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# MEMORANDUM

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Date: April 12, 2023

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

From: Jan Leshner   
County Administrator

Re: **Response to Requests for Additional Information on the Road Repair and Preservation Program**

On [April 5, 2023](#), I provided an update on the Road Repair and Preservation Program including recommendations approved by the Pima County Transportation Advisory Committee (PCTAC) to ensure continued success by allocating funding for preservation treatments. This information generated questions from members of the Board of Supervisors about the miles of completed repairs and the miles of road in very poor condition by Supervisor District, prior communication to the Board on program costs and funding, and the effect of inflationary cost factors.

### Road Repair by Supervisor District

Since inception of the program, roads have been selected for repair using a PCTAC-approved "worst-first" methodology for local roads and a return on investment approach for arterials and collectors. During the first four years of the program, 347 miles of arterial/collector roads and 507 miles of local roads have been milled and paved. The following table shows the treatments by Supervisor District.

District	Road Type	Treatment	Miles	Total
District 1	Local	Mill/Pave	253	370
		Sealed	43	
	Arterial/Collector	Mill/Pave	74	
District 2	Local	Mill/Pave	17	52
		Sealed	19	
	Arterial/Collector	Mill/Pave	16	
District 3	Local	Mill/Pave	91	274
		Sealed	34	
	Arterial/Collector	Mill/Pave	149	
District 4	Local	Mill/Pave	95	239
		Sealed	54	
	Arterial/Collector	Mill/Pave	90	
District 5	Local	Mill/Pave	52	92
		Sealed	22	
	Arterial/Collector	Mill/Pave	18	

Miles of Road in Very Poor Condition

A PCTAC subcommittee recently evaluated the program along with Department of Transportation staff. The evaluation resulted in a recommended set of guiding principles approved by the full PCTAC. One of these principles is no more than 5 percent of the road network will be in very poor condition and at least 50 percent of the network will be in very good condition.

The table below indicates miles of roads categorized as very poor (> 25 Pavement Condition Index) based on the most recent pavement condition scan of unincorporated County maintained paved roadways in the fall/winter 2022. Some of these roadways are being addressed in the current year's program.

District	Road	Miles	Totals
District 1	Local	12.8	18.5
	Arterial/Collector	5.7	
District 2	Local	0.5	0.5
	Arterial/Collector	0.0	
District 3	Local	4.7	15.0
	Arterial/Collector	10.3	
District 4	Local	5.1	6.8
	Arterial/Collector	1.7	
District 5	Local	0.3	0.6
	Arterial/Collector	0.3	

Program Funding, Costs and Inflationary Effects

The Road Repair and Preservation Program has spent \$244 million during the first four years. PAYGO funding was accelerated in Fiscal Years 2021, 2022 and 2023. By advancing \$150 million of PAYGO funding, more roads were repaired in the early years of the program than initially intended, resulted in approximately 44 percent of the road network being improved. On [August 20, 2021](#) memorandum from the former County Administrator to the Board discussed that additional funding would be required for more preservation treatments for roads repaired earlier than originally planned due to the accelerated funding.

The needed additional funding identified at that time was an extra \$68.9 million of General Fund or PAYGO funds. Since August 2021, the average mill and fill costs for the program have increased from \$15.00 per square yard to \$20.00 per square yard, resulting in an estimated additional funding need closer to \$93 million. Annual generated PAYGO funds are not sufficient at the currently established level to fund debt service on the already advanced road repair funds and this additional need given the growing list of other competing uses of these dollars. The additional General Fund or PAYGO funding needs is in addition to the \$22 million of HURF dollars already added to the program to complete advertised road repairs in Fiscal Years 2022 and 2023.

The Honorable Chair and Members, Pima County Board of Supervisors  
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The inflationary increases being experienced are not unique to the Road Repair and Preservation Program. Other County projects have similarly faced inflation-driven cost increases that have necessitated adjustments to scope, timing or delivery method. Beyond County projects, the attached December 8, 2022 presentation from the Arizona Transportation Builders Association to the Pima Association of Government Regional Council highlights increases across the construction industry (Attachment 1).

#### Conclusion

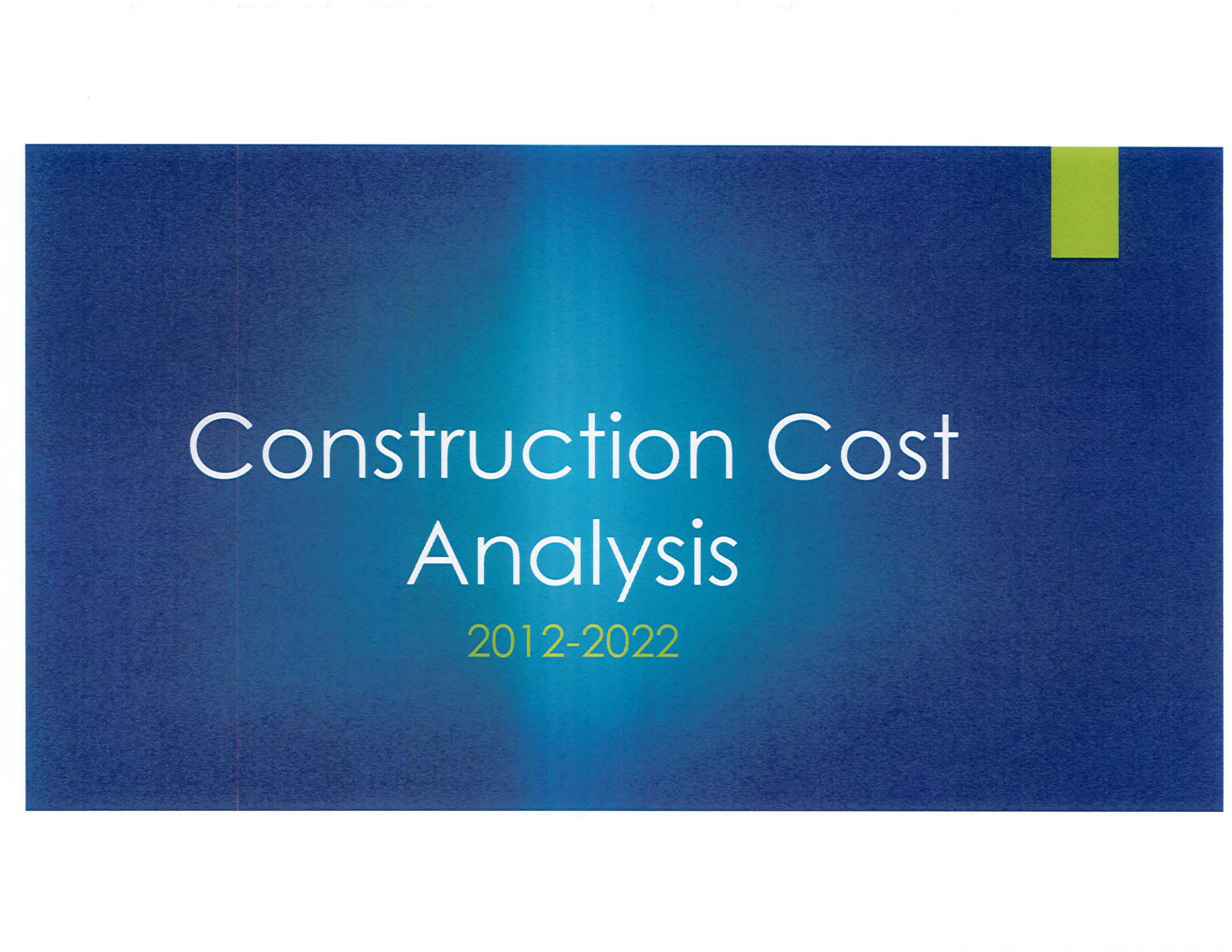
Given the currently unmet funding need associated with acceleration of road repairs and significant inflationary cost escalation, along with the critical need to allocate funds to preserve repaired roads, a PCTAC subcommittee recommended, and the full PCTAC approved, guiding principles as outlined in my April 5, 2023 memorandum for sustainably managing the program within the currently projected available funding amounts.

Further updates will be provided to the Board as any additional questions or requests for information are received. Additionally, Transportation Director Kathryn Skinner and Deputy County Administrator Carmine DeBonis Jr. are available to meet with each Board office to discuss the program.

Attachment

JKL/je

c: Carmine DeBonis, Jr., Deputy County Administrator  
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer  
Steve Holmes, Deputy County Administrator  
Kathryn Skinner, Director, Department of Transportation  
Chair and Members, Pima County Transportation Advisory Committee



# Construction Cost Analysis

2012-2022



The purpose of the Association is to **educate** its members and to **preserve** and **promote** the common interests of those in the construction industry

# ATB Intro of Organization

Nonprofit organization consisting of more than 100 individual businesses in Southern Arizona.

## ATB Membership:

- ▶ General Contractors (Civil, Residential and Commercial)
- ▶ Subcontractors
- ▶ Public Agencies
- ▶ Materials Suppliers
- ▶ Engineers/Architects/Surveyors
- ▶ Construction Service Providers (Insurance/Legal/Etc.)

# ATB Members Involvement in Region

- ❖ Arizona Transportation Builder Association (ATB) and its members are fully invested in the RTA
- ❖ Our members have been involved in the majority of the completed 950 RTA projects
- ❖ During the Great Recession (2008-09), PAG/RTA projects sustained Tucson's construction workforce (ATB members) and stimulated the regional economy
- ❖ Long-range regional transportation planning is crucial for economic growth that supports local needs and priorities

# Local Material Cost Increases

	2012	2022	% Increase
▶ Steel/Rebar	\$0.64/lb.	\$1.11/lb.	73%
▶ Concrete	\$75.00/cy	\$160.00/cy	113%
▶ Ductile Iron Pipe	\$22.83/lf	\$36.49/lf	60%
▶ PVC Pipe	\$17.74/lf	\$75.74/lf	327%
▶ Aggregate Base Course	\$7.50/tn	\$9.50/tn	27%
▶ Asphalt	\$52.00/tn	\$97.50/tn	88%
▶ Trucking	\$75.00/hr	\$125.00/hr	67%
▶ Diesel Fuel	\$2.93/gal	\$4.22/gal	44%



# Local Material Lead Times

	2012	2022
▶ Steel-Rebar	1 month	3 months
▶ Concrete	1 week	4+ weeks
▶ Ductile Iron Pipe	1-2 months	6-10 months
▶ PVC Pipe	1 week	6-12 weeks
▶ Asphalt	1 week	4+ weeks
▶ Trucking	1 week	6+ weeks

# National Insurance and Benefits Increases

## % Increase Over Last 10 Years

- ▶ Healthcare 57%
- ▶ Auto 61%
- ▶ General Liability 11.2% \*last quarter only
- ▶ Cyber Security 34.3%

**21 consecutive quarters of premium increases for all lines of business**

**45 consecutive quarters commercial auto premiums increased**

# Local Equipment Purchase Pricing Increase

## % Increase Over Last 10 Years

▶ Backhoe	25%
▶ Excavator	23%
▶ Motor Grader	30%
▶ Loader	26%

# National Construction Compensation Increase

	2012	2022	% Increase
▶ Construction (private industry)	\$31.74	\$42.56	34%

Source: <https://www.bls.gov/ncs/ect/#tables>

**34% Total Compensation Increase**

# Local Minimum Wage Increase

	2012	2022
▶ Minimum Wage	\$7.65	\$12.80

**35% Local Minimum Wage Increase**

# Arizona Craft Wage Increases

	2012	2022	% Increase
▶ Laborer	\$15.44	\$20.89	35%
▶ Heavy Equipment Operator	\$23.59	\$32.01	36%
▶ Carpenter	\$21.10	\$27.23	29%
▶ Cement Mason	\$20.26	\$27.34	35%
▶ Iron Worker	\$22.89	\$30.36	33%
▶ Electrician	\$24.07	\$31.62	31%
▶ Pipefitter	\$23.67	\$30.89	31%

# Summary

- ▶ Materials/equipment increase ranges from 27% up to 327%
- ▶ Minimum Wage increase in Arizona is up 35%
- ▶ Healthcare increase is up 57%
  
- ▶ **Severe increases in the last 2 years**
  
- ▶ Capacity
  - ▶ Nationally, ARTBA survey 75-90% workforce capacity
  - ▶ Local capacity is similar

- ▶ Close to 1 million people in Arizona are employed through the construction industry
- ▶ “Even in a pandemic year, the Tucson area economy has seen monthly rises in construction employment, and a 10% rise in trade, transportation and utilities employment as recently as December 2020, according to data from the Eller College of Management’s Economic and Business Research Center (EBRC) at the University of Arizona.”

[https://siteselection.com/issues/2021/mar/tucson-arizona-cultivating-growth.cfm#:~:text=Even%20in%20a%20pandemic%20year,EBRC\)%20at%20the%20University%20of](https://siteselection.com/issues/2021/mar/tucson-arizona-cultivating-growth.cfm#:~:text=Even%20in%20a%20pandemic%20year,EBRC)%20at%20the%20University%20of)

## Construction industry struggling but booming in Southern Arizona

By Allie Potter Jul 30, 2020 0



file photo



TUCSON (KVOA) - If you are a construction worker in Tucson, consider yourself lucky.

The industry has taken a toll due to the COVID-19 pandemic. But in Tucson, business is booming.





Questions



Thank you

# Contact Information

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[www.movingoureconomy.org](http://www.movingoureconomy.org)

