
CITY COUNCIL REPORT

TO: Mayor and City Council

FROM: Mary E. Peters
Chair, Citizens Committee on the
Future of Phoenix Transportation

SUBJECT: CITIZENS COMMITTEE ON THE FUTURE OF PHOENIX
TRANSPORTATION RECOMMENDATION

This report requests the Transportation and Infrastructure Subcommittee recommend City Council approval of the Citizens Committee on the Future of Phoenix Transportation's comprehensive transportation plan and funding recommendations.

THE ISSUE

The City of Phoenix currently has a dedicated 4/10ths of a cent sales tax supporting public transit service approved by Phoenix voters in 2000. The tax, referred to as Transit 2000, generates the majority of funding for bus and light rail operations in the city. Transit 2000 provided for a significant service expansion, adding late night and weekend service, introducing RAPID™ commuter and neighborhood circulator routes, and serving as the city's key funding mechanism for construction of Valley Metro Rail, which launched in 2008.

Over the subsequent years, however, the long-term objectives of the Transit 2000 program were hampered by significant declines in revenue due to two recessions. To date, the program has generated approximately \$1 billion less in revenue than anticipated. At the same time, funding for street transportation projects and maintenance has also declined, as long-standing sources of support for roadway construction and infrastructure, such as the Arizona Highway User Revenue Fund, also saw reductions.

Due to these ongoing challenges and the upcoming expiration of the Transit 2000 sales tax, Mayor Greg Stanton and Phoenix City Council appointed the Citizens Committee on the Future of Phoenix Transportation, a 34 member group, to provide a comprehensive review of public transit and street transportation needs citywide and to gather resident input obtained through a variety of public engagement methods.

The Committee launched its efforts on August 12, 2014. Over eleven meetings, the Committee analyzed the transportation landscape of each area of the city, considering current public transit and transportation infrastructure, land use and census data, employment and demographic trends and public input to identify the city's future transportation needs.

At the February 2, 2015 meeting, the Citizen Committee on the Future of Phoenix Transportation approved the following:

- 1) Adopt the recommendations listed in Exhibit A;
- 2) Make the proposed sales tax increase permanent but not less than 30 years;
- 3) Appoint a transit and streets oversight committee and require this committee report to City Council on a regular basis and review possible modifications to the sales tax based on other sources of funding such as the gas tax and vehicle license tax and formalize the oversight committee's responsibilities to address future innovative financing and funding mechanisms;
- 4) Include flexibility for the Mayor and Council to make adjustments to reduce the tax based on additional revenue sources.

Although not part of the motion, the Committee also felt strongly that the Mayor and City Council consider solutions to address the \$3.5 billion unfunded street and stormwater infrastructure needs.

The comprehensive transportation plan will cost approximately \$30 billion through 2050, which equates to a 0.75% sales tax.

OTHER INFORMATION

Public Input

Feedback from residents was a key element in the process of developing the recommendations included in this report. Over six months, Public Transit and Street Transportation staff connected with numerous stakeholder groups. More than 100 events—ranging from community meetings to open houses and outreach at transit facilities—were conducted, reaching more than 3,500 residents and generating hundreds of comments in-person and online at talktransportation.org.

The initial phase of public outreach identified a variety of transportation needs for transit riders and residents, which were taken back to the public for additional comment. The priorities that participants felt were important varied based on the kinds of transportation used and included:

- Greater frequency and longer hours of bus and light rail service
- Expanded bus and light rail lines
- Shade structures at all bus stops
- Additional ADA accessibility improvements at facilities
- Technology, including reloadable fare cards and WiFi
- Need for general street improvements citywide, including providing pavement maintenance, new bicycle lanes, sidewalk installation and traffic signal enhancements

Through this process, a set of priorities were identified that addressed resident concerns for improved availability of transit service, better street and transit infrastructure and connectivity, and elements to sustain future growth and long-term transportation maintenance. These needs were refined by the Committee through a daylong planning workshop facilitated by Arizona State University faculty.

Transportation Priorities

Results of the second public outreach phase generated a specific set of priorities based on the prior outreach, which established transportation improvement needs. The list of priorities was discussed at open houses and community group meetings, and was also provided in an online survey. For this stage of the process, staff and committee members spoke with 800 people. An online survey was also conducted with more than 1,000 participants to specifically identify transportation priorities. Results from the online survey are attached (Exhibit D).

Street Transportation Subcommittee

The Committee recognized the need for a more specific discussion on street infrastructure needs and formed a Street Transportation Subcommittee. The Subcommittee reviewed the current and projected 30-year needs for street and stormwater improvements, which exceed \$7 billion. The Subcommittee recommended to the full Committee that \$2.4 billion for transit-related and non-transit-related street improvements be included in the overall transportation funding package, that an advisory committee be combined with a transit committee to provide oversight of any new street funding, and that further consideration be given to the remaining \$3.5 billion in street and stormwater infrastructure needs. The Street Transportation Subcommittee's recommendations are reflected in the Committee's motion described in the Recommendation section of this report.

Funding Analysis and Deductions

The Committee discussed paying for a comprehensive transportation plan with a variety of funding sources to ensure a fiscally sound program. A reliable local funding source is at the core of a funding strategy for a comprehensive transportation program for Phoenix. Overwhelmingly, the public preferred a permanent tax. In addition to annual reviews of Public Transit and Street Transportation's Five-Year Capital Improvement Program by the City and the Maricopa Association of Government's review of the Transit Life Cycle Program and Arterial Streets Life Cycle Program, the community agreed there should be a comprehensive, community-developed capital transportation plan reviewed every ten years. The continued review of this plan could provide cross-pollination of ideas and public outreach to ensure a coherent vision between other ongoing long-range planning efforts such as the Phoenix General Plan Update (PlanPhx).

Regarding willingness to pay for Phoenix transit and street condition improvements, 85 percent of more than 1,000 online survey respondents supported an increase for transportation enhancements beyond the existing system and pay of \$6 per month with the current local sales tax. When more specifically questioned on willingness to pay, respondents were fairly evenly split between a lower cost of \$9 per month and the highest cost of \$14 monthly. This indicates a desire for a funding level somewhere between these two points and the public's plan reflects this assessment.

When asked about other funding options, staff analyzed more than 400 responses and determined the community remains primarily interested in a gas tax. Currently, the Arizona Constitution prohibits Phoenix from levying a gas tax. Other taxes mentioned in rank order were property tax, vehicle licensing tax, income tax or tourism tax.

Committee-Identified Policy Issues

Throughout the eleven meetings, the Committee raised a number of policy issues that included, but are not limited to, those noted below. These issues wove into the Committee's discussions and development of recommendations. However, a number of them are ongoing, big picture elements that will need further study and continued consideration.

Financing: Committee members discussed the need for researching, identifying and advocating for multiple financing methods. These financing methods include public/private partnerships, value added/value capture, tax increment financing (or variations allowed by the State), toll roads, and improvement districts.

Competition: The Committee emphasized that competition for services and maintenance is desired to obtain the best value with limited resources.

Regional connectivity: Although the Citizen Committee's charge was to develop a comprehensive transportation plan for Phoenix, Phoenix is the center of the Valley and regional connectivity is vital. The Committee believed it was important to continue working with the region to identify connections which are essential to the economic viability of our larger community.

Accessibility: The Committee believed that a continued focus on accessibility to the transportation network is critical, including additional light rail stations at key locations such as 48th Street; safe, accessible sidewalks and bike paths; and improved Dial-A-Ride, especially relating to regional connectivity.

Funding: In addition to healthy discussions about financing methods, Committee members discussed funding of the system. Topics included additional funding sources other than sales taxes, such as a gas tax, indexing the vehicle license tax, and the property tax. Discussions also included the impacts of these taxes on the community, such as the impact of each taxing method on low- and moderate-income households.

Committee members also delved into staff's assumptions on sales tax growth rates based on the difficulty in projecting future growth rates, with several members recommending conservative (1 to 3 percent annual growth) projections instead of the 4.75 percent growth rate used by staff in their estimate.

The recommended comprehensive transportation plan provides \$2.4 billion in new funding for street transportation needs but leaves a deficit of \$3.5 billion over a 30-year period. The Committee believed finding alternative funding for this deficit was very important.

Economic Development: The Committee noted that transportation and economic development go hand-in-hand and felt that additional work and coordination was required to maximize the City's investment in transportation. The need for revitalization of existing and especially low-income neighborhoods around current and future transit was highlighted.

Technology: Committee members discussed a number of technology policy issues, including alternative transportation methods which may reduce reliance on public

transit. These alternative transportation methods included the increase in services such as Uber and Lyft, and emerging autonomous vehicle technology.

In conclusion, these policy items could be formalized through City Council action for continued analysis and possible implementation, including further analysis and identification of options to address the remaining \$3.5 billion street budget deficit.

RECOMMENDATION

The Citizen Committee on the Future of Phoenix Transportation requests the Transportation and Infrastructure Subcommittee recommend City Council approval of the following:

- 1) Adopt the recommendations listed in Exhibit A;
- 2) Make the proposed sales tax increase permanent but not less than 30 years;
- 3) Appoint a transit and streets oversight committee and require this committee report to City Council on a regular basis and review possible modifications to the sales tax based on other sources of funding such as the gas tax and vehicle license tax and formalize the oversight committee's responsibilities to address future innovative financing and funding mechanisms;
- 4) Include flexibility for the Mayor and Council to make adjustments to reduce the tax based on additional revenue sources.

Although not part of the motion, the Committee also felt strongly that the Mayor and City Council consider solutions to address the \$3.5 billion unfunded street and stormwater infrastructure needs.

The comprehensive transportation plan will cost approximately \$30 billion through 2050, which equates to a 0.75% sales tax.

Attachments

Exhibit A: Phoenix Transportation Plan

Exhibit B: Transportation Solutions Map – Light Rail and High Capacity Transit

Exhibit C: Transportation Solutions Map – Bus

Exhibit D: Transportation Priorities Survey

Exhibit E: Public Outreach Summation