




MEMORANDUM

Date: February 12, 2018

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

From: C.H. Huckelberry
County Administrator 

Re: **Federal Infrastructure Funding and the County One-half Cent Sales Tax**

A long-awaited Federal Infrastructure Bill is now being proposed by the President. The total cost of the program is \$1.5 trillion, with only a \$200 billion federal contribution. This proposed federal funding is only 14 percent of the total proposed spending. The difference between \$1.5 trillion and \$200 billion will come from state and local matching funds. This concept is almost a complete reversal of previous federal infrastructure funding, primarily related to transportation.

The United States Department of Transportation, through the Federal Highway Administration, has historically administered federal highway funding. In nearly all cases, depending upon the classification of the road, these programs provided most of the infrastructure funding with federal funds being as high as 95 percent of the total cost, with a five percent state or local match. Other programs have higher local matches, but in almost all programs the federal government pays the most.

It is unusual for a state or local match to exceed 15 to 20 percent of the total project cost.

The proposed Federal Infrastructure Bill reverses previous federal policy associated with infrastructure funding. It appears, that those who will pay the most for infrastructure will be state and/or local governments, rather than the federal government.

While we may have hoped federal transportation funding would be increased, either through increased federal gas tax or other options, it is now almost certain there will not only be no increase in federal funding for transportation, but the obligations of state and local governments will be significantly increased. In fact, given federal compliance requirements, I doubt very seriously that local governments would agree to even accept a 14 percent match if it comes with federal compliance requirements. Today we spend significantly more than 14 percent of a project cost just in federal compliance requirements.

It is now more important than ever that the Board of Supervisors consider adopting a half-cent sales tax for transportation investment with the first priority being repair, maintenance and pavement rehabilitation of the County's unincorporated transportation highway system.

c: Jan Leshner, Chief Deputy County Administrator
Carmine DeBonis, Deputy County Administrator for Public Works
Ana Olivares, Director, Transportation
Chair and Members, Sales Tax Advisory Committee