



agreement. With extremely narrow margins, the majority must have consensus among all of its members.

It appears that the main project at this time is development of a tax cut package. The centerpiece of this proposal is a flat individual income tax to be phased in to a 2.5% rate. There are concerns among legislators about the fiscal impact of this measure to the state, and whether counties and municipalities would be held harmless with the State Shared Revenue.

The State of Arizona is currently looking at an unprecedented amount of revenue. Forecasted shortfalls inhibited spending last year, and the expected collection losses did not materialize. State revenues are expected to come in with a surplus of approximately \$2 billion. The state has also received COVID relief funding: CARES Act funding, which must be used by the end of the calendar year, and the American Rescue Plan. Both of these are one-time funding sources, which have restrictions/guidelines on permissible use.

Leadership indicated early on that they want to dedicate much of the surplus to infrastructure projects across the state. They have committed \$200 million to do so.

The Interim Final Rule for state and local governments from the US Treasury, on how relief funding can be used, was issued on Monday. A link to that guidance, and an accompanying fact sheet will be included with today's RTAC legislative update email.

### **Federal Update**

Transportation infrastructure is at the top of the agenda in Washington, DC. Earlier today, the President held a meeting with House and Senate leaders to discuss transportation.

The Administration has proposed a \$2.3 trillion infrastructure package. The administration's proposal includes items that have not historically been considered infrastructure, such as workforce development and childcare. Minority leadership in the House and Senate don't support the entire package, but are open to addressing a significant part of the more traditional infrastructure. They have indicated that they are open to funding levels that exceed the status quo, but not the amounts that the Administration is proposing.

Majority leadership is willing to continue negotiations, and may be willing to potentially divide the package into different parts, and consider components individually rather than as a whole.

Jerry Smith commented that the flat tax being proposed at the state level could potential mean a revenue cut to smaller cities/towns, who rely on state shared revenue collections to supplement distributions from entities like ADOT and revenues that are collected locally.

Kevin Adam answered questions from the TPAC members.

## **V. Project Prioritization Process**

Jennifer O'Connor provided an overview of the process to collect applications for the regional priority projects list, which would be submitted to RTAC to advocate for earmark projects at the state and federal level.

The RTAC Advisory Committee, made up of rural COG/MPO directors, has developed a funding formula based on population. The formula is based on greater Arizona being designated approximately \$40 million for projects. The NACOG region's share of this is \$8.9 million. NACOG would then allocate funding to its sub-regions using the same process as its TIP allocations, resulting in the following:

- Apache sub-region \$1,929,497
- Coconino sub-region \$1,406,694
- Navajo sub-region \$2,977,277
- Yavapai sub-region \$2,673,333

Both capital improvement projects and planning projects are eligible to be included on the list. Funding requests should not exceed the total sub-region funding amount. Infrastructure projects must include a cost estimate as part of the submittal process. Tribal partners may apply. Individual project sponsors may submit more than one project.

Funding requests that exceed sub-region funding amount will not be eligible for the High Priority Project list (for potential legislative funding), but included on the list as regionally significant.

A sub-group of Technical Subcommittee members, called the Supplement Funding Planning Committee, developed the criteria that will be used to prioritize the region's projects:

- High scoring criteria (20 points each)
  - Demand/project need
  - Connectivity
  - Economic/Social benefits
- Medium scoring criteria (10 points each)
  - Safety
  - Local leveraging
  - Alternate modes of transportation
- Low scoring criteria (5 points each)
  - Past maintenance expense
  - Project readiness
  - Support for planning project

The goal of this process is to develop a list of priorities for the region that includes projects that have been vetted at the regional level and have some degree of readiness (applicant can take action if selected). The final list will be submitted to the Rural Transportation Advocacy Council once completed and approved.

The next step in the process is a series of pre-application sub-regional meetings to provide information to the local communities before they submit their applications. Topics covered will be: review project/plan eligibility; review the process timeline; discuss potential regional partnership projects; and emphasize communication with elected officials. The meetings for the Apache and Navajo sub-regions will take place on Monday 5/17. The meetings for the Coconino and Yavapai sub-regions will take place on Tuesday 5/18.

Application submission will be an online process. Jurisdictions will receive a link to the application form with the call for projects. The scoring criteria will be shared with applicants to ensure a transparent process.

Jennifer discussed the difference between the high priority project list and the regionally significant project list.

- High Priority Project List: fiscally constrained, projects to be recommended for legislative set-aside funding, project on a federally classified roadway.
- Regionally Significant Project List: not fiscally constrained, no limit to the number of projects submitted or project cost, projects in the planning/conceptual phase and local roadway projects are welcome.

Regionally significant projects enhance connectivity between communities and/or increase access to regional services or employers.

The timeline for the rest of this process is as follows:

- 5/17-18: sub-regional meetings to provide information on the call for projects
- Before 5/24: call for projects released
- 6/11: project submissions are due
- 6/29: scoring committee meeting to review applications received
- 7/5-14: sub-regional project prioritization meetings
- 7/26: draft ranked list is complete
- Late July: VVTPO and WMRP committee meeting
- 8/4 Technical Subcommittee review final list and recommend approval
- 8/26 Regional Council approval

Chris Fetzer added that this list of projects will serve a dual purpose. It will be focused in the near term on the state legislature and state surplus funding. It will also help the region to be well-positioned to take advantage of any federal infrastructure or stimulus funding that is approved in future sessions.

Jennifer O'Connor answered questions from the TPAC members.

#### **VI. Next Meeting: June 9, 2021 – 1:00 – 2:30 PM**

Jennifer O'Connor introduced an item for potential advocacy efforts in the 2022 legislative session.

An Intergovernmental Public Transit Authority (IPTA) is an organization made up of cities, towns, and other entities, with the power to operate or contract for public transit services. An IPTA has no taxing authority.

The formation of an IPTA is currently limited to counties with a population of 200,000 or less; transit providers in Yavapai County have expressed a desire to remove the population limit from the state legislation regarding the formation of IPTAs.

Yavapai County is home to multiple small to mid-size transit providers. An IPTA would allow for coordinated governance and operation of these entities. However, Yavapai County is slightly over the 200,000 population cap.

Jennifer asked the TPAC members if they would be interested in pursuing legislation to increase county population cap for the development of an IPTA. Chris Fetzer added that this could also be a tool for Apache or Navajo County to explore as well.

The committee members expressed interest in continuing the conversation. Staff will proceed with adding this item to the June meeting agenda for further discussion.

Committee members that do not currently receive Kevin's RTAC email updates should contact Cindy Binkley to be added to the distribution list.

The next TPAC meeting is tentatively scheduled for 1-2:30PM on Wednesday, 6/9. Staff will send an outlook invitation to determine if there will be a quorum.

## **VII. Adjourn**

Jennifer O'Connor asked for any final questions or comments. Hearing none, she adjourned the meeting.

***Jennifer O'Connor adjourned the May 12, 2021 meeting of the NACOG Transportation Policy Advisory Committee at 2:00 P.M.***