dave Boggs, Valley Metro
Charles Grombacher, O. R. Colan Assoc.	Teresa Grombacher, O. R. Colan Assoc.
Dianne Barker, Citizen	Floyd Roehrich, State Eng., ADOT
Diane E. Brown, AZ PIRG	Jennifer Hefley, ADOT
John Fink, ADOT	Julian Avila, ADOT
John McCormack, Valley Metro Rail	Elvera Anselmo, AARP
Teresa Brice, L.I.S.C.	Steve Hull, Special Assist. RFS, ADOT
Adrienne Weinkamer, AG Office	Elizabeth Neville, ADOT
Craig Rudolphy, Comptroller, ADOT	Tim Tait, CCP, ADOT
Joesph Ryan, Citizen	Kwi Kang, ADOT
Brock Barnhart, ADOT	Mike Taylor, RPTA

1. Call to Order:

The Chairman David Martin Called to Order the Citizen's Transportation Oversight Committee meeting at 4:00 p.m.

2. Welcome and Opening Comments:

Chairman Martin welcomed the public, public officials, members of CTOC and staff to the meeting.

3. Call to the Public:

Dianne Barker, citizen, stated this is a multi modal panel for the Regional Area Road Fund so I am trying to comply and I did come by a natural gas bus, on the light rail and I came over here by bike and plan to ride

the same back. I was surprised the light rail was two-thirds full at Camelback. There was a fellow I talked to that was on the rail. He got on at Brophy and I asked if he commutes all the way on the rail and he said yes, I go down and meet dad downtown and he takes me home. By the time the students were on, they were standing; all the seats were taken.

On a couple other items, the last time I spoke out of turn because you have everything at the beginning unlike MAG we get to speak on consent items. I feel that way we can have more of a conversation with our government. The reason we're really here is because the citizens are at the top of the organization chart and you folks are giving to the citizenry. That's appreciated but remember who's paying the bill, the citizens. I always hope that people either... took the oath to help uphold the constitution and if you did not then it is the intent and even the intent of the Open Meeting Law is that we would have a conversation with our government and we should never lose that. I am going to be talking with the legislature about expanding the Open Meeting Law. On the plan and light rail it looked like transit was in there too. Security asked to see a ticket and everyone that I saw on board produced one. I am looking forward to the audit. It appears you are behind in that. If there is ever a conflict of interest that you are out doing something else except looking to be the oversight for our Regional Area Road Fund, I think that needs to be discussed because that is why we are here, to help see that our roads, our transit, do connect. And finally the connectivity was the reason I got reprimanded last time. I want to let you know in September I brought that up for this body to have MAG speak on it and when they came to speak. I'm sorry, they forgot, the reason their connectivity. We need to see how we can affordably connect and get a rail to the end in the valley. I appreciate the time speaking with you and best wishes for the New Year.

The Chairman thanked Ms. Barker for her comments.

Joseph Ryan, citizen, submitted the following written statement: On April 21, 1994, HB 2342 established a Citizen's Transportation Oversight Committee (CTOC), to facilitate citizen involvement in the decision making process of freeway planning and construction. Their primary responsibilities included review and advisory functions concerning the Regional Transportation Plan, the Transportation Improvement Plan (TIP), changes to the plan, and on the priorities regarding Proposition 300 freeways for corridor and segment development. It required that an annual audit be performed by an outside audit firm of the expenditures of the Regional Area Road Fund (RARF), along with necessary public hearings.

HB 2172 was passed in 1996 that repealed the existing CTOC and created a new seven member CTOC with the same statutory responsibilities as the original committee. The new CTOC is authorized to: approve or disapprove a freeway or transit ballot resolution proposed by MAG or the RPTA; review and make recommendations regarding any proposed major revision to the MAG Transportation Improvement Program; consult with the State Auditor General regarding the required performance audit of the Regional Freeway System; receive and make recommendations to MAG regarding citizens complaints relative to MAG's statutory responsibility over the Regional Freeway System; and receive, review and make recommendations to the State Transportation Board regarding citizens complaints about the Regional Freeway System.

On agenda item 3 of the CTOC meeting on January 27, 2009.

This is Joe Ryan's reply to the Call to the Public with constructive criticisms on the current system of taxation for highway, interchange, bridge and light rail construction, maintenance and operations, on engineering plans to accommodate volumes of traffic substantially less than results from the forecast growth of the population that has increased by roughly 45% every 10 years. Also, the policy to create private toll roads is wrong.

Mr. Chairman, Honorable Members of the CTOC: In accordance with the federal and state laws and Federal Highway Administration regulations, I am going to spend a reasonable amount of your time on the subjects of past under-building of highways and major interchanges for lack of funds created by Proposition 300 and Proposition 400 and the policy of Transportation Secretary Peters that private parties should build, own and charge for the use of key roads.

You are well aware of the fact that, when the founding fathers wrote our constitution, the economics of the world were not the same as today. The vast amount of goods that American companies sell to potential buyers throughout the world are carried across the Canadian and Mexican borders and to our seaports by trucks powered by diesel engines. Every cent of tax placed on diesel fuel and paid for by the truckers who

carry American exports adds to the price of our goods in the world's markets. This is especially harmful to the competitive position of U.S. producers who are located in inland states like Arizona. Furthermore, taxes on diesel fuel increase the cost of living for all Americans, for we all purchase goods that enter our nation across the Canadian and Mexican borders and through our seaports. Most goods imported from the Orient are shipped to Long Beach and other California ports and trucked to Arizona warehouses and retail stores. To reduce the operating costs of the trucking companies operating, for the most part, 18-wheeler rigs, laws should be drawn up and passed so that every penny the operators of diesel-powered trucks pay in diesel fuel taxes, with proof of payment, is refunded by the taxing authorities.

At a meeting of the Arizona Transportation Board, ADOT Director Mendez twice mentioned that ADOT will not have enough money to pay for the necessary maintenance of State highways. You all know the outrageous history of the special bond funding, rather than using Prop 400 funds, to pay for the widening of I-10 just west of Loop 101 in Maricopa County. It makes no common sense to decree, by a MAG vote, taxpayers of Litchfield Park and two other small towns pay the periodic interest costs of a bond to improve an interstate highway.

Now, what logical taxation method would cause people to purchase the smallest cars that are appropriate for a driver's needs, that would pay for the construction and maintenance of thousands of miles of narrow lanes and streets and highways most of which are never traveled by 18-wheelers, that would create the least amount of carbon dioxide and other pollutants – not even considering having enough funds to build adequate roads and interchanges? Obviously, that would be a tax on the hydrocarbon fuels used by vehicles, including the light rail vehicles whose passengers leave a heavier carbon footprint than if they had traveled by cars and busses. The Four-Corners Power Plant burning soft, brown coal to generate the light rail electricity, the power loss transmitting the electricity from the Four Corners to the light rail vehicles' motors, and several other traffic-related factors make a farce of the light rail project's Final Environmental Impact Statement (FEIS).

This fuel tax should be a federal tax for several good reasons. First of all, if the tax on gasoline, natural gas and propane used by vehicles was different between two states that would have major effects on the sales of the fuel vendors located near the border of states that have the different rates of taxation. That is not a desirable situation.

Secondly, the infinite number of different itineraries on a single stretch of highway has different points of origin and destination that define, for examples, inter-county trips, inter-state trips and international trips. The only unbiased approach to taxing the users of highways and paying the public works departments that maintain the lanes they travel is to pay public works departments a standard rate, on a straight-line basis, for all of the lane-miles that they maintain. In that way, the highway maintenance managers of towns, cities, counties and states have a good incentive to get the most for the funds they receive from the federal tax on hydrocarbon fuels, including diesel consumed by cars and SUVs.

Note that passenger cars with diesel engines, pound for pound, get better mileage than those with gasoline engines, another incentive for the public to purchase vehicles leaving the smallest carbon foot print. Have you noticed that Germany maintains a favorable balance of payments while the United States has been going deeper and deeper in debt to the rest of the world? One factor is the Americans' spending less per gallon of fuel, at three dollars per gallon, than residents of other nations who spend up to ten dollars per gallon. We don't think about the trillions of dollars our nation's debt is owned by foreign nations. Our nation's debt is rapidly increasing while we watch our interchanges (Loop 303/US60) being under-built and our bridges falling into disrepair. Director Victor Mendez told Arizona's State Transportation Board that he needed more money. I thank you for your attention and request that you schedule these overlooked matters as Action Items on your next agenda. This reply to your Call to the Public is given to you, with best regards from Joe Ryan of Sun City West, AZ.

On CTOC agenda item 5. Several oversights regarding the transportation revenue plan for this Region in the past have been brought to the attention of the CTOC and none has been even placed on a subsequent agenda as an ordinary item – and that's happened only once in the past several years. That one missing part of the Loop 303/US60 was not discussed and then disappeared. No oversight in the past several years has ever appeared as an Action Item.

On several occasions, prior to the vote that was to fund the Regional Transportation needs during this 20-year planning period, I raised before the CTOC two facts: (1) That the proposed half-cent sales tax, for

several obvious reasons would under fund the needs that were based on reasonable forecasts through the Year 2025 of the Region's population and vehicle miles driven. The Region's population has been growing by roughly 45% every ten years and, for obvious reasons, the number of vehicle miles driven has grown at a faster rate. (2) The major advertisement that told the public to vote for Prop 400 was, to put it mildly, misleading. All over the Region, some party had large signs placed by the side of roads. In large black, CAPITAL LETTERS, the message was to vote for Prop 400 – FINISH THE HIGHWAYS.

CTOC has been told about two major oversights in the performance reports for the scheduled services of fixed bus routes. It appears that the planners knew some of the negative results of implementing the light rail and that is one of the reasons that under-funding revenue source of the prior 20-year period, that went 100% to highways, had roughly a third of the sales tax proceeds diverted to the light rail and bus fleets.

Now assume 20,000 residents of North Phoenix are generating revenue passenger miles on their weekday commutes to and from downtown Phoenix. It's a nice half-hour ride. Now they enter the light rail age. Where have all the busses gone, the busses that used to travel up and down Central Avenue? They have been truncated in the tamed northwest, next to a big parking lot! Valley Metro's new services between points in North Phoenix and downtown now give you free time, en route, to cool your heels on light-rail and bus platforms. How convenient is what used to be a half-hour, 20-mile one-way trip that now requires connections in both directions, using two separate platforms at 19th and Bethany Home? The new service requires perhaps a five-minute wait, en route, on an open platform, waiting for a streetcar going to work and for a bus going home. The public transit services now take more time and are much more uncomfortable. What percent of the public transit revenue passenger miles generated by those 20,000-commuters will go back to commuting in private vehicles?

Then look at the real yield in revenue per revenue passenger miles on the express bus schedules between the downtown bus barns, points in the suburbs and government buildings, each bus making two round trips a day between the city and the suburbs. Schedule planners are inclined to cancel round trip operations when its passenger load factor drops below the break-even load factor. Here in Phoenix, that does not happen for two reasons. When there is no passenger on a scheduled trip, it no longer is a scheduled trip. It becomes a non-revenue trip and its production falls out of the fixed bus route scheduled miles. Furthermore, using the average yield per RPM overstates the revenue carried on those trips. Some fortunate government workers who can commute on Valley Metro do not pay the published tariff. They get rebates and actually pay less than the published tariff. Is that legal?

The Chairman thanked Mr. Ryan for his comments:

Dianne Barker, citizen, asked to speak again and stated she hopes the Chairman will consider a response when she turns something in writing. As far as the Open Meeting Law goes, I feel when the presentation was made to you from the AG's Office, the intent was to instruct you but having known and dealt with Jessica, I don't believe that she has been so open of the open meeting law. I think they need to go back to what Tim Delaney had at the AG's Office. They talked about the intent of the law. The intent not dissecting and making it a legalese type of thing and guess what the Chair doesn't have to respond to anything which is the pure strict law of CTOC. But it has nothing to do with guaranteed procedure of the feds or the intent of the Open Meeting Law.

The Chairman thanked Ms. Barker for her comments.

The Chairman noted that this may be Jack Lunsford and his last meeting. They were appointed on February 7, 2008. The Senate did not enact on the appointments. Governor Brewer would need to appoint himself and Jack prior to February 7th in order for them to complete their terms.

Mr. Lunsford, Member at Large noted this was his second term and was looking forward to completing his term. He discussed the progress the Committee has made. Appreciation was extended to Elizabeth Neville. He stated that CTOC is in compliance with Federal and State law with outstanding legal council help along the way. He urged citizens to approach CTOC in a courteous way as to not diminish your message with anger.

Mr. Woolf, Board Member stated that he expects David Martin and Jack Lunsford at the next meeting. We need you and want you back here.

Mr. Schwartz, Board Member asked if it would be appropriate to send a letter to the Governor asking to appoint both David Martin and Jack Lunsford.

Ms. Weinkamer, AG's Office comments were not audible.

4. Approval of Minutes:

The Chairman called for a motion to approve the minutes of the November 25, 2008, meeting.

Board Action: Nelson Ladd moved to approve the November 25, 2008, minutes and the motion was seconded by Peggy Jones and carried unanimously.

5. Update on the Regional Transportation Plan Revenue:

John Fink, ADOT, Assist. Director of Finance and Accounting provided an update on the Regional Transportation Plan revenue. As of December 2008, the Regional Area Road Fund (RARF) is down about \$21 million in revenue compared to the same time last year which equates to an 11.2 percent decline and 8.3 percent below the forecast. If the 8.3 percent decline against the estimate holds for the year, it will end at about \$350 million, about \$30 million under. Retail Sales are down 12.2 percent; Contracting is down 24 percent. All but two categories are down so far this year compared to last year and Contracting estimates are up against the forecast. A graph comparing the Highway User Revenue Fund and Regional Area Road Fund percentage change by fiscal year was shown. Through the first six months of the year, HURF revenues are 16.6 percent below last year and 17.4 percent below the forecast. HURF is \$42 million below last year and \$47 million below the forecast. Year-to-date, Gas Tax collections are down 9.1 percent, VLT is down 6 percent and Use Fuels is down 13.2 percent. There is significant pressure on HURF. There are impacts with HURF and RARF. With declining revenues, all of the HURF bonding capacity is utilized with no capability of issuing additional HURF bonds, a major funding source. Gas Tax and Vehicle License Tax (VLT) is calculated on a twelve month moving average basis. Gas Tax peaked in November 2007. As of December 2008, it is down about \$30 million on an annualized basis. For VLT, it dropped below the June 2006 level, down about \$20 million. Retail Sales and contracting twelve month moving averages were shared. There are significant declines in both. The September 2008 RARF official forecast revised revenues through FY 2026 went downward by \$1.1 billion. Freeways were \$600 million, Arterial Streets \$1 million and Public Transportation \$400 million. RARF revenue declines may require downward revisions to the September 2008 official forecast.

Questions Asked:

The Chairman asked if adjustments were made to all the categories and on the Contracting had you not made the change, where would that number be.

Mr. Fink replied, without the Contracting adjustment, it probably would have been in the mid \$30 million range. And yes, an analysis is done on each category.

Mr. Lunsford, Member asked about the '08-'09 Retail Sales estimate remaining static and slightly declining and yet increasing Restaurant and Bar.

In reply, John Fink described a vigorous forecasting model and extensive analysis. What wasn't anticipated was a very difficult Retail Sales year.

Mr. Ladd, Member asked in the model can you renegotiate contracts for a more favorable costing for today's market.

In reply, Mr. Fink stated the model is only looking at the revenue. There is a separate process for evaluating costs and doing cash flow projections. This is an input to that model.

Mr. Ladd continued, do you have that other model available to you. It seems you can't do one without the other.

In reply, Mr. Fink stated we are doing them on a concurrent basis.

Mr. Lunsford asked if fund sweeps are reflected.

In reply, Mr. Fink said the answer is no.

Mr. Woolf, asked if there is information further back than 2006 on the Gas Tax.

In reply, Mr. Fink said no I don't.

Mr. Lunsford asked if there is a feel of where the Gas Tax and VLT 12 month moving average graph will be in 2009.

In reply, Mr. Fink said with gas prices coming down, there has not been a leveling off. Revenues continue to decline.

Mr. Ladd asked if the revisions take into account the income output.

In reply, Mr. Fink said I didn't mean our revisions would take it through the entire modeling process. It would be taking the best professional judgment giving an opportunity for adjustments.

The Chairman said talking about output is talking about projects. A retrospective of project costs is needed. The Department, the planning division and the market will adjust for revenue available for projects.

6. Update on FY 2009/10 Projects and Delays due to Falling Revenues:

Kwi Kang, Transportation Engineer, provided a status report on FY 2009/10 projects. For the RTP Freeway Program FY 09/10, cash flow is ok because most of 2009 and 2010 project costs have been updated and federal stimulus funding is expected. There will be no delay due to funding shortfalls. 2009 projects discussed included I-10 between Verrado and Sarival, a six mile general purpose lane will be constructed and is on hold due to pending status of STAN funding. On I-10 between Sarival and Dysart, construction of four mile general purpose lane final design is underway. On I-17 at Dove Valley Road TI a new TI will be constructed and has started in October 2008. On I-17 between SR74 and Anthem Way, general purpose lanes are being planned. Roadway widening is planned on US 60 between SR303 and 99th Avenue. On US60 between 99th Avenue and 83rd Avenue roadway widening be advertised in February/March 2009. Roadway widening on SR 85 between Southern Avenue and I-10 is ready to begin in February/March 2009. On the SR101L at Beardsley and Union Hills TI improvements will be advertised in February/March 2009. On the Red Mountain between SR101L and Gilbert Road, six miles of HOV lanes will be advertised in November 2008. On SR303L between Happy Valley Parkway and Lake Pleasant Parkway construction of an interim roadway is just underway. On SR303L between Lake Pleasant Parkway and I-17, the construction of an interim roadway will be advertised in February 2009. 2010 projects include I-10 between SR101L and I-17 construction of general purpose lanes final DCR is due in December 2009 and will be deferred to FY11. On US60 between SR101L and McDowell Road roadway widening will be advertised in April/May 2010. On SR85 between Hazen Road and Broadway Road, roadway improvements are 30 percent plans underway due in September 2009 and will be deferred to FY11. On SR87 between New Four Peaks Road and DOS S Ranch Road, a climbing lane and shoulder widening are on schedule advertising in November 2009. On SR143, Hohokam Expressway Lane at Sky Harbor Boulevard TI, a reconstruct TI design is underway and will be advertised in May 2010. On SR202L, South Mountain construction of a new roadway has estimated final DCR in summer 2010 and construction to begin in FY 2014.

Questions Asked:

Mr. Lunsford asked for additional information on the status of STAN funding.

In reply, Mr. Kang stated that STAN, Statewide Transportation Acceleration Needs, about \$194 million was received in 2006 from legislative action. The state is facing financial difficulty; they are looking at this item to mitigate the financial problems. If funds are not available, it is an item requested in the federal stimulus package.

Mr. Lunsford asked if that list for the county, the state can be forwarded to us.

In reply, Mr. Kang said yes.

Mr. Lunsford asked in widening US60 between SR101L and McDowell Road, is rail right-of-way impacted and if so to what degree.

In reply, Mr. Kang said yes he can send that information to the Board.

Mr. Lunsford commented about South Mountain and the issues on the connection from the Loop to I-10, and the disagreement on the alignment.

In reply Mr. Kang stated that is correct.

Mr. Lunsford continued costs for construction of that entire portion of Loop 202 have doubled and is of concern in the west valley because the alignment has been agreed upon along 55th Avenue; people are wondering if it is still going to be built.

Mr. Kang stated there are more conversations occurring regarding that corridor.

Mr. Lunsford continued if it moves to a parkway, part of the discussion was to help relieve the congestion that goes into the I-17 TI with the I-10 by allowing some bypass.

Mr. Lunsford asked that CTOC monitor progress of the project as things go forward or not.

The Chairman expressed concern that if the legislature is contemplating sweeping funding for projects that are ready to go but are suspended, a consideration in Congress is making efforts in the stimulus package and the dependence on that money may not come to fruition. With the additional exacerbation of lowering revenues for implementing what the citizens have rightfully paid for, is it our role as a committee to say no and is it our role to get mired in the politics that are between the Department of Transportation, the Governor's office and the Legislature? I believe it is our purview and ask the committee for their input.

Mr. Woolf agreed with the Chairman. It is appropriate; we are the Citizens Transportation Oversight Committee. Citizens voted for us to do this. They voted this tax upon themselves; it is not appropriate for the State to come and seize those. It is appropriate for us to voice our concerns and objections.

Mr. Lunsford also concurs this is the appropriate role for us to convey a message to the Legislature that it potentially jeopardizes funding the stimulus package or amendments. And regarding the issue of air quality and congestion reduction and delaying those projects, there was appropriated money from STAN and delaying those projects significantly impact the entire county. When appropriate, I would move to have communication to the legislature that use the bullet points that you suggested and the ones on air quality, conformity and congestion.

Ms. Weinkamer's, A. G. suggested a motion to adjourn into Executive Session.

Mr. Lunsford stated his concern with the timing of when CTOC meets and the timing of the Legislative process. The window of opportunity narrows and CTOC may not have a chance to be on record.

Mr. Schwartz stated the need for a specific process with Adrienne.

Ms. Weinkamer's comments were inaudible -

The Chairman recapped Ms. Weinkamer's comments that it may be appropriate for CTOC to table the discussion and have another meeting to this issue at a later date. His concern is this may be wrapped up within the next two weeks and the negotiation at the State level with the budget and the Federal level with the stimulus package are on a simultaneous crash course. A one-week turnaround could have a significant loss of opportunity.

Mr. Woolf stated he understands the legislature's situation. They are desperate. Can we discuss our point, compose a letter and approve it with the caveat that it passes the test of the Council?

In reply, Ms. Weinkamer stated sure, I believe so.

Mr. Woolf continued, certainly tied in with falling revenues and Item 6 on the agenda relate to delays due to falling revenues.

In reply, Ms. Weinkamer stated it is appropriate to go into Executive Session and described the process.

The Chairman asked for a motion that the CTOC Board go in to Executive Session to obtain legal advice.

Board Action: Mr. Lunsford moved to go into Executive Session. Ms. Jones seconded the motion and it carried unanimously.

(TAPE CHANGE FOR EXECUTIVE SESSION MINUTES)

Chairman Martin called the CTOC Public Meeting back to order at 5:40 p.m.
The Chairman also reversed the order of agenda items 7 and 8.

7. Review of CTOC Financial Compliance Audit Scope:

The Chairman distributed a draft letter. At previous meetings the issue of financial audit was discussed. The Committee members were concerned the audit was not deep enough or whether our folks were aware of the complexity. The Board suggested we review this closer and revise our request for the audit. The sub committee met and discussed options. The memo reflects a more appropriate course of action for CTOC's audit. The caveat is Task Order, Arizona Contract No. SCC060006 will change. The correct number will be inserted.

The Chairman asked for a motion to approve the body of the letter. The letter is a draft letter. Jack Lunsford noted the second paragraph and second sentence should read "The audit will be performed....".

Board Action: Mr. Woolf moved to accept the letter and direct staff and accounting firms as amended. Mr. Ladd seconded the motion. The motion was approved unanimously.

The Chairman left the meeting for a prior engagement. Jack Lunsford, Member at Large took over as Chairman for the remainder of the meeting.

Mr. Lunsford introduced Dave Boggs and our next agenda item.

8. Light Rail Status Report and Expenditures Utilized from the Public Transportation Fund:

Dave Boggs, RPTA, provided a Light Rail status report and expenditures. In addition, he reported on the status of Proposition 500 compliance. In December 2005, RPTA provided CTOC with an action plan for compliance with Proposition 400. Items completed included a study to define performance measures,

establishment of a Finance Oversight Advisory Committee and input to MAG. The financial model was updated and three months were added to the review process. Auditors are making sure contracts are in compliance before the audit team comes in from the Auditor General. An annual report is used and is updated every year. Contract management areas are being monitored. New financial software was implemented. Preparation for upcoming financial audit includes ensuring lead agency agreements are in place for all PTF funded projects and providing timely information to the auditor. Preparation for the 2010 performance audit includes validating and updating performance measurements, reviewing and updating management oversight and reviewing project documentation files. The goal is to have a good audit.

John McCormack, Metro Rail, provided an update on Light Rail operations and the Rail portion of the Public Transportation Fund. The line runs from 19th Avenue and Bethany Home Road in Phoenix to Main and Sycamore. The 20-mile route can be covered in 70 minutes. There are 28 stations. Most are in the center of the street and include shade and drinking fountains and artistic features. There are convenient bus connections and eight park and rides. The first trip begins at 4:00 a.m. or 5:00 a.m. and the last trip begins at 11:00 p.m. About 600 people can be loaded into three cars in 30 seconds. Each car seats 175 comfortably and maximum capacity is 226. It is estimated that 10-15 percent of venue attendees will ride Light Rail. Light Rail safety programs are being taken to the schools, television and Arizona driving schools. The message is to obey the traffic signals. In the first weeks, ambassadors were available on the platforms to provide safety tips. The system is accessible and includes a low floor design, ramps, textured strips and Braille indicators. Security includes cameras at each station, at the park and rides, emergency call boxes, lighting and security patrols. There is a great connection to Sky Harbor Airport. This is a coordinated rail and bus system. Transit passes are good for rail and bus with one fare structure. Information on how to ride is shared and includes signs at stations, maps and ride guides. There are different types of passes including multi-day, all-day, three day, seven day, monthly and single ride. Passes can be purchased in various locations including vending machines at stations, on the bus, libraries, at Fry's, web site and more listed online at ValleyMetro.org. The fare vending machine was described in detail. Fare inspectors check passengers at random. Citations range from \$50 - \$500. There were 150,000 riders for the grand opening weekend. Projections are 26,000 boarding's per day after the first year.

Questions Asked:

Mr. Lunsford relayed a comment that was shared with him regarding the route maps inside the cars not being in the proper place and therefore not seen. Jack Lunsford asked if a pass can be printed from the web site.

In reply, Mr. McCormack said no not yet, currently, you can order and pay for it and your passes are mailed to you.

Mr. Woolf noted that people are complaining about no rest rooms and the need to operate later in the evening.

In reply, Mr. McCormack said it takes good discretion to recognize our purpose. One idea was to shift our transit day but there are people in the morning that use the train to get to work. It takes a great amount of discretion to stay the course and operate in the best interest of citizens and that is our intent.

Mr. McCormack continued with his presentation. The Regional Transportation Fund was created by the Regional Transportation Plan and Proposition 400 enabling legislation to create the fund. About 33 percent of the Transportation Excise Tax is allocated to the Public Transportation Fund. That fund flows from the State to RPTA. About 43 percent of PTF is allocated to Rail Capital projects. The intent is to continue light rail into the future. A map showing extensions was shared. Rail funds are limited to capital funding only.

Expenses to date were shared and total \$70.1 million. The RTP included certain regional costs related to the Minimum Operating Segment (MOS). The MOS is the 20 miles just built. The METRO member cities are reimbursed for net local shared costs and include light rail vehicles, operations control center, operations and maintenance facility, bridges and park and rides. Expenditures to date are \$358 million. Estimated cost at completion is \$374 million and the local share after Federal funding is about \$199 million. From January

2006 through December 2008 sales tax revenues total \$154 million and with interest earnings total \$155 million. Capital expenditures to date include utility relocations, regional asset reimbursements, alternative analysis studies, design criteria, GIS and other costs for a total of \$146 million. The unspent balance of PTF – Rail Transit Fund total \$8.8 million. Forecast numbers were shared for 2006-2011. Projected revenues, interest earnings and bond issuance are estimated at \$365 million. Capital Project expenditures are estimated at \$356 million leaving an unspent balance of \$9 million.

Questions Asked:

Mr. Ladd asked about the source of funds, the interest earned and bonding.

Mr. McCormack replied that as the sales tax collections come in from the State into RPTA, those are invested temporarily in local government investments. In order for METRO to meet its obligations to pay for all the reimbursements of the regional assets and with the declining sales tax revenues we needed to bond money, funded over the life of the program, in order to meet those commitments. This bond is scheduled for April or May 2009.

Mr. Woolf asked about the interest rate on the bonds.

In reply, Mr. McCormack stated it's speculative. The forecast is an interest rate of about 6 percent.

Mr. Schwartz asked if the system is meeting or exceeding expectations.

In reply, Mr. McCormack said to look at it objectively, it is meeting expectations. As an individual responsible for putting out the very best product, there is a lot we're not happy about. In terms of the general acceptance, the accessibility and rider ship, things are going very well.

Mr. Schwartz asked what can be done to make it even better.

In reply, Mr. McCormack said it's doing a lot of little things including the maps over the doors, work on the fare vending machines and operators maintaining the schedule. In terms of safety, there were a few bumps and it's a lot of safety education.

Mr. Schwartz asked if revenue is primarily from rider ship.

In reply, Mr. McCormack said funding for operations has a target of 25 percent fare recovery ratio and 75 percent paid by the member cities.

Mr. Schwartz asked about advertising on board or other ways to offset operating costs.

In reply, Mr. McCormack said over \$1 million could be generated a year for wrapping ten trains in the fleet of 50. Platform advertising also is being reviewed.

Mr. Schwartz added that these could offset costs to the public.

Mr. Lunsford commented about his experience at grand opening and gave credit to RPTA.

9. Recommendation of Future Agenda Items:

Mr. Lunsford asked for a motion that for a future agenda item, staff be directed to identify possible meeting dates in the near future for a special meeting of CTOC for the purpose of discussing the Regional Area Road Fund, RTP, air quality and congestion items as they relate to construction and funding of those items in the near future and as it relates to the budget of the Regional Transportation Plan.

Board Action: Ms. Jones motioned to approve the agenda item. Mr. Woolf seconded it.
The motion carried unanimously.

10. Next Scheduled Meeting:

Tentative – Joint Public Hearing
Friday, March 13, 2009
Maricopa Association of Governments

11. Adjournment:

The meeting adjourned at 6:25 p.m.