

SUSTAINABILITY AND TRANSPORTATION COMMITTEE MINUTES

March 21, 2024

The Sustainability and Transportation Committee of the City of Mesa met in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on March 21, 2024, at 10:12 a.m.

COMMITTEE PRESENT

Alicia Goforth, Chairperson
Francisco Heredia
Jennifer Duff

COMMITTEE ABSENT

None

STAFF PRESENT

Candace Cannistraro
Holly Moseley
Jack Vincent

Chairperson Goforth conducted a roll call.

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation, discuss, and receive an update on the funding sources for the City's Transportation Department's operating expenses and capital projects.

Transportation Director RJ Zeder introduced Assistant Transportation Director Erik Guderian and displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Zeder shared the acronyms for common terms used within the Transportation Department in the City of Mesa (COM) and in Maricopa County, which will be referred to in the presentation. He provided an overview of the presentation topics. (See Pages 2 and 3 of the Attachment 1)

Mr. Zeder reviewed the three major revenue sources that fund the Transportation Department's operating budget. He explained that the Highway User Revenue Fund (HURF) is a per capita distribution of fees collected by the State of Arizona, and that cities with more than 300,000 residents, such as Mesa, Phoenix, and Tucson, receive an additional distribution of HURF funds. He advised that the Environmental Compliance Fee is a portion of the utility revenues collected by the COM and helps fund Mesa's storm drain maintenance program; however, represents a smaller source of revenue. (See Page 4 of the Attachment 1)

Mr. Zeder discussed the operations expenditures that the City supports, with street maintenance being the largest part of the operations budget. He added that the revenues generated from street maintenance help fund the lifecycle projects, and he described the type of projects. (See Page 5 of the Attachment 1)

Mr. Guderian stated over the last five years, the City has experienced a significant increase in construction costs with the cost of materials doubling since 2020. He indicated an arterial roadway, from the start of the design to completion of construction, can vary from three to five years, depending on the coordination of utilities. He shared that the cost of paving one mile of a Shared Use Path (SUP) with streetlights, whether along a canal or the Arizona Department of Transportation (ADOT) right-of-way (ROW), has increased from \$1 million to \$3 million per mile. He noted that the time frame for a SUP can take approximately three years. He reported that the cost to construct a traffic signal is a \$500,000 investment, and traffic signals are only installed where necessary due to the large investment. (See Page 6 of the Attachment 1)

In response to multiple questions from Committeemember Duff, Mr. Guderian explained that pedestrian hybrid beacons are installed with pedestrian crossings since they utilize the same equipment. He noted that solar is not used for pedestrian hybrids due to their hard wiring and are subject to many ROW constraints which increase their costs. He pointed out that the equipment that operates a High Intensity Activated Crosswalk (HAWK) also operates a traffic signal. He added that the City intends to build a pedestrian hybrid beacon near the Gateway Library that crosses the parkway for an estimated cost of \$500,000.

In response to multiple questions posed by Chairperson Goforth, Mr. Zeder confirmed that the required standard for an arterial network ROW is 65 feet on each side and includes six travel lanes, a median, bike lanes, and as the intersection approaches a turn lane for a total of 130 feet. He stated there are some areas that will have a four-lane roadway, but buildout projection is potentially for six-lane roadways. He commented that staff can review the system map for areas where there is sufficient ROW, and stated that some streets have surplus capacity and opportunities for other vehicle travel without negatively impacting roadway capacity. He noted that the Transportation Master Plan will identify concepts, guidelines, and locations that are data driven.

In response to a question from Committeemember Heredia, Mr. Guderian explained that every project is different regarding the design of its streets; and for the Fiesta District project, bike lanes on Southern Avenue had to be moved to the sidewalk. He stated that each project is evaluated individually on a corridor-by-corridor basis to determine which option is the most suitable.

Mr. Guderian provided an overview of different revenue sources for capital improvement projects (CIP) and identified the sources and the type of projects these funds can be directed towards. (See Page 7 of Attachment 1)

Mr. Guderian reported that over the last 20 years, municipal bonds have been the primary method used for designing and constructing major CIP projects. He stated that various forms of public outreach were conducted to determine what should be included in the bond package. He commented that the funding source can be used on any type of transportation project that is deemed necessary and a priority to the Council and its citizens. (See Page 8 of Attachment 1)

Mr. Guderian stated the Arterial Life Cycle Program (ALCP) is integrated with other regional programs. He explained through the Maricopa Association of Governments (MAG), additional federal funding is available through the 0.5% sales tax under Proposition (Prop) 479 that will be on the ballot in November. He mentioned that through the program, projects are identified and included in the Regional Transportation Improvement Plan and are eligible for a 70% reimbursement. (See Page 9 of Attachment 1)

In response to a question from Committeemember Duff, Mr. Guderian replied that the reimbursement does not currently apply to active transportation projects and that the City has funded their active transportation projects through bonds and several of the SUPs have been funded by federal grants.

Mr. Zeder clarified that once the City receives the 70% reimbursement, the funds can be used for any transportation-related purpose. He provided an example of the Mesa Moves program where some of the work that the City is conducting on active transportation is funded through reimbursement dollars and how the City then builds out those paths which are not eligible as part of the current Prop 400 plan.

In response to multiple questions posed by Committeemember Duff, Mr. Zeder affirmed that the City created a budget based on an understanding that value could be reinvested rather than reimbursed. He recalled that the voters approved \$100 million in bonds that were then leveraged up to \$62 million in regional reimbursement. He noted the \$62 million was allocated between active transportation and street reconstruction, since the current program does not allow for the rebuilding of existing infrastructure, only new infrastructure. He reported that the 70% reimbursement amount was a regional decision in order for cities to demonstrate their commitment to the project.

In response to multiple questions from Committeemember Duff, Mr. Guderian responded that Prop 400 is limited to roadway widening and safety projects. He mentioned that the City has already identified projects in the upcoming Prop 479, which include roadway widening projects and safety projects, but arterial reconstruction has been added. He noted there are additional programs for active transportation projects based on feedback from other cities, and will be a competitive process with Phoenix, Glendale, Surprise, Chandler, and Gilbert. He added that regional money will be available for active transportation if Prop 479 passes, and MAG will have funds for different types of projects that will be determined in the November election.

In response to multiple questions posed by Chairperson Goforth, Mr. Zeder elaborated that the City has identified specific projects for Prop 400 and there is flexibility where funds can be transferred if a project becomes a higher priority, costs increase, or a development is coming and constructs a section of roadway, reducing the need for regional funds. He provided some examples of the use of close-out funds for projects. He discussed the future plans for the City's SUP projects, which have already been connected to Tempe with the Rio Salado path and future plans to connect to Gilbert's path system.

In response to a question from Chairperson Goforth, Mr. Guderian explained that MAG receives Active Transportation funding, a specific program from the federal government. He stated that MAG has a call for projects each year that the City competes for, but the funds are not derived from the 0.5% sales tax in the region. He noted MAG receives the funding and then redirects it to cities. He advised that many of the City's Shared Use Paths are funded by federal grants, which is how the program began.

In response to a question from Chairperson Goforth, Mr. Zeder emphasized that once an Active Transportation project is funded by federal dollars, the entire project must follow federal regulations and incur environmental and wage costs. He indicated the City strives to decompartmentalize and use local money on a project first since it is more flexible. He shared that federal dollars have a higher reimbursement rate, but there are a lot of rules to follow. He

noted once the first federal dollar is spent on a project, effort is applied to put as much federal funds as possible on the project.

In response to a question from Chairperson Goforth, Mr. Guderian replied that historically most of the City's Active Transportation projects are funded through federal grants; however, the 2018 Parks Bond and the 2020 Mesa Moves Bond program were some of the first locally funded Active Transportation projects.

Mr. Guderian reviewed the federal grants and explained that most of the safety funds are provided through ADOT and that the Federal Highway Administration (FHWA) agency can provide transportation funds. He indicated federal dollars can be obtained in a multitude of ways and are competitive. He noted that the COM is one of six agencies that is self-certified in Arizona. (See Page 10 of Attachment 1)

Mr. Guderian stated that a federalized project will have additional design and clearance costs that are up to one-third more than a local project and will require a year more to complete. He discussed a variety of projects and grants available.

In response to a question from Committeemember Duff, Mr. Guderian shared that the City intends to complete its plan for funding by the end of the year in order to be ready when the call for projects is announced. He added that the City will be eligible for implementation or construction grants but must have a plan in place before applying.

In response to a request from Chairperson Goforth and Committeemember Duff, Mr. Guderian responded that he will provide an update on the consultant's findings after he has more information and the public outreach has been completed.

Mr. Guderian provided an overview of the Transportation Fund, which can be used to fund transportation projects with reimbursements received for ALCP and federal projects. He commented that many of the City's arterial reconstruction and Active Transportation projects were funded by the Mesa Moves program. He shared that the Transportation Department collaborates quarterly with the Office of Management and Budget (OMB) to determine if the Transportation Fund has funds available for additional projects that the City was unable to achieve with bonds or grants. (See Page 11 of Attachment 1)

Mr. Guderian described some of the projects that are funded by the Local Streets Sales Tax (LSST) and HURF funds, typically drainage projects. He mentioned that often the COM will team up with the Maricopa Flood Control District's grant program for storm drain projects for areas that historically have been flooding to fund Mesa's portion. (See Page 12 of Attachment 1)

Mr. Zeder pointed out a photo illustrating a recent traffic calming project where the road was narrowed to try to temper speeds in the neighborhood.

Ms. Cannistraro explained that the LSST funding source currently includes the rental sales tax that will be eliminated, which will not only impact the General Fund (GF), but all of the City's sales tax including those related to transportation. She indicated there will be a decrease in the funding source.

Mr. Guderian discussed that approximately \$1 million is received annually from the Photo Safety Program that is administered by the Mesa Police Department to fund safety projects. He

described the safety-related projects that will be funded with the \$1 million. (See Page 13 of Attachment 1)

Responding to a suggestion from Committeemember Heredia, Mr. Zeder replied that he will discuss with the Engineering Department if project signage can be modified to highlight the funding source.

Committeemember Duff emphasized that residents may not realize how their decisions at the ballot box affect the City's projects or how their quality of life is improved by the projects. She expressed support for funding signage for projects so residents understand where the government funds are being spent and how their decisions directly impact the projects.

Chairperson Goforth thanked staff for the presentation.

3. Adjournment.

Without objection, the Sustainability and Transportation Committee meeting adjourned at 11:07 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Sustainability and Transportation Committee meeting of Mesa, Arizona, held on the 21st day of March 2024. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

lr
(Attachments – 1)

Overview of Funding Sources for Transportation

Sustainability and Transportation Committee Meeting

3/21/24

RJ Zeder, Transportation Director

Erik Guderian, Assistant Transportation Director



Acronyms

- **CIP** – Capital Improvement Program
- **ALCP** – Arterial Life Cycle Program
- **LSST** – Local Street Sales Tax
- **HURF** – Highway User Revenue Fund
- **ECF** – Environmental Compliance Fee
- **MAG** – Maricopa Association of Governments
- **ADOT** – Arizona Department of Transportation
- **FHWA** – Federal Highway Administration
- **ITS** – Intelligent Transportation System



Transportation Operations

- CIP Project Costs
- CIP Project Revenue Overview
 - Municipal Bonds
 - ALCP/Regional Programs
 - Federal Grants
 - Transportation Fund
 - LSST/HURF
- Photo Safety Program

Overview





Operation Revenue Sources

Local Streets Sales Tax

- *0.3% Mesa Transaction Privilege Tax for street maintenance and construction*

Highway User Revenue Fund

- *Arizona State fees from gas and license taxes*

Environmental Compliance Fee

- *Funding from Mesa's Environmental Compliance fee for storm drain maintenance*



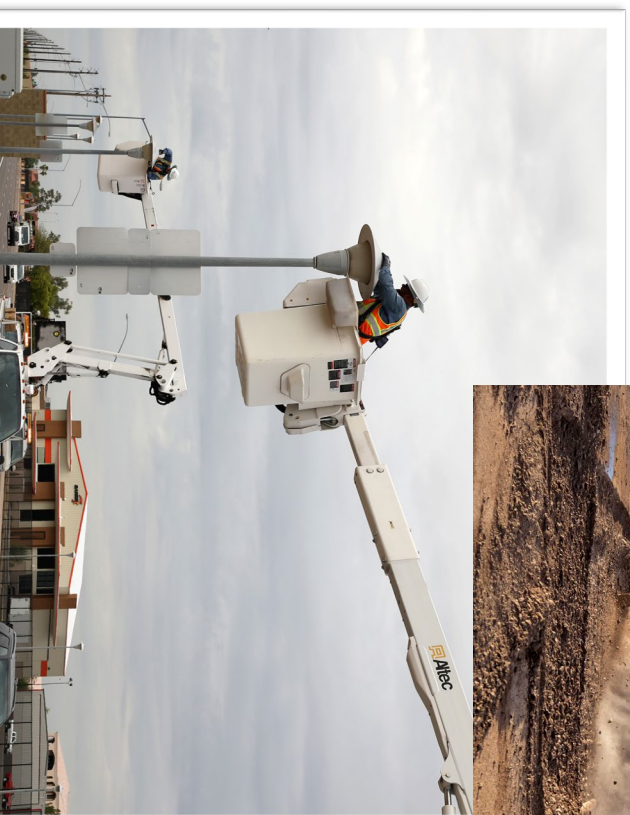
Operations Expenditures

Asset Maintenance

- Pavement Maintenance
- Streetlights
- Traffic Signals
- Landscaping
- Right-Of-Way Clean Up
- Storm Drainage
- Street Sweeping

Lifecycle Projects

- Replace end of life infrastructure



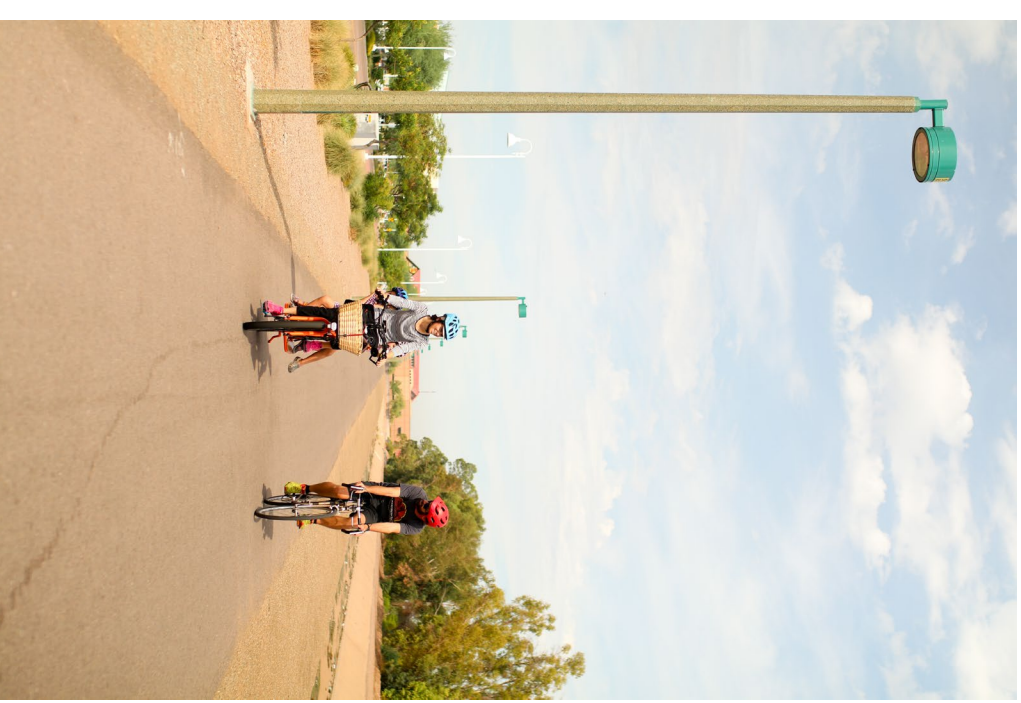


CIP Project Cost

1 Mile of Arterial - \$10M to \$20M

1 Mile of Shared Use Path - \$3M

**1 Traffic Signal/Pedestrian Crossing - \$500K
to \$750K**





CIP Project Revenue Overview

Municipal Bonds

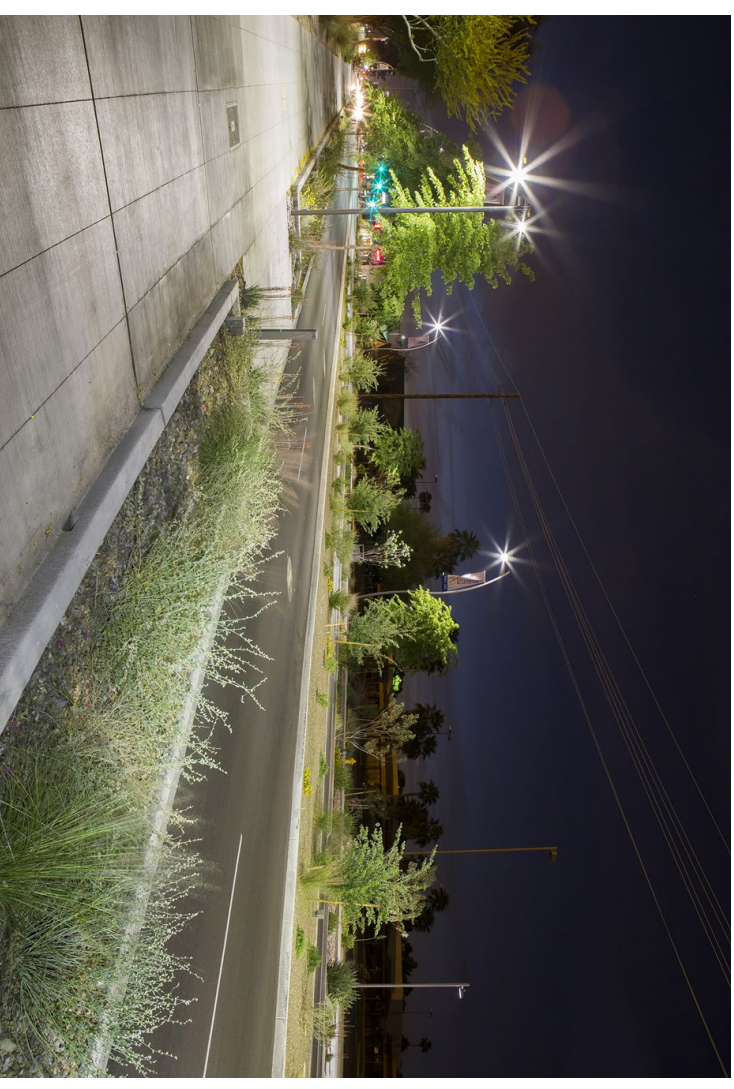
- **ALCP/Regional Programs (Prop 400/479)**
- **Federal Grants**
- **Transportation Fund**
- **LSST/HURF**
- **Photo Safety Program**





Municipal Bonds

- Voter Approved
- Government Obligation Bonds tied to Property Tax
- Projects within Mesa
- Project Types: All





ALCP/Regional Programs

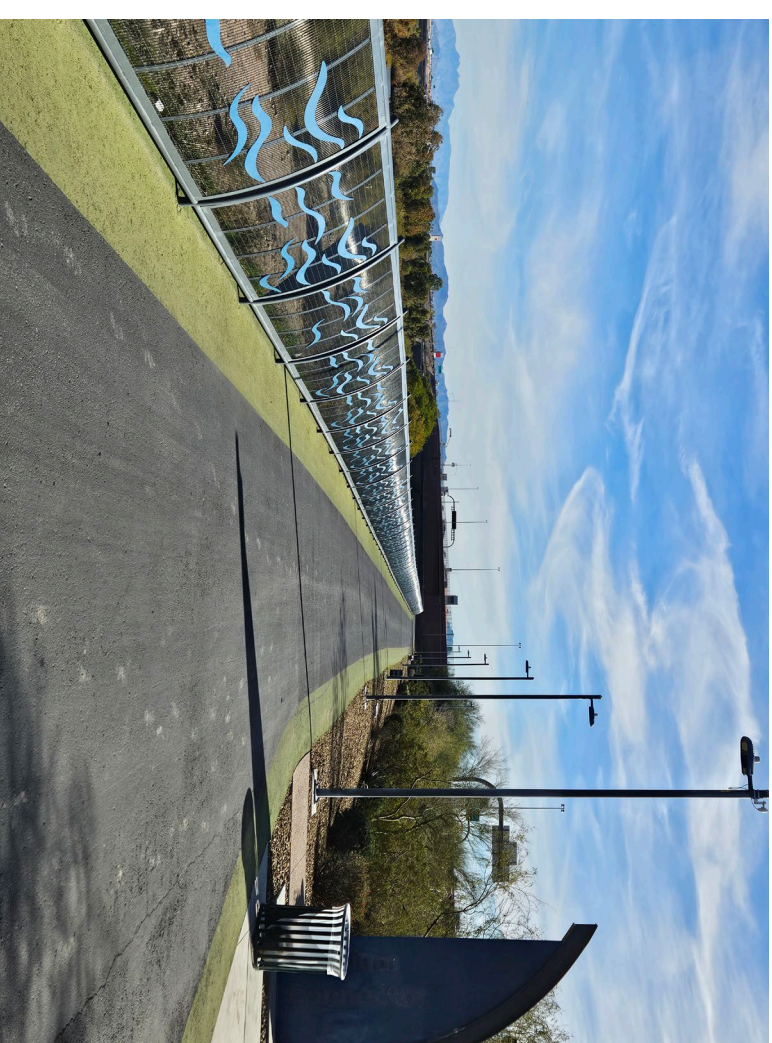
- 0.5% Sales Tax collected in Phoenix region
- 70% regional reimbursement – City fronts cost of project and receives reimbursement after expense
- **Prop 400** – 2005-2025
- **Prop 479** – 2026-2050
- Project Types: Roadway widening and safety in Prop 400





Federal Funding

- 1.3% federal grant, 5.7% local match
- Funds come through MAG, ADOT, or FHWA
- Competitive process for federal funds
- City of Mesa is self-certified agency allowing us to manage our own federal projects
- Additional design/construction requirements that add cost and time
- Project Types: Roadway Widening, Safety, Active Transportation, ITS projects, Regionally Significant Projects





Transportation Fund

- Fund designated for reimbursements received on ALCP and Federal projects
- Used to fund additional Transportation projects
- Project Types: All





LSST/HURF

- 0.3% Mesa Transaction Privilege Tax for street maintenance and construction
- Project Types: Small scale drainage projects, traffic signals, traffic calming, and small roadway projects

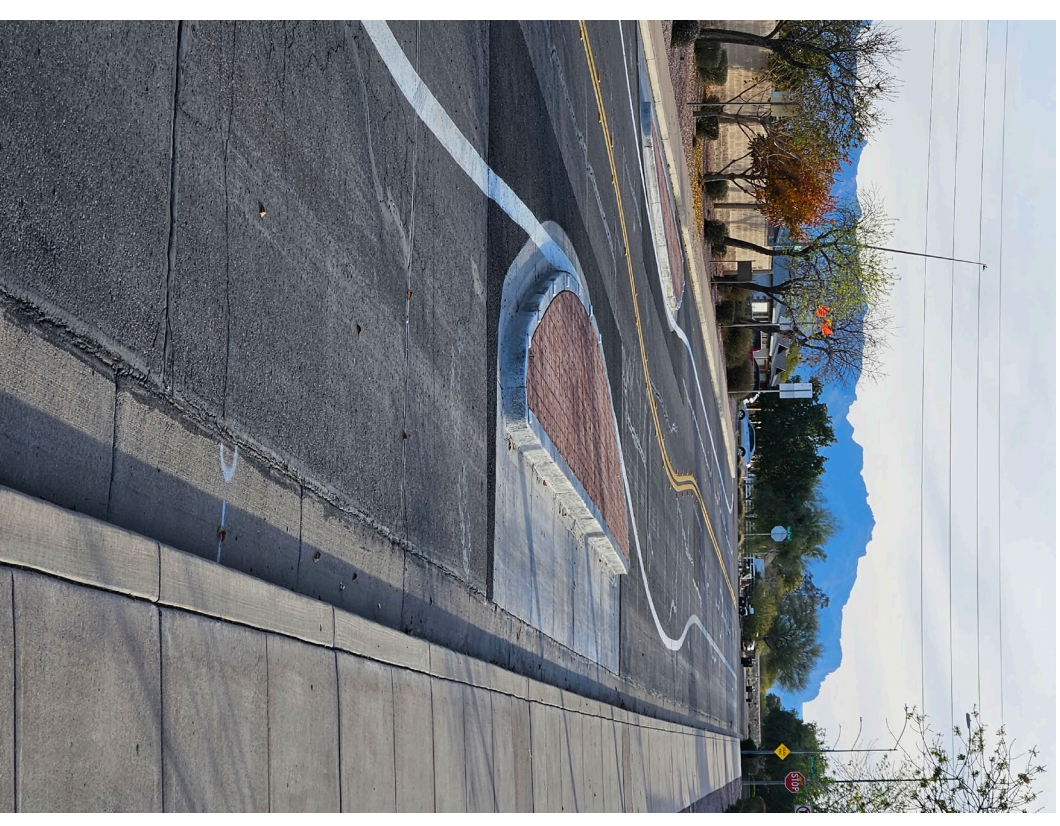
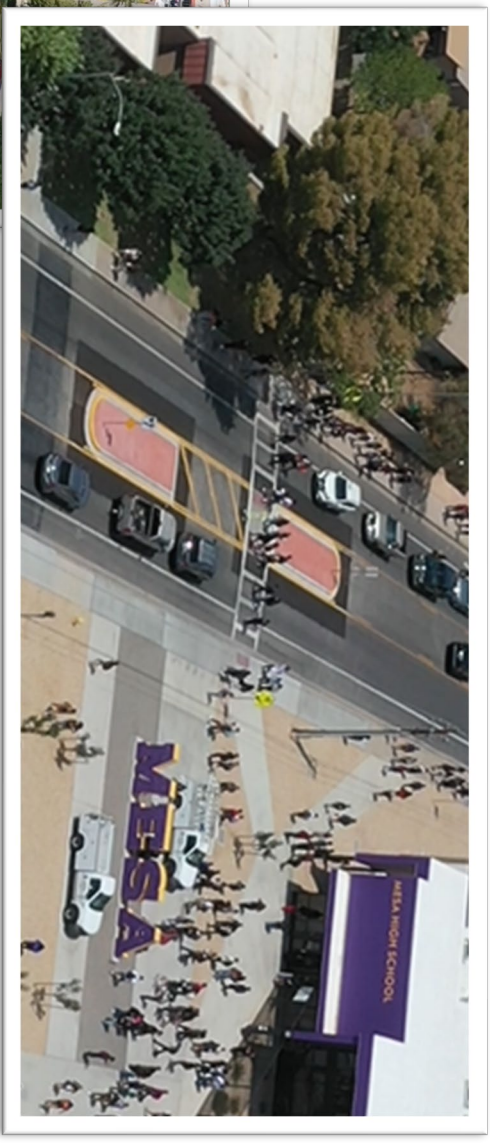
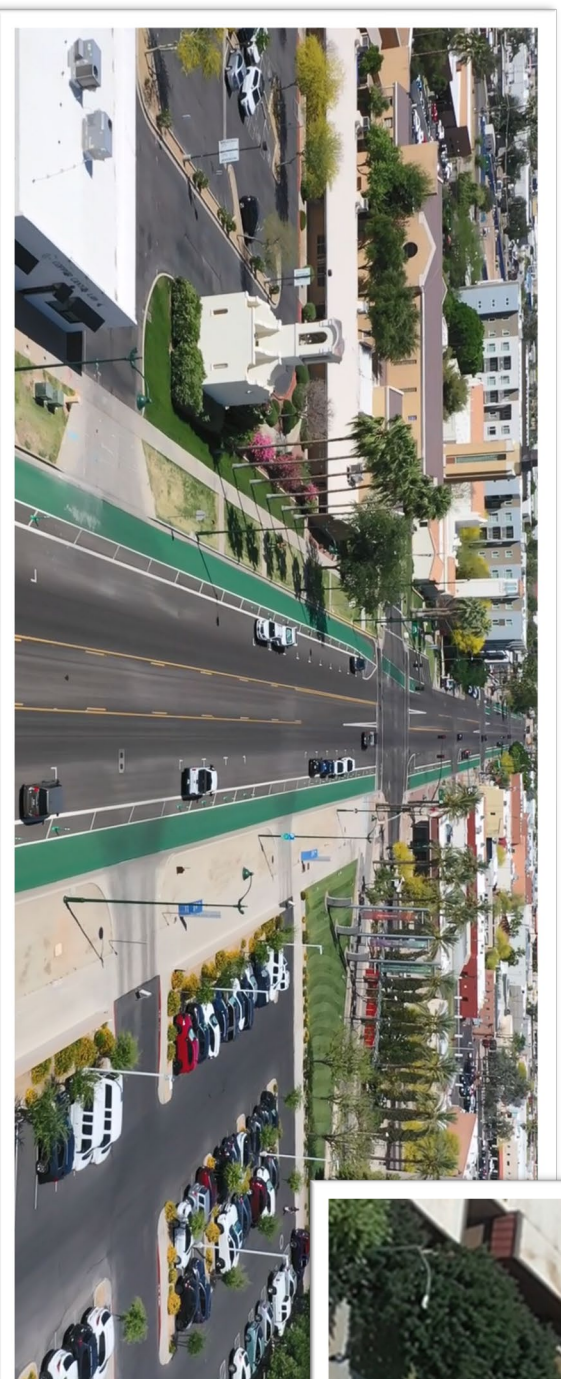




Photo Safety Program

• receive approximately \$1.0M from
Mesa's Photo Safety Program annually

- Project Types: Safety



Questions/Discussion
