

Transportation Finance Subcommittee

Summary of September 2, 2009, Meeting

Committee Members Present

Ben Goff, Pima County, Chair
Craig Civalier, Oro Valley
Suzanna Sombrero, Town of Sahuarita
Joel Gastelum, City of South Tucson
Orville Saling, Town of Marana
Jim Glock, City of Tucson

Staff

Don Freeman
Rob Samuelsen
Jim DeGroot
John Liosatos
Cherie Campbell
Teresa Ruiz

Jurisdiction Representatives

Priscilla Cornelio, Pima County
Roy Cuaron, City of Tucson
Robert Padilla, Pima County
Rosanne Grant, Pima County

1. Welcome and Introductions

Welcome and introductions were conducted.

2. Discussion and Approval of Meeting Summary of June 3, 2009

The Subcommittee approved the meeting summary of June 3, 2009, as written.

3. Update on HURF Transportation Revenues/12.6% and 2.6% Funds

Copies were distributed of:

- FY 2009 HURF Distribution Tracking Report – Year-End Report
- FY 2010 HURF Distribution Tracking Report
- County Fuel Supplier Gallons Sold by Month for Pima County
- Pima County Percentage of Statewide Supplier Gallons Sold
- ADOT reports on 2.6% and 12.6% (June).
- Future TIP Revenue Forecast memo

Mr. Freeman reported that for fiscal year (FY) 2009 the year end report shows the region revenues declined by 10.72 percent over the previous year. The estimate is below the actual by 1.6 percent. He noted the region had received a “bump” up in February and March due to an ADOT adjustment, so the two months appear higher than other months. Mr. Cuaron noted the City of Tucson reports a different number for the first month of FY 2010. Mr. Freeman agreed and will correct the number and distribute a new FY 2010 report.

Mr. Freeman reported he has not received the ADOT information on the 2.6% or 12.6% funds for July. The June report shows a balance in the 2.6% fund of \$34.1 million and a balance in the 12.6% fund of \$17.1 million. Mr. Cuaron asked how much of the \$34 million is committed. Mr. Freeman replied that a large piece of the fund is committed to the I-10 construction but has not been billed yet. I-10 will probably take \$15 million from the 2.6% fund. The 12.6% fund has decreased. It was at \$30 million; however, the City of Tucson 4th Avenue project and the Town of Marana projects have drawn down the fund.

Mr. Freeman requested the Subcommittee members review the proposed FY 2010 estimates. The estimates are the adjusted actual revenues for the FY 2009. The estimates for February and March are the average of April and January since the "bump" due to the ADOT adjustment makes the FY 2009 actuals unusual. Mr. Goff noted the estimates do allow for the DPS fund transfer; however, the issue is where the money for the transfer will be taken from. The estimates are a means of determining if the region receives the funds it should and allows us to detect blips. We will need three months of data to determine if the estimates are on track.

Mr. Samuelson noted that the RTA is expecting the "Cash-for-Clunkers" program to result in an increase in sales tax revenue. Mr. Goff stated they expect an increase in the VLT due to the new car purchases; however, cars purchased have better fuel economy which will affect the fuel consumption. Also, if a driver replaced a large truck, i.e. an F-150, with a smaller less expensive car, the car will depreciate quicker resulting in lower VLT over time for the region.

Mr. Goff noted the County fuel chart indicates the percentage of the state fuel sold in Pima County is doing better due to Maricopa County having greater economic issues. Pima County is seeing a "bigger slice of a smaller pie." If there is an economic recovery this year, Pima County may see it before Maricopa County. Mr. Freeman noted the monthly reports have lots of adjustments going back a couple of years, most of the adjustments are decreases. Ms. Cornelio asked what is the range of the adjustments. Mr. Freeman replied he is not sure, PAG has the raw numbers and the County has been very helpful with monitoring what is happening with the adjustments. Mr. Cuaron asked if a list of the fuel suppliers is available. Perhaps the jurisdictions could determine if the gallons of fuel sold are credited to the proper jurisdiction. Mr. Goff replied the list is by corporation; therefore, it is difficult to determine which supplier is affiliated with a certain corporate entity. Also, buy outs are occurring which further complicate tracking fuel sales.

4. Legislative Items that affect Transportation Funding

Mr. Liosatos reported the Legislature has submitted a budget to the Governor. The question is whether the Governor will sign the budget, veto it or if she does not do either, the budget will become law without her signature.

Ms. Cornelio reported she had heard that if the budget becomes law there will probably be a special session in November or December to deal with the ongoing budget issues.

5. Regional Transportation Authority Revenue Update

Mr. Samuelson reported the RTA sales tax decreased 19.5 percent over the last two months. This month, the sales tax revenue was 8 percent below the same month the prior

year. For the first time, the sales tax revenue of \$5.5 million outperformed Maricopa County's revenue collection. Also, the RTA is hoping to see an increase in sales tax due to the "Cash for Clunkers" program. He reminded the Subcommittee that the RTA is reporting the revenue in the month the revenue is received by the RTA and not the month the state collects the tax.

6. Other Business

Mr. Goff requested the Subcommittee review the Future TIP Revenue Forecast memo. Mr. Freeman noted the TIP Committee is looking at the revenue forecast as part of the 2011 – 2015 TIP programming cycle. PAG is concerned that due to the discrepancy between actuals and estimates, staff felt that the estimates need to be adjusted.

The FY 2011- 2014, 12.6% estimates were trimmed by \$4 million per fiscal year resulting in a reduction of \$16 million over four years. This would prevent the region from over committing the funding. Mr. Liosatos reminded the Subcommittee that PAG is asking the jurisdictions to shift projects back, not remove them. He noted that due to project "slippage" and "bad" estimates, there is concern about the regional cash flow. PAG is asking the jurisdictions for project status in order to create a master cash flow which would enable the region to move funding around to ensure funding is available where and when it is needed. Mr. Goff moved the Subcommittee approve endorsement of the memo. Mr. Cuaron seconded; the motion was approved unanimously.

7. Adjournment

Meeting adjourned.