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# MEMORANDUM

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Date: February 14, 2020

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

From: C.H. Huckelberry  
County Administrator *CH*

Re: **Equity of using General Fund PAYGO allocations on Unincorporated County Roadways**

On November 14, 2019 I provided you with a memorandum (Attachment 1) indicating that while the Pay-As-You-Go (PAYGO) adopted policy allocates up to an anticipated \$235 million to road repair in the unincorporated County this amount does not create an equity issue with the municipalities due to the unincorporated 1997 Highway User Revenue Fund (HURF) Bond Program dollars spent in the municipalities.

*... Pima County has already spent or committed \$173.2 million of its HURF monies in the municipalities through the 1997 HURF Bond program, without adjustment for net present value of those dollars.*

*To contrast this amount, the General Fund allocations to road repair proposed in the draft PAYGO policy and the proposed FY 2018/19 fund balance allocation range from \$210 million to \$235 million, depending on whether General Fund support will be needed in FY 2029/30. Since the assessed value of the incorporated County is 58.055 percent<sup>1</sup> of the region, the proportion of the \$235 million cost potentially borne by tax payers in the municipalities would only be \$136.4 million, a much smaller amount than the \$173.2 million of unincorporated County funds already spent in the municipalities.*

*Using this reasoning the County can spend up to \$298.3 million (\$173.2M/58.055 %) on roadways in the unincorporated areas before creating a tax equity issue with the municipalities. The current PAYGO policy and FY 2018/19 ending fund balance proposals fall significantly below this threshold.*

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<sup>1</sup> June 20, 2017 Board of Supervisors Memorandum RE: FY 2017/18 Final Adoption of Overall Pima County Budget

On February 13, 2020, City of Tucson, Ward 6 Council Member Kozachik and Vice Mayor Cunningham released a Statement to Constituents (Attachment 2) claiming that the 97 HURF Bonds were: *"...generated with gas taxes that were generated from within City limits"* and that *"The County suggesting the use of those bonds was some sort of a gift to Tucson residents is fundamentally flawed."*

These statements do not reflect the facts. The 97 HURF Bond projects located within the municipalities were, in fact, paid with the unincorporated County share of gas tax based on the State of Arizona HURF allocation formula. Table 1 below shows the distribution of HURF to the County and municipalities since debt for the 97 HURF Bond Program was first incurred.

**Table 1: HURF Revenues Allocated to Jurisdictions**

Year	Oro Valley	Tucson	South Tucson	Sahuarita	Marana	Unincorporated Pima County
2019	\$3,563,828	\$52,174,997	\$452,043	\$2,358,072	\$3,607,631	\$49,718,364
2018	3,331,634	49,016,177	429,540	2,193,157	3,315,848	46,662,521
2017	3,252,020	48,244,881	424,858	2,138,222	3,099,309	45,355,950
2016	3,045,057	46,771,233	417,012	1,868,903	2,623,454	42,543,065
2015	2,912,780	44,906,030	400,548	1,794,793	2,475,705	40,762,362
2014	2,679,256	41,283,470	366,507	1,652,278	2,286,488	37,499,766
2013	2,648,330	40,644,601	365,490	1,630,908	2,256,200	36,859,949
2012	2,418,603	37,151,317	333,787	1,489,427	2,061,141	33,664,646
2011	2,693,145	43,190,251	384,046	1,021,736	1,869,483	38,973,544
2010	2,667,797	43,086,356	381,679	947,901	1,808,963	38,739,414
2009	2,855,667	45,965,675	408,549	1,014,642	1,936,369	41,209,551
2008	3,002,828	48,967,816	429,748	1,066,884	2,035,849	44,060,130
2007	3,031,253	48,773,054	432,074	1,088,366	2,067,896	44,717,709
2006	2,798,396	50,612,941	473,220	351,505	1,254,678	42,611,417
2005	2,686,528	48,864,183	461,889	273,125	1,141,520	41,755,891
2004	2,560,691	46,712,008	442,280	261,322	1,092,522	39,829,980
2003	2,283,894	44,281,619	422,001	249,136	1,043,282	37,831,228
2002	2,242,212	43,757,098	417,681	245,354	1,023,489	37,208,961
2001	1,779,483	46,216,869	484,384	196,725	517,356	38,653,952
2000	1,708,258	46,080,665	486,557	189,962	461,530	38,519,781
1999	1,521,025	43,310,832	462,881	175,798	409,559	35,199,801
1998	1,415,782	40,193,558	417,972	159,340	382,937	31,773,085
<b>Total</b>	<b>\$57,098,464</b>	<b>\$1,000,205,629</b>	<b>\$9,294,745</b>	<b>\$22,367,556</b>	<b>\$38,771,211</b>	<b>\$884,151,067</b>

The Honorable Chairman and Members, Pima County Board of Supervisors  
Re: **Equity of using General Fund PAYGO allocations on Unincorporated County Roadways**  
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The City of Tucson has received \$1,000,205,629 while the unincorporated County has received \$884,151,067 over the same period. One-hundred percent of the 97 HURF Bond Program has, is, and will, be funded with the unincorporated HURF share until this debt is fully retired, thereby reducing amounts available for unincorporated County roads. During this same period, the City of Tucson and the other municipalities have retained 100 percent of their HURF allocations for use within their incorporated boundaries.

Additionally, since most of the region's services and jobs are located in the incorporated areas, it is reasonable to assume that a portion of the municipal gas sales are purchased by unincorporated County residents who not only contribute to the municipalities HURF revenues, but as is the case of the City, also pay transaction privilege sales taxes for services that contribute to funding City-only road and public safety initiatives. Conversely, municipal residents purchasing services in the unincorporated County pay no taxes that solely benefit roadways or services within unincorporated areas.

It is also noteworthy that the unincorporated County 2,171 centerline miles of roadways is 21.6 percent greater than the City's 1,703 centerline miles; and that State-shared revenues are the only dedicated funding source for unincorporated roadways.

Finally, it is important to keep in mind that General Fund PAYGO contributions to the unincorporated County road repair plan is a limited term strategy. The overarching purpose of General Fund PAYGO is to fund the construction of future regional amenities, previously funded by General Obligation Bond initiatives. It is concerning that objections are surfacing ten months following my communicating the proposed transition to PAYGO as part of the recommended Fiscal Year 2019/20 budget and four months following adoption of the Board Policy.

CHH/lab

#### Attachments

c: Jan Leshner, Chief Deputy County Administrator  
Carmine DeBonis, Jr., Deputy County Administrator for Public Works  
Yves Khawam, PhD, Assistant County Administrator for Public Works

# ATTACHMENT 1



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# MEMORANDUM

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Date: November 14, 2019

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 "CH Huckelberry", is written over the typed name and title.

Re: **Transportation Pay-as-you-go Funding Property Tax Limitation and Equity with City and Town Residents**

At the November 5, 2019 Board of Supervisors meeting, there was considerable discussion related to the limitation of property tax associated with General Fund transfers to the pay-as-you-go (PAYGO) program for road repair. In addition, questions arose regarding city and town resident property tax equity since the County's property tax is uniformly levied against all property owners whether they live in the unincorporated area or a city or town.

First, regarding property tax limitation, this is applied by Arizona Revised Statute 28-6712 that limits the amount of property tax levied for road purposes to \$0.25 per \$100. The one year in which the Board levied this property tax, it was not a separate tax, but a tax that was integral to the County primary property tax rate. The PAYGO program for road repair, as I indicated in oral discussion with the Board on this subject, was carefully developed to ensure the County at no time would exceed this limitation. This is possible because of the ramp up of property tax General Fund transfers to the PAYGO program.

Attached is a spreadsheet that shows this exceedance does not occur even when the transfer reaches its constant rate of \$25 million per year in Fiscal Year 2023/24. (Attachment 1) In 2023/24, the actual property tax yield for one-cent of property tax rate will yield slightly over \$1 million; hence, the limitation is not exceeded when the PAYGO property transfer reaches its maximum levy per year.

Regarding property tax equity, Attachment 2 is an October 25, 2019 memorandum from Assistant County Administrator Yves Khawam that discusses this issue. At my request, Dr. Khawam researched the amount of County Highway User Revenue Funds (HURF) through HURF bonds as well as principal and interest payments that have been spent in the County's municipalities or cities and towns since the 1997 HURF bond initiative. This amount is equal or exceeds \$173 million. In addition, the tax base for incorporated jurisdictions versus the unincorporated area is 58 percent incorporated 42 percent unincorporated.

The Honorable Chairman and Members, Pima County Board of Supervisors  
Re: **Transportation Pay-as-you-go Funding Property Tax Limitation and Equity with City and  
Town Residents**

November 14, 2019

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If the General Fund property tax contribution to the PAYGO road repair program is \$235 million then 58 percent of the amount is paid by incorporated residents or \$136 million, a smaller amount than the \$173 million contributed to cities and towns for transportation purposes from the County's HURF which was intended to be spent only in the unincorporated area of the County. Hence, there is no tax equity concern with city and town taxpayers in implementing the 10-year transportation road repair program that relies on PAYGO funding.

CHH/anc

#### Attachments

- c: Jan Leshar, Chief Deputy County Administrator
- Carmine DeBonis, Jr., Deputy County Administrator for Public Works
- Francisco García, MD, MPH, Deputy County Administrator and Chief Medical Officer,  
Health and Community Services
- Dr. Yves Khawam, Assistant County Administrator for Public Works

## Attachment 1

**General Fund PAYGO and Statutory Limit on Primary Property Tax Spending for Roads**

<b>Fiscal Year</b>	<b>Valuation</b>	<b>Actual vs. Projected</b>	<b>% Increase</b>	<b>Statutory Limit for Primary Levy for Roads (Valuation/100 x .25)*</b>	<b>GF PAYGO for Roads</b>	<b>Difference between Statutory Limit and GF PAYGO</b>
2019-20	8,729,964,923	Actual	0.05	21,824,912.31		
2020-21	9,220,262,449	Projected	0.06	23,050,656.12	10,000,000	13,050,656.12
2021-22	9,599,633,472	Projected	0.04	23,999,083.68	15,000,000	8,999,083.68
2022-23	9,998,506,728	Projected	0.04	24,996,266.82	20,000,000	4,996,266.82
2023-24	10,384,094,457	Projected	0.04	25,960,236.14	25,000,000	960,236.14
2024-25	10,591,776,346	Projected	0.02	26,479,440.87	25,000,000	1,479,440.87
2025-26	10,803,611,873	Projected	0.02	27,009,029.68	25,000,000	2,009,029.68
2026-27	11,019,684,111	Projected	0.02	27,549,210.28	25,000,000	2,549,210.28
2027-28	11,240,077,793	Projected	0.02	28,100,194.48	25,000,000	3,100,194.48
2028-29	11,464,879,349	Projected	0.02	28,662,198.37	25,000,000	3,662,198.37
2029-30	11,694,176,936	Projected	0.02	29,235,442.34	25,000,000	4,235,442.34

\*ARS § 28-6712



## Attachment 2



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# MEMORANDUM

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Date: October 25, 2019

To: C.H. Huckelberry  
County Administrator

From: Yves Khawam   
Assistant County Administrator  
for Public Works

Re: **Equity of Using General Fund Allocations on Unincorporated County Roadways**

The question of taxpayer equity may surface regarding the use of General Fund monies to repair unincorporated County roadways as proposed in the draft Board of Supervisors Pay-As-You-Go (PAYGO) Policy and your proposal for using \$10 million of FY 2018/19 unreserved fund balance for pavement repair on unincorporated County roadways this fiscal year.

As you are well aware, the County has attempted many different strategies to secure funding necessary to maintain roadways including lobbying the State of Arizona for returning State-shared revenue sweeps, raising the statewide gas tax, proposing a regional sales tax for road repair and seeking voter approval of bond initiative for same. With the failure of these initiatives, the County, unlike municipalities, is left with no other enabling authority or option to raise or allocate funds for road repair in the unincorporated County other than Transportation State-shared revenues and General Fund revenues.

Of these two sources, Transportation State-shared revenues are allocated to each county and municipality with the intended purpose of spending these on the receiving jurisdiction's roadways. However, Pima County has spent a portion of its State-shared revenues to expand roadway capacity across the region in exchange for the municipalities' support of the 1997 Highway User Revenue Fund (HURF) bond initiative.

In fact, Pima County has already spent or committed \$173.2 million of its HURF monies in the municipalities through the 1997 HURF Bond program, without adjustment for net present value of those dollars.

To contrast this amount, the General Fund allocations to road repair proposed in the draft PAYGO policy and the proposed FY 2018/19 fund balance allocation range from \$210 million to \$235 million, depending on whether General Fund support will be needed in FY 2029/30. Since the assessed value of the incorporated County is 58.055 percent<sup>1</sup> of the region, the proportion of the \$235 million cost potentially borne by tax payers in the municipalities would only be \$136.4 million, a much smaller amount than the \$173.2 million of unincorporated County funds already spent in the municipalities.

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<sup>1</sup> June 20, 2017 Board of Supervisors Memorandum RE: FY 2017/18 Final Adoption of Overall Pima County Budget

C.H. Huckelberry, County Administrator

Re: **Equity of Using General Fund Allocations on Unincorporated County Roadways**

October 25, 2019

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Using this reasoning, the County can spend up to \$298.3 million (\$173.2M/58.055%) on roadways in the unincorporated areas before creating a tax equity issue with the municipalities. The current PAYGO policy and FY 2018/19 ending fund balance proposals fall significantly below this threshold.

Attachment

c: Jan Leshar, Chief Deputy County Administrator  
Carmine DeBonis, Jr., Deputy County Administrator for Public Works  
Michelle Campagne, Director, Finance Department  
Ana Olivares, Director, Department of Transportation  
Nicole Fyffe, Executive Assistant to the County Administrator  
Kathryn Skinner, Deputy Director, Department of Transportation

## 1997 HURF Bond Expenditures/Forecasts

Date: February 25, 2019



1997 BOND NUMBER	Project Name	Status	Percent Incorporated	Jurisdiction	1997 HURF Bond Spent/Planned including Interest Cost* Incorporated (millions)	1997 HURF Bond Spent/Planned including Interest Cost* Unincorporated (millions)
6310 - DOT-01 RIVER1CA	River Road, First Avenue to Campbell Avenue	COMPLETE	57%	Tucson	\$11.97	\$9.08
6311 - DOT-02 SUNRISE	Sunrise Drive, Swan Road to Craycroft Road	COMPLETE	0%	Unincorporated	\$0.00	\$6.79
6312 - DOT-03 RIVERRD	River Road, La Cholla Boulevard to La Cañada Drive	COMPLETE	0%	Unincorporated	\$0.00	\$4.75
6313 - DOT-04 RIVERRD	River Road, Campbell Avenue to Alvernon Way	COMPLETE	21%	Tucson	\$4.37	\$16.84
6314 - DOT-05 ALVERNON	Alvernon Way, Ft Lowell Road to River Road	COMPLETE	53%	Tucson	\$2.78	\$2.50
6315 - DOT-06 MAGEERD	Magee Road - La Canada to Oracle	COMPLETE	17%	Oro Valley	\$0.69	\$3.33
6316 - DOT-07 ORANGEG	Orange Grove Road at Geronimo Wash	RETIRED	0%	Unincorporated	\$0.00	\$0.14
6317 - DOT-08 SKYLINE	Skyline Drive, Chula Vista to Orange Grove Road	COMPLETE	0%	Unincorporated	\$0.00	\$0.53
6318 - DOT-09 SKYLINE	Skyline Drive, Chula Vista to Campbell Avenue	COMPLETE	0%	Unincorporated	\$0.00	\$11.97
6319 - DOT-10 LACANAD	La Cañada Drive: Ina to Lambert	COMPLETE	25%	Oro Valley	\$4.07	\$12.22
6320 - DOT-11 DREXELR	Drexel Road, Tucson Boulevard to Alvernon Way	COMPLETE	10%	Tucson	\$0.31	\$2.71
6321 - DOT-12 COUNTRY	Country Club Road, 36th Street to Milber	COMPLETE	81%	Tucson	\$13.08	\$3.00
6322 - DOT-13 AJOWAY	Ajo Way, Country Club Road to Alvernon Way	COMPLETE	0%	Unincorporated	\$0.00	\$4.54
6323 - DOT-14 WETMORE	Wetmore and Ruthrauff Roads, La Cholla Boulevard to Fairview Avenue	COMPLETE	10%	Tucson	\$1.07	\$9.52
6324 - DOT-15 RIVERRD	River Road, Thornydale Road to Shannon Road	COMPLETE	100%	Tucson	\$5.43	\$0.00
6325 - DOT-16 RIVERRD	River Road, Shannon Road to La Cholla Boulevard	COMPLETE	2%	Unincorporated	\$0.02	\$1.15
6326 - DOT-17 VALENCIA	Valencia Road, Mark Road to Camino de la Tierra	COMPLETE	0%	Unincorporated	\$0.00	\$7.88
6327 - DOT-18 CORTARO	Cortaro Farms Road: UPRR to Thornydale	CONSTRUCTION	50%	Marana	\$7.06	\$7.06
6328 - DOT-19 HARTMANN	Hartman Lane North of Cortaro Farms Road (Design Only)	RETIRED	72%	Unincorporated	\$0.12	\$0.05
6329 - DOT-20 LACHOLLA	La Cholla Boulevard: Ruthrauff Road to River Road	COMPLETE	0%	Unincorporated	\$0.00	\$2.25
6330 - DOT-21 THORNYDA	Thornydale Road, Orange Grove Road to Ina Road	COMPLETE	100%	Marana	\$1.36	\$0.00
6331 - DOT-22 THORNYDA	Thornydale Road, Ina Road to Cortaro Farms Road	COMPLETE	7%	Marana	\$0.10	\$1.26
6332 - DOT-23 THORNYDA	Thornydale Road, Cortaro Farms Road to Linda Vista Blvd	COMPLETE	0%	Unincorporated	\$0.00	\$1.36
6333 - DOT-24 MAINSAIL	Mainsail Blvd and Twin Lakes Drive, Twenty-Seven Wash Vicinity	RETIRED	0%	Unincorporated	\$0.00	\$0.33
6334 - DOT-25 INTERSTA	I-19 SB Frontage Road at Continental Road	COMPLETE	0%	Unincorporated	\$0.00	\$1.36
6335 - DOT-26 ABREGOD	Abrego Drive at I-19 Northbound Frontage Road	COMPLETE	100%	Sahuarita	\$0.27	\$0.00
6336 - DOT-27 RIVERRD	River Road at Ventana Wash	RETIRED	0%	Unincorporated	\$0.00	\$1.01
6337 - DOT-28 SPEEDWAY	Speedway Boulevard, Camino Seco to Houghton	RETIRED	100%	Tucson	\$0.79	\$0.00
6338 - DOT-29 HOUGHTON	Houghton Road, Golf Links Road to Interstate 10	CONSTRUCTION	85%	Tucson	\$23.09	\$4.07
6339 - DOT-30 CATALINA	Catalina Hwy: Tanque Verde Rd. to Houghton Rd.	COMPLETE	13%	Tucson	\$1.10	\$7.32
6340 - DOT-31 TANQUEV	Tanque Verde Road: Catalina Highway to Houghton Road	COMPLETE	35%	Tucson	\$0.67	\$1.23
6341 - DOT-32 KOLBROA	Kolb Road, Savino Canyon to Sunrise Drive	DESIGN	0%	Unincorporated	\$0.00	\$7.30
6342 - DOT-33 KOLBROA	Kolb Road at Sabino Canyon Road	COMPLETE	0%	Unincorporated	\$0.00	\$4.62
6343 - DOT-34 CAMINOD	Camino del Sol, Continental Road to Ocotillo Wash	RETIRED	0%	Unincorporated	\$0.00	\$0.27
6344 - DOT-35 ABREGOD	Abrego Drive at Drainageway No. 1/Box Culvert	COMPLETE	100%	Sahuarita	\$0.20	\$0.00
6345 - DOT-36 CMOWES	Camino del Sol/West Parkway, Continental Road to Duval Mine Road	RETIRED	0%	Unincorporated	\$0.00	\$0.00
6346 - DOT-37 I-19NOR	I-19 Frontage Rd: Continental Road to Canoa Road (PC-RTA-35)	COMPLETE	0%	Unincorporated	\$0.00	\$4.96
6347 - DOT-38 PISTOLH	Pistol Hill Road, Colossal Cave Road to Old Spanish Trail	COMPLETE	0%	Unincorporated	\$0.00	\$1.36
6348 - DOT-39 VALENCIA	Valencia Road, I-19 to South 12th Avenue	COMPLETE	100%	Tucson	\$0.90	\$0.00

## 1997 HURF Bond Expenditures/Forecasts

Date: February 25, 2019



1997 BOND NUMBER	Project Name	Status	Percent Incorporated	Jurisdiction	1997 HURF Bond Spent/Planned including Interest Cost* Incorporated (millions)	1997 HURF Bond Spent/Planned including Interest Cost* Unincorporated (millions)
6349 - DOT-40 GRANTRO	Grant Road, Oracle Road to Park Avenue	RETIRED	100%	Tucson	\$0.47	\$0.00
6350 - DOT-41 NEIGHBOR	Neighborhood Transportation Improvements	COMPLETE	100%	S. Tucson	\$9.28	(\$0.00)
6351 - DOT-42 SOUTHTU	South Tucson: 6th Avenue and Various Locations	COMPLETE	100%	S. Tucson	\$6.92	\$0.02
6352 - DOT-43 12THAVE	So.12th Avenue, 38th Street to Los Reales Road	COMPLETE	100%	Tucson	\$12.97	\$0.00
6353 - DOT-44 ORANGEG	Orange Grove Road, Thornydale Rd to Oracle Rd	COMPLETE	5%	Marana	\$0.72	\$13.66
6354 - DOT-45 LACHOLL	La Cholla Blvd: River Rd to Magee Road	COMPLETE	0%	Unincorporated	\$0.00	\$24.45
6355 - DOT-46 CRAYCROF	Craycroft, River Road to Sunrise Drive	COMPLETE	0%	Unincorporated	\$0.00	\$18.07
6356 - DOT-47 SUNRISE	Sunrise Drive: Craycroft to Kolb	COMPLETE	0%	Unincorporated	\$0.00	\$25.62
6358 - DOT-49 VALENCIA	Valencia Road, Mission Road to I-19	COMPLETE	87%	Tucson	\$8.00	\$1.19
6359 - DOT-50 KINNEYR	Kinney Road Ajo Way to Bopp Rd	COMPLETE	0%	Unincorporated	\$0.00	\$1.60
6360 - DOT-51 LACANAD	La Canada Dr./Las Quintas Highway Drainage Improvement	COMPLETE	100%	Sahuarita	\$2.04	\$0.00
6361 - DOT-52 PALOVER	Palo Verde Road, Gas Road to 44th Street	COMPLETE	7%	Tucson	\$0.13	\$1.64
6362 - DOT-53 OLDTUCS	Old Tucson-Nogales Highway - Summit Neighborhood	COMPLETE	0%	Unincorporated	\$0.00	\$1.38
6363 - DOT-54 MTLEMMO	Mt. Lemmon Shuttle	COMPLETE	0%	Unincorporated	\$0.00	\$2.42
6364 - DOT-55 GOLFLIN	Golf Links Road, Bonanza Avenue to Houghton Road	COMPLETE	100%	Tucson	\$2.45	\$0.00
6365 - DOT-56 BROADWAY	Broadway Boulevard, Euclid Avenue to Campbell Avenue	DESIGN	100%	Tucson	\$33.49	\$0.00
6366 - DOT-57 SAFETY I	Safety Improvements (11 projects in incorporated area)	CONSTRUCTION	100%	Incorporated	\$3.67	\$39.87
6367 - DOT-58 22ND ST	22nd Street, I-10 to Tucson Boulevard	DESIGN	100%	Tucson	\$13.58	\$0.00
6369 - DOT-59 REP PRES	Road Repair and Pavement Preservation	CONSTRUCTION	0%	Unincorporated	\$0.00	\$21.73
<b>Total</b>					<b>\$173.17</b>	<b>\$294.39</b>
Notes:						
1. Bond Allocation totals from PB FSQ_CIP_BOND_Alloc_Frcst						
2. Percent in incorporated from GIS analysis, with the exception of bond projects that included multiple CIP projects. For those a manual estimate of % taken from MapGuide.						
3. Funding and Expenditure information provided in the table has been compiled from multiple sources.						
* - Interest Cost includes existing issues as of 6.30.19 plus estimated issues in FY21 and FY23 for a total of \$122,761,273 and Cost of Issuance of \$512,854						

# ATTACHMENT 2



# MEMORANDUM

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**DATE:** February 13, 2020

**FROM:** Council Member Ward 6  
Vice Mayor Paul Cunningham

## **Statement to Constituents**

The County Board of Supervisors recently passed a 'pay as you go' (PAYGO) plan to fix roads, all of which are located outside of the Tucson city limits. Our success in securing your approval for Propositions such as our own road and public safety sales tax increase was based in large measure on the trust we've built up with you. If we allowed PAYGO to go unchallenged, that trust would justifiably erode.

With their PAYGO policy, the County is keeping City of Tucson residents' primary property tax artificially higher than it would be without the plan in order to pay for road repair outside of the City limits. They suggest that is fair because the County has allocated 1997 HURF road bond money to City of Tucson roads. The fact is that every road covered with those Bonds was approved by City voters in the '97 Bond election, and the HURF funds were generated with gas taxes that were generated from within City limits. The County suggesting the use of those bonds was some sort of a gift to Tucson residents is fundamentally flawed.

PAYGO is a policy the Board of Supervisors were lured into adopting by the County Administration simply because every other option they've tried has been rejected by the voters. They can increase your primary property tax without taking the question to you for approval, which is in fact what this policy attempts to achieve.

The Board of Supervisors can, and should rescind the PAYGO policy as far as it uses City of Tucson property taxes to pay for road repair in unincorporated Pima County. Keeping it in tact as it is currently written places all of the relational progress we've made over the past 10 years in jeopardy, and is bad timing as the City Council will soon be considering issues such as water rates, both within and outside of City limits, and what our support for the RTA extension might look like.