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# MEMORANDUM

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Date: October 7, 2021

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

From: C.H. Huckelberry  
County Administrator 

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 Leshar, 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 Leshner   
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**

	90/90 Scenario		80/80 Scenario		70/70 Scenario	
	Levy	Tax Rate	Levy	Tax Rate	Levy	Tax Rate
FY 2021/22	\$ 26,693,502	\$0.2753	\$ 26,693,502	\$0.2753	\$ 26,693,502	\$0.27530
FY 2022/23	40,822,971	\$0.4032	37,907,046	\$0.3744	34,991,119	\$0.34560
FY 2023/24	51,117,950	\$0.4847	47,068,168	\$0.4463	43,039,478	\$0.40810
FY 2024/25			54,796,159	\$0.5004	49,835,596	\$0.45510
FY 2025/26					51,753,215	\$0.45610

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 Leshner, Chief Deputy County Administrator




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# MEMORANDUM

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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 Leshar, 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