MEMORANDUM

Date: June 9, 2021

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

From: C.H. Huckelberry
County Administrator

Re: **Report on the Regional Transportation Authority (RTA)**

Introduction

Prior to the successful RTA election in November 2006, there were four separate attempts to convince voters to vote for a regional half-cent excise tax for transportation. All failed. 20 years earlier, Maricopa County approved and authorized such a tax and it has provided significant, additional transportation improvements in Maricopa County through the Arizona Department of Transportation. They have been able to construct Arizona State Routes 101, 202, 303, 51, and expansions and modernizations to U.S. 60 and Interstate 10.

Part of the success of the 2006 RTA Plan was based on the fact that both the City and the County gave up their statutory veto authority over a plan that would be sent to the voters. The present request of the City of Tucson to institute weighted voting constitutes one jurisdiction with veto authority over any plan.

Great Recession Caused the Plan to be Underfunded

The Great Recession caused the plan to be significantly underfunded. The 2006 RTA Plan allocated $1,159 million to major roadway improvements, $534 million to transit and $295 million to a number of categorical improvements for a total of $2.1 billion. The Plan assumed, based on economic forecasts conducted by the University of Arizona, that it would generate $2.1 billion over its 20-year life.

Within two years after the Plan was approved by the voters, the Great Recession significantly stifled economic activity, with the present revenue forecast being reduced to $1.6 billion. Hence, the Plan has been underfunded by $500 million to $600 million or 24 to 29 percent almost since its beginning.

The RTA Plan was Developed by Participating Jurisdictions, Reviewed and Modified by Each Jurisdiction

The Plan developed by the RTA is a composite of plans advanced by each jurisdiction. It was not a Plan imposed by any regional body, whether it be Pima Association of Governments or an RTA Board of Directors. Both the jurisdictions and the RTA Board of

Directors reviewed and approved the Plan as providing the best investment at the time for transportation improvements and overall regional mobility.

Implementation and Scheduling Determined by Jurisdictions

Planning and implementation reflected the different transportation improvement priorities of each jurisdiction at the time. Pima County had been involved in the design of multiple 1997 Transportation Bond improvement projects that were in the process of being implemented. Planning and design had largely been completed and those projects could advance to construction in early years of the Plan; hence, they were scheduled early in the Plan.

The City of Tucson's priority project for implementation was the Streetcar, which was listed in the Plan as in RTA investment of $87.7 million. Given federal funding to support the Streetcar, this was one of their highest priorities along with Grant Road (Oracle Road to Swan Road $161 million) and 22nd Street (1-10 to Tucson Blvd $105 million).

Many of the projects now referenced as being "scheduled last" were placed in the RTA implementation schedule at the request of the City of Tucson.

RTA Pledge

Prior to the November 2006 election, each jurisdiction member of the RTA signed the RTA Pledge, which was essentially a commitment to complete all of the listed projects and programs identified in the RTA Plan. This pledge could not have anticipated the national economic meltdown that occurred from the Great Recession. A variety of other PAG regional revenues have now been pledged and utilized to meet RTA shortfall funding, which greatly limits regional flexibility of implementing other needed projects that have arisen since the RTA election of 2006.

If jurisdictions believe, due to shifting travel patterns or other factors associated with the need for specific improvement that was conceptually planned in 2005, it is appropriate the Pledge be revisited for modification.

Declining and Increasing Costs and Scope Modification

While the Great Recession significantly limited revenues to the RTA, it also created a much more competitive construction environment where costs did not rise as rapidly as forecasted. Prior to the final development of the RTA Plan, two engineering firms were contracted independently to provide the best estimates of overall project costs within the implementation periods of the Plan. In the early years up until a few years ago, construction costs and bidding were favorable. With the rapid rise in construction costs and scarcity of materials, it is logical that prices would now rise and cause additional concern over project implementation.

Finally, another concern that has not been adequately discussed is scope modifications. The best example of this is Downtown Links. Because it is a new route through an urban area, significant mitigation was agreed to during the plan and project development process. The original estimate of completing the Downtown Links was $84.7 million. It is likely the actual construction cost or total cost to implement Downtown Links will be $104.3 million. This cost increase has been categorized as either community mitigation or flood control. Due to extensive drainage improvements that will be constructed along with Downtown Links, the County has agreed to fund approximately $8 million of flood control improvements for Downtown Links, with the Regional Flood Control District conditioning this funding allocation based on the conveyance of relatively unusable City of Tucson property associated with the major watercourses that was acquired prior to the District's creation in 1979. Scope modifications to meet community desires for mitigation are reasonable but will add to the shortfall.

<u>What is Different Now and Not Thought of to any Significant Extent in 2006 – Road Repair and Pavement Preservation as well as Technology</u>

In the timeframe leading up to the 2006 election throughout the extensive public process used to develop the Plan, there was never a single public comment made about road repair and potholes. Primarily due to the continued lack of State funding of the traditional transportation sources such as the State gas tax (which has not been increased in 32 years), transportation maintenance and pavement preservation has been significantly underfunded. Any new RTA Plan must contain a significant allocation for pavement preservation and road repair, either with specific allocations to arterial or collector roadway systems of each jurisdiction or allocations to each jurisdiction with the jurisdiction deciding where best to make the road repair and pavement preservation investments.

Technology is the other emerging need that has large potential to transform mobility through achieving greater transportation system performance at significantly lower cost than traditional road widening solutions. Opportunities range from smart signalized intersection controls to Mobility on Demand functionality to optimize regional traveler and freight performance by guiding travelers through a range of trip modal and route options within a real-time active platform monitoring live traffic volumes, crashes, construction projects and automatic impact mitigation of disruptive events such as recreational, emergency or flood-related road closures. The recently created Pima County Regional Center for Smart Mobility Solutions will be actively working on advancing these priorities, which will require regional funding.

<u>Plan Needs to be Comprehensive, Address all Modes of Travel and Provide Environmental Energy and Lifestyle Benefits While Remaining Flexible to Meet Future Conditions</u>

As the region develops a plan for after 2026, it is important that we learn from the successes as well as the mistakes from the last authorization. The approach should be regional but also flexible to meet the unique conditions of the region's member jurisdictions. Highway or roadway improvements must be included as well as transit along with a number of categorical improvements that proved to be popular as well as beneficial in the 2006 plan. Finally, future conditions cannot be predicted with complete accuracy; therefore, the plan needs to be flexible enough to adapt to unknown future conditions.

An Equitable Division of Benefits

Since the entire region contributes to regional RTA sales tax revenues, including unincorporated residents who largely shop in cities and towns, benefits must be distributed equitably. Attachment 1 is a table showing RTA expenditures from inception through Fiscal Year 2019/2020. Most of the capital project RTA funds to date have been spent in the City of Tucson, $437 million or 45 percent of all capital project RTA funds. This is followed by Pima County at $273 million or 28 percent. Additionally, the City has received $224 million of RTA funds toward operation of the urban transit system, primarily serving the City and constituting 62 percent of all RTA transit funds. Added together the City has received 55.4 percent of all RTA funds. Clearly the City is getting their fair share of RTA funds from the first RTA program approved by the voters in 2006.

CHH/anc

Attachment

c: Jan Lesher, Chief Deputy County Administrator
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Francisco Garcia, MD, MPH, Deputy County Administrator & Chief Medical Officer Health and Community Services
Yves Khawam, PhD, Assistant County Administrator for Public Works
Ana Olivares, Director, Pima County Department of Transportation
Farhad Moghimi, PAG/RTA Executive Director

ATTACHMENT 1

RTA PROJECT FUNDING BY ELEMENT & REGION THROUGH FY2020														
	ADOT	AZ Game/Fish	Marana	Oro Valley	OWP-PAG	OWP-TDOT	Pascua Yaqui	Pima County	RTA	Sahuarita	South Tucson	Tohono O'odham	Tucson	Grand Total
Roadway Element														
RTA	$4,621,545		$54,991,952	$14,659,476				$168,147,188		$29,584,798			$327,027,546	$599,032,505
Regional/federal sources	$31,244,850	$0	$75,712,355	$2,031,242	$0	$0	$0	$60,609,497	$0	$6,999,539	$0	$0	$40,585,507	$217,182,989
Safety Element														
RTA	$379,617	$0	$2,598,686	$3,560,786	$330,666	$0	$498,238	$29,701,852	$9,753,415	$4,948,000	$931,048	$950,001	$53,195,650	$106,847,958
Regional/federal sources	$1,259,974	$0	$0	$0	$0	$0	$0	$1,388,571	$0	$1,964,530	$0	$0	$5,177,166	$8,639,650
Environment & Economic Vitality														
RTA	$2,037,286	$138,297	$3,314,033	$1,672,708	$0	$59,747	$272,000	$12,096,700	$13,182,030	$1,514,545	$150,000	$31,961	$10,838,328	$45,307,635
Regional/federal sources	$524,630	$0	$0	$0	$0	$0	$0	$1,289,663	$0	$0	$1,571,491	$0	$784,483	$4,170,266
Subtotal, RTA only	**$7,038,447**	**$138,297**	**$60,904,671**	**$19,892,970**	**$330,666**	**$59,747**	**$770,238**	**$209,945,741**	**$22,935,446**	**$36,047,343**	**$1,081,048**	**$981,961**	**$391,061,523**	**$751,188,098**
% RTA only	**0.94%**	**0.02%**	**8.11%**	**2.65%**	**0.04%**	**0.01%**	**0.10%**	**27.95%**	**3.05%**	**4.80%**	**0.14%**	**0.13%**	**52.06%**	**100.00%**
Grand Total	**$40,067,902**	**$138,297**	**$136,617,026**	**$21,924,211**	**$330,666**	**$59,747**	**$770,238**	**$273,233,471**	**$22,935,446**	**$45,011,412**	**$2,652,538**	**$981,961**	**$437,608,679**	**$981,181,003**
% Total	**4.08%**	**0.01%**	**13.92%**	**2.23%**	**0.03%**	**0.01%**	**0.08%**	**27.85%**	**2.34%**	**4.59%**	**0.27%**	**0.10%**	**44.60%**	**100.00%**

Notes

1. Data does not include regional transit funding allocated to City of Tucson which is regional in nature.
2. Regional/federal sources include: Federal, STBG, HURF 12.6 and HURF 2.6.
3. Project amounts do not include: 1997 HURF Bond funds and development impact fees.
4. Data reflects expenditures on RTA projects from 2007 through FY 2020