



MEMORANDUM

Date: February 2, 2021

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CH Huckelberry", is written over the typed name and title.

Re: **Pavement Management Program Update**

On November 5, 2019, the Board of Supervisors approved a ten-year plan to repair the pavement of all roads in unincorporated Pima County and improve their condition to an average pavement condition index (PCI) of 80, which is considered very good. PCI ranges from 0 to 100 with the latter representing new pavement. The repair plan also includes sufficient funding for preservation treatments to maintain repaired pavements in an average of very good condition. Unincorporated Pima County has 1,922 miles of paved roadways, with 1,115 local road miles and 807 arterial/collector road miles.

The pavement repair plan is funded from the County allocation of state-shared Highway User Revenue Fund (HURF) and Transportation Vehicle License Tax (TVLT). In addition, the plan has been supplemented with an allocation from the County's General Fund Pay-As-You-Go (PAYGO) program, consistent with Board Policy D22.12, *General Fund Capital Improvement Fund Pay-As-You Go Program*. On December 8, 2020, I provided you information regarding the General Fund PAYGO component of the road repair program. This included the very favorable interest rate of 0.9174 percent the County received in selling Certificates of Participation, due to its excellent credit rating, which allowed for fiscally responsible accelerating the road repair program all while providing a community economic boost during the economic downturn associated with the pandemic.

The table below shows allocated funding, as well as miles repaired and preserved and the known or projected PCI rating after each completed plan year. It is noteworthy that cash-flow projections for the Transportation Department indicate that state-shared revenues will be sufficient to fully fund department operations starting in FY 2031, including maintaining an average PCI at 80 without additional General Fund PAYGO allocations. I would also remind the Board that General Fund PAYGO road repair allocations would not have been needed if the County had not incurred a road-funding deficit over the past 30 years, due primarily to the lack of raising the gas tax to at least match the inflation rate and state-shared revenue sweeps.

Also of note in the table is that PCI increases more rapidly in the early years of the program when compared to later years. This is due to the early funding being principally applied to repairing failed pavement, while later year funding is principally applied to preservation treatments and maintaining pavement life cycle.

Year	Transportation Department Funding (HURF/TVLT)	General Fund PAYGO Allocation	Total Funding	Local Road Miles	Arterial & Collector Miles	Total Miles	Network Pavement Condition Index
FY19/20	21,000,000	15,000,000	36,000,000	75	147	157	57
FY20/21	3,000,000	53,000,000 ¹	56,000,000	82	76	223	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
TOTAL	283,615,381	221,184,619	504,800,000				

¹Reflects \$50 million of PAYGO and \$3 million of remaining FY 18 Local Road Repair Program.

Initial planning for road repair and preservation this fiscal year included 193 total miles. However, due to the lower than expected bid costs received on the planned work, we were able to add an additional 30 miles to this year's program as I indicated to you in a December 21, 2020 memorandum. These additional miles will increase the PCI by slightly less than one point.

The annual pavement repair General Fund PAYGO allocations adopted in the Board policy have been adjusted in the table to reflect the FY 2021 \$50 million contribution and the commensurate reduction in subsequent years to remain within the total amounts adopted in the policy. These PAYGO amounts include interest reimbursement associated with the Certificates of Participation sale.

Since inception and including the planned budget for the upcoming fiscal year, \$127.5 million will have been spent in repairing our roads.

It is extremely important that the Board continue to fund the scheduled road repair General Fund PAYGO allocations in total amounts adopted in Board Policy D22.12 to remain on track for an average PCI of 80 by 2030. Without this funding, the investment made to date would fall into disrepair.

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