



AGENDA MATERIAL
DATE 12.21.21 ITEM NO. 2A13
MEMORANDUM

Date: December 17, 2021

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

From: Jan Leshner
Acting County Administrator

Re: **Pay-As-You-Go (PAYGO) Program**

On November 5, 2019, the Board of Supervisors approved the General Fund Capital Improvement Fund Pay-As-You-Go Program, BOS Policy D22.12. This program provides annual funding for the construction and maintenance of County infrastructure and facilities on a Pay-As-You-Go basis. It also allocates a portion of that funding to road repair and rehabilitation in unincorporated Pima County (i.e., Pavement Preservation and Road Repair Program) until completion as outlined in the County Administrator's Memorandum, dated August 20, 2021.

On December 21, 2021, the Board of Supervisors will discuss the Pay-As-You-Go (PAYGO) program scenarios provided in my Memorandum, dated November 22, 2021. The PAYGO program is currently structured using the 60%/60% scenario. This consists of sixty percent of the cumulative decrease in Secondary Property Tax Rate for Debt Services and sixty percent of the increase in the primary property tax base (i.e., net assessed value). If this structure is maintained, the current tax levy projection for the PAYGO program is approximately \$32M for Fiscal Year 2022/23.

Should the Board choose to accelerate the PAYGO program by using a higher percentage, the projected tax levies are provided in Table 1 below. As stated in numerous correspondence from the County Administrator, the intent is to limit the PAYGO program to approximately \$50M per year. Based on the tax levy amounts provided in Table 1, the PAYGO program reaches \$50M between Fiscal Year 2023/24 in the 90%/90% scenario and Fiscal Year 2027/28 in the 60%/60% scenario.

Table 1				
Fiscal Year	90%/90% Scenario	80%/80% Scenario	70%/70% Scenario	60%/60% Scenario
2021/22	26,693,502	26,693,502	26,693,502	26,693,502
2022/23	40,822,971	37,907,046	34,991,119	32,075,192
2023/24	51,117,950	47,068,168	43,039,478	39,021,336
2024/25		54,796,159	49,835,596	44,896,933
2025/26			51,753,215	46,590,375
2026/27				45,751,385
2027/28				50,160,786

Note: These amounts will be updated when the planning abstract for the upcoming tax year is complete in January 2022.

1101725100451001000000
AMW

The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Pay-As-You-Go (PAYGO) Program**

December 17, 2021

Page 2

The additional funds generated will go toward the unmet needs of the capital improvement program. To determine PAYGO funding priorities, County Administration will use the Integrated Infrastructure Plan to determine which capital improvement projects will be submitted to the Board for discussion during the annual budget. Once the Pavement Preservation and Road Repair program is complete and able to fund repairs solely out of the Transportation Department budget, all of PAYGO will be used to fund projects identified in the Integrated Infrastructure Plan.

The estimated annual property tax increase of each scenario listed above for Fiscal Year 2022/23 is illustrated in Table 2 using the average taxable net assessed value for a residential home of \$250,000.

Table 2				
Fiscal Year	90%/90% Scenario Increase	80%/80% Scenario Increase	70%/70% Scenario Increase	60%/60% Scenario Increase
2022/23	21.60	14.40	7.20	-

- c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works
- Francisco Garcia, MD, MPH, Deputy County Administrator & Chief Medical Officer, Health and Community Services
- Michelle Campagne, Director, Finance & Risk Management
- Nancy Cole, Director, Capital Program Office