PIMA COUNTY

How should we fund Pima County's road maintenance?

THE PROBLEM

Pima County has inadequate revenue from gas taxes and transportation fees to pay for annual pavement preservation and to overcome the current maintenance deficit of 1,400 miles of unincorporated county roads rated as fair, poor or failed.

The roads can't fix themselves and the county doesn't have a magic wand. It requires money. The county can continue to wait for the state to provide adequate transportation funding while the roads get worse and the problem gets bigger and more expensive, or it can take matters into its own hands.

Reasons for the Inadequate Revenue

1. INADEQUATE STATE GAS TAX

Arizona has not raised its gas tax in 23 years despite Arizona's population increasing by 81 percent and the number of vehicle miles travelled on Arizona roads increasing 71 percent over that time. The current gas tax has a purchasing power that is half what it was in 1991, meaning it takes twice as much money in 2014 to purchase what could be purchased in 1990.

We're driving more miles but buying less gas. Because the gas tax is per gallon, the revenue generated is not enough to keep up with the wear and tear caused by miles driven and weathering.

71%

Increase in vehicle miles travelled in Arizona 1990-2013
35 billion to 60 billion
Source: USDOT

52%

Increase in motor gasoline purchased in Arizona 1990-2012
1.7 billion to 2.5 billion
Source: USDOE

Between 1960 and 1990 the state's population nearly tripled and the Legislature raised the gas tax 9 times to keep up with infrastructure expansions needed for that population increase. In the 23 years since the gas tax was last raised, the state's population has nearly doubled, yet the Legislature has provided no extra funds for the infrastructure improvements needed to serve that population increase.

180%

Increase in Arizona population 1960-1990
1.3 million to 3.65 million
Source: U.S. Census

9

Number of times the Arizona Legislature increased the gas tax between 1963 and 1991
Source: Arizona Treasurer

81%

Increase in Arizona population 1990-2013
Source: U.S. Census

0

Number of times the Arizona Legislature increased the state gas tax between 1992 and 2014
Source: Arizona Treasurer

Reasons for the Inadequate Revenue

2. INADEQUATE FUNDING METHOD

The state gas tax, irrespective of its lack of increase, is proving an ineffective funding source as vehicle gas mileage drastically improves. Today's drivers are buying less and less gas for the same amount of miles driven. While the wear and tear caused by those miles remains constant, the revenue derived from the fuel purchases for those miles is steadily diminishing.

Cars need less and less gas to drive the same miles and will continue to use less gas over the next 20 years, but the gas tax is per gallon, so the revenue generated from each fill up is increasingly insufficient to cover the cost of the vehicle miles driven.

20%

Improvement in average light duty vehicle gas mileage 2005-2013

19.84 mpg to 23.64 mpg

Source: US Bureau of Transportation Statistics

46%

Improvement in average passenger car gas mileage 1990-2012

24.3 mpg to 35.6 mpg

Source: USBTS

There are two issues, the roads that need repairing, and the roads that need annual maintenance to keep from needing repair. There isn't any money for either from the gas tax and transfers from the general fund are unfair and unsustainable.

1,378

Miles of unincorporated county roads rated fair, poor or failed. Estimated cost to repair those roads - **$264 million**

$8 million

Annual cost of routine maintenance (pothole filling, crack sealing, etc.) of unincorporated county roads

$0

Remaining available state gas tax funds for pavement preservation after routine maintenance and other M&O costs paid for

$5 million

Current transfer from the county's general fund, from property taxes, for pavement preservation Source: PCDOT

Reasons for the Inadequate Revenue

3. VOTER-APPROVED DEBT REPAYMENTS

In 1997, County voters approved borrowing $350 million against future gas tax and transportation fee revenues to pay for 57 road improvement projects in the county. The county sold the bonds in $50 million to $60 million increments every few years as the projects were phased in over the course of 20 years. More than 80 percent have been completed and, of the remainder, most are under way and will be completed in the next few years. The debt payments will continue through at least 2030 but will substantially decrease from about $15 million a year to $5 million a year or less in 2024.

Of the money the county gets from the state gas tax, nearly a third of it goes to pay off 1997 bond funds. Those bonds won't be fully paid off for at least 10 years, meaning it will be at least until then before funds are available to start maintaining the roads. In the meantime, the current good roads will get worse and the cost to repair them all could double or triple.

$350 million

Amount voters approved in 1997 to build new or bigger roads by borrowing against state gas tax and transportation fee revenues

2024

Estimated year the county will no longer need to divert between $10 and $16 million a year in HURF funds to pay off 1997 bonds

Source: Pima County

Possible Solutions

Until the county pays off enough of the 1997 debt, the county does not have enough transportation funding to pay for annual roads maintenance and/also overcome the $264 million maintenance deficit. More transportation funding in addition to state gas tax and transportation fees is necessary.

Funding solutions out of the County's control:
Most of the best options for adding additional transportation funding are out of the county's control. Almost all of them involve action by the state Legislature, such as an increase in the gas tax or authority for counties and municipalities to levy their own gas taxes. Chances of the Legislature providing more roads funding in the next two years are negligible. Other solutions involve both legislative action and action by voters, such as authority to reapportion Regional Transportation Authority sales tax revenue for road maintenance. Both are unlikely.

Additional Funding in the County's Control

- **Impose a Countywide transportation property tax**

  Requires only a majority vote of the board. Because it would be imposed countywide, fairness would call for two-thirds of the money raised be given to the municipalities, leaving too little money left over to pay for annual roads maintenance and fix the $264 million deficit.

- **Impose a Countywide transportation half-cent sales tax**

  Requires unanimous vote of the board. Would be imposed countywide. Such a tax is estimated to generate about $60 million annually. Fairness could possibly be achieved by half used to pay for unincorporated county road maintenance and repair, and the other half used to offset a decrease in the county primary property tax. Or the other half could be distributed to the municipalities.

Read Our Report

Pima County Administrator Chuck Huckelberry, with the assistance of county Public Works, Transportation and Budget officials, has prepared a report that explains in greater detail the road-maintenance funding problems and possible solutions. You can read the report by **clicking on this link**, or by going to **www.pima.gov** and clicking on the County Administrator's link, then the View Memoranda link.

We Want to Hear From You

What do you think the county should do? If the state's not going to help us solve our road funding troubles, then we have to do it ourselves. We want to hear from the public so that we can make the best possible decision with the broadest possible support.

You can contact any of these County Administrators

County Administrator Chuck Huckelberry, **chuck.huckelberry@pima.gov**

Deputy County Administrator (Public Works) John Bernal, **john.bernal@pima.gov**

County Transportation Department Director Priscilla Cornelio, **priscilla.cornelio@pima.gov**

Or you can contact any of the County Supervisors

District 1: Ally Miller, (520) 724-2738, **District1@pima.gov**

District 2: Ramón Valadez, (520) 724-8126, **District2@pima.gov**

District 3: Sharon Bronson (Board Chair), (520) 724-8051, **District3@pima.gov**

District 4: Ray Carroll, (520) 724-8094, **District4@pima.gov**

District 5: Richard Elías, (520) 724-8126, **District5@pima.gov**