



RTAC Board Meeting Minutes
Monday, March 23, 2009, 1:00 PM
1820 W. Washington, Phoenix, AZ 85007
League of Arizona Cities and Towns Bldg.
Room 106

Board members present:

Matt Ryan (Chairman)	Supervisor, Coconino County (NACOG)
J.R. DeSpain *	Supervisor, Navajo County (NACOG Alternate)
Edward Farrell	Councilmember, City of Maricopa (CAAG)
Mike Flannery	Councilmember, Town of Prescott Valley (CYMPO)
Bob Jackson	Mayor, City of Casa Grande (CAAG Alternate)
Bob Rivera	Mayor, Town of Thatcher (SEAGO)

Others in attendance:

Kevin Adam	RTAC
Chris Fetzer*	NACOG
Rich Gaar	SEAGO
Bill Leister	CAAG
Gail Lewis	ADOT
Kimberly Ott*	City of Flagstaff
Jodi Rooney	CYMPO

* Participated by phone.

1. Supervisor Matt Ryan called the meeting to order at 1:03 PM and opened the meeting with a welcome and introductions.
2. The January 21, 2009 Board meeting minutes were considered. A motion to pass the minutes was approved unanimously.
3. Supervisor Ryan called on ADOT Assistant Director Gail Lewis to provide an update from the agency. Ms. Lewis indicated that ADOT would be releasing the first \$85 Million in bids for stimulus projects later in the week and that additional funding would be released every two weeks. As many recent bids have received lower than expected offers, ADOT is preparing additional projects in the event that low bids create a funding surplus. Ms. Lewis did not foresee the state having problems covering the upfront funding needed for the stimulus projects as the Federal Highway Administration typically reimburses the states within 48 hours. She further stated that we should be receiving the

federal guidelines for the competitive grant program very soon and that this funding should also benefit everyone statewide as the funding would have a cascading effect on the entire state transportation improvement program. She indicated that if the funding is distributed per the state's percentage of the national population, Arizona would receive approximately \$30 Million from this program. She stated that the Governor will need to certify the amount of transportation funding that Arizona will be spending through September of 2010 to satisfy the maintenance of effort requirements of the stimulus legislation. Although she further stated that the penalties for noncompliance were relatively slim as noncompliance would render the state ineligible for the redistribution of stimulus funding from other states that fail to obligate all of their required funding within the first 120 days. She stated that the maximum amount of this funding that Arizona could receive is \$20 Million.

4. Supervisor Ryan called on Kevin Adam to provide further information on the stimulus funding. Mr. Adam indicated that the State Transportation Board opted to distribute the state portion of the funding, or \$350 Million, based on the RAAC formula which was developed as a result of the Casa Grande Resolves despite much pressure to provide more of the funding to the Maricopa region. These efforts included a proposal to take \$74 Million off of the top of the stimulus funding to restore funding to the STAN account which was recently raided as part of the FY09 state budget adjustment, and to distribute the remaining balance according to the STAN distribution formula which cuts the rural allocation in half. He indicated that while he and many rural officials were disappointed with the overall level of stimulus funding that rurals would be receiving, that amount could have been far less as the "off the top" and STAN proposals would have cut the rural share by approximately \$105 Million. He indicated that approximately \$176 Million of the state's share of the funding would be used on rural projects.

For the suballocated or local share, rurals would be receiving a much smaller percentage. The distribution of the suballocated funding relies heavily on the Federal Surface Transportation Program (STP) which heavily favors urbanized areas. Of the \$156 Million distributed to Arizona, Mr. Adam indicated that the law and direction from the Federal Highway Administration were clear that the Phoenix and Tucson regions would receive no less than \$110 Million of this funding but that the State had considerable discretion with the remaining \$46 Million. Despite interest by the State Transportation Board to increase the portion of the \$46 Million that would be allocated to rurals, the ADOT Director indicated that the discretion rested with him and it was his plan to use the historical distribution of STP funding which translated to roughly \$17 Million or 11% of the suballocated funding being distributed to the rurals. The Director made it clear that this decision was based on the Board's previous desire to stay consistent with the funding distributions that were developed through the Casa Grande Resolves and if the discretionary funding was to be distributed based on Casa Grande then the STP distribution should remain constant as well. Mr. Adam stated that while he understood the rationale for this decision, he also thought that while the suballocated funding relied heavily on the STP program for distribution, the projects to be funded are not traditional STP projects and were intended to be more local in nature so the funding should not be treated as traditional STP funding. He stated that it was very disappointing that the 13 counties and approximately 60 municipalities in rural Arizona would be limited to dividing \$17 Million of this funding.

5. Supervisor Ryan called on Mr. Adam to provide an update on the State legislative session. Mr. Adam indicated that the focus continues to be on the budget. Despite the adjustments to the current year's budget that occurred the previous month, a shortfall is still anticipated and the structural deficit for the upcoming year is estimated at approximately \$3 Billion. Legislative leadership is working on a plan but the reported levels are below the needed amount to address the deficit so much additional work needs to be done to further develop a proposal prior to seeking consensus among the members. He further stated that fund sweeps are very much in the plan but no specific amounts have been released. For non-budget bills, Mr. Adam stated that their future is very much in doubt as the Senate

has continued to not hear bills in committee until the budget is completed. As major hearing deadlines have already been missed, it appears that the only way that any bills will be enacted is for leadership to agree to a relatively small list for consideration which will likely need to have procedural rules waived. For transportation, he speculated that if any were to make that small list it would probably be a bill on public private partnerships. Ms. Lewis concurred. Supervisor Ryan thanked Ms. Lewis for her participation.

6. Supervisor Ryan called on Mr. Adam to provide an overview of the draft RTAC resolution concerning the international land ports of entry. Mr. Adam stated that he was tasked by the Board at the last meeting to revise a proposed resolution in support of acquiring additional federal funding to help develop the international land ports of entry. Mr. Adam indicated that he had revised the draft language to address the issues brought forward by the Board which included specifying the support was for international ports of entry and to clarify that RTAC's efforts were to be coordinated and in cooperation with other ongoing state efforts, particularly with the Governor's CANAMEX Corridor Coalition. The resolution was approved unanimously and formally included in the RTAC 2009 Federal Agenda.

7. Supervisor Ryan called on Chris Fetzer to discuss the RTAC budget for FY2010. Mr. Fetzer stated that the distributed budget document outlined two budget options. The first would continue assessments at the seven cent per capita rate and the second would freeze assessments at the current year level which would amount to \$2,600 less revenue. Mr. Fetzer stated that the seven cent per capita rate has remained the same since the creation of RTAC and that incoming revenue has not fully funded annual operations requiring about a \$10,000 use of carry forward revenues for the last couple of years. He further stated that the reserve is currently \$75,000 and would be reduced to \$62,000 if assessments were kept at last year's levels. It was agreed that due to the economy and the considerable loss of revenue that local governments are currently receiving that RTAC take action to reduce the costs to member agencies. A motion passed unanimously to pass the budget with assessments frozen at FY2009 levels.

7. Supervisor Ryan made a call to the public. No comments were received.

8. Supervisor Ryan adjourned the meeting at 2:30 PM.