



# PIMA COUNTY

## **2018 Regional Road Repair Bonds Update**

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Presentation to Pima County Transportation Advisory Committee

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## Topics for Today

- Proposition 463 Overview
- Distribution of Bond Proceeds
- Managing Bond Sales
- Qualifying Road Repairs
- Pima County Road Repair Goal
- Annual Road Selection
- Reporting and Auditing
- Key Points Summary

## **Proposition 463: Regional Road Reconstruction, Preservation and Repair**

- November 6, 2018 Bond Election to authorize \$430 million in General Obligation bonds to fund reconstruction, preservation and repair of roads throughout Pima County and within its incorporated cities and towns.
- All other attempts at securing sufficient road maintenance funding have failed (federal, state and local gas tax increase; Regional Transportation Authority legislative fix; County Sales Tax, etc.).
- Pima County will share the proceeds from the sale of voter-authorized bonds with its municipalities.

# Table 1

## Distribution of Bond Proceeds

Jurisdiction	Taxable Net Assessed Valuation <sup>1</sup>	% of Overall County Tax Base	July, 1 2017 Census Population Estimates	% Population	% of Tax Base + % of Population Divided by Two <sup>2</sup>	\$430 million GO Bonds	Distribution Per Jurisdiction <sup>3</sup>
Marana	\$ 645,311,769	7.74%	44,792	4.38%	6.06%	\$ 430,000,000	\$ 26,058,000
Oro Valley	\$ 535,042,025	6.42%	44,350	4.34%	5.38%	\$ 430,000,000	\$ 23,134,000
Sahuarita	\$ 233,877,438	2.81%	29,318	2.87%	2.84%	\$ 430,000,000	\$ 12,212,000
South Tucson	\$ 22,169,911	0.27%	5,643	0.55%	0.41%	\$ 430,000,000	\$ 1,763,000
Tucson	\$ 3,414,161,333	40.97%	535,677	52.38%	46.67%	\$ 430,000,000	\$ 200,681,000
Unincorporated Pima	\$ 3,483,330,430	41.80%	362,989	35.49%	38.64%	\$ 430,000,000	\$ 166,152,000
<b>Total</b>	<b>\$ 8,333,892,906</b>	<b>100.00%</b>	<b>1,022,769</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$ 430,000,000</b>	<b>\$ 430,000,000</b>

<sup>1</sup>Sources: 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.

<sup>2</sup>Rounded to two decimal points

<sup>3</sup>Amount shown does not reflect 1 percent of the bond proceeds that will be retained by the County to cover a proportional share of bond issuance costs, or any additional bond proceeds that may be retained to cover costs that the County may incur establishing roads as county highways as required by State statute.

## Managing Bond Sales

- Bond sales will be constrained to not increase the secondary tax rate above the current \$0.69 per \$100 of taxable net assessed value.
- County is repaying its current bond debt rapidly and can keep the current tax rate; only at 25% of allowable bonding capacity.
- Bonds will be issued with an average payback term of 3.4 years.
- Bond program assumes eight annual bond sales of \$50 million each, and a ninth-year sale of \$30 million.
- Bonds can be issued at a quicker pace if the secondary property tax base grows faster than forecasted, interest rates are favorable, and there is the capacity to repair more roads.

## Qualifying Road Repairs

- Qualifying treatment types are mill and overlay, structural overlay, and reconstruction.
- County will repair or reconstruct County roads in the worst condition using available bond proceeds.
- Approximately 70 percent of the unincorporated road miles are in poor or failed condition.
- The County's share of bond proceeds will be sufficient to repair or reconstruct an estimated 560 miles of the worst roads.

## County Road Repair Goal

- County's goal is to fully repair and preserve all 1,891 miles of paved County-maintained roadways within ten years.
- The \$166 million County allocation, along with an estimated \$78 million in County State-shared transportation revenues (HURF/VLT) will fund a five-year "County Road Repair Plan."
- If other revenue is not identified by the end of year-three, the County Administrator will recommend the Board of Supervisors call another general obligation bond election to fund a second five years of repair.
- Pima County will use County State-shared transportation revenues from Highway User Revenue Funds (HURF) and Transportation Vehicle License Tax (VLT) for future maintenance.

## Annual Road Selection

- Each jurisdiction will develop a recommended “Annual List of Roads” to be repaired with bond revenues.
- The recommended lists will be reviewed by the Transportation Advisory Committee, who will make a recommendation to the Board of Supervisors.
- The Board of Supervisors will approve an Annual List of Roads.
- Road repair work will be competitively bid and awarded.
- Jurisdictions will be responsible for managing their projects through Intergovernmental Agreements with the County.

## Reporting and Auditing

- County will track and report bond revenue and expenditures in County financial statements that are audited annually by the Arizona Auditor General's Office.
- County Administrator will prepare semi-annual reports on implementation for transmittal to the Transportation Advisory Committee, Bond Advisory Committee and Board of Supervisors.
- County will report updated road conditions to PAG, in a uniform format, and PAG will maintain a database of regional road conditions.

## Summary of Key Points

- Per the ballot language, the bonds can ONLY be spent on reconstruction, preservation and repair of existing public roads.
- Bonds will be repaid with NO increase in the secondary property tax rate.
- Two citizen advisory committees and annual audits by the Arizona Auditor General's office will ensure bonds are spent as stated.

# Questions

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