

Maricopa Association of Governments and Pima Association of Governments

Department of Transportation

Program Summary

Program Overview

The Maricopa Association of Governments (MAG) and the Pima County Association of Governments (PAG) are the federally designated metropolitan planning organizations (MPO) for their respective counties. MPOs are also found in Flagstaff, Prescott and Yuma. Acting in the capacity of a MPO, MAG and PAG manage and develop long-range transportation and other types of plans for their regions. They receive federal, state and local tax revenue for transportation projects and system management.

Background

MAG

MAG was created in 1967 to direct long-range transportation and air quality planning for Maricopa County. A 35-member regional council, consisting mostly of city mayors, governs MAG. MAG primarily administers revenue from Proposition 400, the half-cent sales tax in Maricopa County. The half-cent sales tax was reauthorized in 2004 for a 20-year term that ends in 2025.

In conjunction with the 20-year half-cent sales tax extension, MAG developed a Regional Transportation Plan (RTP) listing transportation goals and objectives over the 20-year period. The RTP was recently updated to 2035. MAG has 2 major RTP partners: the Arizona Department of Transportation (ADOT) and Valley Metro. ADOT is responsible for freeway improvements, and Valley Metro oversees bus transit and light rail development and operations. The RTP also uses local government matching funds for arterial roads, light rail, operations and bus routes.

PAG

Similar to MAG, PAG was established in 1970 to oversee long-range transportation and air quality planning for Pima County. Included in its 9-member regional council are representatives from local and tribal governments. Although PAG administers the Highway User Revenue Fund (HURF) controlled access distribution for Pima County, the Pima Regional Transportation Authority (RTA) is the recipient of the Pima County half-cent sales tax revenue. The Pima RTA Board has the same membership as the PAG Regional Council, though they have different elected leadership. PAG also manages the Pima RTA.

Program Funding

MAG

MAG estimates its major sources of funding in FY 2018 will total \$914.7 million, including \$452.6 million (49.5%) from the half-cent sales tax in Maricopa County, \$281.8 million (30.8%) from state funds and \$180.3 million (19.7%) from Federal Funds. These amounts refer to the funds MAG oversees in its planning and programming of transportation projects.

MAG's FY 2018 operating budget is \$27.8 million. About 70% of the operating budget comes from federal sources, with the other 30% from the half-cent sales tax. Personnel expenditures and overhead make up more than 57% of the \$27.8 million operating budget, with the remaining 43% dedicated to pass-through agreements, project consultants, contingency and capital outlay.

The most significant revenue source for MAG is the half-cent sales tax in Maricopa County. Proposition 400 distributes 56.2% of the half-cent sales tax to the Regional Area Road Fund (RARF) for freeways, 10.5% to RARF for major arterial streets and 33.3% to the Public Transportation Fund for mass transit such as bus routes and light rail. MAG administers RARF while Valley Metro administers the Public Transportation Fund. In FY 2016, Proposition 400 revenues totaled \$394.3 million as shown in *Table 1*; this amount is expected to grow to \$613.8 million by FY 2025.

Table 1**Maricopa County Half-Cent Sales Tax Collections by Disbursement Area**

<u>Fiscal Year</u>	<u>Freeways</u>	<u>Arterial Streets</u>	<u>Public Transportation Fund</u>	<u>Total</u>
2016	\$221,600,000	\$41,400,000	\$131,300,000	\$394,300,000
2017 Est.	231,200,000	43,200,000	137,000,000	411,400,000
2025 Est.	345,000,000	64,400,000	204,400,000	613,800,000

MAG is allocated funding from state HURF. HURF revenues are generated from statewide road-related taxes and are labeled in *Table 1* as “state funds.” Statute and State Transportation Board policy dictate HURF distributions. After some initial distributions primarily for Department of Public Safety Highway Patrol, 50.5% of HURF is distributed to ADOT’s State Highway Fund (SHF). Of that amount, 15.2% (or roughly 7.7% of HURF) is designated for controlled access (i.e., freeways) in Maricopa and Pima Counties. MAG oversees 75% of the controlled access distribution with PAG being responsible for the remaining 25%.

The amount of SHF that is left after the initial distributions and MAG/PAG allocations is combined with the state’s allocation of federal transportation funding and used for the Statewide Highway Construction program, which is also known as the ADOT Highway Construction program. Of the total Statewide Highway Construction program, 37% is reserved for highway construction in the MAG area.

Valley Metro

Valley Metro estimates total revenue of \$287.0 million in FY 2018, including \$145.3 million from the Maricopa County half-cent sales tax and \$141.7 million from other funding such as Federal Funds, fare revenue and lottery proceeds. Valley Metro estimates expenditures of \$300.9 million in FY 2018, of which 24%, or \$71.5 million, is administrative in nature (including bond principal and interest, contingency, overhead, personnel expenses, etc.).

As the state’s rail transit safety oversight agency, ADOT oversees federal safety standards for Valley Metro’s light rail and the Tucson street car. To comply with changes in federal code requiring legal and financial independence between the rail transit safety oversight agency and Valley Metro/PIMA RTA, Laws 2016, Chapter 121 gives ADOT the authority to review, approve, oversee and enforce federal light rail requirements. In addition, the FY 2017 General Appropriation Act provided \$88,000 from the Air Quality Fund for the rail transit state safety oversight grant match. Valley Metro previously paid state match. Through a combination of appropriated General Fund monies and the new \$88,000 appropriation, ADOT is able to meet the 20% threshold for state match and draw down \$438,700 in Federal Funds.

PAG

Given that the half-cent sales tax in Pima County is allocated to the Pima Regional Transportation Authority (RTA) rather than PAG, PAG’s major revenue source is the HURF controlled access distribution estimated at \$26.4 million in FY 2018. Unlike the controlled access distribution for MAG, PAG may use some of its 25% allocation for arterial streets and highways. PAG estimates that it will also receive \$19.7 million from Federal Funds in FY 2018. In addition to these amounts, the Statewide Highway Construction program dedicates 13% of its funding to the PAG region.

Pima RTA

The Pima RTA received \$75.7 million from the half-cent sales tax in FY 2016 (89% of its total revenues), as well as other RTA funding totaling \$9.1 million. The Pima RTA reported expenditures of \$146.3 million in FY 2016, of which 19%, or \$28.4 million, was defined as administration (including bond principal and interest). In FY 2015, the administrative component was 25% of total expenditures.