



MEMORANDUM

Date: November 18, 2013

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator *[Signature]*

Re: **Transportation Funding Needs and Facts**

At the Board of Supervisors November 12, 2013 meeting in which the 2014 Legislative Agenda was approved, regarding increasing transportation revenues, the Board asked for additional information. The requested information is provided in this memorandum.

Roadway Condition Improvement Cost Per District

Table 1 below (originally shown as Table 9 in my May 7, 2013 memorandum to the Board) recaps the various costs associated with bringing the streets and highways in all supervisorial districts up to a good condition.

Table 1: Roadway Condition Improvement Cost Estimates.

District	Miles	Cost Per District
1	558	\$ 88,311,016
2	115	13,364,191
3	538	79,800,994
4	506	67,012,752
5	125	19,510,615
Totals	1,842	\$267,999,569

Highway and Street Maintenance Mileage Obligations by District

Table 2 below provides an analysis of highway and street maintenance mileage obligations in each supervisorial district.

Table 2: Highway and Street Maintenance Mileage Obligations by Supervisorial District.

District	Paved		Unpaved		Total All	
	Miles	Percentage	Miles	Percentage	Miles	Percentage
1	593.1	27.2	26.2	1.2	619.3	28.4
2	112.3	5.1	7.6	0.3	119.9	5.5
3	555.5	25.5	170.3	7.8	725.8	33.2

Table 2: Highway and Street Maintenance Mileage Obligations by Supervisorial District.

District	Paved		Unpaved		Total All	
	Miles	Percentage	Miles	Percentage	Miles	Percentage
4	497.7	22.8	75.4	3.5	573.1	26.3
5	143.2	6.6	1.4	.01	144.6	6.6
Totals	1,902.0	87	281	13	2,183.0	100.0

District Distribution of 1997 Highway User Revenue Fund (HURF) Revenue Bonds

Table 3 below (shown as Table 2 in my May 31, 2013 memorandum) indicates the capital HURF bond funding allocated to each district for new roadway capacity development.

Table 3: Bond Project Funds Entirely in One District.

District	Completed Bond Projects	Active Bond Projects	Future Bond Projects	Total Bond Projects	Percentage of Total
1	\$ 89,861,843	\$30,750,000	\$23,909,843	\$144,521,686	64
2	21,545,192	11,000,000	10,000,000	42,545,192	19
3	12,662,028	0	0	12,662,028	6
4	18,051,517	0	0	18,051,517	8
5	6,461,990	0	0	6,461,990	3
	\$148,582,570	\$41,750,000	\$33,909,843	\$224,242,413	100

Department of Transportation (DOT) Staffing Trends Over Time

Table 4 below illustrates the changes in DOT staffing over time. Department staffing is now 32 percent less than it was 10 years ago.

Table 4: DOT Staffing History.

Timeframe	Fiscal Year	Budgeted Full-time Employees
Current Year	2013/14	306.5
Last 5 Years	2012/13	297.7
	2011/12	294.7
	2010/11	295.6
	2009/10	354.1
	2008/09	414.7
10 Years Ago	2003/04	447.2
15 Years Ago	1998/99	399.0

Personnel Service Costs within the DOT Over Time

Total personnel services cost in the DOT, as shown in Table 5 below, is also less than it was 10 years ago.

Table 5: DOT Personnel Services Cost History.

Timeframe	Fiscal Year	Adopted Personnel Services Budget
Current Year	2013/14	\$17,926,550
Last 5 Years	2012/13	17,308,397
	2011/12	16,801,139
	2010/11	16,669,604
	2009/10	17,282,082
	2008/09	18,256,515
10 Years Ago	2003/04	18,545,306
15 Years Ago	1998/99	10,463,622

Revenue Bond Debt Service Over Time

Revenue bond debt service, as indicated by Table 6 below, has remained relatively consistent over the past 10 years.

Table 6: Revenue Bond Debt Service History.

Timeframe	Fiscal Year	Budgeted Debt Service
Current Year	2013/14	\$17,578,019
Last 5 Years	2012/13	18,441,703
	2011/12	16,579,804
	2010/11	16,417,530
	2009/10	19,428,259
	2008/09	19,573,643
10 Years Ago	2003/04	15,773,163
15 Years Ago	1998/99	6,151,333

Operating Expenses Over Time

Table 7 below illustrates that DOT operating expenses decreased substantially in Fiscal Year 2009/10 and have averaged approximately \$21 million since that time.

Table 7: DOT Operating Expenses History.

Timeframe	Fiscal Year	Budgeted Operating Expenses
Current Year	2013/14	\$21,606,869
Last 5 Years	2012/13	20,971,539
	2011/12	19,708,192
	2010/11	20,643,331
	2009/10	22,922,849
	2008/09	29,980,322
10 Years Ago	2003/04	21,402,700
15 Years Ago	1998/99	18,246,488

Total Budgeted HURF and Vehicle License Tax Revenues for the DOT

As shown in Table 8 below, budgeted HURF and Vehicle License Tax (VLT) revenues for the DOT decreased substantially from a high of over \$59 million in Fiscal Year 2008/09.

Table 8: Budgeted HURF and VLT Revenues for the DOT.

Timeframe	Fiscal Year	Budgeted HURF/ VLT Revenues
Current Year	2013/14	\$49,233,840
Last 5 Years	2012/13	46,964,305
	2011/12	46,738,197
	2010/11	48,134,746
	2009/10	51,655,216
	2008/09	59,429,451
10 Years Ago	2003/04	50,690,079
15 Years Ago	1998/99	39,300,000

The table below, Table 9, summarizes the Fiscal Year 2013/14 revenues and expenses for the DOT.

Table 9: Fiscal Year 2013/14 Revenues and Expenses for the DOT.

Description	Adopted Budget
Beginning Fund Balance	\$ 18,268,287
PLUS	
HURF/VLT Revenues	\$49,233,840
Other Revenues	1,643,037
Pavement Preservation from General Fund	5,000,000
Graffiti from General Fund	120,662
LESS	
Debt Service	(\$17,578,019)
Personnel Costs	(17,926,550)
Operating Costs	(21,606,869)
Capital > \$5,000	(1,498,000)
Operating Transfer to Capital Projects	(12,564,052)
Ending Fund Balance	\$ 3,092,336
Total Budgeted Reduction in Fund Balance	(\$15,175,951)

Clearly, there is no extra funding available for pavement preservation; and the funding available to the DOT is being used fully and wisely.

Based on available revenues, which the Board can see from comparing the tables above, is equivalent to the same revenues the DOT received nearly 10 years ago. The expenses are fixed and real: in HURF revenue and bond debt service, personnel service expenses, operating expenses and required transfers to the Regional Transportation Authority for transit Maintenance of Effort. There are no remaining monies to perform any type of pavement preservation, other than the General Fund transfer.

We had hoped to finance a revenue bond sale of \$10 million for pavement preservation by program reallocation in the bond implementation ordinance for the 1997 bonds; however, given the dire revenue position of HURF/VLT to the County, it appears such is not possible and will not occur. Hence, in formulating the budget for Fiscal Year 2014/15, I will again place in the County Budget for Board consideration over the base budget of the General

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Fund, \$5 million for the DOT to use for pavement preservation. This will require the Board to affirmatively vote for an approximate \$0.07 increase in the property tax primary rate.

I had hoped for more positive news; but given the debt service obligations of the revenue bond issue, the legislative sweeps by the Arizona Legislature, and the fact that basic HURF revenues have not been increased in 22 years, such is not possible. Our roadways will continue to deteriorate unless the Board determines it appropriate to increase the primary property tax rate for transportation pavement preservation purposes or sweeps are reversed and user fees increased.

CHH/mjk

c: Martin Willett, Chief Deputy County Administrator
Hank Atha, Deputy County Administrator for Community and Economic Development
John Bernal, Deputy County Administrator for Public Works
Jan Leshner, Deputy County Administrator for Medical and Health Services
Priscilla Cornelio, Transportation Director