



Board of Supervisors Memorandum

May 1, 2018

**Continued Discussion Regarding a Draft Sales Tax Implementation Plan Ordinance and a
Draft Resolution Levying a County General Sales Tax**

Background

At the Board's April 17, 2018 meeting, the Board discussed a draft Sales Tax Implementation Plan Ordinance, which referenced a draft 10 year road repair plan for unincorporated Pima County. The Board also discussed a draft Resolution Levying a Sales Tax and directed that both the ordinance and the resolution be brought back in final form for Board approval or disapproval. Per A.R.S. §11-251.05(C), the Board can only consider adoption of an ordinance after holding a public hearing that is noticed at least 15 days prior. Therefore, the earliest the ordinance can be placed on the Board's agenda for a vote is May 15, 2018. Notice for the required public hearing will be published in the Daily Territorial on April 25, 2018 and the Arizona Daily Star on April 29, 2018.

The resolution is the form in which the Board actually approves levying the sales tax. After my April 18, 2018 memorandum to you on timing, we were alerted to A.R.S. §11-251.13, which requires notice of the proposed sales tax on the County's website at least 60 days before the date the proposed sales tax is to be approved or disapproved by the Board. This notice was published on the County's website on April 19, 2018, which means that the earliest date the Board can vote on the resolution is June 19, 2018; the meeting at which the Board is scheduled to consider final budget adoption. Obviously my preference would have been to have Board action either levying or not levying the sales tax prior to the Board even considering tentative budget adoption, but that is not possible. To minimize impact on the budget process and to provide a clear start date for businesses that would be required to start charging the tax, the ordinance and the resolution now call for sales tax collections not to begin until January 1, 2019, with no expenses to occur until the start of the following fiscal year, July 1, 2019. This means that the budget for Fiscal Year 2018/19 would only need to include a few months of revenues from the sales tax, but not expenditures. This also means that if the Board continues to levy the road property tax for next fiscal year, there would be a few months of overlap between the sales tax and road repair property tax. Finally, this also provides a year for the County to enter into intergovernmental agreements with the Regional Transportation Authority (RTA), and cities and towns, and more importantly, for the RTA to work with the County and cities and towns to develop a regional 10 year road repair plan.

The remainder of this memorandum addresses changes made to the Sales Tax Implementation Plan Ordinance and the Resolution Levying a Sales Tax, as a result of the Board's discussion of policy alternatives at the April 17, 2018 meeting, and as a result of this delay.

The May 1, 2018 Board meeting will provide another opportunity for the Board to discuss continued edits to these documents, attached, and provide direction on how to proceed.

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May 1, 2018 – Continue discussion and direction

May 15, 2018 – Public hearing and vote on Sales Tax Implementation Plan Ordinance

June 19, 2018 – Vote on Resolution Levying a Sales Tax

Effective Date and Termination Date

The sales tax levy would become effective January 1, 2019 and continue for 10 years (120 months), terminating on December 31, 2028.

Distribution of Sales Tax Revenues Among Cities, Towns and Unincorporated Pima County

During the Board’s April 17, 2018 meeting, three Board members preferred that the basis for distributing the sales tax revenues be by population as a percent of total County population. Two Board members preferred the basis for distribution be by taxable net assessed property value as a percent of total County taxable net assessed property value. The attached ordinance and resolution now require distribution to be based on the average of the two: percent of total County population plus percent of total County taxable net assessed property value, divided by two. Table 1 shows the estimated revenues to cities, towns and unincorporated Pima County over the 10 year term of the sales tax. Note that the ordinance requires use of annually updated taxable net assessed property values by the Pima County Assessor, so changes in incorporated city or town boundaries based on annexations would be reflected, increasing city or town distributions and decreasing unincorporated Pima County distributions. The ordinance also requires an update of population estimates after the 2020 census population estimates are available.

**Table 1
 Estimated 10 Year Sales Tax Revenue Distribution**

Jurisdiction	Taxable Net Assessed Valuation ¹	% of Overall County Tax Base	July, 1 2016 Census Population	% Population	% of Tax Base + % of Population Divided by Two	Estimated 10 Year Sales Tax Revenue Allocated to Road Repair Regionally	Estimated 10 Year Sales Tax Revenues Per Jurisdiction ²
Marana	\$ 645,311,769	7.74%	43,474	4.28%	6.01%	\$ 910,410,015	\$ 54,730,305
Oro Valley	\$ 535,042,025	6.42%	43,781	4.31%	5.37%	\$ 910,410,015	\$ 48,843,831
Sahuarita	\$ 233,877,438	2.81%	28,794	2.83%	2.82%	\$ 910,410,015	\$ 25,656,906
South Tucson	\$ 22,169,911	0.27%	5,645	0.56%	0.41%	\$ 910,410,015	\$ 3,760,089
Tucson	\$ 3,414,161,333	40.97%	530,706	52.22%	46.59%	\$ 910,410,015	\$ 424,192,733
Unincorporated Pima	\$ 3,483,330,430	41.80%	363,806	35.80%	38.80%	\$ 910,410,015	\$ 353,226,151
Total	\$ 8,333,892,906	100.00%	1,016,206	100.00%	100.00%	\$ 910,410,015	\$ 910,410,015

¹Sources: Pima County Assessor 2018 Levy Limit Worksheet for Overall Pima County, South Tucson, and Tucson valuation. Pima County Clerk of the Board of Supervisors, 2018 Abstract of Pima County Clerk of the Board of Supervisors, 2018 Abstract of Values By Legislative Class of Property for Marana, Oro Valley, and Sahuarita valuation.

²To be reduced proportionally to fund financing costs that would be taken out of the annual sales tax revenues prior to distribution, in order to overcome statutory expenditure limitations.

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Note that delaying enactment of the sales tax until January 1, 2019 increases the estimated total 10 year revenues. This change, combined with the revised distribution formula as shown in Table 1, would result in an estimated additional \$35 million in sales tax revenue over the 10 years for unincorporated Pima County.

Role of the Regional Transportation Authority

The resolution directs the County Administrator to work with the Regional Transportation Authority (RTA) to develop an Intergovernmental Agreement (IGA) whereby the RTA oversees the cities, towns and counties road repair programs funded by the sales tax, the RTA audits the County's deposits into and expenditures from the Road Repair Fund funded by the sale tax, and the County reimburses the RTA for costs incurred.

The ordinance specifies the details of the IGA. The RTA will:

- A. Coordinate development of a regional 10-year road repair and pavement preservation plan based on the individual plans provided by each municipality and Pima County.
- B. Include performance standards and best practices for road repair and pavement preservation in the regional plan.
- C. Obtain public input on the regional plan.
- D. Coordinate approval from the governing bodies of the County and the municipalities for their portions of the regional plan.
- E. Annually review the performance of the County and the municipalities' management of their portion of the road repair plans, recommend alternative project management if necessary, and recommend forfeiture of funding if necessary.
- F. Develop and maintain a database of updated road conditions across the region.
- G. Conduct or contract for annual audits of the County's deposits into and expenditures from the Road Repair Fund, as required by the resolution levying a Sales Tax subject to this Ordinance.

Four Board members preferred that the RTA have the responsibilities shown above as B, E, F and G. Supervisor Christy preferred that the RTA also have responsibility for developing the 10 year road repair plans (A), obtaining public input on the plans (C), and obtaining city, town and county approval of the plans (D). These added responsibilities are now incorporated into the ordinance. Supervisor Christy also preferred the County transfer the funding to the RTA, who would then transfer the funding to the cities and towns, and back to the County. This is not included in the ordinance.

Property Tax Reduction

Four Board members preferred no additional property tax reduction beyond discontinuing the 25-cent road repair property tax. Supervisor Valadez preferred that sales tax revenue be allocated to reduce the property tax even further. The ordinance and resolution require the County stop levying the 25-cent road repair property tax as of the fiscal year that begins after sales tax collection begins, but no additional property tax reduction is included. To be clear, if the Board were to approve the ordinance and resolution as currently written, the Board could chose to levy the 25-cent road repair property tax for next fiscal year, but not for the 10 fiscal years after that. Sales tax collections would begin January 1, 2019 and overlap the road repair property tax by a few months.

Funding for Programs and Services that Improve Financial Stability and Health of Low-income Households

Supervisor Elias preferred that affordable housing be included as eligible for funding. Supervisor Christy preferred no increased funding from the General Fund for these types of programs. Supervisor Miller stated that the biggest complaint she hears is the need to fix the roads. Supervisor Bronson stated that the most immediate, short-term issue is the need to fix the roads, but that the most looming challenge moving forward is going to be the social safety net, economic security, and a growing income inequality gap, which needs to be discussed and addressed by this Board and this community either as part of this road repair issue or in the immediate future.

The ordinance now adds affordable housing as an eligible expenditure, and provides additional detail regarding the focus on employment and job training to increase individual incomes.

Draft 10 Year Road Repair and Pavement Preservation Plan for Unincorporated Pima County

The Department of Transportation continues to refine the draft 10 year plan for repairing and preserving all paved County maintained roads, including the list showing every road segment and when it is scheduled for the specified treatment(s). A revised draft will be provided to the Board prior to the May 1, 2018 meeting. The one-year delay in implementation resulted in additional sales tax and High User Revenue Fund (HURF)/Transportation Vehicle License Tax (VLT) revenues during the plan period, which were then available to offset increased costs and short-term debt financing that was not previously accounted for, as well providing for more costly road repair treatments for failed roadways. These substantive changes to the plan are summarized as follows:

- Increased estimates for sales tax revenues and HURF/Transportation VLT over the 10 year period.
- Higher treatment costs resulting from roadway degradation that is expected to occur due to the delay of start date by one year.
- Increased construction inflation costs due to delay of start date by one year.

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- Inclusion of approximately \$20 million over the 10 year plan period to cover County's share of short-term debt financing costs not previously included, to enable the County to spend this additional revenue that would otherwise be prohibited by the State's expenditure limitation.
- Full reconstruction of some roadways that need it, but were previously scheduled for only a mill and fill treatment due to insufficient revenues.
- Addition of 50 miles of County-owned roadways that were incorrectly left out of previous drafts because they are maintained by cities and towns under IGA's, but the maintenance obligations are for activities such as street sweeping and pot hole repair while Pima County is still responsible for the more intensive repair and pavement preservation treatments.

It is important to note that Board approval of the Sales Tax Implementation Plan Ordinance would not result in approval of the draft road repair plan. The plan would be further refined over the next year under the coordination of the RTA, and with input from the County's Transportation Advisory Committee, and then brought back to Board for final approval.

Recommendation

I recommend that the Board continue to discuss the revised draft Sales Tax Implementation Plan Ordinance, including the County's draft 10-year road repair plan for improving the condition of every paved County-maintained road, and the revised draft Resolution Levying a County General Sales Tax.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/dr (April 24, 2018)

c: Chair and Members, Pima County Sales Tax Advisory Committee
Chair and Members, Pima County Transportation Advisory Committee

DRAFT RESOLUTION NO. 2018 - _____

A RESOLUTION OF THE PIMA COUNTY BOARD OF SUPERVISORS LEVYING A GENERAL EXCISE TAX

The Board of Supervisors of Pima County, Arizona, finds:

- A. Pima County has authority, under A.R.S. § 42-6103, to adopt a general excise tax by a unanimous vote of the Board of Supervisors. The tax rate specified in the statute equates to one-half percent for most transactions and applies to the same transactions subject to the State of Arizona's sales tax. It applies to transactions within cities and towns as well as those in unincorporated areas of the county levying the tax.
- B. Pima County is the only County that has not levied a sales tax.
- C. The State Legislature has not raised the gas tax in over 27 years, and the amount of Highway User Revenue Funds distributed to Pima County is inadequate to pay for needed road repair and maintenance as well as important capital projects.
- D. Approximately 70 percent of the 1,891 miles of paved County-maintained roadways in unincorporated Pima County are in poor or failed condition. It would cost approximately \$565 million, over a ten year period, to bring all paved and maintained roads within unincorporated Pima County up to a fair or better condition based on the Pavement Surface Evaluation and Rating ("PASER") system.
- E. Imposition of a general excise tax under A.R.S. § 42-6103, in order to provide funding for road repair and maintenance for County maintained roadways and those maintained by its incorporated municipalities, would support and enhance countywide services.
- F. The Board of Supervisors adopted the Sales Tax Implementation Plan Ordinance No. _____2018 on _____, 2018, which becomes effective upon the Board's approval of this resolution adopting a county sales tax.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Tax Levy; ~~Sunsetting Temporary~~. The Board of Supervisors of Pima County hereby orders the levy of a county general excise tax under A.R.S. § 42-6103, at a rate that is ten percent of the rates prescribed by A.R.S. § 42-5010(A) on each class of business subject to the tax imposed by Title 42, Chapter 5, Article 1 of the Arizona Revised Statutes and A.R.S. § 42-5352(A) (the "County Sales Tax"). This levy is for a period of ten years, as provided below.
2. Allocation of Revenue and Termination. The Arizona Department of Revenue will collect the County Sales Tax revenue beginning on January 1, 2019 and the State Treasurer will transmit the revenue to the Pima County Treasurer, as provided by A.R.S. § 42-6103. The Pima County Treasurer will deposit the revenue in the "Road Repair Fund". The County Administrator or their designee will cause the appropriate notices terminating the collection of the Sales Tax to be delivered to the Arizona Department of Revenue so that collection ceases as of ~~the end of the fiscal year in which the tenth anniversary of the first date of collection falls~~December 31, 2028.

3. Use of Revenue in Road Repair Fund.

- a. Authorized Uses. The County Sales Tax revenue deposited in the Road Repair Fund may be used only for the maintenance, repair, and rebuilding of roads within the County, and for the payment of debt service and financing costs on any debt obligations issued by the County for such purposes. Qualifying repair and preservation treatment activities include fog sealing, chip sealing, micro-surfacing, mill and overlay, and reconstruction, including repair, reconstruction, or installation of associated shoulders and headers, edge protection, curbing, and any Americans with Disabilities Act (ADA) infrastructure improvements required by the application of a particular repair or preservation treatment.
- b. Distribution of Road Repair Sales Tax Revenues among Municipalities and Pima County. The County Administrator is directed to develop and implement a program for distributing a share of the revenues in the Road Repair Fund to each incorporated municipality within the County. The distribution will be based on the municipality's population expressed as a percentage of the County's total population, plus the municipality's Taxable Net Assessed Valuation expressed as a percentage of the County's total Taxable Net Assessed Value, divided by two. ~~and the County Administrator is further directed~~ to develop, with the assistance of the County Attorney's Office, appropriate intergovernmental agreements between the County and each municipality, as stated in the Sales Tax Implementation Plan Ordinance.
- c. Role of Regional Transportation Authority. The County Administrator is directed to work with the Regional Transportation Authority (the "RTA") to develop an intergovernmental agreement under which the RTA will (1) oversee the County's and municipalities' road repair and pavement preservation programs that receive funding from the Road Repair Fund; (2) cause the Road Repair Fund to be audited annually by a certified public accountant as described in paragraph 3(d) below; ~~establish performance standards and best practices for road repair and pavement preservation programs; annually review performance of County and municipal management of road repair and pavement preservation programs, and recommend alternative project management if necessary.~~ and (3) be reimbursed by the County for costs it incurs in the course of carrying out its activities set forth in this Resolution and in the Sales Tax Implementation Plan Ordinance. The RTA, as established by State Statute, ceases to exist after 2026. It is the County's intent to enter into a similar intergovernmental agreement with the Pima Association of Governments if and when RTA ceases to exist. The refusal of the RTA or PAG to enter into such an agreement will not invalidate the County Sales Tax; in that event the County will order an independent audit.
- ~~e.~~d. Reporting and Auditing. The County Administrator or their designee will track and report the amount of revenue received from the County Sales Tax, the amounts deposited to the Road Repair Fund, and all expenditures of monies in the Road Repair Fund, as well as all expenditures of the proceeds of any obligations issued by the County, the debt service on which is to be paid from the Road Repair Fund, in the County's financial statements that are audited annually by the Arizona Auditor General's Office. The County Administrator or their designee will also report this information in separate financial schedules, and will cause those schedules to be audited annually by an independent certified public accountant retained by the RTA per paragraph 3(c), who will attest that the schedules fairly represent Pima County's deposits to and expenditures of the monies in the Road

Repair Fund; and that the use of the monies in the Road Repair Fund complied with the restrictions in paragraph 3(a) above.

~~d.e.~~ Cure. If an audit report issued by the Auditor General or by an independent certified public accountant under paragraph 3(d) above indicates that the deposits to the Road Repair Fund were less than they should have been, or that any expenditure of monies in the Road Repair Fund by the County was improper, and if this finding is not reversed after consultation with the County, the County will, during the then-current fiscal year, deposit additional monies into the Road Repair Fund to cure any shortfall in the deposits and reimburse the Road Repair Fund the amount of any improper County expenditure, provided that sufficient funds are legally available to the County to be used for that purpose. The first annual independent audit that is conducted after this reimbursement will certify that the prior violation was cured.

~~e.f.~~ Automatic Repeal. ~~If an improper use of monies in the Road Repair Fund is reported as provided in paragraph 3(d) above, and the following annual independent audit does not certify that the monies have been replaced as provided in paragraph 3(e) above, either of the two following events occurs,~~ the levy of the County Sales Tax will lapse and cease as of the end of the fiscal year in which ~~that audit is conducted it occurs,~~ except that the levy will continue so long as any obligations that are secured by a pledge of the County Sales Tax revenue, or for which the County Sales Tax revenue is the identified debt-service funding source, are outstanding: (1) an improper use of the monies in the Road Repair Fund is reported as provided in paragraph 3(d) above, and the following annual independent audit does not certify that the monies have been replaced as provided in paragraph 3(e) above; and (2) the County levies a property tax for roads under A.R.S. § 28-6712 for a fiscal year that commences after collection of the Sales Tax begins. If that occurs, ~~the~~ County Administrator or their designee will cause the appropriate notices terminating the collection of the Sales Tax to be delivered to the Arizona Department of Revenue.

PASSED, ADOPTED AND APPROVED by the Pima County Board of Supervisors this ____ day of _____, 2018.

Richard Elias
Chairman, Pima County Board of Supervisors

ATTEST:

Julie Castañeda
Clerk of the Board

APPROVED AS TO FORM:

Deputy Pima County Attorney

DRAFT ORDINANCE NO. 2018 - _____

**AN ORDINANCE OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA,
ADOPTING THE PIMA COUNTY GENERAL SALES TAX IMPLEMENTATION PLAN**

The Board of Supervisors of Pima County (the “Board”) finds that:

- A. Pima County, beginning in fiscal year 2017/18, levied and has collected a local road repair property tax under A.R.S. § 28-6712 at the rate of 25-cents per \$100 of taxable net assessed value (the “Road Repair Property Tax”), the revenues of which are insufficient to repair the County’s roads in a reasonable time period.
- B. Pima County has authority, under A.R.S. § 42-6103, to adopt a general excise tax (the “Sales Tax”) by a unanimous vote of the Board.¹ The tax rate specified in the statute equates to one-half percent for most transactions and would apply to the same transactions subject to the State of Arizona’s sales tax. It would apply to transactions within cities and towns as well as those in unincorporated areas of Pima County.
- C. The Board has discussed the possibility of adopting such a Sales Tax in order to provide additional funds for road repair.
- D. Table 1 shows projected revenues from the Sales Tax in Pima County, assuming the tax levy becomes effective July-January 1, 20198 and is levied for 10 Years.
- E. The Board is concerned about the disproportionate impact a Sales Tax would have on low-income households.
- F. The Board wishes to enact an implementation plan for use of the Sales Tax revenues, and mitigation of the impact of the Sales Tax on low-income households, subject to budgeting and appropriation laws, that would apply if and when the Board does in fact adopt a resolution levying the Sales Tax.

¹ ARS 42-6103 County general excise tax; authority to levy; rate; distribution; use of proceeds

**Table 1
Estimated Half-cent County General Excise (Sales) Tax Revenues**

Fiscal Year	Actual 12-Month RTA Excise Tax Revenue Adjusted For Classifications Not Subject To Half-Cent County General Excise Tax	Estimated Price Elasticity Effect On Demand Caused By Half-Cent Tax Rate Price Increase	Estimated Baseline Level Of County General Excise Tax Revenue Adjusted For Price Elasticity Effect	Annual Growth Rate For Half-Cent County General Excise Tax Revenues	Potential Full 12-Month Tax Revenue For Half-Cent County General Excise Tax	Discount Factor For Less Than 12 Months Revenue	Discount Factor Related To Pre-Existing Contracts Being Exempt From New Half-Cent County General Excise Tax	Estimated Half-Cent County General Excise Tax Revenue Collected
2016/17	\$72,008,052	-0.463%	\$71,674,655					
2017/18				3.5%	\$74,183,268			
2018/19 (5 months)				3.6%	76,853,866	-58.049%	-5.899%	\$30,339,071
2019/20				3.6%	79,620,605	0.000%	-2.500%	77,630,090
2020/21				3.5%	82,407,326	0.000%	-0.692%	81,837,067
2021/22				3.3%	85,126,768	0.000%	-0.112%	85,031,426
2022/23				3.5%	88,106,205	0.000%	-0.033%	88,077,130
2023/24				3.5%	91,189,922	0.000%	0.000%	91,189,922
2024/25				3.4%	94,290,379	0.000%	0.000%	94,290,379
2025/26				3.2%	97,307,671	0.000%	0.000%	97,307,671
2026/27				2.9%	100,129,593	0.000%	0.000%	100,129,593
2027/28				2.9%	103,033,351	0.000%	0.000%	103,033,351
2028/29 (7 months)				2.9%	106,021,318	-41.951%	0.000%	61,544,315
TOTAL								\$910,410,015

Notes:

1/ Assumes current weighted average tax rate for combined state, RTA and municipal retail sales is 8.037%. Additional half-cent sales tax is equivalent to a price increase of 0.463%.

2/ Annual growth rates for half-cent County General Excise Tax assumed to be same as baseline forecast growth rates for RTA revenues as presented in University of Arizona, Economic & Business Research Center's, "A Revenue Forecasting Model for the Pima RTA: Updated to 2016," February 15, 2017, page 22.

3/ County General Excise Tax effective on January 1, 2019, resulting in 5 months of accrued tax revenue for Fiscal Year 2018/19 (February 2019 through June 2019). Subsequent years are full 12 months of revenue until Excise Tax terminates on December 31, 2028. Amount shown for Fiscal Year 2028/29 reflects 7 months of accrued tax revenue from July 2028 through January 2029.

4/ State statute exempts pre-existing contracts from any new or increased excise taxes. Discount factors shown in the table reflect impact of pre-existing contracts on revenues collected by the State's temporary 1% transaction privilege tax from June 1, 2010, through May 31, 2013.

BE IT ORDAINED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA:

Section 1. Effective Date

This Ordinance will become effective, subject to budgeting and appropriation laws, upon the Board's unanimous approval of a resolution adopting a Sales Tax.

Section 2. Sales Tax Revenues to be Allocated to Road Repair Only

The Sales Tax revenues will be allocated over 10 Years for the purposes of repairing roads throughout the County, subject to the conditions stated in the resolution levying the Sales Tax. Authorized uses include the maintenance, repair, and rebuilding of roads within the County, and for the payment of debt service and financing costs on any debt obligations issued by the County for such purposes. Qualifying repair and preservation treatment activities include fog sealing, chip sealing, micro-surfacing, mill and overlay, and reconstruction, including repair, reconstruction, or installation of associated shoulders and headers, edge protection, curbing, and any Americans with Disabilities Act (ADA) infrastructure improvements required by the application of a particular repair or preservation treatment.

Section 3. Distribution of Road Repair Sales Tax Revenues among Municipalities and Pima County; and 10 Year Road Repair Plans

The County will share the Sales Tax revenues with its incorporated cities and towns (“municipalities”). The distribution will be based on the municipality’s population expressed as a percentage of the County’s total population, plus the municipality’s Taxable Net Assessed Valuation expressed as a percentage of the County’s total Taxable Net Assessed Value, divided by two. ~~Distributions~~ Municipality population estimates will be based on the U.S. Census Bureau population estimates ~~expressed as a percent of the estimated total County’s population,~~ for July 1, 2016 for Fiscal Years 2018/19, 2019/20, and 2020/21. The April 1, 2020 U.S. Census Bureau population count should be available in time to use for the Fiscal Year 2021/22 and will continue to be the basis for ~~Sales Tax distributions to cities, towns and unincorporated Pima County~~ municipal population estimates through the end of Fiscal Year 2027/28. Taxable Net Assessed Valuation for each year will be determined by the Assessor’s Levy Limit Worksheet Taxable Net Assessed Valuations for Pima County overall and the Cities of South Tucson and Tucson, and the Clerk of the Board of Supervisors Abstract of Values by Legislative Class of Property Taxable Net Assessed Valuations for the Towns of Marana, Oro Valley, and Sahuarita.

Pima County will enter into intergovernmental agreements with the municipalities, which will memorialize expectations and commitments for eligible expenses, annual budgeting, transfer of funds, reporting and auditing. Each participating municipality will be required to develop a 10 year road repair plan prior to the distribution of Year 1 funding. Each participating municipality will be responsible for contracting or performing work within its jurisdictional boundaries. Each participating municipality will be required annually to report updated roadway condition ratings to ~~the Pima Association of Governments (PAG)~~ the Regional Transportation Authority (RTA). ~~PAG~~ RTA will then have the ability to maintain a regional inventory of roadway conditions, such that the general conditions of roadways across Pima County and the associated costs to repair such roadways can be communicated effectively for the region as a whole.

Section 4. 10-Year Road Repair Plan for Unincorporated Pima County

Exhibit A includes a 10-year road repair plan for unincorporated Pima County, including a list of each road segment by treatment type and schedule, such that all paved County-maintained roads will be improved to at least a fair condition within 10 years. This plan will be updated annually by the County’s Department of Transportation, and reviewed by the Pima County Transportation Advisory Committee, to account for revised revenue estimates and changing road conditions.

Section 5. Role of RTA

The County will pursue an intergovernmental agreement with the RTA whereby the County will reimburse the RTA for costs associated with the RTA carrying out the following activities:

- A. Coordinate development of a regional 10-year road repair and pavement preservation plan based on the individual plans provided by each municipality and Pima County.
- B. Include performance standards and best practices for road repair and pavement preservation in the regional plan.
- C. Obtain public input on the regional plan.
- D. Coordinate approval from the governing bodies of the County and the municipalities for their portions of the regional plan.

E. Annually review the performance of the County and the municipalities' management of their portion of the road repair plans, recommend alternative project management if necessary, and recommend forfeiture of funding if necessary.

F. Develop and maintain a database of updated road conditions across the region.

G. Conduct or contract for annual audits of the County's deposits into and expenditures from the Road Repair Fund, as required by the resolution levying a Sales Tax subject to this Ordinance.

The RTA, as established by State Statute, ceases to exist after 2026. It is the County's intent to enter into a similar intergovernmental agreement with the Pima Association of Governments if and when RTA ceases to exist.

Section ~~65~~. Eliminate Existing Road Repair Property Tax

After adoption of a resolution levying a Sales Tax subject to this Ordinance, the County will, ~~for subsequent fiscal years,~~ cease levying the Road Repair Property Tax as of the Fiscal Year that commences after Sales Tax collections begins.

Section 6. Funding for Programs and Services that Improve Financial Stability and Health of Low-income Households

After adoption of a resolution levying a Sales Tax subject to this Ordinance, and for the first year the Sales Tax is levied, the County shall, subject to budgeting and appropriation laws, budget an additional \$3,000,000 for programs and services that have the purpose of improving the financial stability and health of low-income households. Eligible programs and services include, but are not limited to, employment and job training, financial counseling, affordable housing, food and housing assistance, preventive health services, and improving awareness of existing benefits and services via benefit eligibility screenings. As the designated Local Workforce Development Agency for the geographic area of Pima County, the County will place a strong emphasis on employment and job training to increase employee incomes, with a focus on (1) the underemployed; (2) displaced employees; (3) career ladder for wage growth; (4) vocational educational opportunities including construction, aerospace and automotive trades, and medical fields.

For the remainder of the 10 year period for which the Sales Tax is levied, the Commission for Economic Diversity and Prosperity shall make recommendations to the Board of Supervisors regarding the funding amount to be budgeted for these eligible programs in order to maintain and increase the availability of these services. It is the current intent of the Board to increase funding for this purpose by an additional \$500,000 each year the sales tax is in effect, subject to annual budget appropriation by the Board and Board consideration of Commission funding recommendations. Funding will be allocated from the County's General Fund and not from the Sales Tax revenues.

Section 7. Commission for Economic Diversity and Prosperity

A. After adoption of a resolution levying a Sales Tax subject to this Ordinance, a Commission for Economic Diversity and Prosperity will be formed. The Commission will have a total of 13 members, appointed as follows:

5 members, 1 appointed by each member of the Board of Supervisors

1 member appointed by the County Administrator

7 members from organizations representing or providing services to low-income families and the elderly, to include:

- (1) member from an organization focused on food security
- (1) member from an the designated Area Agency on Aging
- (1) member appointed by Pima County's Housing Commission
- (1) member appointed by Pima County's Board of Health
- (1) member from an organization focused on women's economic and social empowerment
- (1) member from an organization that provides job training and employment services to individuals with economic, physical or emotional barriers
- (1) member from a non-profit organization or individual that provides personal financial counseling services

B. The Commission members will serve a term of six years. The Commission will be decommissioned when the Sales Tax stops being collected.

C. The Commission will:

1. Develop a Plan, for approval by the Board of Supervisors, for allocating funding to eligible programs, including how to work with the existing Pima County Outside Agency Commission to increase the availability and effectiveness of eligible programs. The Plan should include metrics to measure the effectiveness of this spending.
2. Make recommendations annually to the Board of Supervisors for the funding amount to be budgeted for the eligible programs; except that the amount for the first year that the Sales Tax is collected will not be less than the baseline plus the \$3,000,000 set forth in Section 6 above.
3. Annually review the effectiveness of the funded programs and make recommendations to the Board of Supervisors for allocating available funding, consistent with the Plan.

PASSED, ADOPTED AND APPROVED by the Pima County Board of Supervisors this ____ day of _____, 2018.

Richard Elias
Chairman, Pima County Board of Supervisors

ATTEST:

Julie Castañeda
Clerk of the Board

APPROVED AS TO FORM:

Deputy Pima County Attorney