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# MEMORANDUM

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Date: December 8, 2020

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

From: C.H. Huckelberry  
County Administrator 

The Honorable Supervisors Elect  
Pima County Board of Supervisors

Re: **Status of Implementation of the 10-Year Pavement Management Plan to 2030**

The Board approved on November 5, 2019 a ten-year plan to repair all roads in unincorporated Pima County and improve their condition to an average pavement condition index of 80, which is classified as a very good. The original revenue allocations are shown in Table 1 of the attached memorandum from the Director Ana Olivares, due to the fiscal uncertainty of this year caused by COVID-19, the Pay-As-You-Go (PAYGO) program was suspended for one year and instead we budgeted approximately \$50 million dollars in Certificate of Participation to accelerate the road repair program, and repay that acceleration in approximately five years.

Repayment will include a portion of the allocated General Fund allocations shown in Table 1. Table 2 of Ms. Olivares memorandum, on page 2, shows the allocations by fiscal year from FY 20/21 through FY 25/26 in the altered PAYGO allocation to repair because of the Certificates of Participation. The original and revised general fund allocation are shown below. It also includes pay-off of the Certificates of Participation. The difference between the pay-off totals of approximately \$52.064 million represents the \$50 million dollars plus interest over the period.

Year	Original General Fund	Revised General Fund	Pay Off of Certificate
FY20/21	10,000	53,000	219
FY21/22	15,000	0	10,029
FY22/23	20,000	9,533	10,466
FY23/24	25,000	14,540	10,460
FY24/25	25,000	14,554	10,446
FY25/26	25,000	14,556	10,444
			52,064

The Honorable Chair and Members, Pima County Board of Supervisors  
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However, the interest rate will now be lower than forecasted at an interest rate of 1.47 percent.

Based on the Counties credit rating, the interest on these Certificates of Participation was 0.9174 percent.

It is also extremely important that the Board continue with the Pay-As-You-Go capital program and the scheduled General Fund allocations to Pay for Repair Program.

CHH/sp

Attachment

c: Jan Lesher, Chief Deputy County Administrator  
Carmine DeBonis Jr., Deputy County Administrator for Public Works  
Ana Olivares, Director, Transportation Department  
Michelle Campagne, Director, Finance & Risk Management Department  
Michele Milensky, Manager, Finance & Risk Management Department

**DATE:** November 30, 2020

*Ana M. Olivares*

**TO:** C.H. Huckelberry  
County Administrator

**FROM:** Ana M. Olivares, P.E.  
Director

**SUBJECT: Pavement Management Plan to 2030**

On November 5, 2019 the Pima County Board of Supervisors (BOS) approved a ten-year plan to repair all the roads in unincorporated Pima County to an average pavement condition index (PCI) of 80 by 2030. PCI ranges from 0 to 100 with the latter representing new pavement. A PCI rating within the range of 76 to 100 is considered “very good”.

This plan included funding from the department’s state shared revenues of Highway User Revenue Fund (HURF) and Vehicle License Tax (VLT), as well as an allocation from the County’s General Fund Pay-As-You-Go program (PAYGO). Table 1 below shows funding and the PCI rating after each year estimated when the plan was approved.

Table 1

Year	Transportation Department Funding (HURF/VLT)	Potential PAYGO Allocation	Total Funding	Network Pavement Condition Index*
FY19/20	21,000,000	5,000,000	26,000,000	42
FY20/21	16,000,000	10,000,000	26,000,000	43
FY21/22	16,000,000	15,000,000	31,000,000	45
FY22/23	21,000,000	20,000,000	41,000,000	48
FY23/24	23,000,000	25,000,000	48,000,000	52
FY24/25	29,000,000	25,000,000	54,000,000	57
FY25/26	30,000,000	25,000,000	55,000,000	62
FY26/27	31,000,000	25,000,000	56,000,000	67
FY27/28	35,000,000	25,000,000	60,000,000	71
FY28/29	38,000,000	25,000,000	63,000,000	77
FY29/30	41,000,000	25,000,000	66,000,000	80
<b>TOTAL</b>	<b>301,000,000</b>	<b>225,000,000</b>	<b>526,000,000</b>	

\*Note: the Nov 5, 2019 Network Pavement Condition index FY19/20 ending value of 42 was based on the prior methodology of degraded PASER inspections.

In fiscal year (FY) 2020 an additional \$10 million from the General Fund was allocated to pavement repair bringing the total to \$36 million. Then, the latter part of FY20 brought the COVID 19 Pandemic and with it, adjustments to the County FY21 budget. The General Fund PAYGO plan was disrupted and HURF and VLT revenues were expected to be reduced in FY20 and in FY21.

Though the funding for the road repair and preservation plan was uncertain, the BOS planned to continue with the pavement repair progress and approved \$50 million in Certificates of Participation (COPS) for road repair. That amount, plus the department's \$3 million of HURF and \$3 million remaining from the FY18 Local Road Repair Program accounts for the department's \$56 million program in FY21. Progress is being made on the FY21 program and the department has started planning for FY22.

The Pandemic reduction of HURF and VLT revenues has not been as significant as expected for FY21 and we are now projecting approximately \$9 million more in revenues than was adopted. The projections for FY22 and beyond have also increased. With these projected revenues, the department is planning a \$35.5 million pavement repair and preservation program in FY22.

PAYGO funding in total amounts adopted in the BOS General Fund PAYGO policy is necessary in order to remain on track to obtain an average PCI of 80 by 2030. Table 2 below reflects the total funding needed and the expected PCI reached for each year. The annual pavement repair PAYGO allocations adopted in the BOS policy have been adjusted in the table to reflect the FY21 \$50 million contribution and the commensurate reduction in subsequent years to remain within the total amounts adopted in the BOS policy. These PAYGO amounts include interest reimbursement associated with the COPS sale.

Table 2

Year	Transportation Department Funding (HURF/VLT)	General Fund PAYGO Allocation	Total Funding	Network Pavement Condition Index
FY19/20	21,000,000	15,000,000	36,000,000	57
FY20/21	3,000,000	53,000,000*	56,000,000	65
FY21/22	35,500,000	0	35,500,000	66
FY22/23	18,466,015	9,533,985	28,000,000	67
FY23/24	20,759,886	14,540,114	35,300,000	69
FY24/25	25,445,643	14,554,357	40,000,000	71
FY25/26	26,943,837	14,556,163	41,500,000	73
FY26/27	29,100,000	25,000,000	54,100,000	75
FY27/28	31,500,000	25,000,000	56,500,000	77
FY28/29	35,000,000	25,000,000	60,000,000	79
FY29/30	36,900,000	25,000,000	61,900,000	80
<b>TOTAL</b>	<b>283,615,381</b>	<b>221,184,619</b>	<b>504,800,000</b>	

\*Reflects \$50 million of PAYGO and \$3 million of remaining FY18 Local Road Repair Program.

C.H. Huckelberry, County Administrator

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As noted above in Table 1, the starting PCI rating from the 2019 analysis was determined using the Degraded PASER method. The starting PCI rating in Table 2 was established by having all the roadways evaluated with the PCI method in February 2020. The actual PCI is approximately 13 points higher than the artificially degraded PCI. The starting PCI in Table 2 would have been 55; however, \$10 million in road repair work was completed at the time of measurement and improved the average PCI by 2 points, thus bringing the starting PCI in Table 2 to 57. Table 2 shows that starting out with a higher PCI rating in FY20 results in less total funding needed to reach the average PCI of 80 in FY 2030.

Without the continued allocation of General Fund PAYGO, the average PCI in 2030 would only reach 68.

AMO:dg

c: Carmine DeBonis, Jr., Deputy County Administrator  
Yves Khawam, PhD., Assistant County Administrator  
Nicole Fyffe, Executive Assistant to County Administrator  
Jim Cunningham, Deputy Director  
Kathryn Skinner, Deputy Director