



MEMORANDUM

Date: January 21, 2020

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

From: C.H. Huckelberry
County Administrator 

Re: **Draft Impact Fee Land Use Assumptions Report and Draft Infrastructure Improvement Plan**

Please find below answers to questions raised at the January 14, 2020 Board meeting Addendum 1, Item 12, regarding draft Impact Fee Land Use Assumptions Report (LUAR) and draft Infrastructure Improvement Plan (IIP).

Growth Rates in Northwest benefit area

A comment was made regarding the reported population growth rate in the Northwest area seemed very low when compared to strong growth in the Town of Marana. Population growth in Marana has in fact been strong and as reported on page eight of the draft LUAR having experienced 3.7 percent annual growth from 2013 through 2018. However, the Northwest benefit area as all benefit areas, exclude the incorporated areas and while Marana is experiencing strong growth, unincorporated Pima County and the rural region west of the Town of Marana is only growing at 0.6 percent annually over the same time-period. In fact, there were only 64 residential housing permits recorded in this benefit area from 2015 through 2018, compared to 2,674 total throughout unincorporated Pima County. Similarly, employment in this area reported by Pima Association of Governments to be only four percent of the total region.

Thornydale Road capacity needs

I have detailed the history of Thornydale Road in a memorandum to you dated January 21, 2020. This roadway was not included in the IIP for several reasons; One, new impact fees can only be used to fund roadway capacity that will be needed by new growth and cannot be used to address existing congestion caused by past growth. State statute is explicit in this regard. New growth is anticipated to contribute only a small percentage of the future capacity of this roadway, therefore the majority of the cost of widening would need to be funded by other means. As indicated in the attached January 21, 2020 memorandum, the best possibility for the widening of Thornydale Road will rest with any new initiative of the Regional Transportation Authority (RTA). Second, all projects in the draft IIP need to be funded and constructed within the 10-year timeframe of the program or the collected funds must be refunded. Therefore, only those projects that can be funded and completed within this timeframe are included in the draft IIP. The North benefit area includes the high priority

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RTA projects Sunset Road and Silverbell Road and there are simply not enough anticipated funds to include Thornydale Road as well. Anticipated remaining funds are allocated to smaller projects such as a short segment of Orange Grove Road, turn lanes on Linda Vista Boulevard, and traffic signal improvements. It is important to think of impact fees as supplemental funding and not the main source of funding for major roadway capacity improvements.

Proposed Fees

Arizona Revised Statutes Title 11. Counties § 11-1102 requires Board approval of the drafts LUAR and IIP before consideration and approval of the proposed new fees. For this reason, the drafts LUAR and IIP were presented for Public Hearing on January 14, 2020 and the proposed fees will not be presented for Board consideration until April 2020. Because this statute also requires the IIP to be constructed within the 10-year term, it is important that the IIP be fiscally constrained based on anticipated revenues during the 10-year program. Staff has proposed a new residential fee of \$8,523 per house, which would be phased in over three years. This fee would remain in place for 10 years, unless modified by the Board. Unlike the current fee ordinance, the proposed fee would not increase annually due to inflation. For comparison, the current residential fee is \$6,502 and if it were indexed for inflation, it would be approximately the same as the proposed new fee following 10 years.

Next Steps

The next step in the process is formal adoption of the draft Land Use Assumptions Report and the draft Infrastructure Improvement Plan. This will be scheduled for the February 18, 2020 Board meeting. Once the LUAR and IIP are approved, there is a 30-day waiting period before the draft Fee Study can be brought before the Board for Public Hearing. This will be scheduled for the April 7, 2020 Board meeting. The Fee Study can be approved no sooner than 30 days after the Public Hearing. If approved, the new fees are proposed to become effective January 1, 2021.

CHH/lab

Attachment

c: Jan Leshner, Chief Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Yves Khawam, PhD, Assistant County Administrator for Public Works
Ana Olivares, Director, Transportation Department



MEMORANDUM

Date: January 21, 2020

To: The Honorable Chairman and Members
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From: C.H. Huckelberry
County Administrator 

Re: **Thornydale Road Widening and Capacity Improvements**

Thornydale Road widening, from Orange Grove Road to Linda Vista Boulevard, was part of the 1997 Highway User Revenue Bond issue with an estimated cost of \$26.5 million (\$3 million of Bond Funding and \$23.5 million of Other Funding).

The project was somewhat controversial since in 1997 the Cactus Ferruginous Pygmy Owl was still listed as an endangered species and significant mitigation measures were required to widen even the first phases of the project from Orange Grove Road to Ina Road and from Ina Road to Cortaro Farms Road, completed in 1999 and 2003 respectively. The total for both phases was \$19.8 million, \$3.0 million for Orange Grove to Ina Road and \$16.8 million for Ina Road to Cortaro Farms Road.

When the 1997 bond program was proposed, the primary complaint in Pima County was that our rural system was overtaxed and needed to be significantly improved by a series of capacity improvements or roadway widening. Again, in 2006, the Regional Transportation Authority (RTA) was primarily designated for roadway capacity improvements in the highway element. Thornydale was not included since we were still in the early stages of implementing the 1997 bond program.

Since both the 1997 bond program and the 2006 RTA, there has been a shift in the focus for transportation improvements from capacity and mobility to maintenance and repair, specifically, pavement preservation. Hence, the decision was made by the Board of Supervisors in April 2018 to amend the scope for Thornydale Road, from Cortaro Farms Road to Linda Vista Boulevard, to pavement repair and shoulder widening.

Transportation agencies in counties, cities and towns, including the State agency, the Arizona Department of Transportation, are under increasing pressure to operate and maintain a transportation system with stagnant revenue sources, rapidly increasing costs, increased roadway utilization due to increased vehicle fuel efficiency and the introduction of electric vehicles that pay no gas taxes. Since 2006, overall fuel efficiency has increased from 22 miles per gallon to nearly 26 miles per gallon, an 18 percent fuel efficiency increase. The

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number of electric car models has increased from less than 50 in 2006 to over 200 models in 2018. The purchasing power of the gas tax has been reduced by half since 1990.

The Highway User Revenue Fund (HURF), the main source of revenue for transportation systems (State, county, city or town) has been steadily eroded over time. The gas tax in 1991, as a percentage of HURF, was 44 percent. In 2019, the gas tax is 35 percent. This lack of revenue has caused stressors in the transportation system. For example, in 2010, the pavement condition of Arizona's interstate highway system was rated at 72 percent Good. In eight years, this rating has fallen to 53 percent Good. The national highway system that contains the balance of other state highways had a pavement condition index of Good at 68 percent in 2010, but decreased to 35 percent in 2018. Finally, the cost of construction, maintenance and repair of highway systems has been rapidly increasing as the economy recovers. The Highway Cost Index as reported by the Arizona Department of Transportation in 2016, was 1.0 and increased to 1.47 by 2019. Therefore, \$1 of highway improvements in 2016, now costs \$1.47 for the same product (47 percent increase).

The actual cost for widening the balance of Thornycastle Road to Linda Vista is approximately \$21 million. There is no schedule for including the widening project in a future capital improvement program since our focus is on roadway repair, maintenance and pavement rehabilitation. This focus is expected to remain for the next 10 years. The best possibility for any future widening of Thornycastle Road will rest with any new initiative of the RTA.

CHH/anc

c: Jan Leshar, Chief Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Yves Khawam, PhD, Assistant County Administrator for Public Works
Ana Olivares, Director, Transportation Department