



MEMORANDUM

Date: September 16, 2019

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

From: C.H. Huckelberry 
County Administrator

Re: **Pima County Integrated Infrastructure Plan**

Background

On July 5, 2019 I wrote to the Board regarding Final Budget adoption. In the memorandum I stated that we would be developing a pay-as-you-go (PAYGO) policy for General Fund capital improvement projects for Board consideration, and would provide the Board with an Integrated Infrastructure Plan. The proposed PAYGO policy will be placed on the Board's November 5, 2019 agenda. I will be sending it to the Board well in advance of the meeting.

Attached is a first edition of the Pima County Integrated Infrastructure Plan (Plan). This version of Plan has been under development over the past year and in its draft form has already been used to inform the list of capital improvement projects recommended to the Board as part of the annual budget process. The Plan is just a plan, and it is important to keep in mind that the projects, their scope and the associated cost estimates can and will change over time. Distribution of the Plan now is to further enhance transparency in the capital improvement project planning and budgeting process in advance of the Board's consideration of the PAYGO policy.

The Plan is accessible on the County's website, along with links to the County's bond programs, which are substantially complete, and the annual and 5-year capital improvement project list included in the County's adopted budget:

http://webcms.pima.gov/government/project_management_office_pmo/

The Plan and Pima County's Capital Improvement Planning Process

The Plan is the County's most recent effort to capture various capital project needs over a ten-year period. The Plan collates this information into a single planning document to assist with identification of potential efficiencies and better use of the County's limited resources. The Plan is informed by other key County adopted initiatives, including the recently updated Economic Development Plan, Pima Prospers, and the Sustainable Action Plan for County Operations. Projects in the Plan are categorized by department and identify those projects

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that are deemed most critical to the each department. Again, please keep in mind that the Plan is a planning document subject to modification as needed given changing circumstances or priorities. Criteria used to prioritize projects in this version of the Plan include factors such as safety, regulatory compliance, environmental compliance, economic development, capacity enhancements.

The Plan includes both new capital facilities as well as public infrastructure and projects necessary to maintain or extend the infrastructure life. Included are infrastructure related sewers, buildings, roads, drainage structures, parks, and other County assets. Capital equipment purchases such as cars, furniture, computers, and similar items are not part of this Plan. While those items are usually capitalized, they are purchased from department operations and maintenance budgets. Also not included in the Plan are certain types of projects included in past general obligation bond programs, like affordable housing and neighborhood reinvestment, and similar projects built and maintained by other local governments and non-profit organizations. These types of projects are not included because the focus of the Plan is County built and maintained infrastructure.

The Plan, which again is a planning tool, will be updated annually through the Project Management Office (PMO) to include active and proposed projects for the current fiscal year of each update, as well as those proposed over the next ten years. As is the current practice, the PMO will work with departments with capital project needs to ensure the Plan reflects those projects. This process will also include input from citizen committees that advise the departments.

The annually updated Plan will inform the list of capital projects submitted to Finance as part of the process for developing the Capital Improvement Fund budget and list of projects for the following fiscal year. During this process, I meet with Finance staff and the department directors in March to review and further prioritize the project list based on needs and financial capacity. The Capital Improvement Fund budget is then transmitted to the Board as part of my recommended budget and is presented during the budget hearings. After final budget adoption, the Board additionally reviews and approves design and construction contracts as the individual projects are implemented.

The Plan and Funding Sources

The total cost estimate for projects included in the Plan is \$2.9 billion, which is consistent with the County's average annual capital improvement budgets of \$239 million a year over the past 10 years. Approximately 60 percent of the projects are fully or partially funded. The wide variety of funding sources include primary and secondary property taxes, user fees, impact fees, grants, enterprise and special revenue funds, participation from other governmental agencies and developer contributions. The plan is merely a snapshot in time and it is expected that capital needs and priorities, as well as scopes and cost estimates will change over time as we move through the planning and budgeting processes.

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Distribution of the Plan is intended to inform the upcoming Board consideration of a PAYGO policy. As previously noted, over the past couple of years, the Library District, Regional Flood Control District, and Regional Wastewater Reclamation Department have successfully transitioned to using tax levies or user generated fees and revenue accrued annually to fund their respective capital improvement programs on a pay-as-you-go basis. The proposed PAYGO policy that will be transmitted to the Board provides the opportunity to increase General Fund support to capital projects and decreasing borrowing costs.

CHH/dr

Attachment

c: Jan Leshar, Chief Deputy County Administrator
Tom Burke, Deputy County Administrator for Administration
Carmine DeBonis Jr., Deputy County Administrator for Public Works
Nancy Cole, Manager, Project Management Office