MEMORANDUM

Date: January 16, 2018

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

From: C.H. Huckelberry
County Administrator

Re: Arizona Association of County Engineers - Roadway Needs Study Draft Study Findings

Attached is a recent report by the Arizona Association of County Engineers that confirms every county in Arizona is in critical need of additional transportation funding. I have highlighted these same issues to the Board of Supervisors for the last eight years.

The article shows not all transportation agencies in every county throughout Arizona can adequately maintain their roads. Most counties report they are uncertain if they will be able to maintain their transportation system for the next 10 years.

Highway User Revenue Funds (HURF) and Vehicle License Taxes are stagnant; the gas tax has not been increased in 27 years; there are no funds available for capacity or mobility improvements; and legislative sweeps of the HURF continue at significantly high amounts. The solution is obvious – more revenues are necessary. Taxes at the State level remain tepid leaving each individual county to fend for itself. Many counties have and will continue to enact new taxes, primarily sales taxes, to supplement traditional transportation revenue and tax sources.

13 out of 15 counties now have a General Fund Excise tax. Seven counties have a Jail Excise Tax and two counties have a Health Hospital Services Excise Tax. One county has a secondary Jail District Property Tax. Four counties have a secondary Health/Hospital District Property Tax. Pima County does not have any of these taxes.

It is clear Pima County must adopt a General Fund sales tax to address road repair, both in the unincorporated area of the County as well as in all cities and towns in Pima County.

CHH/anc

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Ana Olivares, Director, Transportation Department
Chair and Members, Sales Tax Advisory Committee
Chair and Members, Transportation Advisory Committee
Study Overview

• Fifth update
• Purpose:
  » Evaluate roadway and bridge conditions
  » Assess funding shortfalls
  » Educate

Source: Arizona Department of Transportation 2015; Arizona Land Resource Information System 2015
Study Elements

✓ Evaluated 10% of county roadway system
✓ Planning-level analysis:
  • pavement
  • bridge evaluation
  • safety conditions
✓ Developed planning-level cost estimates to preserve and maintain system

What study does not include:
- New capacity related projects
- Transit, pedestrian, bicycle, and trail infrastructure
- Detailed safety evaluations
- Engineering level cost estimates
The Current System

ARIZONA COUNTIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Mileage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL COUNTY MILEAGE*</td>
<td>20,800 mi</td>
</tr>
<tr>
<td>PAVED ROAD MILEAGE</td>
<td>9,100 mi</td>
</tr>
<tr>
<td>UNPAVED ROAD MILEAGE</td>
<td>11,700 mi</td>
</tr>
</tbody>
</table>

* County owned and maintained roads

DID YOU KNOW?

- **1.4 million** 2016 UNINCORPORATED COUNTY POPULATION
- **1.7 million** 2027 UNINCORPORATED COUNTY POPULATION
- **21 PERCENT** Population increase
Arizona County Engineers Survey

• Inadequate funding:
  » Hire and retain skilled personnel
  » Replace aging infrastructure
  » Maintain current system

AREAS THAT ARE THE MOST DIFFICULT TO FUND
Arizona County Engineers Survey

50% DAILY CALLS regarding roadway conditions

90% DELAY repairs and maintenance due to budget constraints

NEW ROADS first program for budgets cuts

ADDITIONAL STAFF cited as the primary resource the counties are lacking

70% NOT CONFIDENT they can maintain their roadway network for the next 10 years

WHAT STANDS IN THE WAY OF MAINTENANCE

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Staffing Limitations</th>
<th>Equipment Limitations</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>8</td>
<td>6</td>
<td>3</td>
<td>2</td>
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NEW ROADS first program for budgets cuts
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Current Roadway Conditions

35 PERCENT COUNTY MAINTAINED ROADS IN POOR TO VERY POOR CONDITION

$1.65 BILLION COST TO BRING ROADS TO A STATE-OF-GOOD-REPAIR

$885 MILLION COST TO MAINTAIN ROADWAYS FOR THE NEXT TEN YEARS

PERCENT OF SURVEYED ROADS IN POOR CONDITION*

<table>
<thead>
<tr>
<th>County</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apache</td>
<td>20%</td>
</tr>
<tr>
<td>Cochise</td>
<td>30%</td>
</tr>
<tr>
<td>Coconino</td>
<td>40%</td>
</tr>
<tr>
<td>Gila</td>
<td>50%</td>
</tr>
<tr>
<td>Graham</td>
<td>60%</td>
</tr>
<tr>
<td>Greenlee</td>
<td>70%</td>
</tr>
<tr>
<td>La Paz</td>
<td>80%</td>
</tr>
<tr>
<td>Maricopa</td>
<td>90%</td>
</tr>
<tr>
<td>Mohave</td>
<td>10%</td>
</tr>
<tr>
<td>Navajo</td>
<td>20%</td>
</tr>
<tr>
<td>Pima</td>
<td>30%</td>
</tr>
<tr>
<td>Pinal</td>
<td>40%</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>50%</td>
</tr>
<tr>
<td>Yavapai</td>
<td>60%</td>
</tr>
<tr>
<td>Yuma</td>
<td>70%</td>
</tr>
</tbody>
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* Based on evaluation of 10% sample roads
Current Bridge Conditions

- **10 PERCENT** COUNTY MAINTAINED BRIDGES ARE STRUCTURALLY DEFICIENT OR FUNCTIONALLY OBSOLETE
- **$204 MILLION** COST TO BRING BRIDGES TO A STATE-OF-GOOD-REPAIR AND MAINTAIN FOR THE NEXT 10 YEARS
- **24 PERCENT** 50 YEARS OR OLDER
- **36 YEARS** AVERAGE AGE OF BRIDGES
- **18.8 MILES** AVERAGE DETOUR LENGTH

**PERCENT STRUCTURALLY DEFICIENT OR FUNCTIONALLY OBSOLETE**

- Apache: 15%
- Cochise: 10%
- Coconino: 5%
- Gila: 10%
- Graham: 10%
- Greenlee: 30%
- La Paz: 20%
- Maricopa: 5%
- Mohave: 10%
- Navajo: 15%
- Pima: 10%
- Pinal: 5%
- Santa Cruz: 20%
- Yavapai: 15%
- Yuma: 10%
Revenue Sources – Highway User Revenue Funds (HURF)

- Highway User Revenue Funds (HURF)

- Y2007: $1,382M
- Y2017: $1,405M

- Total HURF Revenue
- HURF Distributed to Counties
Revenue Sources – Vehicle License Tax (VLT)
Since 2000, 240 million of HURF funds have been transferred to support MVD and DPS.
Funding Issues - Gasoline Excise Tax

- Gasoline excise tax is the primary source of HURF funds.

$ 7th lowest rate in the nation

Have not been raised for 27 years
Funding Issues – Declining Purchasing Power

- +65% increase Personnel costs
- +80% increase Construction costs

VALUE OF THE DOLLAR
$1 in 1998 = $0.66 Now
Projected Expenditure Needs

$5.96 Billion

- Roadway: $2.54 Billion
- Operations and Maintenance: $1.73 Billion
- Personnel: $1.31 Billion
- Safety: $174 Million
- Bridges: $204 Million
Projected Revenues

$3.76 Billion

Projected Revenues Graph

- Total: $356 Million
- Other: $41 Million
- HURF: $22 Million
- VLT: $20 Million

Total Projected Revenues: $397 Million
Needs Based Gap

FUNDING GAP
-$2.20 Billion

REVENUE
$3.76 Billion

EXPENDITURES
$5.96 Billion
Action – Stop HURF Sweeps

ROADWAY NEEDS STUDY

[Bar chart showing HURF Revenue trends from 2000 to 2017, with a gap in 2007 and a 12.5M gap in 2017.

Legend:
- Green: HURF Revenue if no Transfers Occurred
- Blue: Actual HURF Revenue Counties Received]
Next Steps

• Draft Report and Executive Summary to County Engineers: End of January

• Final Report and Executive Summary to County Engineers: Mid February
Contact Information

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ROADWAY NEEDS STUDY

ANY QUESTIONS?

5/18/2017