



MEMORANDUM

Date: January 3, 2019

To: Chair and Members
Transportation Advisory Committee

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the typed name "C.H. Huckelberry".

Re: **Supervisor Steve Christy's Recent Transportation Advisory Committee Agenda Item Requests**

Supervisor Steve Christy has recently sent the Transportation Advisory Committee (TAC) two agenda item requests.

Supervisor Christy's December 13, 2018 letter requests an agenda item regarding the use of County bonds and whether any remaining authorized 1997 bond funds should be used for road repair. (Attachment 1). For your information, Attachment 2 is my December 13, 2018 memorandum to the Board of Supervisors that delineates the remaining bonds and how they are reserved or designated. It should be noted that the 1997 bonds were approved by the voters and to modify bonds specifically earmarked for certain projects would be inappropriate and not recommended.

I assume my attached memorandum is sufficient to provide you with the additional information you may need to consider Supervisor Christy's December 13th request.

In a December 21, 2018 letter (Attachment 3) to the TAC, Supervisor Christy asked the Committee to consider a number of other issues related to road repair. The primary request is how to increase the amount of transportation funds earmarked for road repair and/or pavement rehabilitation. The discussion by the Board covered many topics, but the topics requested for your consideration in Supervisor Christy's December 21, 2018 communication are primarily three issues:

- 1) Dedicating more "HURF/VLT to road repair and less of the same toward paying the County Transportation Department administrative costs";
- 2) "Perhaps VLT can be properly re-directed into road repair funds.", and"
- 3) "would there be option to return to the General Fund for road repair."

I will address each of these issues individually.

Administrative Costs

Regarding administrative costs, I assume that is the management of the Department of Transportation (DOT), and that perhaps overhead could be extrapolated to be the cost of paying for all personnel services within DOT. Currently, there are 270 budgeted positions within DOT, a reduction of 16 vacant positions from the prior year as a result of efficiencies being achieved by the department. A reduction of 18 more vacant positions are planned for next fiscal year. The current total annual payroll, including benefits for Transportation employees is approximately \$16 million. It has been suggested in the past by at least one member of the Board that the General Fund should pay for these costs. Such would be entirely different from how the Arizona Department of Transportation pays for its personnel as well as how every other county in Arizona pays for their Transportation personnel. These costs have always been paid from specific State-shared transportation revenues such as the Highway User Revenue Fund (HURF) as well as the Transportation-designated portion of the Vehicle License Tax (VLT). To pay for these costs through the General Fund, which is composed primarily of a uniform County-wide property tax would be inequitable to two-thirds of County taxpayers. In essence, they would be paying the salaries and benefits of employees who only work on roads in the unincorporated area of Pima County.

General Fund VLT

Regarding use of the General Fund portion of the VLT for transportation purposes, such again would be different from any other city, county or town in Arizona as well as the State's Department of Transportation. Supervisor Miller continuously misleads the public in believing these revenues (the General Fund VLT distribution) are also available for transportation. They are not and never have been. The attached memoranda, December 11, 2018 and November 29, 2018 (Attachment 4), to the Board of Supervisors regarding the General Fund VLT essentially indicates that a property tax on vehicles was inserted into the Arizona Constitution in 1940, and has undergone a number of changes over the years. The only way the County can dedicate this portion of the General Fund VLT to transportation is through an amendment to State law. This would require all VLTs to be used by every entity receiving a General Fund VLT distribution to use those revenues for transportation – an outcome that is not remotely possible for a number of reasons. Any legislation introduced to require such would likely be opposed by every city, town, county and State agency. More importantly, such an action violates the basic principle of tax equity since the General Fund VLT is a significant revenue source for the County's General Fund besides the County-wide property tax. Using these funds for road repairs in the unincorporated area of Pima County would be just as inequitable as using the County-wide property tax for this same purpose.

Chair and Members, Transportation Advisory Committee
Re: Supervisor Steve Christy's Recent Transportation Advisory Committee Agenda Item
Requests
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General Fund Road Tax

Finally, returning to the General Fund, a separate property tax levy for road repair is allowed by Arizona Revised Statutes (ARS) 28-6712, which allows up to \$0.25 of a property tax rate for this specific purpose. Consideration of enactment of such a tax is a budget decision that is up to the Board of Supervisors. Some argument can be made for using a County-wide property tax for pavement preservation and road repair on the County arterial system if and only if it can be clearly demonstrated that at least half of the average daily traffic on these arterial roads originate from drivers who live in an incorporated place. There can be no justification for using this road property tax to repair local roads in the unincorporated area, as it would be just as inequitable as using the General Fund for this same purpose.

In constructing the budget, the Board of Supervisors can determine whether to revive the County property tax for road repair and pavement preservation and direct the use of those funds through the budget process. Such will be a decision of the Board.

CHH/anc

Attachments

c: Carmine DeBonis, Deputy County Administrator for Public Works
Ana Olivares, Director, Transportation Department

ATTACHMENT 1



PIMA COUNTY BOARD OF SUPERVISORS

130 WEST CONGRESS STREET, 11 FLOOR
TUCSON, ARIZONA 85701-1317

TELEPHONE 520-724-8094
E-MAIL: district4@pima.gov

Stephen W. Christy
Supervisor, District 4

December 13, 2018

Ms. Lucretia Free, Chair
Pima County Transportation Advisory Committee
c/o Pima County Department of Transportation
201 N. Stone Avenue, Floor 4
Tucson, AZ 85701

via email

Re: **PTAC Meeting Agenda Item**

Dear Chair Free,

During the Pima County Board of Supervisors meeting on December 4, 2018, there was a lengthy discussion regarding the unissued 1997 HURF Bonds potentially being utilized for road repairs throughout Pima County.

A number of questions and issues arose from this discussion that I believe merit review by the Pima County Transportation Advisory Committee. Additionally, there are significant stakeholders and jurisdictions that should also be heard from, as any use of these bonds would impact their infrastructure plans. Even so, it was determined that there is a process by which 1997 HURF Bonds could be re-directed to road repairs.

Accordingly, I am respectfully requesting that PTAC evaluate the potential utilization of 1997 HURF Bonds for road repairs during its next meeting and that PTAC render an opinion or recommendation of such to the Board of Supervisors in a timely manner.

Thank you.

Sincerely,

Stephen W. Christy
Supervisor, District 4

cc: Julie Castañeda, Clerk of the Board
Annabelle Valenzuela, Transportation Support Services Division Manager

via email
via email

REC-1318-1318-001-001-001
MA

**CLERK'S NOTE:
COPY TO SUPERVISORS
COUNTY ADMINISTRATOR**

DATE 12/13/18 *mw*

ATTACHMENT 2



MEMORANDUM

Date: December 13, 2018

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "C.H. Huckelberry", is written over the printed name of the County Administrator.

Re: **Remaining 1997 HURF Bonds**

Background

At the December 4, 2018 Board meeting there was a discussion regarding remaining 1997 HURF bonds, whether there are any unissued bonds that could be reallocated to road repair and the process to do so. To reallocate unissued bonds to road repair would require an amendment to the 1997 bond ordinance and I previously outlined the bond amendment process in my November 27, 2018 memorandum (attached). The majority of the \$62.4 million in HURF bonds that have not yet been issued, but are designated for projects, either with Intergovernmental Agreements (IGAs) or contracts with design and construction firms. In fact, over \$40 million of the remaining HURF bonds are designated for three projects with the City of Tucson, for which the City and County have executed IGAs on \$30 million of those bonds as well as commitments to enter into two additional IGAs for the remaining \$10 million. As Chief Deputy County Attorney Andy Flagg stated at the Board meeting, the County would be in breach of contract if the Board chose unilaterally not to contribute the 1997 HURF bond proceeds to those City projects for which there are active IGAs.

City Transportation Projects Designated to Receive 1997 HURF Bond Proceeds, Project Status and Consequences of Reallocating the Funding to Road Repair

DOT 29, Houghton Road, Golf Links Road to Interstate 10: Includes \$12.3 million of unspent bond funds. \$2.1 million of those remaining bond funds have been committed via an IGA with the City of Tucson for the Union Pacific Railroad (UPRR) to I-10 phase, currently under construction. The remainder of the bond allocation was included in the Regional Transportation Authority (RTA) program as a committed non-RTA revenue for two additional phases of the Houghton Road project: Valencia Road to Mary Ann Cleveland Way and 22nd street to Irvington Road. Although IGA's have not yet been entered into for these last two phases, construction is anticipated to begin in August 2020 and August 2021, respectively, and therefore the process to enter into IGAs for these phases is expected to begin shortly.

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: **Remaining 1997 HURF Bonds**
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DOT 56, Broadway Boulevard, Euclid Avenue to Country Club Road: Includes \$19.4 million of unspent bond funds. The entire remaining bond amount has been committed in an IGA with the City and was included in the RTA program as committed non-RTA revenue.

DOT 58, 22nd Street, I-10 to Tucson Boulevard Improvements: Includes \$9.2 million of unspent bond funds. \$8.5 million of those remaining bond funds have been committed via an IGA with the RTA, and the City provided a construction start date of January 2020 for the Kino Parkway to Tucson Boulevard phase. The additional \$700,000 is not yet committed via an IGA, but since the project has not been fully designed, nor construction bid, it is premature to determine whether the remaining \$700,000 will be needed.

County Transportation Projects Designated to Receive 1997 HURF Bond Proceeds, Project Status and Consequences of Reallocating the Funding to Road Repair

The remainder of this memorandum will focus on the HURF bonds that are designated to projects in unincorporated Pima County and the consequences of reallocating those HURF bonds to road repair instead of completing those projects.

DOT-23, Thornydale Road, Cortaro Farms Road to Linda Vista Boulevard: Includes \$555,000 of unspent bond funds. The full amount is needed to pay for the construction work that is under contract and in progress now.

DOT 32, Kolb Rd, Sabino Canyon Road to Sunrise Drive: Includes \$5.14 million of unspent bond funds. This project is in design and not projected to require any of the remaining bond proceeds for construction. Funding sources for the project include federal funds and County impact fees. However, if the construction low bid exceeds the project forecast, bond funds may be needed to complete the project. Construction is scheduled to be bid in summer of 2019, and then we will know whether all or some of the \$5.14 million of the bond funds will not be needed for this project and if the balance could be proposed for road repair through the bond amendment process. The estimated project costs are \$8.3 million. At a minimum, it is recommended that a 10 percent contingency, or \$830,000, be reserved from the \$5.14 million. Assuming this contingency, \$4.3 million of remaining bonds could be reallocated to road repair through the bond amendment process, or not sold.

DOT 50, Kinney Road, Alexandrite Avenue to Bopp Road: Includes \$326,000 of unspent bond funds. This project is currently under construction, will be complete in the next month, and it is anticipated the project will spent the remainder of these funds.

DOT 57 Safety Improvements: Includes \$5.5 million of unobligated bond funds, and approximately \$2.4 million that is obligated to thirteen (13) different safety projects. Ten of these projects are federal and the bond funds are used as the local match, leveraging over \$10.5 million of federal funding. If the \$2.4 in obligated bond funds are not available due to

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: **Remaining 1997 HURF Bonds**
December 13, 2018
Page 3

reallocation to road repair we will have to cancel the projects and refund FHWA approximately \$975,000 of federal money previously reimbursed on these projects (see attachment). Assuming the obligated funds continue to be reserved for these projects, 10 percent of the estimated total project costs, or \$1.7 million of the unobligated funds should be held as contingency in case bids exceed the estimates. Bidding for these 13 projects is planned between summer 2019 and summer 2020. The remaining \$3.8 million of remaining bonds could be allocated to additional safety projects, proposed for road repair through the bond amendment process or not sold.

DOT 59, Road Repair and Pavement Preservation: Includes \$8.9 million of unspent bond funds. A two-year program for this bond program was approved by the Board of Supervisors as part of the \$16 million reallocation approved in April 2018; the first year's projects are substantially complete and year two will be constructed in fiscal year 2020.

Summary tables of the remaining 1997 HURF Bond Projects is provided for your reference.

Recommendation

Based on the above summary, it is recommended that: 1) The amounts allocated to City of Tucson projects and the Pima County Thornydale Road (DOT-23), Kinney Road (DOT-50) the thirteen (13) Safety Improvement (DOT-57) projects not be reallocated. 2) Of the remaining \$5.14 million of unspent bond funds for Kolb Road (DOT-32), it is recommended that \$830,000 be reserved for contingency and that no funds be reallocated until the project cost is firmed up by bid. The remaining \$4.3 million in bonds should be reallocated to the Safety Improvement Program through the bond amendment process. 3) For Safety Improvements (DOT-57), it is recommended that \$1.7 million, be reserved as contingency for these projects. The remaining \$3.8 million of bonds should be considered for allocation to additional safety projects.

CHH/lab

Attachments

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Ana Olivares, Director, Transportation Department



MEMORANDUM

Date: November 27, 2018

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **November 20, 2018 Board of Supervisors Addendum - Item #1, 1997 HURF Revenue Bonds**

The referenced item was placed on the November 20, 2018 Board of Supervisors Addendum by Supervisor Miller. At the meeting, Supervisor Miller made a motion to reallocate the remaining \$62.4 million of 1997 HURF bond authority to road repair. The motion failed for a lack of a second. Proposing such an action, demonstrates Supervisor Miller's disregard for any details regarding the 1997 HURF bond program. Ignored in the motion was the fact that three City of Tucson projects (Houghton Road, Broadway Boulevard, and 22nd Street) comprise over \$40 million of the remaining bond authorization. Reallocation of funds from these projects without City of Tucson discussion and concurrence is inappropriate.

Further, Supervisor Miller ignored the well-established process for considering and advancing bond ordinance amendments. Per Chapter 3.06 of Pima County Code, titled Bond Disclosure, Accountability and Implementation, proposed amendments must be presented to the Bond Advisory Committee (BAC), for consideration and recommendation to the Board. Following BAC consideration, the proposed amendment must be noticed for public hearing by the Board of Supervisors and finally for bonds that have been allocated to a jurisdiction, the governing body of the jurisdiction must make a recommendation. This process was followed for the April 17, 2018 Board of Supervisors' approved bond ordinance amendment to reallocate \$16 million of 1997 HURF bond funding to road repair. The proposal was also reviewed with the Transportation Advisory Committee.

Without following the established process for amending the bond ordinance, the Board could not have approved reallocation of the funds. As such, Supervisor Miller's placement of the item on the Board's addendum appears to have been nothing more than uninformed grandstanding rather than a valid proposal to direct specific funds for road repair.

Attachments

CHH/mp

c: Tom Burke, Deputy Country Administrator for Administrative Services
Carmine DeBonis Jr., Deputy County Administrator for Public Works



PIMA COUNTY BOARD OF SUPERVISORS
DISTRICT 1
130 WEST CONGRESS STREET, 11TH FLOOR
TUCSON, AZ 85701-1317
(520)724 2738
district1@pima.gov
www.district1.pima.gov

ALLY MILLER
SUPERVISOR

MEMORANDUM

Date: **November 15, 2018**

To: Julie Castaneda, Clerk of the Board

From: Ally Miller, District 1 Supervisor
Pima County Board of Supervisors

Re: **Agenda Item Submission**

Please place the following item on the **November 20, 2018** Board of Supervisors **Agenda**:

Discussion and Vote regarding usage of the 1997 HURF Revenue bonds for road repairs.

Attachment:

Administrator Huckelberry's memorandum dated October 3, 2018 re: "Annual Bond Program Update Report for Fiscal Year 2017/18"



MEMORANDUM

Date: October 3, 2018

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

From: C.H. Huckelberry
County Administrator 

Re: **Annual Bond Program Update Report for Fiscal Year 2017/18**

Attached is the Pima County Bond Program Update for Fiscal Year 2017/18. Twenty projects were completed during this year and an additional six projects were under construction. Four projects receiving general obligation bond proceeds will be complete by the end of this current fiscal year. When these are complete, the only project remaining to be funded with general obligation bond proceeds will be the improvement of animal care facilities in Ajo with residual proceeds from completing the new Pima Animal Care Center.

As you know, the 1997 Transportation Bond Program, funded with Highway User Revenue Funds (HURF), has taken longer to complete than expected due to a reduction in HURF revenues caused by the Great Recession, more fuel-efficient vehicles, and sweeps by the State legislature. In addition, the State legislature has not increased the state gas tax since 1991, which is a key source of revenue for the HURF and has lost much of its purchasing power due to inflation. Other states have acted more wisely. In fact, 26 states in the last four years have raised their state gas tax. Without the necessary revenues to repay the debt, the County had to delay selling bonds that required the HURF revenues for repayment. That said, all of the remaining projects not currently under construction, are scheduled to being construction between 2018 and 2020. Five of these are managed by Pima County, and three by the City of Tucson. We are committed to completing these projects and continuing to comply with annual audits of the use of HURF revenues for authorized transportation projects, as required for all Arizona counties.

CHH/dr

Attachment

c: Jan Leshar, Chief Deputy County Administrator
Carmine DeBonis, Deputy County Administrator for Public Works
Tom Burke, Deputy County Administrator for Administration
Nicole Fyffe, Executive Assistant to the County Administrator

PIMA COUNTY BOND PROGRAM UPDATE

Annual Report for Fiscal Year 2017/2018



Period Ending June 30, 2018





PIMA COUNTY

Pima County Board of Supervisors

Richard Elías, Chairman, District 5

Ally Miller, District 1

Ramón Valadez, District 2

Sharon Bronson, District 3

Stephen W. Christy, District 4

Pima County Administrator

Chuck Huckelberry

Pima County Bond Advisory Committee Members

Tom Dunn, Chair - Town of Marana

Carolyn Campbell, Vice Chair - District 5

Joe Boogaart - District 1

Edward Buster - District 4

Gary Davidson - District 1

Brian Flagg - District 5

Joyce Garland - City of Tucson

René Gastelum - District 2

Kelly Gomez - Pascua Yaqui Tribe

Curtis Lueck - District 3

Michael Lund - District 4

David Lyons - District 4

Wade McLean - County Administrator

Joyce Powers - Town of Oro Valley

Ted Prezelski - District 5

Patty Richardson - County Administrator

Ted Schmidt - District 3

Chris Sheafe - County Administrator

Arthur Eckstrom - District 2

John Sundt - District 1

James Ward - Town of Sahuarita

Tom Warne - District 2

Greg Wexler - District 3

These bond programs are overseen by an active 25-member citizen's committee appointed by each city and town, the two Native American tribal governments, the Pima County Board of Supervisors and the County Administrator.

Pima County Bond Program Update

Annual Report for Fiscal Year 2017/2018

Period Ending June 30, 2018

About Pima County's Bond Programs

Since 1997, Pima County and its partner jurisdictions have completed over 700 bond projects with voter-approved bond funding, resulting in significant investments in this community's infrastructure, providing tremendous benefit to the everyday lives of our residents and visitors and creating thousands of construction-related jobs. The projects are located throughout Pima County, many within municipalities and tribal areas. They include new and improved libraries; community centers; parks and trails; health and medical facilities; affordable housing; justice and law enforcement facilities; historic preservation; roads; wastewater facilities; flood control improvements; and much more. Funding for the projects was approved by voters at county-wide elections held in 1997, 2004, 2006, and 2014.

A 2013 audit of the County's general obligation bond programs by the State Auditor General's office found the County's bond programs to be a unique collaborative effort between the County and its cities, towns and tribes; verified that bond proceeds were used for the purposes authorized by voters; and stated that projects benefited citizens throughout Pima County.

About this Report

Per Pima County's Truth in Bonding Code (Chapter 3.06), status updates on the progress of completing bond projects are provided twice a year to the Bond Advisory Committee, the Board of Supervisors and the public. Since the majority of projects are now complete, Pima County has less to report. As a result, the format of this report has been updated to summarize, in a more concise manner, the accomplishments of each bond program and the status of the remaining projects. Additional information about completed projects, active projects and financial data is available on the County's bond website at www.pima.gov/bonds. This annual report is for the period ending June 30, 2018.

Pima County's project delivery process for completing these projects has become a model adopted by other governmental agencies in Pima County, Phoenix and Texas.

Status of Bond Programs June 30, 2018

Completed Bond Programs

1997 Sewer Revenue
2004 Sewer Revenue
2006 General Obligation (Behavioral Health Facilities)

Substantially Completed Bond Programs

1997 General Obligation
2004 General Obligation
2014 General Obligation (Pima Animal Care Center)

Active Bond Programs

1997 HURF (Transportation)

Financial Summary

Since 1997, voters have authorized \$1.52 billion in bonds. As of June 30, 2018, Pima County had sold all but 4 percent of the bonds over 27 individual sales. The remaining General Obligation bond authorization was sold on February 1, 2017. A portion of the County's share of Highway User Revenue Funds are used to repay the transportation bond debt, sewer fees are used to repay the sewer debt, and secondary property taxes are used to pay off the General Obligation bonds that fund the remainder of projects. Pima County bonds are sold with no more than a 15-year payback term. Pima County's conservative approach to debt management is reflected in its superior credit ratings and low interest rates.



The Warden Family Splashpad at Manzanita Park was completed and open to the public on July 28, 2018. It is adjacent to the Manzanita Swimming Pool, utilizing existing parking lot and restroom infrastructure at the Drexel Heights Community Center and consists of a 60 foot diameter spray park with ground sprays and spray features, a 15 foot ring of natural grass encircling the pad, 4 covered ramadas, and associated support structures and equipment.

Bond Sales (As of June 30, 2018)

Bonds	Total Authorization (Millions)	Total Bond Sales (Millions)	Remaining Authorization (Millions)	Percent Remaining
1997 General Obligation	\$ 257.0	\$ 257.0	\$ 0.0	0%
1997 Sewer Revenue	\$ 105.0	\$ 105.0	\$ 0.0	0%
1997 HURF Revenue	\$ 350.0	\$ 287.6	\$ 62.4	18%
2004 General Obligation	\$ 582.2	\$ 582.2	\$ 0.0	0%
2004 Sewer Revenue	\$ 150.0	\$ 150.0	\$ 0.0	0%
2006 General Obligation	\$ 54.0	\$ 54.0	\$ 0.0	0%
2014 General Obligation	\$ 22.0	\$ 22.0	\$ 0.0	0%
Total	\$1,520.2	\$1,457.8	\$62.4	4%



The Marist on Cathedral Square project will feature two complexes for affordable, senior living. The first will be a seven-story, 75-unit complex at Broadway Boulevard and Church Avenue and the second will reside in the rehabbed Marist College building, 8 units in what was Tucson's first parochial school and the tallest adobe structure in Arizona. Pima County's bond funding contributions to this project are complete.

1997 HURF Revenue Bond Program - Active

In November 1997, Pima County voters approved \$350 million in Highway User Revenue Fund (HURF) bonds, to be repaid with a portion of the County's share of HURF revenues from the State, to widen and rebuild roadways throughout Pima County and within cities and towns.

This funding has:

- Leveraged more than \$340 million in federal, state and local transportation funding
- Built more than 55 segments of roadway totaling over 250 lane miles
- Completed more than 100 safety projects
- Reduced congestion by 43% and more than doubled average roadway capacity

The program includes 56 site-specific projects, many of which have been constructed in phases. Three additional projects, Neighborhood Transportation Improvements, Safety Improvements, and Road Repair and Pavement Preservation, include many smaller subprojects. Of the 56 site-specific projects, 100% are complete, under construction, or under development.

While 1997 HURF revenue projects were originally planned for completion by Fiscal Year 2013/14, a lack of HURF revenues caused by the economic downturn, sweeps by the State Legislature and more fuel efficient vehicles, means that projects have taken longer to complete. For Fiscal Year 2017/18, HURF revenues to Pima County are projected to total approximately \$61.6 million, and 40% are forecasted to repay debt for these transportation projects. Several projects are also reliant on Regional Transportation Authority (RTA) funding and scheduling. Three projects are managed by the City of Tucson.



Highway User Revenue Funds (HURF) are funding the Cortaro Farms Road improvements.

Projects Completed During Fiscal Year 2017/18

- DOT-57 Safety Improvements – Pima County:
Curtis Rd. Traffic Safety Improvements
Square Tube Breakaway Sign Posts

Projects Under Construction

- DOT-18 Cortaro Farms Rd., Camino de Oeste to Thornydale Rd. – Pima County
- DOT-29 Houghton Rd., Widening at Union Pacific Railroad – City of Tucson (RTA)
- DOT-57 Safety Improvements – Pima County:
South Houghton Intersection Improvements
Durable Pavement Marking Upgrade Project
Intelligent Transport System Signal Coordination & Cabinet Upgrade

Projects Under Development

Estimated to begin construction between 2018 and 2020

- DOT-23 Thornydale Rd., Cortaro Farms Rd. to Sumter Dr. – Pima County
- DOT-29 Houghton Rd., Valencia to Mary Ann Cleveland Way;
Houghton Rd., Union Pacific Railroad to I-10 – City of Tucson
- DOT-32 Kolb Rd., Sabino Canyon Rd. to Sunrise Dr. – Pima County
- DOT-50 Kinney Rd., Alexandrite Ave. to Bopp Rd. – Pima County
- DOT-56 Broadway Blvd., Euclid Ave to Country Club – City of Tucson (RTA)
- DOT-57 Safety Improvements - Pima County:
South Camino De La Tierra - Highway Drive to Curtis Rd.
Benson Highway at Drexel Rd. Intersection Improvements
Speedway Blvd., Painted Hills Rd. to Camino de Oeste
Ina Rd., Shannon Rd. to La Cholla Blvd. Sidewalks
Bopp Rd., Sarasota Blvd. at Kinney Rd. Improvements
Tanque Verde Rd. at Tanque Verde Loop Rd.
King Canyon Trailhead Parking
White Elementary and Pistor Middle Schools – Pedestrian Safety
and ADA Access Improvement
- DOT-58 22nd Street, I-10 to Tucson Blvd. – City of Tucson (RTA)
- DOT-59 Road Repair and Pavement Preservation – Pima County

2014 General Obligation Bond Program, Pima Animal Care Center - Substantially Complete

On December 26, 2017, the first phase of the new Pima Animal Care Center opened to the public. The new facility is designed and built to support PACC's life-saving operations, improve disease control, increase adoptions and become a community resource by providing better services to the residents of Pima County. The first phase includes a large public adoption and licensing lobby, expanded cat housing with multiple cat group rooms, an increase in the number of indoor/outdoor dog housing, the Pet Support Center with separated dog and cat waiting areas, processing rooms and triage and holding spaces, a veterinary clinic with dedicated waiting areas, exam rooms, a surgery suite, dog and cat isolation housing for disease control, more efficient staff work areas and a community meeting room.

The second phase of the project is quickly nearing completion and opened to the public on June 23, 2018. This phase includes a complete renovation of the existing facility providing additional dog housing, multiple visitation rooms, shelter support services, foster and rescue staff offices, volunteer center/breakroom, multiple play yards and expanded parking. The final site work is on schedule to be complete in August of 2018. Staff will then determine the amount of bond proceeds remaining and how to most effectively spend those bond proceeds to improve Pima County's animal care facility in the Town of Ajo, as stated in the voter information pamphlet and the bond implementation plan ordinance.

Projects Completed During Fiscal Year 2017/18

Phase 1: New Pima
Animal Care Center

Phase 2: Renovation of
Existing Facility

Future Project
Improvements to Town
of Ajo Pima Animal Care
Facility.



On June 29, 2018 the temporary dog housing tent, erected in 2014, was removed along with two modular buildings. These three structures were integral in allowing the Pima Animal Care Center to provide the necessary services until the new facility was completed. Their removal marks a new era in animal related services to the people and companion animals of Pima County.

1997 General Obligation Bond Program – Substantially Complete

In May 1997, Pima County voters approved \$257 million in General Obligation bonds for a variety of capital improvement projects throughout Pima County, including within cities and towns.

Completed bond projects include:

- A new adult detention facility, a new juvenile detention facility and court complex, and 11 Superior Court courtrooms
- 2 new libraries, 5 new pools, 8 new community centers, 11 new or expanded regional parks, 16 neighborhood parks, 9 miles of river parks, expansion of Tucson Mountain Park and acquisition of Canoa Ranch
- A levee along seven miles of the northern bank of the Santa Cruz River protecting a major portion of Marana
- Expansion of the Sahuarita Landfill, closure of the Tangerine Landfill, and many other facility improvements

Projects Completed During Fiscal Year 2017/18

NR-16 Neighborhood Reinvestment:

Menlo Park Exercise Stations – City of Tucson

Sunnyside Airport Wash Walking Path – City of Tucson

Barrios Santa Rosa and Viejo Shade Structures and Basketball – City of Tucson

Midvale Park – Oak Tree Drive Lighting – City of Tucson

Santa Cruz Pedestrian Safety Improvements – City of Tucson*

Elvira Neighborhood Solar Lighting System – City of Tucson*

PR-52 Manzanita Splash Pad – Pima County

SW-4 El Camino del Cerro Environmental Remediation – Pima County

Final Project to be Completed by End of Fiscal Year 2018/19

SW-2 Ina Road Landfill Closure – Pima County

*Project completed shortly after end of Fiscal Year 2017/18

2004 General Obligation Bond Program – Substantially Complete

In May 2004, Pima County voters approved \$582.2 million in General Obligation bonds for a variety of capital improvement projects and land acquisitions throughout Pima County, including within cities, towns and tribal areas.

Completed bond projects include:

- A new emergency communications system used by 55 emergency service providers
- A new public service center, public health center and interagency victim advocacy center
- New and improved libraries, community centers, museums, parks and recreational facilities
- Hundreds of new affordable housing units
- Many miles of new flood control improvements
- Hundreds of acres purchased to prevent urban encroachment on Davis-Monthan Air Force Base
- Thousands of acres purchased to serve as mitigation for future development while expanding nature-based recreational opportunities
- Rehabilitation of historic buildings and purchase of priority archaeological sites



Bond funds were used to upgrade the 50-acre Mike Jacob Sports park, including work to renovate the restrooms and ticket facilities, the addition of accessibility features such as ramps and railings and improvements to the existing irrigation system.



The Llano Grande Trailhead campsite commemorates the Anza Expedition of October 24, 1775. It is located along the west bank of the Santa Cruz River in Sahuarita. The trailhead includes vehicle parking, horse trailer parking, a shade ramada, and interpretive signage. The trailhead will be signed and marked by the beginning of October 2018, at which point the trailheads and trail will be open to the public.

Projects Completed During Fiscal Year 2017/18

- CR4.03 Anza Trail, Llano Grande Campsite – Sahuarita
(open to the public October 2018)
Anza Trail, Oit Par Trailhead – Trico Road at Santa Cruz River
(open to the public October 2018)
- HR2.10 Affordable Housing:
 - Sonora Rehab Project
 - Marist on Cathedral Square
 - Ontario Rental Housing Project
 - Linda Avenue House Restoration – Pima County
 - TMM Family Services Senior – Veteran Rental Housing*
- NR2.09 Naylor – Changemaker Sidewalks and Improvements –
Pima County for the City of Tucson
 - Country Club – Glenn Treat Avenue Improvements –
City of Tucson*
 - Santa Cruz Pedestrian Safety Improvements – City of Tucson*
- PR4.22 Mike Jacobs Sportsark Upgrades – Pima County

Final Three Projects Under Construction

- FC5.04 El Rio Golf Course Neighborhood Drainage Improvement
- NR2.09 Neighborhood Reinvestment:
 - Greenway Land Acquisition and Access – Pima County for the
City of South Tucson
 - Five Points Intersection Gateway – City of Tucson

* Project completed shortly after end of Fiscal Year 2017/18

For more information, please visit www.pima.gov/bonds

Project Name	Status	DOT 57 Bonds			Federal Funds			Other Funds
		Spent to date	Remaining	Total	Spent to date	Remaining	Total	
South Camino de la Tierra - Highway Dr-Curtis Rd Paved Shoulders	Under Construction	56,570	102,081	158,651	142,394	538,000	680,394	50
Durable Pavement Marking Upgrade Project	Under Construction	62,683		62,683	1,189	535,128	536,317	-
Benson Highway at Drexel Intersection Improvements	Under Construction	209,916	281,983	491,899	122	643,878	644,000	50,101
Guardrail Program	Sub. Complete	597,903	-	597,903	-	-	-	-
Speedway Blvd - Painted Hills Rd to Cmo del Oeste	Design	42,497	604,099	646,596	97,286	1,606,788	1,704,074	441,675
Ina Rd - Shannon Rd to LA Cholla Blvd Sidewalks	Under Construction	99,030	69,183	168,213	160,109	1,048,952	1,209,061	150
King Canyon Trailhead Parking [1]	Design	5,000	41,000	46,000	-	-	-	-
Bopp Rd - Sarasota Blvd at Kinney Rd Improvements	utility relocation	-	771,680	771,680	-	2,855,000	2,855,000	1,458,325
South Houghton Left Turn Lanes	Sub. Complete	187,831	37,169	225,000	-	-	-	1,041,825
White Pistor Safe Routes to School	Design	15,000	56,359	71,359	102,413	1,168,228	1,270,641	77,000
Skyline Dr and Sunrise Dr Intersection Improvements	Design	10,000	99,056	109,056	470,776	-	470,776	-
Tanque Verde at Tanque Verde Loop Intersection Improvements	Design	131,971	309,413	441,384	-	804,000	804,000	201,000
Speed Management Study	Under Development	21,069	78,931	100,000	-	-	-	-
Total		1,439,470	2,450,954	3,890,424	974,289	9,199,974	10,174,263	3,270,126

Note 1: This funding is the match to an \$800 thousand federal grant being managed by the Federal Lands Highway Division.

Project Total
839,095
599,000
1,186,000
597,903
2,792,345
1,377,424
46,000
5,085,005
1,266,825
1,419,000
579,832
1,446,384
100,000
17,334,813

Remaining 1997 HURF Bond Project Summary

Bond Number	Bond Ordinance Allocation	Bond Actual Expenditures [1]	Remaining Bond Funds [2]	Notes
DOT 23, Thornydale Rd, Cortaro Farms Rd to Linda Vista Blvd	1,000,000	445,234	554,766	Project under construction - full bond amount obligated
DOT 29, Houghton Rd, Golf Links Rd to Interstate 10	20,000,000	7,731,298	12,268,702	\$2.1M committed in IGA with City for construction UPRR to I-10 segment; Remainder allocated to 22nd Street to Irvington project, and Valencia to Mary Ann Cleveland Way project
DOT 32, Kolb Rd, Sabino Canyon Rd to Sunrise Dr	10,000,000	4,858,369	5,141,631	Project in design - current forecast does not utilize remaining bonds
DOT 50, Kinney Rd, Ajo Way to Bopp Rd	1,309,828	983,828	326,000	Project under construction - bond funding obligated
DOT 56, Broadway Blvd, Euclid Ave to Country Club	25,000,000	5,625,426	19,374,574	Full bond allocation is committed in an IGA with the City
DOT 57, Safety Improvements	32,635,414	24,684,316	7,951,098	\$5.5M in holding account not programmed on projects
DOT 58, 22nd St, Interstate 10 to Tucson Blvd	10,000,000	788,250	9,211,750	\$8.5M committed in an IGA with the RTA
DOT 59, Road Repair and Pavement Preservation	16,000,000	7,058,423	8,941,577	BOS approved 2-year plan for spending funds - year 1 under construction, year 2 planned for FY2020
TOTAL	115,945,242	52,175,144	63,770,098	
Note [1]: Actual expenditures as of 12/5/18 Performance Budgeting query.				
Note [2]: Remaining Bond funds includes the \$62.4 M that has not been issues and a portion of the 2018 bond issuance.				

ATTACHMENT 3



PIMA COUNTY BOARD OF SUPERVISORS

130 WEST CONGRESS STREET, FLOOR 11
TUCSON, ARIZONA 85701-1317

TELEPHONE 520-724-8094
E-MAIL: district4@pima.gov

Stephen W. Christy
Supervisor, District 4

December 21, 2018

Ms. Lucretia Free, Chair
Pima County Transportation Advisory Committee
c/o Pima County Department of Transportation
201 N. Stone Avenue, Floor 4
Tucson, AZ 85701

via email

Re: PTAC Meeting Agenda Item

Dear Chair Free,

During the December 18, 2018 Board of Supervisors meeting, there was a lengthy discussion regarding the availability and better utilization of Highway User Revenue Fund (HURF) and Vehicle License Tax (VLT) distributions towards road repairs throughout Pima County.

A good portion of the discussion involved the current and expected HURF and VLT disbursements received by Pima County, and how those amounts compare to previous years.

The topic of a potential methodology that could redirect more HURF/VLT to road repair and less of the same toward paying the County Transportation Department administrative costs was discussed.

The County Administrator was asked about his statement in a recent newspaper op-ed that he will recommend "\$5 - 15 million for road repair in our next budget" and how he is able to project that amount, and if there were more monies than that available for road repair.

One complicated topic also discussed was the subject of VLT and the different "silos" those monies are directed into and why VLT is treated differently than HURF. Perhaps VLT can be properly re-directed into road repair funds.

There were discussions of historical time-lines dealing with HURF and VLT budget progressions and when and why they originally evolved into the pattern of designation they are today.

And finally, but not conclusively, discussions about future budget plans for HURF/VLT were touched upon as well, and would there be option to return to the General Fund for road repair.

As you can see, the use of HURF/VLT for other than departmental overhead is a wide-ranging and complex subject. This matter, I believe, merits review by the Pima County Transportation Advisory Committee and a robust public discussion and debate.

**CLERK'S NOTE:
COPY TO SUPERVISORS
COUNTY ADMINISTRATOR**

DATE 12/28/18 ARB

REC 28 18 NOV 23 10 43 AM
ARB

Ms. Lucretia Free, Chair
Pima County Transportation Advisory Committee
December 21, 2018
Page 2

Accordingly, I am respectfully requesting that PTAC evaluate the potential utilization of HURF/VT distributions for road repairs during its next meeting and that PTAC render an opinion or recommendation of such to the Board of Supervisors in a timely manner.

Thank you.

Sincerely,



Stephen W. Christy
Supervisor, District 4

cc: Julie Castañeda, Clerk of the Board
Annabelle Valenzuela, Transportation Support Services Division Manager

via email
via email

ATTACHMENT 4



MEMORANDUM

Date: December 11, 2018

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

From: C.H. Huckelberry
County Administrator 

Re: **General Fund Vehicle License Tax**

The Vehicle License Tax (VLT) surcharge has recently been a subject of interest. As you may recall, during the last Legislative Session and numerous previous Sessions, there has been significant interest in having the State fund the Department of Public Safety from the State's General Fund, the same way counties, cities and towns fund their police agencies. In our case, the Sheriff receives \$154 million in funding from the Board of Supervisors through the County's General Fund and is the largest General Fund Department in the County. Hence, any fluctuation in General Fund revenues and/or distribution has budgetary implications for the Sheriff's Department.

The primary purpose of last year's legislation enacting a VLT surcharge was to fund the Department of Public Safety from the State General Fund allocation of VLT, the same way we fund our Sheriff's Department through the General Fund, of which a component is the General Fund VLT, approximately \$29 million.

For your information, I have attached a table that demonstrates the VLT General Fund distribution for each county in Arizona by rank, dollars received, growth since 2010 and the VLT distribution on a per capita basis.

Clearly, the largest benefactor of the General Fund VLT is Maricopa County who receives nearly six times more VLT than Pima County.

CHH/anc

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Tom Burke, Deputy County Administration for Administration
Michelle Campagne, Director, Finance and Risk Management
Robert Johnson, Deputy Director, Finance and Risk Management
Patrick McGee, Budget Manager, Finance and Risk Management

VLT General Fund Distribution by County

<u>Name</u>	<u>2018 Population</u>	<u>Growth Since 2010</u>	<u>GF VLT</u>	<u>GF VLT/Per.</u>	<u>Rank</u>
Maricopa County	4,307,033.00	12.6%	\$ 162,125,632	\$ 37.64	5
Pima County	1,022,769.00	4.2%	\$ 28,882,602	\$ 28.24	11
Pinal County	430,237.00	13.3%	\$ 11,823,897	\$ 27.48	12
Yavapai County	228,168.00	8.2%	\$ 9,268,299	\$ 40.62	2
Yuma County	207,534.00	5.3%	\$ 6,011,816	\$ 28.97	9
Mohave County	207,200.00	3.4%	\$ 7,983,793	\$ 38.53	3
Coconino County	140,776.00	4.6%	\$ 3,992,928	\$ 28.36	10
Cochise County	124,756.00	-5.3%	\$ 3,936,427	\$ 31.55	8
Navajo County	108,956.00	1.2%	\$ 2,547,080	\$ 23.38	14
Apache County	71,606.00	-0.3%	\$ 674,938	\$ 9.43	15
Gila County	53,501.00	-0.1%	\$ 1,874,064	\$ 35.03	6
Santa Cruz County	46,212.00	-2.6%	\$ 1,778,828	\$ 38.49	4
Graham County	37,466.00	0.8%	\$ 994,773	\$ 26.55	13
La Paz County	20,601.00	0.5%	\$ 693,689	\$ 33.67	7
Greenlee County	9,455.00	13.5%	\$ 392,700	\$ 41.53	1



MEMORANDUM

Date: November 29, 2018

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CH Huckelberry", is written over the printed name of the County Administrator.

Re: **General Fund Vehicle License Tax Allocation to Transportation**

At the November 20, 2018 Board of Supervisors meeting, District 1 staff person, Lori Hunnicutt, distributed the attached material (Attachment 1). The material appears to be Supervisor Ally Miller's attempt to justify voter rejection of Proposition 463 and to demonstrate the County has plenty of funds to repair roads if we used all of the monies available for Transportation. The problem with this handout is that not all of the revenues described are directly available for transportation. Supervisor Miller's material is an attempt to promote a belief, concept, or idea that is untrue, which is to state or conclude Vehicle License Tax (VLT) general fund revenues are for transportation.

I have previously explained in detail the origin of the VLT in the Arizona Constitution and its distribution methodology based on legislative policy decisions. My February 1, 2017 memorandum is attached for your reference (Attachment 2).

VLT revenues allocated to the County's General Fund should not be allocated to transportation improvements; since such would distort the original purpose of the VLT distribution to the General Fund of cities, towns, counties and the State of Arizona. To be used for transportation, the Legislature would have to direct these funds to be used only for transportation purposes, which would mean that every city, town and county in the State would be required to allocate their VLT general fund revenues for transportation purposes.

The present statute distributes VLT to the general funds of local governments, which does not include transportation. A separate statute already allocates a portion of VLT to counties for transportation. In addition, statewide a significant portion of VLT is already allocated to the Highway User Revenue Fund (HURF). For fiscal year 2017/18, \$433 million was so allocated. Pima County shares in this portion of VLT through our HURF distribution.

All counties receive a total of \$242 million in VLT for their general funds, cities and towns receive \$242 million in VLT for their general funds. The table below identifies each county's VLT general fund allocation.

The Honorable Chairman and Members, Pima County Board of Supervisors
 Re: **General Fund Vehicle License Tax Allocation to Transportation**
 November 29, 2018
 Page 2

Fiscal Year 2017/2018 Arizona Vehicle License Tax Counties General Fund Distributions	
County	Distribution
Apache	\$ 674,938
Cochise	3,936,427
Coconino	3,992,928
Gila	1,874,064
Graham	994,773
Greenlee	392,700
La Paz	693,689
Maricopa	162,125,632
Mohave	7,983,793
Navajo	2,547,080
Pima	28,882,602
Pinal	11,823,897
Santa Cruz	1,778,828
Yavapai	9,268,299
Yuma	6,011,816
TOTAL	\$ 242,981,466

The County could voluntarily use VLT general funds for transportation, however, that would mean either cutting the general fund budget by \$29 million, or increasing the property tax by this amount. Raising the property tax as a substitute for the VLT general fund raises a serious tax equity issue since the County would be increasing taxes on everyone in the County and effectively using a previous general fund source to repair roads for only unincorporated residents. Reducing the general fund by \$29 million and using VLT general funds for transportation would still result in a basic tax inequity. Because of tax equity, I would not recommend this action.

CHH/anc

Attachments

ATTACHMENT 1

Pima County Roads And Revenue

In 2015, Pima County Administrator Chuck Huckelberry and a majority of the members of the Board of Supervisors asked voters to approve a bond package in order to primarily fund special interests' development projects. A small portion of the funding would be used to patch the County's failing roads. Voters soundly rejected the funding scheme.

BONDS 2015	PROP. 425 ROADS	PROP. 426 ECONOMIC DEV.	PROP. 427 TOURISM	PROP. 428 PARKS & REC.	PROP. 429 HEALTH & SAFETY	PROP. 430 NATURAL AREAS/HISTORIC	PROP. 431 FLOOD CONTROL
TOTAL	NO 54.02%	NO 61.57%	NO 66.85%	NO 59%	NO 59.43%	NO 62.27%	NO 53.94%
TALLY/%	YES 45.98%	YES 38.43%	YES 33.15%	YES 41.05%	YES 40.57%	YES 37.73%	YES 46.06%
	FAILED BY 8.04%	FAILED BY 23.14%	FAILED BY 33.7%	FAILED BY 16.95%	FAILED BY 18.86%	FAILED BY 24.54%	FAILED BY 7.88%

DISTRICT	SUPERVISOR	PROP. 425 ROADS YES	PROP. 426 ECONOMIC DEV. YES	PROP. 427 TOURISM YES	PROP. 428 PARKS & REC. YES	PROP. 429 HEALTH & SAFETY YES	PROP. 430 NATURAL AREAS/HISTORIC YES	PROP. 431 FLOOD CONTROL YES
1	ALLY MILLER	48.43%	48.49%	33.21%	40.91%	39.05%	38.13%	47.21%
2	RAMON VALADEZ	43.76%	40.05%	33.90%	41.70%	43.77%	38.09%	45.23%
3	SHARON BRONSON	44.11%	37.60%	32.13%	39.98%	40.32%	37.52%	45.19%
4	RAY CARROLL	41.70%	33.98%	28.48%	36.42%	35.20%	32.07%	41.98%
5	RICHARD ELIAS	53.92%	49.95%	43.56%	51.92%	53.30%	48.94%	54.12%

On November 6, 2018, residents rejected the latest bond measure brought forth by Pima County Administrator Chuck Huckelberry and a majority of the members of the Board of Supervisors; Richard Elias, Sharon Bronson, Steve Christy, and Ramon Valadez. The bond ballot measure failed by a large margin. Among the most common reasons expressed by taxpayers for their "no" vote was the fact that they did not trust County leadership to spend the money on roads rather than well-connected special interests' projects.

2018 GENERAL ELECTION PIMA COUNTY PROPOSITION 463

NO 56.04% YES 43.96% FAILED BY 12.08%

Voters Were Right

The voters' message was clear –

- 1) voters do not trust the County with their money
- 2) voters do not have confidence that their money would be used for its intended purpose
- 3) voters believe that the County has adequate resources to fix the roads

State of Arizona HURF / VLT FUNDS DISTRIBUTIONS

7/01/18 -

	PIMA	MARANA	ORO VALLEY	SAHUARITA	SOUTH TUCSON	TUCSON	
Highway User Rev. Fund	\$20,420,857.39	\$1,477,269.55	\$1,462,647.97	\$967,054.71	\$185,719.88	\$17,663,351.10	\$42,176,900.10
Vehicle License Tax	\$17,728,870.42	\$791,666.60	\$783,853.67	\$518,215.75	\$99,701.47	\$9,467,579.06	\$29,389,886.97
TOTAL	\$38,149,727.81	\$2,268,936.15	\$2,246,501.64	\$1,485,269.96	\$285,421.35	\$27,130,930.16	\$71,566,787.07

7/01/17 - 6/30/18

	PIMA	MARANA	ORO VALLEY	SAHUARITA	SOUTH TUCSON	TUCSON	
Highway User Rev. Fund	\$46,465,328.97	\$3,304,243.82	\$3,326,401.80	\$2,187,455.80	\$429,281.67	\$40,328,746.78	\$96,041,458.84
Vehicle License Tax	\$43,931,883.53	\$1,929,180.39	\$1,941,282.89	\$1,277,129.23	\$250,069.25	\$23,527,093.31	\$72,856,638.60
TOTAL	\$90,397,212.50	\$5,233,424.21	\$5,267,684.69	\$3,464,585.03	\$679,350.92	\$63,855,840.09	\$168,898,097.44

7/01/16 - 6/30/17

	PIMA	MARANA	ORO VALLEY	SAHUARITA	SOUTH TUCSON	TUCSON	
Highway User Rev. Fund	\$45,171,071.78	\$3,075,470.78	\$3,241,022.66	\$2,111,850.44	\$424,110.39	\$39,548,209.31	\$93,571,735.36
Vehicle License Tax	\$42,033,566.09	\$1,767,981.07	\$1,864,315.13	\$1,214,199.41	\$244,454.71	\$22,751,271.60	\$69,875,788.01
TOTAL	\$87,204,637.87	\$4,843,451.85	\$5,105,337.79	\$3,326,049.85	\$668,565.10	\$62,299,480.91	\$163,447,523.37

7/01/15 - 6/30/16

	PIMA	MARANA	ORO VALLEY	SAHUARITA	SOUTH TUCSON	TUCSON	
Highway User Rev. Fund	\$42,436,682.55	\$2,588,305.26	\$3,055,451.42	\$1,870,380.36	\$417,417.48	\$38,501,738.22	\$88,849,975.89
Vehicle License Tax	\$39,562,036.41	\$1,471,220.74	\$1,717,145.67	\$1,055,684.89	\$236,022.35	\$21,739,782.69	\$65,781,892.75
TOTAL	\$81,998,718.96	\$4,059,526.60	\$4,772,597.09	\$2,926,065.25	\$653,439.83	\$60,241,520.91	\$154,631,868.64

Source Arizona Treasurer: <https://aztreasury.gov/distribution-report/>

PROVIDED BY SUPERVISOR ALLY MILLER DISTRICT 1

Supervisor Ally Miller, District 1

Pima County Board of Supervisors
130 W Congress 11th Floor
Tucson, AZ 85701

Phone: (520) 724-2738

Fax: (520) 724-8489

Email: District1@pima.gov

Website: www.allymillerdistrict1.com

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ATTACHMENT 2



MEMORANDUM

Date: February 1, 2017

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

From: C.H. Huckelberry
County Administrator 

Re: **Use of Highway User Revenue and Vehicle License Tax Funds**

Questions have previously been raised regarding the amount of funding available to the Department of Transportation (DOT) from State-shared revenues. The total amount of funding available has either been misinterpreted or misconstrued to inflate the amount of funds available to the Department.

During Board discussions of the Fiscal Year 2016/17 Tentative Budget, Supervisor Miller stated on her website, "In 2014/15, the County received \$78.1 million from the various distributions of HURF and VLT from the State." I clarified this misleading statement regarding the purposes for which VLT is distributed in my May 26, 2016 memorandum to the Board:

"The implication is that the County had sufficient funds to maintain our roadways. What Supervisor Miller failed to state on her County website is the source of the \$78 million number. This number is the total distribution, not the total distribution available for transportation purposes. The transportation distribution for FY 2014/15 remains at \$52.4 million, which has been stated on numerous occasions. The other Vehicle License Tax (VLT) distribution is made specifically by the Arizona Constitution to the County General Fund and is not for transportation purposes. Supervisor Miller's statement is very misleading and is intended to draw the conclusion the County is capable of road repairs without bonds and/or an increase in gas taxes or other transportation-related revenues. Spending General Fund VLT on roads in the unincorporated area suffers the same tax inequity with City residents as when we spend General Fund property tax revenue for County road repairs."

This issue arose again recently, partly in response to the County's inability to allocate significant new revenues to pavement rehabilitation and repair.

As you can see from the attached spreadsheet, the total amount of revenues available to the Department of Transportation (DOT) to build, operate and maintain the highway system in the unincorporated area of Pima County is \$60.3 million; not the \$78.1 million previously misreported or misstated.

The statement attempts to construe that the Vehicle License Tax (VLT) distribution to the County General Fund should be used for transportation. On the contrary, any use of any VLT for transportation is only a recent statutory change by the Arizona Legislature. The VLT was

first enacted by a Constitutional Amendment in 1940; and it was initially directed to the State General Fund and the general funds of the counties, cities and towns for general government purposes and to local school districts. In 1974, the Legislature changed the distribution to transfer county school funds to the State school fund and, in 1976, eliminated the State School Fund. That distribution was directed to the State General Fund. Hence, there is very clear statutory history and State law that allocates VLT to the State General Fund, as well as the general funds of counties, cities and towns.

The next largest use of County HURF (after the \$27 million in VLT for the General Fund) is \$19.2 million for debt service, which repays capital debt associated with major transportation roadway widening, two-thirds of which occurred in Supervisorial District 1.

In addition, based on the advent of the Regional Transportation Authority (RTA), the County transferred our public transit program to the RTA to operate public transit in the unincorporated area of the County. State statute sets this transfer, and it increases in accordance with the Consumer Price Index. The amount is currently \$6,249,415, regardless of whether transit service cost in the unincorporated area increases or decreases. Recently, the County was required to develop and construct a bus stop at Sabino Canyon and Cloud Roads as a condition of zoning approval based on transit service along Sabino Canyon. The City of Tucson and RTA recently eliminated this transit service; hence, the County is paying more for public transit services in the unincorporated area and receiving less service.

What is important in this programmatic expenditure breakdown is the amount spent on highway maintenance, whether for general road maintenance or maintenance of traffic signs and traffic signals. This totals over \$22 million, the largest single expenditure of the DOT.

We hope that in the future, State diversion of HURF would continue to decrease and, thereby, add to our ability to repair our roadways. Previously, when the Legislature reduced this diversion, the County was able to increase our investment in pavement maintenance and repair. Unfortunately, the Governor's budget this year actually proposes to divert more money from HURF into the State General Fund, which reverses any progress we have made in increasing funds for highway maintenance and pavement repair.

The revenue sources and amounts available to the DOT are solely controlled by the State, specifically the State Legislature. It continues to appear unlikely there will be any significant major increases in these revenue sources, which means we will continue to struggle with how to repair and maintain our local highways.

CHH/mjk
Attachment

c: Carmine DeBonis, Jr., Interim Deputy County Administrator for Public Works
Tom Burke, Deputy County Administrator for Administration
Nanette Slusser, Assistant County Administrator for Public Works
Priscilla Cornelio, Director, Transportation
Keith Dommer, Director, Finance and Risk Management
Robert Johnson, Budget Manager, Finance and Risk Management

**Pima County Response to Call to the
Public
Transportation HURF and VLT
FY 2016/17 Adopted Budget (excludes Grants)**

By Program

Fund Sources	Amount	Note
HURF	45,250,000	1
VLT for Transportation Fund	13,200,000	
VLT for General Fund	27,000,000	2
Subtotal	85,450,000	
Removal of VLT for General Fund	(27,000,000)	
Other Transportation Revenue	1,897,896	
Total Revenue	60,347,896	
Operating Transfers-In		
Graffiti Abatement from General Fund	120,662	
Other from Other Fund	1,137	
Total Operating Transfers-In	121,799	
Total Fund Sources	60,469,695	
Fund Uses		
Operating Transfers-Out		
Debt	19,224,299	3
Capital Projects/Pavement Preservation	5,250,000	4
Other	38,809	
Total Operating Transfers-Out	24,513,108	
Operations Budget		
Payment to RTA for Public Transit	6,249,415	5
Transportation Engineering	377,631	
Administrative	163,505	
Transportation Systems	1,216,286	
Director's Office	4,183,227	6
County Overhead	2,984,667	
Public Works Admin. Overhead	661,473	
Insurance	1,289,863	
Field Engineering	1,860,279	
Maintenance Operations	15,601,941	7
Traffic Engineering Services	6,570,232	7
CIP Programming - Ops	234,866	
Total Operations Budget	41,393,385	
Total Fund Uses	65,906,493	
Fund Surplus (Deficit)	(5,436,798)	
Beginning Fund Balance (Actual)	6,838,064	
Ending Fund Balance	1,401,266	

Notes

¹ The State of Arizona taxes motor fuels and imposes various fees related to the registration and operation of motor vehicles. Included are motor vehicle fuel taxes, use fuel taxes, vehicle license taxes, motor carrier fees, vehicle registration fees, driver licenses, and other miscellaneous vehicle operation fees. Depending on the category, all or a portion of these taxes and fees are distributed to the Highway User Revenue Fund (HURF), which was first established by the Legislature in 1974. Article IX, Section 14 of the Arizona Constitution requires HURF monies be expended only for purposes directly related to highways or streets, such as right of way acquisition, construction, reconstruction, maintenance, repair, roadside development, and payment of principal and interest on highway and street bonds. The Arizona Attorney General has advised that HURF monies may be used for any activity having a specific highway or street purpose, even if the activity is not specially enumerated in Article IX, Section 14. Each year, counties file financial information verifying HURF revenues received are used solely for authorized transportation purposes.

² The Vehicle License Tax (VLT) was enacted by voters at the General Election of November 5, 1940 as an amendment to Article IX, Section 11 of the Arizona Constitution. Previously known as the Auto Lieu Tax, it was a tax on the value of vehicle personal property, with the tax rate being the average of the combined state and local property tax rates for all taxing districts during the preceding year, not to exceed \$4.00 per \$100 of value. The tax was collected at the time of vehicle registration, with the Legislature directing distribution of the tax to the State General Fund and the general funds of the counties, cities and towns for general government purposes, and to local school districts. Only a small amount of taxes collected from motor carriers operating in interstate e-commerce was earmarked for highway maintenance and construction. Article IX, Section 11 was later amended to exempt mobile homes from VLT when the mobile home was subject to general property taxes. The Legislature changed the distribution in 1974 from County School Funds to the State School Fund, and in 1976 changed the distribution to the State General Fund for school finance assistance when the State School Fund was eliminated. In 1977, the Arizona Department of Transportation was authorized to take over responsibility for the collection of VLT from county assessors. In 1980, 12 percent of VLT collections was first directed to the HURF. The Legislature increased the distribution to HURF to its current 31.5 percent during a 1981 Special Session.

³ Principal and interest payments on the issuance of up to \$350 million in HURF bonds authorized by the voters in 1997 for primarily arterial street and highway widening projects throughout the County, including specific roadways within the City of Tucson.

⁴ This year, \$4.5 million of this fund was allocated to pavement repair and rehabilitation, confined primarily to arterial and collector streets and highways in the unincorporated area.

⁵ This transfer is set by State statute and increases in accordance with the Consumer Price Index. It is now \$6,249,415, regardless of whether transit service increases or decreases in the unincorporated area.

⁶ The \$4,183,227 in the Director's office is broken down into several different categories. \$1.19 million is for personnel costs. \$718,000 is Information Technology Department charges for radios, computers, server storage and software for the entire Department of Transportation (DOT). \$563,000 was budgeted for Repair and Maintenance (R and M) objects to cover supplies provided by the department for building and site repairs, including graffiti cleanup.

R and M Machinery and Equipment includes Fleet Services special billing charges, fire extinguisher services and copier meter readings for the Director's office. R and M Building Services includes janitorial, pest control and services for the cleanup of graffiti in the community. R and M Grounds and Landscaping is the final expense in the R and M objects category. Utilities account for approximately \$300,000 of the \$4.1 million budgeted. Leases and Rentals of \$219,000 are primarily for the Department's portion of the rental of the Public Works Building. \$147,000 is for typical operating expenses such as office supplies, software, small computer equipment, postage and freight, printing, security and motor pool. The remaining \$326,000 covers a regional planning contract with the Pima Association of Governments and the overhead portion of the Memorandum of Understanding with the Department of Environmental Quality, as well as lobbying, outside legal counsel and staff training.

⁷ These two major divisions of DOT account for \$22 million of their annual expenditures. These divisions are primarily responsible for the maintenance and operation of the transportation system in the unincorporated area of Pima County.