



COUNCIL MINUTES

October 15, 2012

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on October 15, 2012 at 4:50 p.m.

COUNCIL PRESENT

Scott Smith
Alex Finter
Christopher Glover
Dina Higgins
Dennis Kavanaugh
Dave Richins

COUNCIL ABSENT

Scott Somers

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

(Mayor Smith excused Vice Mayor Somers and Councilmember Richins from the meeting. Councilmember Richins arrived at 4:52 p.m.)

1. Review items on the agenda for the October 15, 2012, Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: None

Items deleted from the agenda: None

2-a. Hear a presentation, discuss and provide direction on the Gilbert Road Light Rail Extension.

Assistant to the City Manager Scott Butler, Transportation Department Director Dan Cleavenger and Transit Project Manager Jodi Sorrell addressed the Council relative to this agenda item.

Mr. Butler displayed a PowerPoint presentation (**See Attachment 1**) and reported that in 2009, one of the Council's priorities was to extend light rail to Gilbert Road. He explained that staff was challenged with identifying a funding source for such a project since it was not initially included in the voter-approved Regional Transportation Plan (Proposition 400). Mr. Butler said, in addition, that staff worked to determine how the project could move forward without utilizing regional funding or jeopardizing projects that neighboring communities had identified.

Mr. Butler remarked that in recent years, it became evident to the Council and Mesa citizens that Gilbert Road would be a more natural terminus for light rail than Mesa Drive. He said that not only would it provide better access from the Loop 202, US 60 and central and east Mesa, but it would also create redevelopment opportunities along Main Street to Gilbert Road. He added that such a project would provide a better site for a long-term Park and Ride lot at Gilbert Road and also attract riders from throughout the region.

Mr. Butler briefly highlighted staff's funding proposal for the Gilbert Road light rail extension as follows: 1.) No new taxes; 2.) Utilize existing transportation resources; and 3.) Reallocate Mesa's existing share of Federal transportation dollars to reflect the Council's priorities.

Mr. Butler advised that staff ranked Mesa's 62 street projects in the Regional Transportation Plan and pinpointed 16 projects that were low priority or unlikely to be completed. He stated that over the next ten years, the Federal funds for these projects would be repurposed to fund the Gilbert Road light rail extension. Mr. Butler noted that subsequent to staff's analysis of the street projects, they concluded that sufficient funding was available for transit projects and added that the Transportation Department's efforts with regard to prioritizing other programs would not be jeopardized.

Responding to a question from Mayor Smith, Mr. Butler clarified that the Federal dollars he is referring to are derived from an allotment of Surface Transportation Program (STP) funds. He said that the funds consist primarily of trust fund monies that have been set aside from gas taxes and other more stable revenue sources.

Mayor Smith pointed out that citizens pay gas taxes and excise taxes, which go into the trust fund, and noted that such monies are meant to be sent back to local communities and spent on projects such as the Gilbert Road light rail extension.

Discussion ensued relative to the fact that the trust fund monies have been specifically allocated out of sequestration; that for decades, such monies have been a consistent source of funding for transportation projects; that such funds come back to Maricopa County, per a formula based on population, and that the Maricopa Association of Governments (MAG) has been able to strategically plan for those dollars; that the ability to reallocate funds from street projects to transit began during the Reagan Administration; and that Mesa's proposal would be the first time that such an allocation is utilized in the Phoenix metro area.

City Manager Christopher Brady commented that it was important to note that the 16 projects previously referenced by Mr. Butler are scheduled for construction 20 years or more out into the future. He said that repurposing those Federal monies to advance the Gilbert Road light rail extension would not only benefit the citizens of Mesa, but also, from an economic development standpoint, accelerate the benefits of infrastructure much sooner than the City would otherwise experience with the other projects scheduled under Prop 400.

Mayor Smith reiterated that the reason the trust fund monies are "steady funds" is due to the fact that they are monies that local citizens have paid specifically for transportation and transit projects and are meant to come back to local communities. He noted that similar funds were used five years ago to accelerate the construction of the Loop 202, which not only has benefited the City of Mesa, but also the entire region as a whole.

Councilmember Richins remarked that he liked the idea of the Council deciding the most appropriate way in which to use the trust fund monies in Mesa as opposed to someone at the Federal level.

Mr. Butler noted that in the past, staff has gained experience in advancing infrastructure projects in the East Valley. He explained that several years ago, similar funding was advanced for the Loop 202 from County Club Drive to Gilbert Road, and said that most recently, construction of the Gateway Freeway (State Route 24) was advanced by approximately four years.

Mr. Butler, in addition, reported that staff's proposed financing scenario consists of the City issuing Transportation Project Advancement Notes (TPANs) in order to "front" the funds to METRO to construct the project. He explained that over the course of the next ten years, the City would retire the notes as Federal funding becomes available and is distributed to the City.

Councilmember Richins stated that he wanted to confirm that staff had "a good handle" on the operating costs of light rail so that once the Gilbert Road extension is completed, the City can continue to maintain the system and provide the necessary security.

Mr. Brady clarified that each year when METRO prepares its budget, such costs are allocated by some measurement (i.e., per mile). He acknowledged that the City will incur increased costs when it assumes the operational expenses associated with the additional two miles of the Gilbert Road light rail extension. Mr. Brady advised that staff will include the cost estimates in the FY 2013/14 budget forecast and plan for when the City will assume such costs in four years. Mr. Brady added that staff performed similar planning for the first mile of light rail to Sycamore Station, as well as the current extension of light rail into downtown Mesa.

Councilmember Richins commented that with shuttle service in west Mesa, the launch of an east Mesa bus service program and the bus system that feeds into light rail, he would not want the City to get caught in a situation where it was necessary to make tradeoffs between bus service and light rail service. He noted that all of these modes of transportation are "symbiotic" and must work together.

Mr. Brady responded that there is no source of revenue (transportation-related resource) that the City receives today that covers all of those costs. He said that the Council and staff must determine how to fund those operations in the future.

Mayor Smith clarified that for years, staff has been planning for the commencement of light rail operations on the three-mile extension into downtown Mesa. He noted that as the Gilbert Road light rail extension comes through that cycle, staff and the Council will have several years to plan and budget for it.

Mr. Butler continued with his presentation and reported that the City of Mesa's 5.7% local match, which is required for Federally-funded projects, will be derived from existing transportation resources. He explained that the total cost estimate for the Gilbert Road light rail extension project is \$133 million (\$112 million for construction; \$21 million in interest) and said that Mesa's share is approximately \$7.2 million. Mr. Butler added that staff has identified existing transportation resources that will be repurposed for the local match.

Mr. Brady pointed out that the cost would be spread out over five years, with the bulk of the local match paid within three years. He reiterated that staff will bring such costs to the Council in the next Five Year Capital Improvement Program.

Additional discussion ensued relative to the fact that of the 16 projects that were a low priority, staff identified \$150 million in available resources that could be applied to the Gilbert Road light rail extension project; that staff has worked closely with METRO, been very conservative in their estimates, and provided an adequate financial buffer to ensure that there will be no new net cost to the City for the project; and that by the City fronting the funds to accelerate this project, it is anticipated that light rail service on Gilbert Road would open by 2017, which would follow the Central Mesa extension by only two years.

Councilmember Richins commented that during the design phase of the Gilbert Road light rail extension, he would like to see the inclusion of streetscape improvements (i.e., shade, places to sit), that welcome and invite pedestrians to Main Street. He stated that the City of Phoenix has developed an outstanding tree and shade plan that it incorporated along its light rail line and suggested that Mesa utilize some of those ideas and concepts in its design. He added that the manner in which those elements are designed will determine whether redevelopment occurs along Main Street.

Mr. Butler responded that staff has begun their environmental assessment on the portion of the light rail line between Mesa Drive and Gilbert Road. He said that it was a very unique area with many buildings situated close to the road, which will present redevelopment opportunities.

Councilmember Richins commented that while it is necessary for the City to be respectful of the taxpayers' money, it is also important to remember that Mesa is establishing an infrastructure standard along this area of Main Street for the next 50 to 75 years. He urged that the City "get it right this time."

Additional discussion ensued relative to the fact that per State law, any project that adds a mile or more of light rail to the Regional Transportation Plan is referred to as "a major amendment" and requires consultation with the State Transportation Board and the Board of Supervisors; that it is not necessary that those entities vote in favor of the proposal, although City staff are hopeful that they will; that the proposal does not impact other projects or jeopardize other communities' allocation of regional or Federal funds; that if one of the above-referenced boards does not agree with the proposal, it would be necessary for the MAG Regional Council to approve the repurposing of the Federal funds by a two-thirds vote instead of a simple majority vote; and that staff is hopeful that the City will receive all of its formal endorsements with respect to the proposal by the end of the calendar year.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Richins, that staff's recommendations, and their approach as presented, be approved.

Mayor Smith declared the motion carried unanimously by those present.

Mayor Smith thanked staff for the presentation.

3. Acknowledge receipt of minutes of various boards and committees.

- 3-a. Mesa Redevelopment Authority Executive Board meeting held August 28, 2012.
- 3-b. Economic Development Advisory Board meeting held September 4, 2012.
- 3-c. Sustainability & Transportation Committee meeting held September 24, 2012.
- 3-d. Human Relations Advisory Board meeting held August 25, 2012.

It was moved by Councilwoman Higgins, seconded by Councilmember Glover, that receipt of the above-listed minutes be acknowledged.

Mayor Smith declared the motion carried unanimously by those present.

4. Hear reports on meetings and/or conferences attended.

Councilwoman Higgins: Mesa Community College (MCC) Homecoming Event

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Thursday, October 18, 2012 – Study Session – CANCELLED

Thursday, October 18, 2012, 6:30 p.m. – Building Stronger Neighborhoods – District 2

Saturday, October 20, 2012, 6:00 p.m. – Celebrate Mesa – Red Mountain Soccer Complex

6. Convene an Executive Session.

It was moved by Councilmember Finter, seconded by Councilmember Kavanaugh, that the Council adjourn the Study Session at 5:24 p.m. and enter into Executive Session.

Mayor Smith declared the motion carried unanimously by those present.

- 6-a. Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03A (3)) Discussion or consultation with the City Attorney in order to consider the City's position and instruct the City Attorney regarding the City's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. §38-431.03A(4)) Discussion or consultation with designated representatives of the City in order to consider the City's position and instruct the City's representatives regarding negotiations for the purchase, sale, or lease of real property. (A.R.S. §38-431.03A(7))

- 1. Contract negotiations regarding the Goldwater Library on the southeast corner of Macdonald and 1st Avenue.

7. Adjournment.

Without objection, the Executive Session adjourned at 5:49 p.m.

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 15th day of October, 2012. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

pag
(attachment – 1)

Gilbert Road Light Rail Extension Financing Plan

City Council Study Session
October 15, 2012

Light Rail Success

- Overall LRT ridership
- Sycamore Station
 - Accounts for nearly 10% of the light rail ridership
 - 16.3% increase in ridership between 2009 and 2011.
 - Largest park-and-ride in the system (802 stalls)

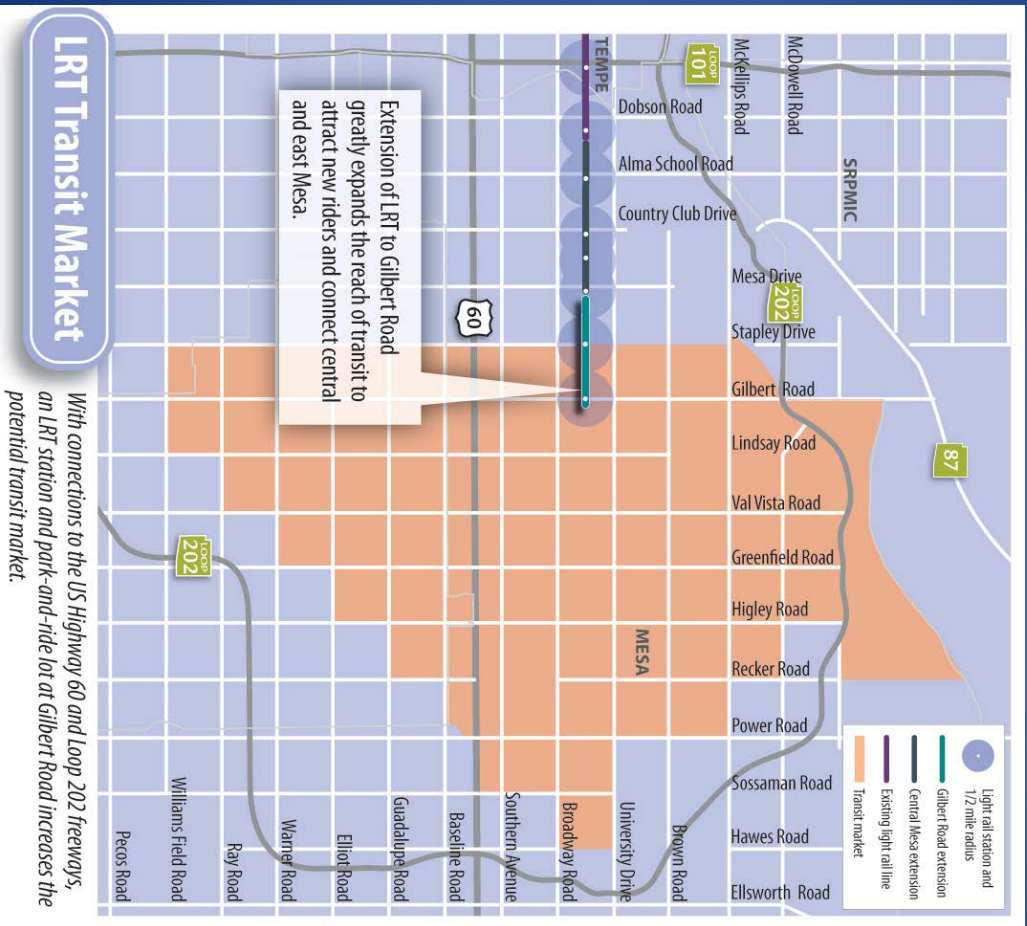
Background

- 2009 - Council priority to extend LRT to Gilbert Road
- 2009 - Alternatives Analysis for Central Main also includes recommendation to extend light rail transit (LRT) to Gilbert Road
- 2011 - Council approves funding for Planning Study
- 2012 - Council approves funding the Environmental Assessment

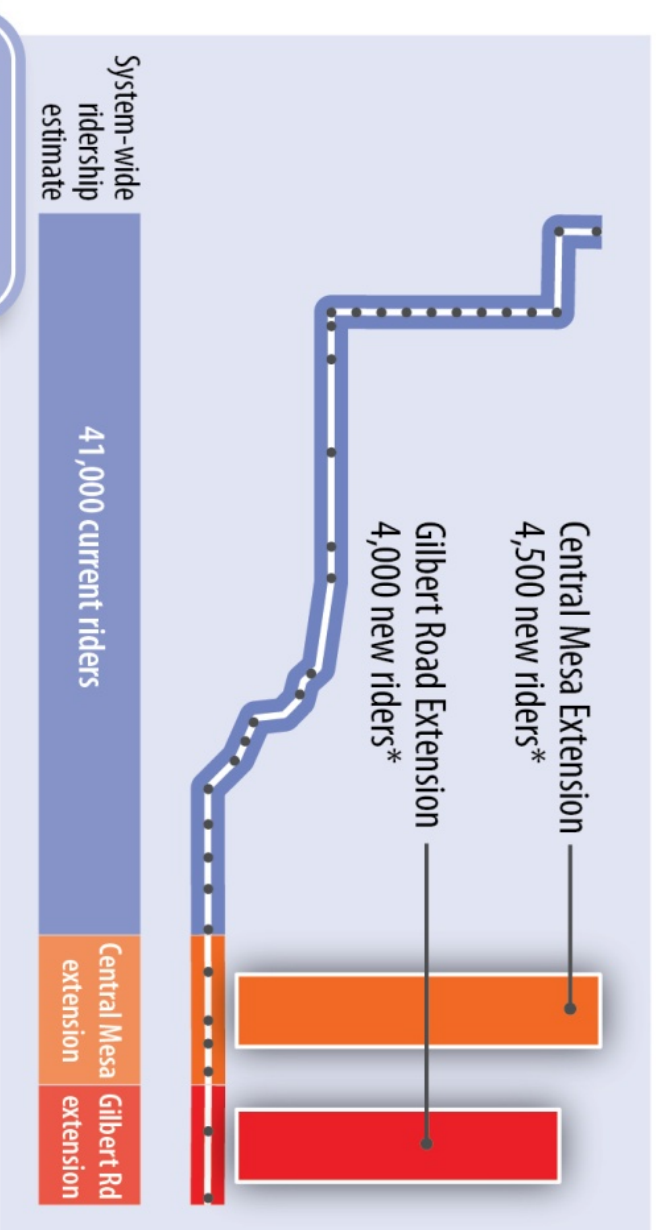
Why a Priority?

- Provides **better use** of limited transportation dollars
- **Increases ridership** in Mesa by 40 percent
- Provides **better access** from L202, US 60, as well as central and east Mesa
- Provides opportunity for **redeveloping** portions of Main Street from just east of Mesa Drive to Gilbert Rd
- Provides a better site for a long-term **park & ride** lot at Gilbert Road
- Improves **transit access** for nearby residents with access to growing regional LRT system

Where are the riders coming from?



Average Daily Ridership



* Denotes anticipated number of new riders added to the light rail system in Mesa. Ridership forecasts based on travel demand modeling results, Central Mesa Extension Project, 2009

Ridership

Redevelopment Potential

- Consistent with Central Main Plan
- Provides redevelopment opportunities along Main Street to Gilbert Road
 - Extensive redevelopment has occurred on existing light rail corridor particularly in Tempe and Downtown Phoenix

Funding Challenge

No previously identified funding
for LRT extension

Identified Funding Approach

- No new taxes
- Uses existing transportation resources
- Reallocates Mesa's existing share of federal transportation funds to reflect Council priorities

Identified Funding Approach

- In 2004, Maricopa County voters approved Proposition 400 to fund the 20 Year Regional Transportation Plan (RTP)
- RTP is funded by a mixture of half-cent Regional sales tax and Federal funds allocated to the region
- RTP is three distinct programs: Transit Lifecycle Program (TLCP), Arterial Lifecycle Program (ALCP) and Freeway Lifecycle Program (FLP)

Identified Funding Approach

- Proposition 400 does not allow moving the regional sales tax portion between programs
- Much more flexibility related to Federal funds
- City is allowed to reallocate funds received from the Federal government for streets to fund the Gilbert Road LRT Extension

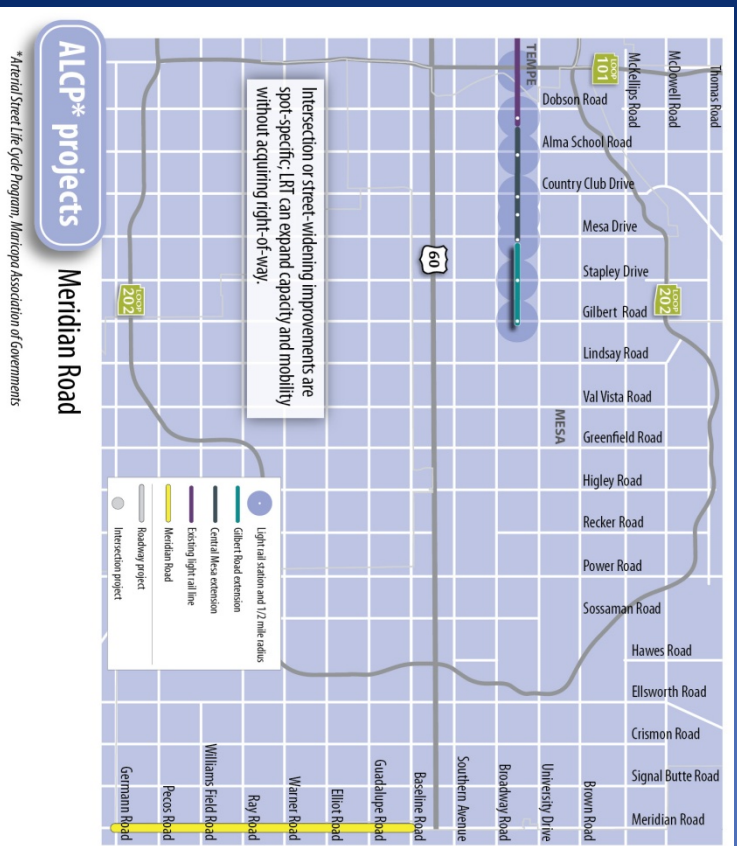
Identified Funding Approach

- City has identified Federally funded Mesa street projects that are low priority or are unlikely to be completed
- The Federal funds for these projects can be repurposed to fund transit
- Repurposing will require MAG approval

Projects to Repurpose

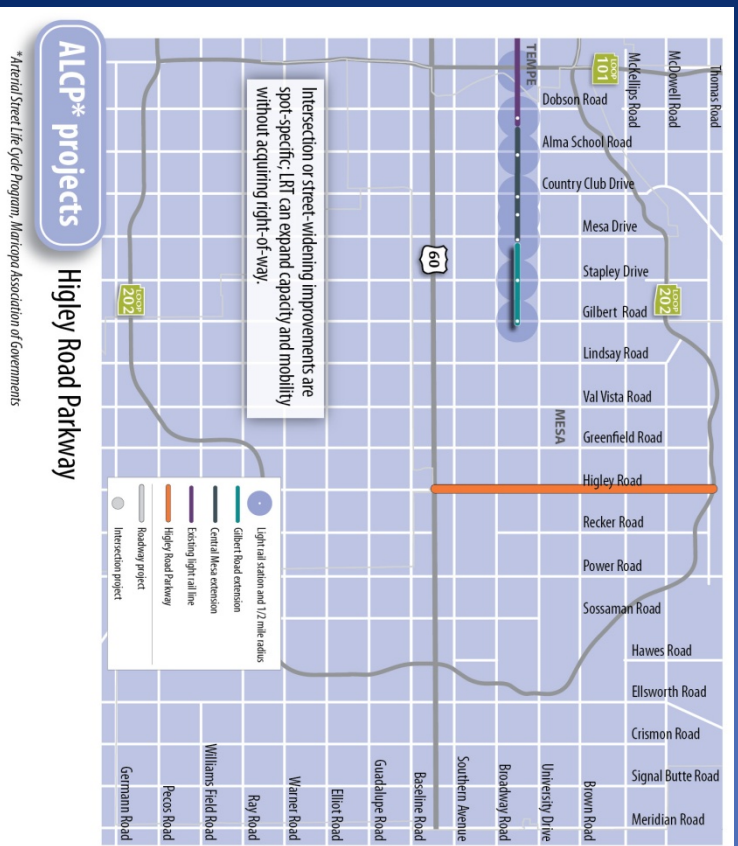
- Meridian Road
- Higley Road Parkway
- Projects Now Developer Responsibility
- Projects No Longer Needed

Meridian Road



- The Meridian Road project lies within the jurisdiction of Maricopa and Pinal Counties
- Project should be built by the Counties that have jurisdictions over the Project
- Mesa could then annex the roadway if desired

Higley Road Parkway

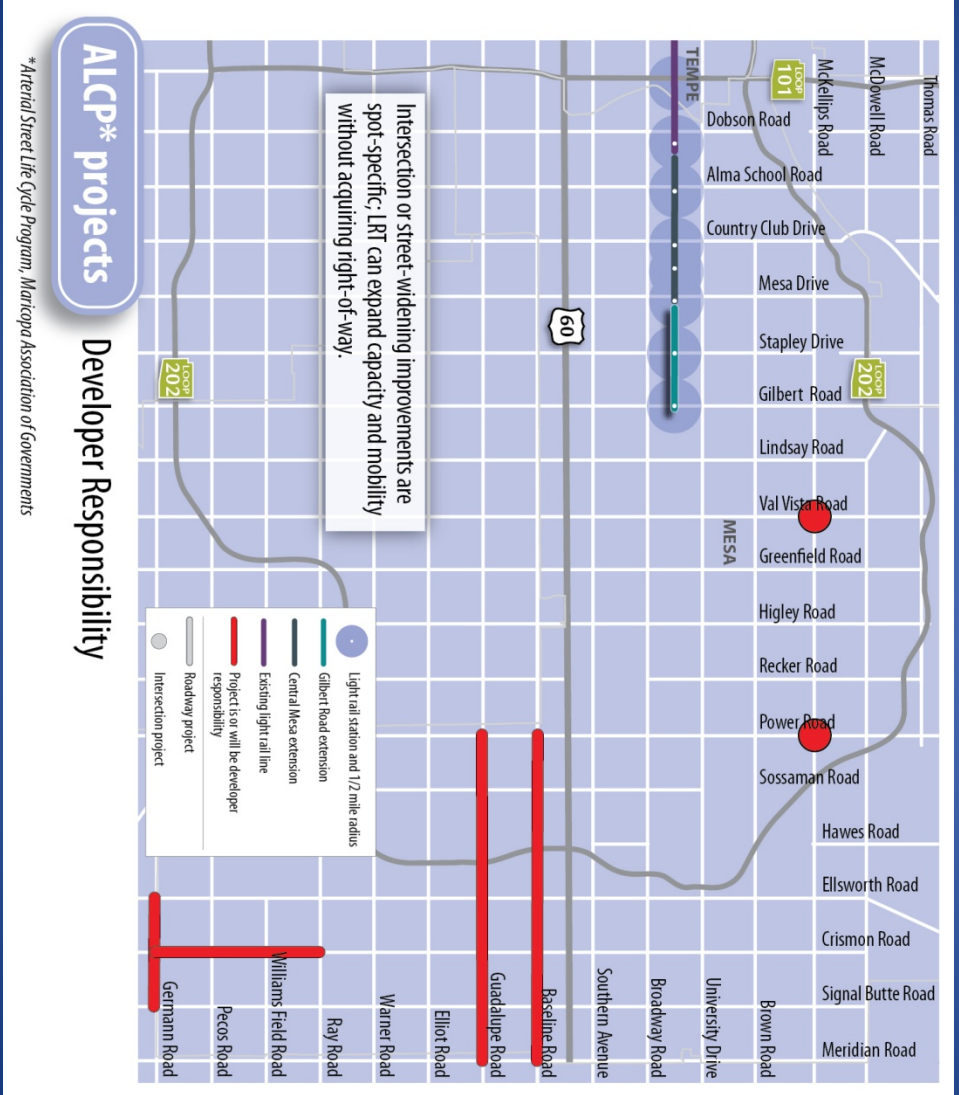


- The project as proposed calls for grade separated intersections
- These intersections will severely restrict access to businesses on Higley
- Restricting such access to businesses makes this project not feasible

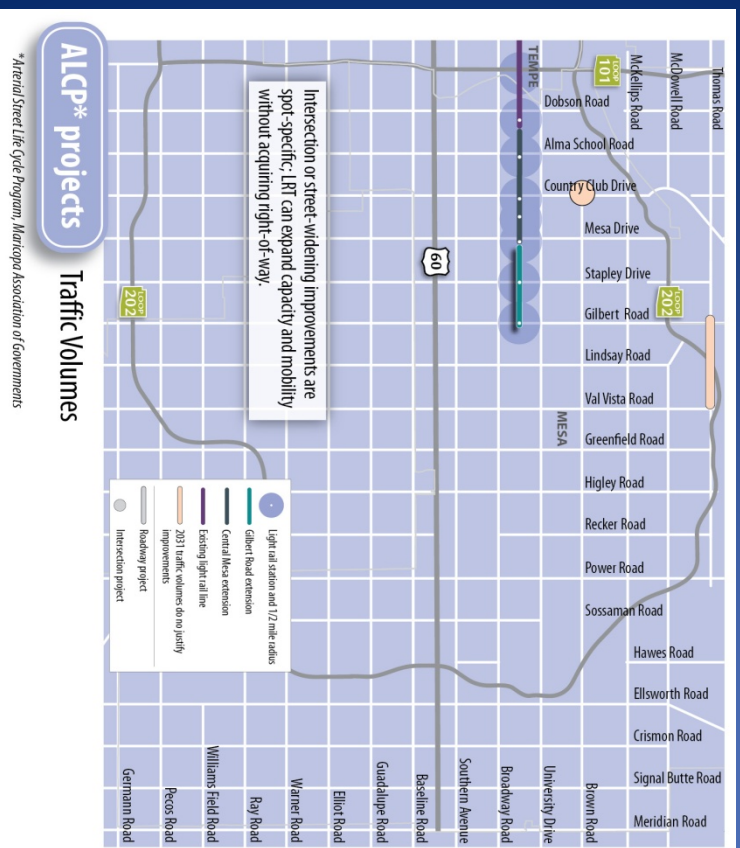
Parkway Example



Projects Now Developer Responsibility



Projects No Longer Needed



- Cost of these improvements not justified given low projected traffic volume
- Country Club Dr./Brown Rd. Intersection Improvements
- Thomas Rd.: Gilbert to Val Vista

Project Financing Scenario

- Mesa to issue Transportation Project Advancement Notes (TPANs) to advance funds for Project to begin in 2014
 - Similar to financing used to advance Gateway Freeway (State Route 24)
- Mesa to retire notes as RTP funding becomes available
- Mesa's local match will be funded by existing transportation resources
- **Result: no new net cost to the City**

Project Cost Estimate

- Total cost estimate: \$133M
 - \$112M (Construction)
 - \$21M (Interest)
- Mesa's cost responsibility: \$7.2M
 - 5.7% represents local match for federally-funded projects
 - Covered by savings from other projects

Schedule

