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

From: C.H. Huckelberry  
   County Administrator

Date: October 7, 2021

Re: Pay-As-You-Go (PAYGO) Tax Levy and Estimated Collections

Previously, the Board of Supervisors asked if there were scenarios that could be used to accelerate the Pay-as-You-Go (PAYGO) program. I asked our Finance and Risk Management Department to perform various analyses associated with the projection of when we could achieve at least $50 million each year of recurring General Fund revenues for capital improvements.

If you will recall, the presently approved scenario is a 60/60 scenario. The attached memorandum outlines three additional scenarios and indicates that under one scenario we could achieve the targeted goal in Fiscal Year (FY) 2023/24 in a 90/90 scenario; reach the goal by FY 2024/25 with an 80/80 scenario and reach this goal in FY 2025/26 with a 70/70 scenario.

Please advise if you would like to discuss this matter further. Direction will be needed in constructing the budget for Fiscal Year 2022/23; that process begins in January 2022.

CHH/anc

Attachment

c: Jan Lesher, Chief Deputy County Administrator  
Carmine DeBonis, Jr., Deputy County Administrator for Public Works  
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer, Health and Community Services  
Michelle Campagne, Director, Finance and Risk Management
Date: October 5, 2021

To: C.H. Huckelberry
   County Administrator

From: Michelle Campagne
   Finance & Risk Management Director

Thru: Jan Lesher
   Chief Deputy County Administrator

Re: PAYGO Tax Levy and Estimated Collections Response

In response to your attached memorandum dated September 20, 2021, I reviewed the Pay-As-You-Go Program calculation and created the scenarios presented in the Table below.

**PAYGO Funds available under various combinations of the Cumulative Decrease in Secondary Property Tax Rate/Increase in the Primary Property Tax Base**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>90/90 Scenario</th>
<th>80/80 Scenario</th>
<th>70/70 Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Levy</td>
<td>Tax Rate</td>
<td>Levy</td>
</tr>
<tr>
<td><strong>FY 2021/22</strong></td>
<td>$26,693,502</td>
<td>$0.2753</td>
<td>$26,693,502</td>
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<tr>
<td><strong>FY 2022/23</strong></td>
<td>40,822,971</td>
<td>$0.4032</td>
<td>37,907,046</td>
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<tr>
<td><strong>FY 2023/24</strong></td>
<td>51,117,950</td>
<td>$0.4847</td>
<td>47,068,168</td>
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<tr>
<td><strong>FY 2024/25</strong></td>
<td>54,796,159</td>
<td>$0.5004</td>
<td>49,835,596</td>
</tr>
<tr>
<td><strong>FY 2025/26</strong></td>
<td></td>
<td></td>
<td>51,753,215</td>
</tr>
</tbody>
</table>

Given the current estimated growth in the tax base, the 90/90 Scenario will achieve $50 million in Fiscal Year 2023/24, the 80/80 Scenario will achieve $50 million in Fiscal Year 2024/25 and the 70/70 Scenario will achieve $50 million in Fiscal Year 2025/26.

Attachment

c: Jan Lesher, Chief Deputy County Administrator

Michelle Campagne, Director
130 W. Congress, 6th Fl, Tucson, Arizona 85701-1317 • Phone: 520-724-8410 • Fax: 520-770-4173
MEMORANDUM

Date: September 20, 2021

To: Michelle Campagne, Director
Finance and Risk Management

From: C.H. Huckelberry
County Administrator

Re: PAYGO Tax Levy and Estimated Collections

I appreciate the analysis and separation of the primary property tax rate into what I would deem to be the operational component of the primary tax rate as well as the capital or Pay-As-You-Go (PAYGO) component. I note that the current PAYGO primary tax for Fiscal Year 2021/22 is at 0.2753. By my estimate of the PAYGO tax rate, to achieve a steady state of new investment in capital infrastructure of $50 million per year will need to be approximately $0.55. Hence, we are nearly halfway to achieving this steady state tax rate for the PAYGO program. It is now structured on a 60 percent tax rate transfer reduction in debt service and a 60 percent transfer in growth.

If the Board were to adjust the policy allocations to 70, 80 and 90 percent, how soon could we achieve the $0.55 PAYGO allocation given current robust growth in the tax base?

CHH/anc

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