



MEMORANDUM

Date: May 13, 2013

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

From: C.H. Huckelberry
County Administrator 

Re: **May 14, 2013 Regular Agenda Item 9: Supplemental Information to my Transportation Funding Report**

Since my transmittal of the Transportation Funding Report to the Board of Supervisors on April 10, 2013, there have been several statements and misconceptions that require clarification and/or correction. These are as follows:

1. The County is only spending \$5 million for transportation repair.

There seems to be significant focus on the \$5 million General Fund transfer for pavement repairs and rehabilitation in my Fiscal Year (FY) 2013/14 Recommended Budget. This has been interpreted as the only amount the County intends to spend on transportation, which is grossly incorrect.

The Department of Transportation budget for operation, maintenance and development of our transportation infrastructure for the unincorporated area of Pima County is approximately \$50 million annually. These funds have and continue to be used for transportation. It was only when the State of Arizona began diverting significant amounts of Highway User Revenue Funds (HURF) to balance the State budget that it became necessary to make General Fund transfers to our Department of Transportation to offset the State budget transfers. There have been, and continue to be, significant budgetary resources the County devotes to transportation; however, they are insufficient for the reasons set forth in my transportation funding report.

2. The Department of Transportation's annual operating budget is always spent for transportation.

This is incorrect. The Department of Transportation also implements a significant capital expansion program utilizing County HURF bonds, Regional Transportation Authority revenues and impact fees. In the last five years, the capital improvements financed by these sources have been \$289 million. For the Recommended Budget, the transportation capital improvement program finances \$80 million. See Attachment 1 for the funding of transportation capital improvements.

3. It is inappropriate to utilize the County General Fund for transportation pavement preservation repairs since the General Fund is financed primarily from property taxes collected from every resident in Pima County; hence, City residents are paying for street repairs in the unincorporated area.

This is partially true, but when put in perspective is also incorrect.

The County received voter approval to issue \$350 million of HURF bonds financed with County HURF revenues. These County HURF revenues were intended to be used solely in the unincorporated area; however, a significant portion of County HURF bond revenues have been used inside the City of Tucson. Attachment 2 indicates the individual projects and their costs to date either inside the City of Tucson or annexed by the City immediately after completion by the County. In addition, significant additional County HURF revenue bonds will be invested in the City of Tucson. The amount already invested is \$135 million. The amount to be invested is \$51 million. Therefore, County HURF intended for use in the unincorporated area of Pima County have built a number of streets and highway within the City of Tucson. Hence, when the County General Fund contribution for transportation equals the already or to-be-invested \$186 million, there would be concern over equity. Until that time, there is no inequity or concern regarding the investment of County General Funds in repair and maintenance of County transportation facilities in the unincorporated area.

4. We do not need to raise taxes or fees and can tighten belts and change our priorities to fund our backlogged transportation needs.

The common claim among anti-tax individuals is that we can solve our problems by being more efficient and ending waste and abuse. I am certain all governments can be more efficient over time, but the amount of funding recovered is only a small fraction of what is needed. The Tooth Fairy will not fill our potholes. We can only help ourselves. If we want to solve our transportation problems, the solution is increased transportation-related taxes. The Transportation Funding Report provides the logic and reasoning for why a gas tax increase is the most logical course of action.

The HURF is composed of several major statewide fee sources. Each one cent increase in the state gas tax generates approximately \$25 million. A 10 cent increase in the gas tax would increase the HURF by \$250 million, or 21 percent. (Total HURF for 2012 was \$1,210.6 million; of this amount, total gas tax was \$454.8 million.) This is a significant revenue increase. There has not been an increase in the gas tax in over 22 years, and the state of deterioration and inadequacy in our transportation system shows it.

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: **Supplemental Information Regarding Transportation Finance Report on the Board of
Supervisors' Meeting of May 14, 2013 Agenda**
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Attachment

c: **Martin Willett, Chief Deputy County Administrator**
 John Bernal, Deputy County Administrator for Public Works
 Priscilla Cornelio, Transportation Director
 Steve Christy, District 2 Member, Arizona State Transportation Board
 Cherie Campbell, Interim Executive Director, Pima Association of Governments and
 Regional Transportation Authority
 Ronald Shoopman, President, Southern Arizona Leadership Council
 Michael Varney, President and CEO, Tucson Metro Chamber
 Michael Racy, Racy Associates, Inc.

**PIMA COUNTY DEPARTMENT OF TRANSPORTATION
CAPITAL IMPROVEMENT PROGRAM (CIP) FUNDING SOURCES, FY2008-09 thru FY2012-13**

FUNDING SOURCE	Actuals				Forecast	Total
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	
1997 HURF Bond Authorization	4,353,693	10,349,759	11,168,281	2,634,168	8,496,387	37,002,288
American Recovery and Reinvestment Act (ARRA)	-	5,037,057	4,228,916	1,973,841	-	11,239,814
County HURF Revenue	2,746,436	812,090	349,064	1,354,017	8,723,932	13,985,539
Federal Aid (STP, TEA, HSP, PLHD,)	1,033,642	-	863,832	744,754	10,932,906	13,575,134
Jurisdictions (IGA)	38,225	-	31,990	742,411	28,944	841,570
Other County Sources (Note)	36,506	20,000	-	379,560	12,697,215	13,133,281
Other Sources	843,071	-	-	-	-	843,071
Regional Transportation Authority	18,713,797	24,188,254	28,661,102	35,993,565	31,648,010	139,204,728
State Aid (12.6% , 2.6%, ...)	1,278,875	8,759,915	6,518,695	5,307,703	11,362,507	33,227,695
User Fees (DIFO)	8,734,749	4,657,300	5,904,713	3,749,065	3,020,021	26,065,848
Total CIP	37,778,994	53,824,375	57,726,593	52,879,084	86,909,922	289,118,968

289,118,968

Note: FY 12-13 includes 9 M of General Fund for Pavement Preservation and 3.7 M of Fund Balance Transfers for the Loop

ATTACHMENT 1

Pima County 1997 HURF Bond Projects within City of Tucson (all or partial) Note 1

Completed Projects			1997 HURF Bonds Expended	Total Project Cost Completed
Project Name	Project ID#	Status		
DOT-01 River Road: First to Campbell Ave	4BRVCS	Complete	15,500,000	21,964,000
DOT-04 River Road: Campbell Ave to Alvernon Way	4TRRCA	Complete	15,613,000	23,761,000
DOT-05 Alvernon Way: River Rd to Ft Lowell Rd	4AWRRF	Complete	3,887,000	8,723,000
DOT-11 Drexel Rd: Tucson Blvd to Alvernon Way	4DTBAW	Complete	2,500,000	2,500,000
DOT-12 Country Club Road, 36th Street to Milber	4CCTST	Complete	11,840,000	12,458,523
DOT-15 River Road: Thornydale Road to Shannon	4TRCTT	Complete	4,000,000	8,400,000
DOT-16 River Road: Shannon to La Cholla	4TRLCC	Complete	863,000	4,947,274
DOT-28 Speedway Blvd: Camino Seco to Houghton Rd	N/A	Complete	581,700	599,200
DOT-30 Catalina Hwy: Tanque Verde Rd. to Houghton Rd	4CHTVH	Complete	6,200,000	8,555,000
DOT-31 Tanque Verde Rd: Catalina Hwy to Houghton Rd (Note 2)	4TVCHH	Complete	2,432,000	16,000,000
DOT-39 Valencia Rd - So 12th Ave Intersection	4VRIST	Complete	662,000	1,262,000
DOT-41 Cherry Avenue Curbs & Sidewalks	4CEDCA	Complete	170,000	170,000
DOT-41 Park Villa Casitas	4PARVC	Complete	67,181	67,181
DOT-41 Pueblo Gardens Neighborhood Association Project	4PGNAP	Complete	83,908	83,908
DOT-43 12th Ave: 38th St to Los Reales Rd	N/A	Complete	9,548,000	10,759,781
DOT-49 Valencia Road: Mission Rd to I-19	4VRMRI	Complete	6,766,363	12,213,635
DOT-55 Golf Links Road / Bonanza Ave. to Houghton Rd	4GLBAH	Complete	1,801,000	2,702,000
TOTALS			\$82,515,152	\$135,166,502

Active and Future Projects			1997 HURF Bonds Forecast	Bond Remaining to be Expended
Project Name	Project ID#	Status		
DOT-29 Houghton Rd: I-10 to Tanque Verde Rd (COT-RTA-32)	4HRSTV	In Construction	20,000,000	18,058,435
DOT-40 Grant Road: Oracle Rd to Park Ave. (Note 3)	N/A	In Construction	348,300	0
DOT-41 Alvernon Heights Neighborhood Solar Lighting	4AHSNL	Future	200,625	200,625
DOT-56 Broadway Boulevard: Euclid Avenue to Country Club	4BBECC	Future	25,000,000	23,652,753
DOT-58 Kino Parkway Overpass at 22nd Street	4KINOP	Future	10,000,000	9,211,750
TOTALS			\$55,548,925	\$51,123,563

TOTAL 1997 HURF BONDS = 138,064,077 that will be expended

NOTES:

1. 1997 HURF Bond amounts and total project costs per proposed ordinance amendment, Spring 2013.
2. Project is complete but final project costs have not been reflected in current bond ordinance.
3. The Grant Road project was shifted to the RTA and is currently under construction, the HURF Bond spending is complete.