MEMORANDUM

Date: October 20, 2017

To: Chair and Members
Sales Tax Advisory Committee

Chair and Members
Transportation Advisory Committee

From: C.H. Huckelberry
County Administrator

Re: **Pima County Supervisor Ally Miller's 30-Day Challenge to Find Road Repair Money – Response Part 1, State-Shared HURF and VLT revenues and Transportation Impact Fees**

Attached is a copy of a webpage from Supervisor Ally Miller's website. Although Supervisor Miller voted to create the Sales Tax Advisory Committee (STAC) to make recommendations to the Board, she has apparently already decided that a sales tax is unnecessary and continues to mislead her constituents about a variety of County expenditures that she alleges should instead be available to spend on road repair. The majority of the funds listed on her webpage cannot legally be used for road repair. This list will apparently continue to grow and therefore you can expect to receive additional memorandums on this subject. This particular memorandum addresses items 1, 3 and 14 regarding State shared revenues and transportation impact fees. Please note that Supervisor Miller is also disseminating these false statements via social media and radio. A recent comment we received from the Committee feedback link appears to be in reference to these statements.

1. HURF and VLT – 2016 State Shared Revenues $84,000,000

I have addressed this issue numerous times via memorandums to the Board on June 6, May 30, and February 1, 2017, and a memorandum to the STAC on September 19, 2017, summarizing funding options for road repair. In accordance with Arizona constitutional and statutory provisions (Arizona Constitution, Article 9, Section 11, and Arizona Revised Statute 28-5808), for FY2016/17 Pima County allocated $58 million of these Highway User Revenue Funds (HURF) and transportation Vehicle License Tax (VLT) revenues to transportation purposes, and $27 million of general VLT to the General Fund for general government operations. For the current Fiscal Year, 38 percent ($18.6 million) of the received HURF and transportation VLT revenues are allocated to debt service payments for 1997 transportation bond projects, which have successfully resulted in 250 lane miles of roadway capacity improvements and 90 safety projects, of which more than half of the funding was spent in

District 1. This year $6 million of these revenues are being spent on arterial and collector roadway pavement preservation in unincorporated Pima County, of which nearly 39 percent are being spent in District 1. The remainder of the transportation allocation of HURF and VLT revenues are being spent on maintenance activities (including grading dirt roads, patching potholes, street sweeping, clearing weeds and trimming trees in right of ways, repairing shoulders and sidewalks); installing and maintaining traffic signals, signs and roadway markings; road construction administration, permit issuances and construction project inspections; regional transit; and planning, field and traffic engineering activities. In short, all of the County's HURF revenues and the revenues from the transportation portion of VLT are already allocated to transportation expenditures. As debt on the bonds begins to decline, funds currently allocated to debt payments can be allocated to road repair. However, it will be 10 years or so before these debt service payments decline significantly.

3. Rocking K CFD (Arterial Road) for Diamond Ventures Development $15,000,000

Development impact fees will be used to pay for this extension of Valencia Road. The fees are specifically collected from developers for the purposes of expanding the capacity of roadways due to increased traffic caused by new residential and commercial development. A financing mechanism is needed to fund the construction ahead of the impact fee revenues becoming available. Pima County could issue Certificates of Participation (COPs) as the method for financing the road, but the source of revenue to pay the debt associated with the COPs would still be development impact fees. Before this would happen, guarantees would be established that the developer would cover any shortfall in impact fee revenues. To be clear, impact fees cannot legally be used to fund road repair. In addition, COPs are merely a financing mechanism, not a funding source.

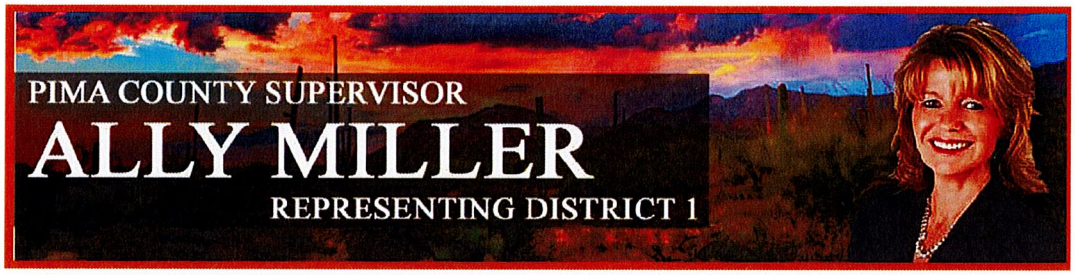
14. State Highway Fund Special Distribution (Released 10/18/17) $3,185,200

The $3,185,200 cited by Supervisor Miller is the total amount statewide that was included in the FY2017/18 appropriation as approved by Senate Bill 1523. But Pima County's share, according to the notice we received from ADOT, is only $183,768, and will be allocated to road repair for arterial and collector roads in unincorporated Pima County.

CHH/dr

Attachment

c: Jan Lesher, Chief Deputy County Administrator
Carmine DeBonis, Deputy County Administrator for Public Works
Tom Burke, Deputy County Administrator for Administration
Ana Olivares, Director, Transportation Department
Nicole Fyffe, Executive Assistant to the County Administrator



WHERE'S OUR ROAD MONEY?

THE THIRTY-DAY CHALLENGE TO FIND ROAD MONEY

It is estimated that we need $400 million to fix our local roads. The newly appointed, but probably soon to be disbanded, Property Tax Advisory Committee suggests we will need in excess of $1 billion when combined with road repair needs of the City of Tucson. County Administrator Huckelberry says, "our only option is to act on our own to raise revenues for pavement preservation and road repair." My response is:

We Already Have The Revenue ... We Just Need To Prioritize Our Spending

To demonstrate my point, I'm kicking-off the "***THIRTY DAY CHALLENGE TO FIND OUR ROAD MONEY***" ... check-in daily and you'll see how soon we can identify existing revenue to fix our roads!

THIRTY-DAY CHALLENGE - DAY 14: $283,038,446

DAY	DESCRIPTION	AMOUNT
1	**HURF and VLT - 2016 State Shared Revenue**	**$84,000,000**
2	**World View "Balloon" Enterprises and SpacePort**	**$17,179,000**
3	**Rocking K CFD (Arterial Road) for Diamond Ventures Development**	**$15,000,000**
4	**Kino South Sports Complex (Completion: 3/11/2020)**	**$18,600,000**
5	**Old Courthouse Renovations (voters said "NO" to this purpose)**	**$25,000,000**
6	**American Airlines Bailout**	**$100,000**
7	**Kino South Sports Complex: Soccer fields (principal) (County appraised value - $8,380,000)**	**$8,750,000**
8	**Kino South Sports Complex: Soccer fields (interest)**	**$1,308,874**
9	**County Photovoltaic Energy Facilities**	**$36,091,000**
10	**Accelerate Diagnostics** (a "start-up" company who conducted a Public Offering in December 2015 raising $109 million, but still receiving benefits as a "start-up" company)	**$1,874,372**
11	**The Loop:** a 131 mile infrastructure project which ranked higher than road pavement preservation	**$70,000,000**
12	St. Demetrius (purchase of church land)	**$950,000**
13	Wastewater Facility (Dodge Road)	**$1,000,000**
14	**State Highway Fund - Special Distribution** (released 10/18/17)	**$3,185,200**

From: notification@pima.gov
To: Nicole Fyffe
Subject: Sales Tax Feedback Form 2017-10-18 02:58 PM Submission Notification
Date: Wednesday, October 18, 2017 2:58:01 PM

Sales Tax Feedback Form 2017-10-18 02:58 PM was submitted by Guest on 10/18/2017 2:58:00 PM (GMT-07:00) US/Arizona

Name	Value
First Name	Darryl
Last Name	Kranich
Email	[redacted]
Address	
City	
State	AZ
Zipcode	
Message Subject	Proposed Sales Tax
Comment	The taxpayers of Pima County are already being taxed more than any other county in Arizona. Maintenance of our streets is not a new issue and tax dollars should have been allocated for this purpose in the budget as an ongoing activity. The fact is that the County has neglected street maintenance and has squandered the tax money on other things like Worldview ($15 Million), American Airlines ($100,000.), Tucson Football Bowl ($40,000.) etc. Where is the revenue from the State gas tax going? Don't ask the taxpayers to pay more taxes for street maintenance until the budget is stripped of all the unnecessary "nice to do" things are removed and defunded. Taxpayers cannot afford to pay higher taxes!
Response requested	No
Referred_Page	https://webcms.pima.gov/cms/One.aspx?portalId=169&pageId=369840

Thank you, Pima County, Arizona