



MEMORANDUM

Date: November 22, 2021

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

From: Jan Leshner 
Chief Deputy County Administrator

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

In Memorandums dated October 7, 2021 and October 25, 2021, from the County Administrator (attached), Mr. Huckelberry reminded the Board of Supervisors that the Board has presently approved a 60/60 scenario, which will currently be used in the development of the Fiscal Year 2022/23 Budget. This means that 60 percent of the decrease in the secondary tax rate, which is decreasing as our general obligation bond debt is repaid and 60 percent of the growth in the primary tax base will be allocated to fund capital projects. The remaining portions of both will be dedicated to reducing the overall tax rate.

There were scenarios that could be used to accelerate the Pay-As-You-Go (PAYGO) program to project when we could achieve at least \$50 million each year of recurring General Fund Revenues for capital improvements. These scenarios were attached to the October 7, 2021 Memorandum. The first is a 90/90 scenario, which achieves the targeted goal in Fiscal Year 2023/24; second is an 80/80 scenario, which reaches the goal by Fiscal Year 2024/25; and a third projection that achieves the goal by FY 2025/26 using a 70/70 scenario.

Attached to the October 25, 2021 Memorandum was a graph showing the projected overall Tax Rate by fiscal year for each scenario.

Mr. Huckelberry asked that members of the Board of Supervisors advise if they would like to discuss this matter further. As we begin the budget process in January 2022, please let me know by December 31, 2021 if you would like to revisit the current 60/60 allocation.

JL/dym

Attachments

c:

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



MEMORANDUM

Date: October 25, 2021

To: The Honorable Chair 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: **Pay-as-You-Go Scenarios Related to Overall Estimated Combined Tax Rate**

In a previous [memorandum](#), I indicated that given the current fiscal forecast associated with economic conditions in the County, it would be possible to examine a number of different scenarios where the achievement of full funding (defined as at least \$50 million in recurring General Fund Revenue) for the Pay-as-You-Go Program (PAYGO) was achieved.

Our present scenario is demonstrated by the blue line on the attached graph, which indicates achieving this target rate for funding the annual PAYGO Program being reached in Fiscal Year (FY) 2027/28. Three additional scenarios are portrayed, each reducing the timeframe when the PAYGO goal would be achieved. The green circle dots on the graph indicate the timeframe when each scenario would achieve the \$50 million PAYGO goal.

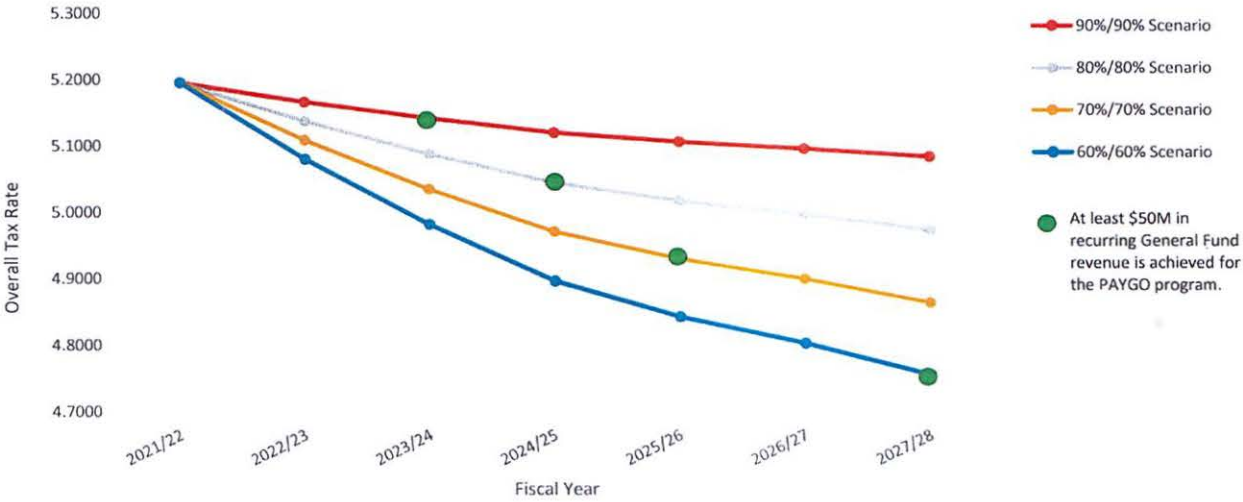
In all scenarios, you will see the overall County property tax rate decline from its present value in FY 2021/22, which is 5.1952 per \$100 of taxable net assessed value.

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

Estimated Overall Tax Rate by Fiscal Year using the PAYGO Scenarios



Note 1: Tax rates above include the Primary (Primary & PAYGO) and Secondary Tax Rates (i.e. Debt Service, Library and Flood Control). For FY 2022/23 and later, Debt Service tax rates are assumed to follow the schedule shown in Attachment 2 of the November 5, 2019 memo "Board of Supervisors Policy for General Fund Pay-As-You-Go Capital Improvement Funding". The Library and Flood Control Tax rates are assumed to remain at \$0.5353 and \$0.3335, respectively, for all years.

Note 2: Growth in the tax base follows the most recent 5 year forecast for Taxable Net Assessed Value through FY 2025/26 and assumes 2.0% growth in the tax base thereafter.



MEMORANDUM

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

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 Leshar, 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