

PURSUANT TO A.R.S. §38-431.01, THE GILA COUNTY BOARD OF SUPERVISORS WILL HOLD AN OPEN MEETING IN THE SUPERVISORS' HEARING ROOM, 1400 EAST ASH STREET, GLOBE, ARIZONA. ONE OR MORE BOARD MEMBERS MAY PARTICIPATE IN THE MEETING BY TELEPHONE CONFERENCE CALL OR BY INTERACTIVE TELEVISION VIDEO (ITV). **ANY MEMBER OF THE PUBLIC IS WELCOME TO ATTEND THE MEETING VIA ITV WHICH IS HELD AT 610 E. HIGHWAY 260, BOARD OF SUPERVISORS' CONFERENCE ROOM, PAYSON, ARIZONA.** THE AGENDA IS AS FOLLOWS:

WORK SESSION - TUESDAY, APRIL 30, 2019 - 10:00 A.M.

1. **CALL TO ORDER - PLEDGE OF ALLEGIANCE**
2. **REGULAR AGENDA ITEMS:**
 - A. Information/Discussion of Gila County's current sources of revenue for road maintenance. **(Homero Vela)**
3. **CALL TO THE PUBLIC:** A call to the public is held for public benefit to allow individuals to address the Board of Supervisors on any issue within the jurisdiction of the Board of Supervisors. Board members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to Arizona Revised Statute §38-431.01(H), at the conclusion of an open call to the public, individual members of the Board of Supervisors may respond to criticism made by those who have addressed the Board, may ask staff to review a matter or may ask that a matter be put on a future agenda for further discussion and decision at a future date.
4. At any time during this meeting pursuant to A.R.S. §38-431.02(K), members of the Board of Supervisors and the County Manager may present a brief summary of current events. No action may be taken on information presented.

IF SPECIAL ACCOMMODATIONS ARE NEEDED, PLEASE CONTACT THE RECEPTIONIST AT (928) 425-3231 AS EARLY AS POSSIBLE TO ARRANGE THE ACCOMMODATIONS. FOR TTY, PLEASE DIAL 7-1-1 TO REACH THE ARIZONA RELAY SERVICE AND ASK THE OPERATOR TO CONNECT YOU TO (928) 425-3231.

THE BOARD MAY VOTE TO HOLD AN EXECUTIVE SESSION FOR THE PURPOSE OF OBTAINING LEGAL ADVICE FROM THE BOARD'S ATTORNEY ON ANY MATTER LISTED ON THE AGENDA PURSUANT TO A.R.S. §38-431.03(A)(3).

THE ORDER OR DELETION OF ANY ITEM ON THIS AGENDA IS SUBJECT TO MODIFICATION AT THE MEETING.

ARF-5435

2. A.

Work Session

Meeting Date: 04/30/2019

Submitted For: Homero Vela, Assistant County Manager

Submitted By: Shannon Boyer, Executive Administrative Asst.

Department: Public Works

Information

Request/Subject

Presentation and discussion regarding HURF(Highway User Revenue Funds), Vehicle License Tax (VLT), Half-Cent Transportation Excise Tax revenues, and the associated funding formulas as well as expenditures trends associated with road maintenance.

Background Information

In recent years revenues streams that support road maintenance have shown modest increases. But in the long term, since 2008, the annual total for the three sources of funding for road maintenance has decreased 19%. At the same time labor cost and material cost have increased. The objective of this presentation is to review the funding distribution formulas and offer a perspective of the revenue streams trends and the road maintenance expenditure requirements.

Evaluation

The County has three sources of funding for road maintenance: HURF, VLT, and Half-Cent Transportation Excise Tax. Starting in 2009, the state legislators diverted HURF funds to the Department of Public Safety (DPS). As much as \$200 million in 2012, and \$100 million as recently as 2018, have been diverted away from road maintenance on a state-wide basis. Even though fund diversion was diminished to \$15.5 million in the current fiscal year, the current HURF funding for Gila County is only at 2008 levels.

Between 1995 and 2014, Gila County received 100% of the revenues generated by the Half-Cent Transportation Excise Tax. The excise tax was extended in 2015 and since then the funds are distributed to six towns and Gila County. Gila County receives approximately 50% of the funds generated by the Half-Cent Transportation Excise Tax.

VLT funding has decreased 1% since 2008, versus a cumulative inflation

rate for the same time period exceeding 20%.

The 2014 Gila County Transportation Study funded by Planning Assistance for Rural Counties (PARA) and a recent independent assessment by the Arizona Association of County Engineers (AACE Feb 2018 draft) compared revenues versus required expenditures and determined that Gila County had a multi-million dollar annual revenue shortfall.

Conclusion

Recently the County Supervisors Association of Arizona (CSA) recommended to the state legislators a phased-in increase on motor fuel and use fuel taxes indexed to inflation, but the legislation failed to pass. Given that fact, the County has limited abilities to change the revenue stream our focus should be on the expenditure side.

Recommendation

The Public Works team recommends that the Board of Supervisors offer input, commitment and support to the Public Works team to review all aspects of the County's current processes to make sure we are utilizing our funding in the most efficient manner possible.

Suggested Motion

Information/Discussion of Gila County's current sources of revenue for road maintenance. **(Homero Vela)**

Attachments

Gila County - Consolidated Roads Presentation

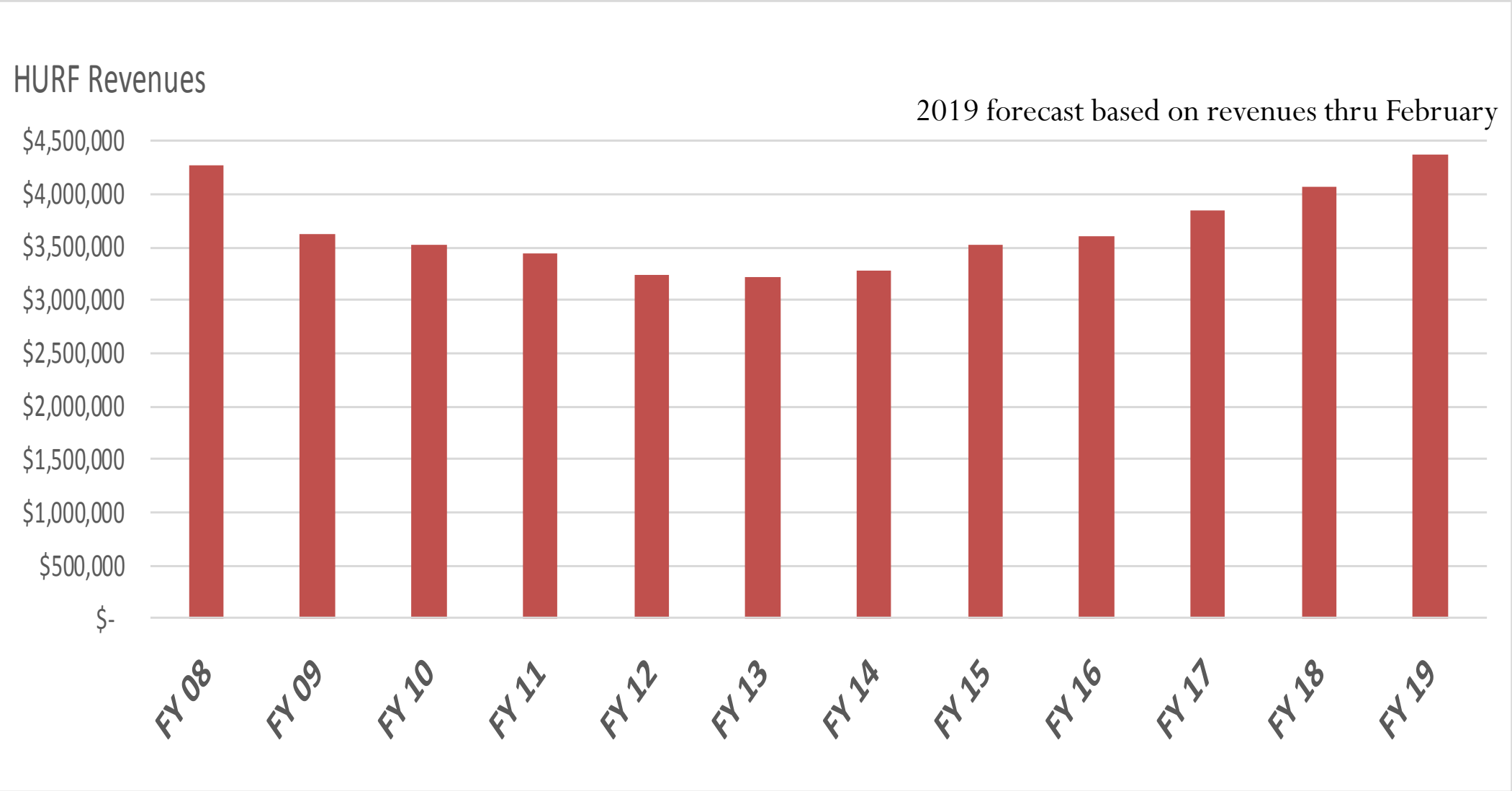


Gila County Consolidated Roads



April 30, 2019

Gila County HURF Revenues since 2008



HURF Formula

$$\text{Hurff Factor} = 0.72 * \left(\frac{\text{Gila Diesel} + \text{Gila Gasoline}}{\text{State Diesel} + \text{State Gasoline}} \right) + 0.28 * \left(\frac{\text{Gila Population}}{\text{State Population}} \right)$$

$$\text{Gila Diesel} = \text{State Diesel} * \left(\frac{0.7 * \left(\frac{\text{Gila Roads}}{\text{State Road}} \right) + 0.3 * \left(\frac{\text{Gila Population}}{\text{State Population}} \right) + 1985 \text{ Fuel Factor}}{2} \right)$$

The HURF formula distributes revenue based on fuel sales, population and road mileage and each contribute in the following manner for Gila County:

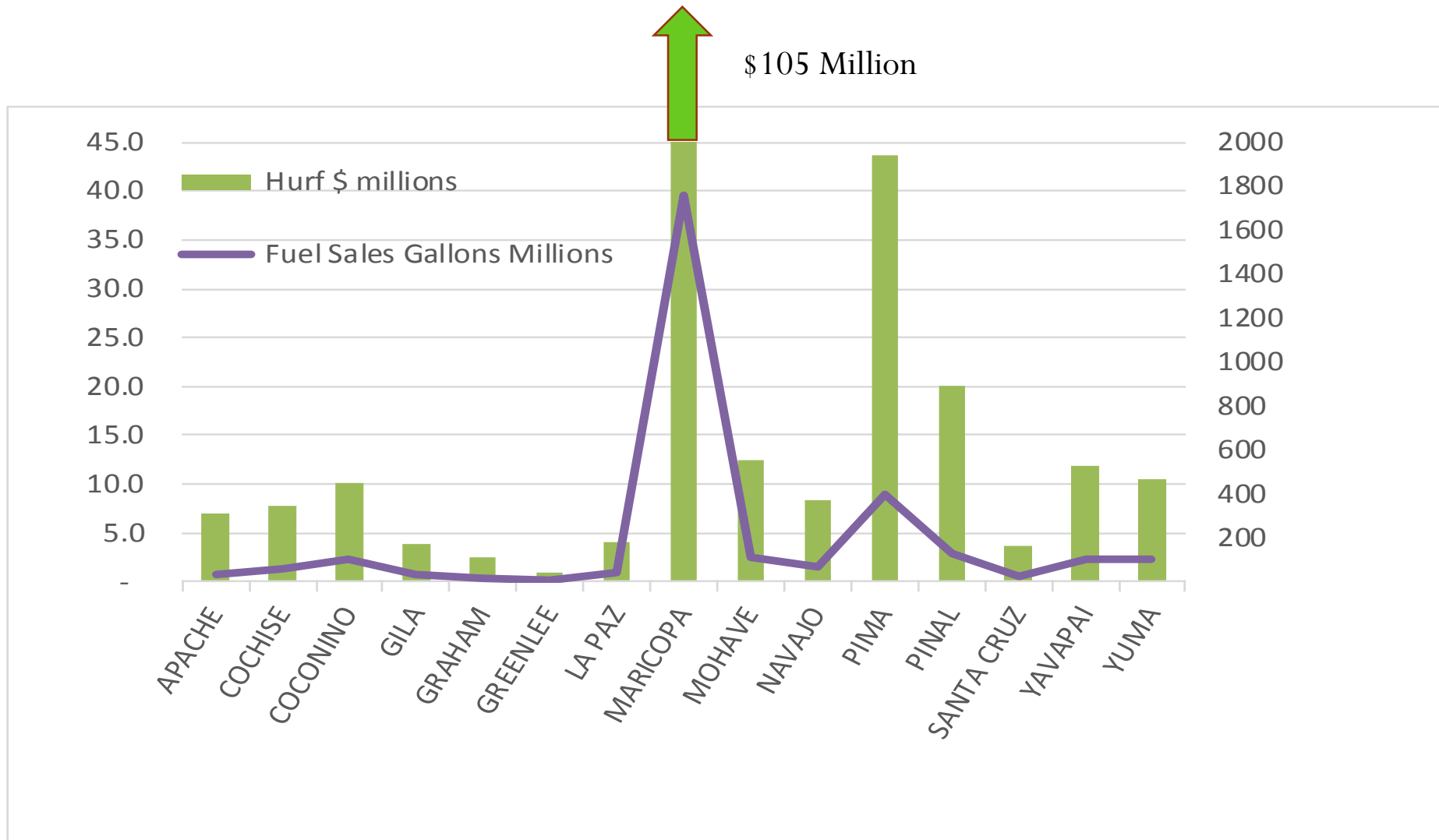
Population Contribution – 38%

Fuel Sales/Fuel Factor Contribution 49%

Road Mileage Contribution 13%

Public Works Work Session

HURF Distribution vs Fuel Sales



Unincorporated Population for AZ counties

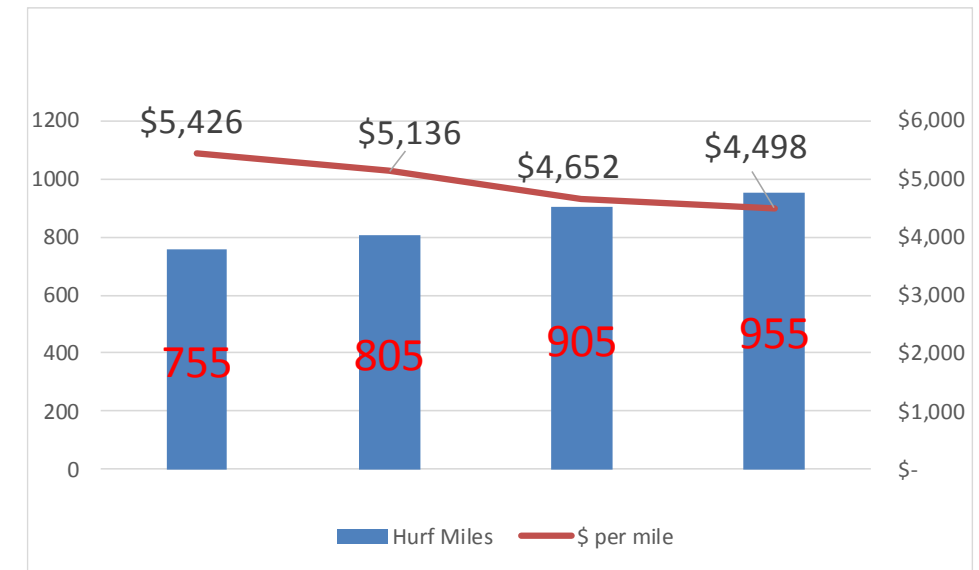
	2008	2009		2016	2017	2018	10 year change
Apache	64,657	65,146	...	61,755	62,242	62,746	-3.0%
Cochise	55,583	56,336	...	50,705	50,937	51,427	-7.5%
Coconino	55,996	56,111	...	55,223	55,328	53,063	-5.2%
Gila	26,916	27,046	...	26,012	26,266	26,253	-2.5%
Graham	20,410	20,753	...	21,239	20,595	20,469	0.3%
Greenlee	5,079	5,489	...	5,198	5,373	5,184	2.1%
La Paz	14,457	14,467	...	14,279	14,515	14,664	1.4%
Maricopa	249,709	254,069	...	297,383	303,286	306,580	22.8%
mohave	75,171	76,381	...	78,135	79,968	81,042	7.8%
Navajo	72,274	71,876	...	69,888	70,518	71,376	-1.2%
Pima	360,365	364,107	...	361,654	363,857	362,047	0.5%
Pinal	160,437	170,028	...	210,933	219,026	220,823	37.6%
Santa Cruz	24,235	24,828	...	27,660	28,199	28,717	18.5%
Yavapai	89,841	92,188	...	86,748	88,006	88,969	-1.0%
Yuma	69,246	69,660	...	64,018	64,465	64,893	-6.3%
Total	1,344,376	1,368,485		1,430,830	1,452,581	1,458,253	8.5%

What if we add more road miles to our road inventory?

HURF \$ for Each Additional Mile



Total HURF \$ per Mile



Approximately \$750 additional dollar per year per additional mile

Based on annualized Feb 2019 HURF Revenues

Example where we add miles, population and fuel sales - New Subdivision

- Add 10 Miles of roads
- 500 homes – 1000 new residents
- 20,000 additional gallon of gasoline sales
- No additional diesel fuel

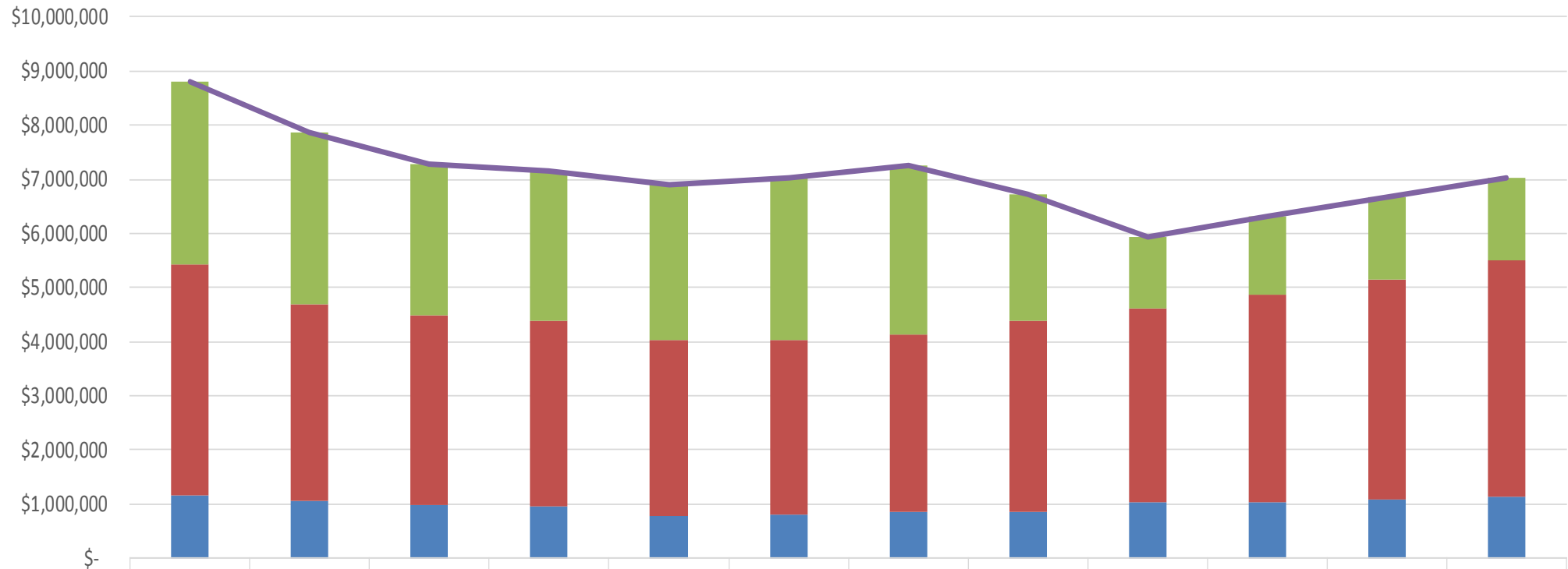
$$\text{Hurf Factor} = 0.72 * \left(\frac{\text{Gila Diesel} + \text{Gila Gasoline}}{\text{State Diesel} + \text{State Gasoline}} \right) + 0.28 * \left(\frac{\text{Gila Population}}{\text{State Population}} \right)$$

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Each mile - with the additional fuel sales and population growth -
will provide \$8,122 additional dollars

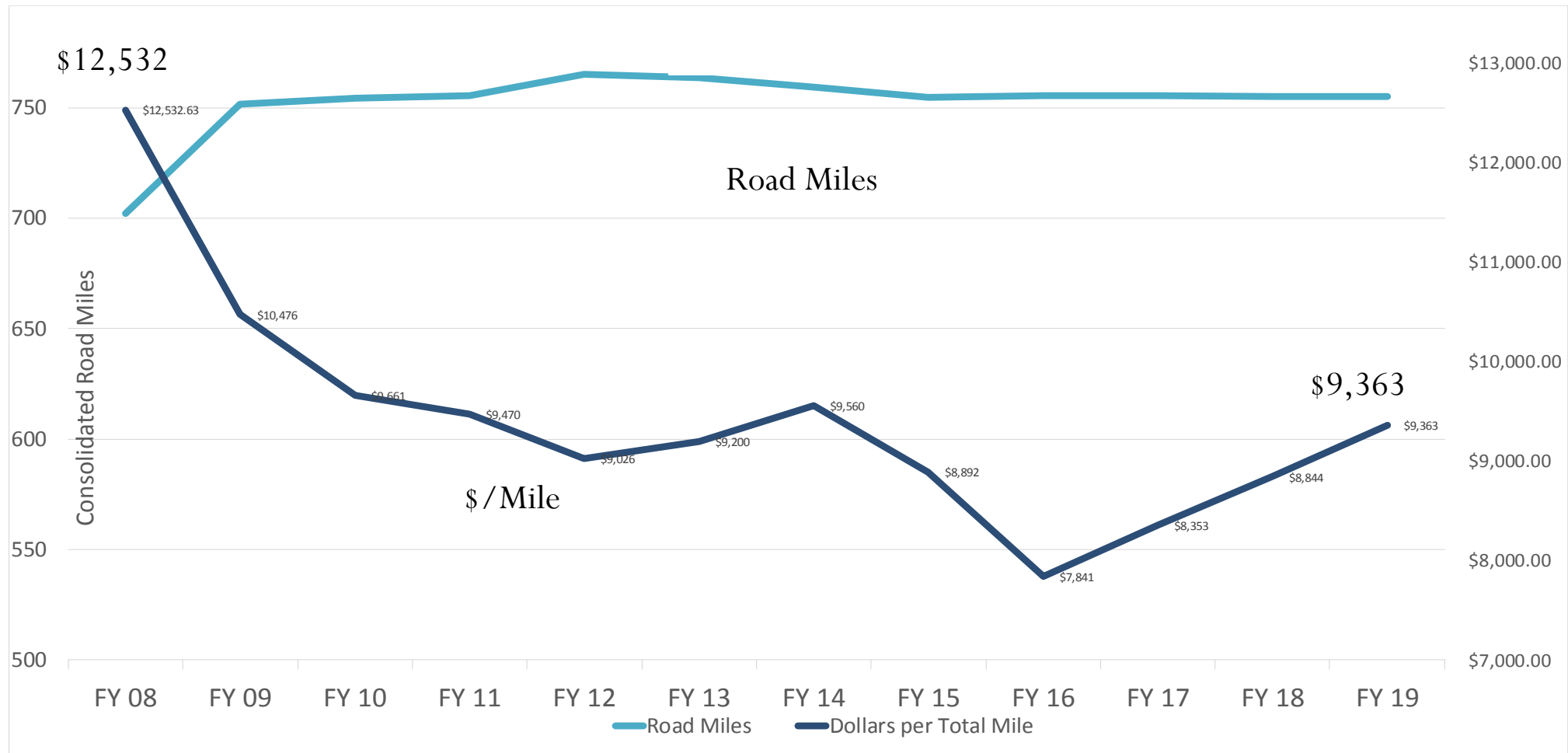
Total HURF, VLT and Excise Tax

Total Revenues decline **20%** in 12 years



Excise	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
HURF	\$3,381,490	\$3,190,026	\$2,799,473	\$2,766,830	\$2,879,485	\$3,005,463	\$3,131,228	\$2,327,096	\$1,302,647	\$1,430,573	\$1,523,167	\$1,518,419
VLT	\$4,271,689	\$3,630,660	\$3,513,215	\$3,443,604	\$3,247,690	\$3,217,028	\$3,278,539	\$3,529,256	\$3,596,979	\$3,853,807	\$4,066,714	\$4,375,017
Total Revenues	\$1,148,052	\$1,054,063	\$974,673	\$944,443	\$778,634	\$802,515	\$848,905	\$854,541	\$1,023,262	\$1,024,867	\$1,086,990	\$1,125,700
	\$8,801,231	\$7,874,748	\$7,287,361	\$7,154,877	\$6,905,808	\$7,025,007	\$7,258,673	\$6,710,893	\$5,922,888	\$6,309,247	\$6,676,871	\$7,019,136

Road Maintenance Dollars per Mile – Gila County



Primary Transportation Funding Sources

Counties primarily rely on funding from:

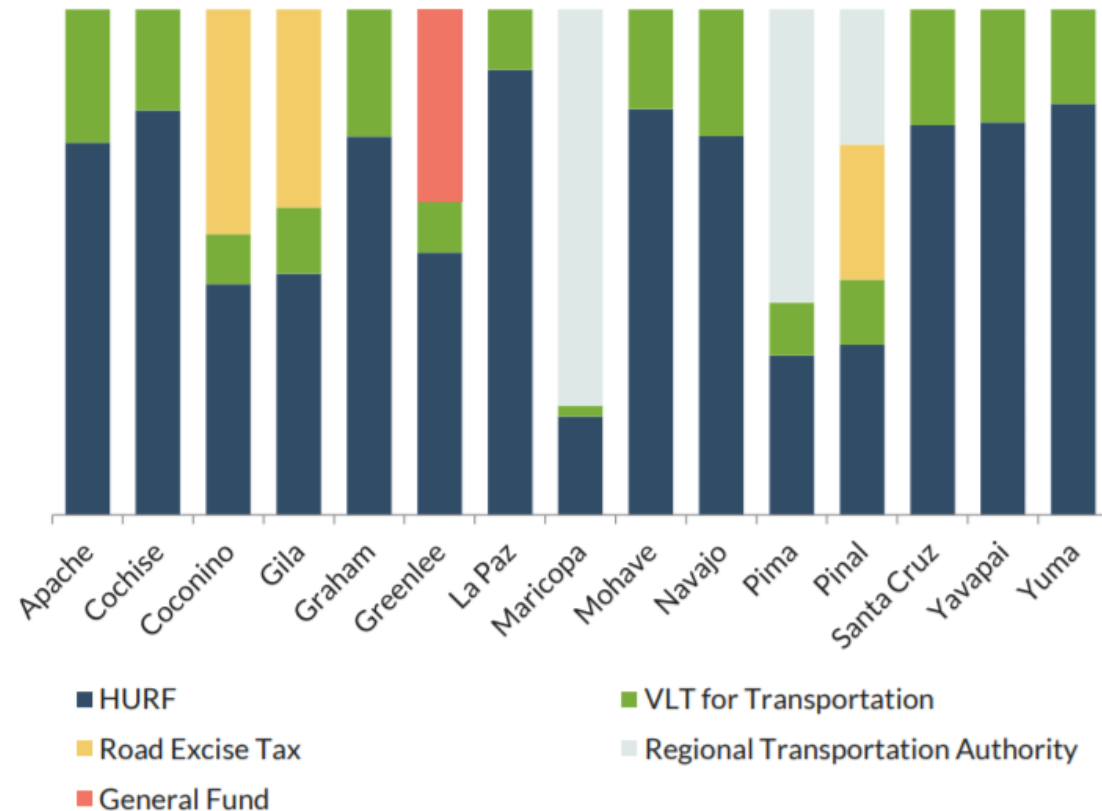
- Highway User Revenue Fund
- Vehicle License Tax

Counties with a population under 400,000 can adopt – with voter approval – a sales tax for roads, that is spent directly by the county.

In all counties voters can approve a regional transportation plan – funded by a sales tax – that is administered by a regional transportation authority.



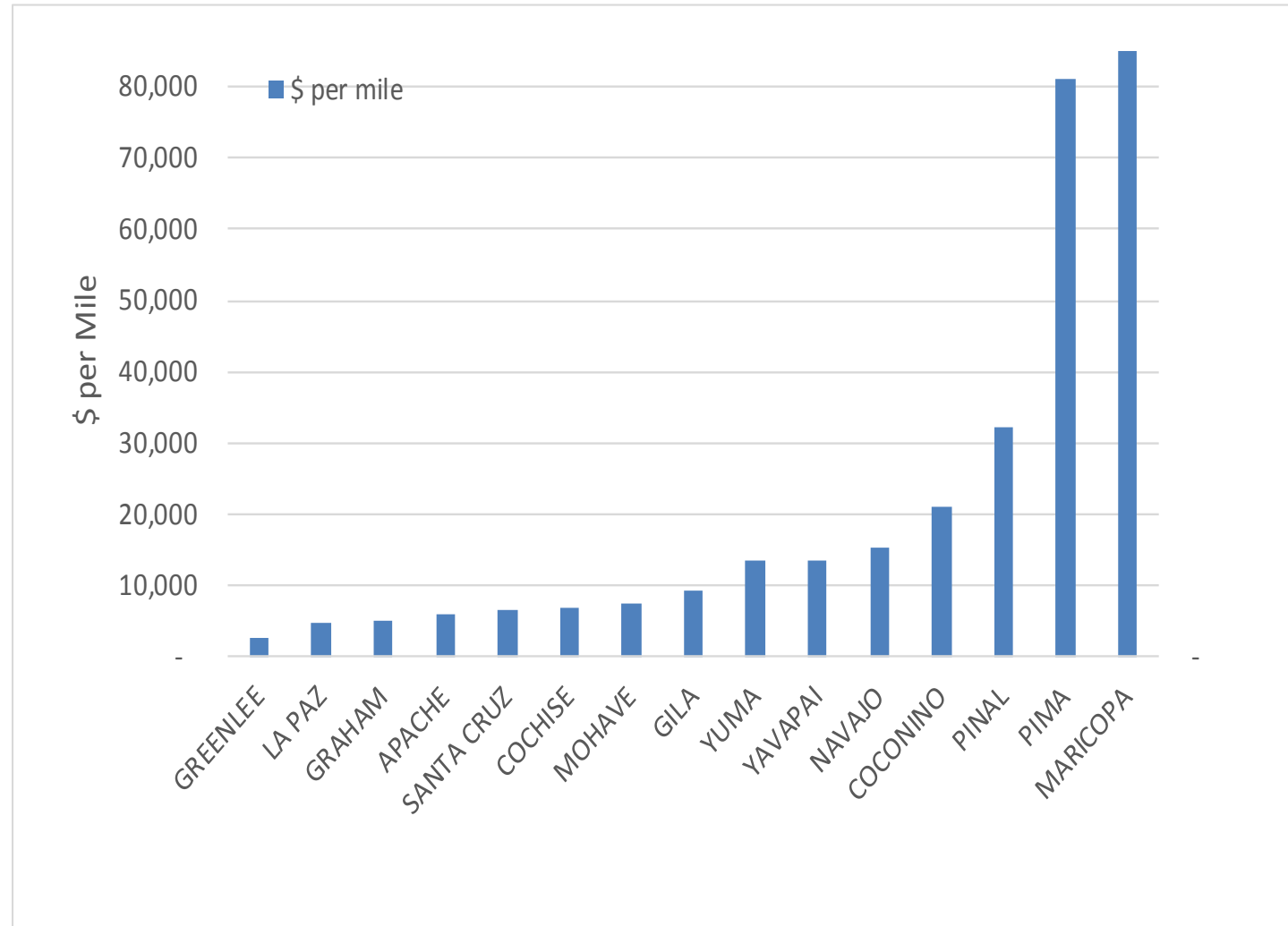
Proportion of funding to the major regional spending on transportation by counties or by regional transportation authorities.



Source CSA Encyclopedia

Road Maintenance Revenues – Dollar per Miles for Arizona Counties (2017 data)

	\$ per mile
GREENLEE	2,546
LA PAZ	4,591
GRAHAM	5,085
APACHE	5,893
SANTA CRUZ	6,525
COCHISE	6,899
MOHAVE	7,315
GILA	9,150
YUMA	13,538
YAVAPAI	13,595
NAVAJO	15,214
COCONINO	21,097
PINAL	32,148
PIMA	81,218
MARICOPA	283,803



Doolittle – Recommendations – Policy and Structure

1. Adopt a dirt road grading maintenance policy – that uses a tiered approach that is traffic count based, i.e. where more heavily traveled roads are graded more often.
2. Written annual road maintenance schedule that includes seasonal activities per Regional Road Yard. A specific schedule should be prepared for activities to be conducted within the next 60 days.
3. County should not fill any vacancies until justification on impact of road maintenance activities. If vacancies not filled unused budget should be applied to pavement preservation.
7. BOS should determine minimum amount to be maintained in unreserved fund balance and use excess for pavement preservation.
8. Aggressively use excise tax fund balance for pavement preservation
9. Recommendation to Contract based on:
 - In house expertise depleted, quality of work is difficult to insure given short duration of activity, other organizations contract for pavement preservation

Kimley Horn Transportation Study Recommendations

➤ Roadway needs

- New pavement – Control Road and Young Road
- New bridges – Oak Creek and Tonto Creek, plus rehabilitate others

➤ Safety Needs

- Driver Education and coordination of crash data
- Road Safety Assessments:
 - Broadway and El Camino
 - Young Road
 - Russell Road
 - Houston Mesa Road
- Multimodal Transportation - Bicycle Lanes and Sidewalks
- Finance Needs -
- Pavement Management Needs – Chip Seal, Mill and Replace, and Reconstruct

Pavement Maintenance Requirements, 2015-2024, Kimley Horn

Total	Mileage	Matl	Labor & Matl	L+M+Soft Costs	Cost per Mile
Chip Seal	59	\$ 822,137	\$ 1,233,196	\$ 2,158,102	\$ 36,467
Resurface	49	\$ 7,845,552	\$ 11,768,328	\$ 20,594,574	\$ 417,486
All	109	\$ 8,667,689	\$ 13,001,524	\$ 22,752,676	

Average annual Cost to maintain our paved roads - \$2.3 million

Timber	Mileage	L+M+Soft Costs
Chip Seal	33	\$ 1,191,750
Resurface	17	\$ 6,902,280
All	49	\$ 8,094,030

Copper	Mileage	L+M+Soft Costs
Chip Seal	26	\$ 966,352
Resurface	33	\$ 13,692,294
All	59	\$ 14,658,646

Old Highway 188 - Crack Seal Feb 2019



Material Cost

# of Blocks	95
Cost per Block	12
Material Cost	\$ 1,140

Labor Cost

Employees	5
Hours worked	200
Labor Cost	\$ 5,152

Equipment Cost

	Hours	FEMA Rate	Cost
One ton truck	40	\$17.65	\$ 706
1/2 ton truck	40	\$20.80	\$ 832
Crack Seal Machine	40	\$14.15	\$ 566
Total Equipment Cost			\$ 2,104

Total cost for 0.8 mile **\$ 8,396**

Typical cost and average per mile

Street	Length	Material Cost	Employee	Equipment	Total	Cost Per Mile
Six Shooter	11,986	\$ 9,100	\$ 55,996	\$ 3,682	\$ 68,778	\$ 30,299
Kellner Canyon	11,035	\$ 2,940	\$ 27,892	\$ 1,841	\$ 32,673	\$ 14,784
Old Highway 180	4,224	\$ 1,140	\$ 5,152	\$ 2,104	\$ 8,396	\$ 10,495
Average						\$ 18,526

Chip Seal Cost - \$40,000/mile

	Cost per sq yd	Sq Yd/mile 24 wide	\$ per Road Mile
Copper Region 2017	2.04	14,080	\$ 28,780
Timber Region 2017	2.16	14,080	\$ 30,455
Traditional Chips	2.68	14,080	\$ 37,734
1/2 Poly Chips	3.52	14,080	\$ 49,562
		Average	\$ 36,633

Kimley Horn 2014

\$ 36,467

Recent Pavement Replacement, 4.8 miles - Averaging \$420,000 per mile

Date	Area	Scope	Engineering	Contractor	Contract	Total Cost	Length of Project	Cost per mile
2016	Colcord Road	Placement of Asfalt only	In House	Intermountain West	\$246,471.00	\$ 333,334	6336	\$ 277,778
		Asphalt paid for by County			\$86,863.00			
2016	Houston Mesa Road	IGA Town of Payson Paving	N/A	T&T	\$ 201,363	\$ 201,363	2,140	\$ 496,821
2016	Mesa-Del	Paving Various Roads	In House	Alliance Streetworks	\$ 149,974	\$ 149,974	2,270	\$ 348,838
2017	Mesa-Del Toyo Vista Rd	Remove and Replace Asphalt	In House	Mangum Civil Constructors	\$ 181,500	\$ 181,500	4,000	\$ 239,579
2018	Baker Ranch Rd	Pulverize and Add AB, geomat & Pave	\$ 62,185	J-4	\$483,532.00	\$ 545,717	5827	\$ 494,489
2018	Gisela	Pulverize and Repalce aggregate base and asphaltic concrete	\$ 40,810	AZ Western	\$ 309,056	\$ 349,866	3550	\$ 520,364
2018	Various Claypool Streets (7)	Mill 4 inches and pave 4 inches in 2 inch lifts		Sunland	\$ 138,239	\$ 138,239	1298	\$ 562,545

Annual Pavement Preservation Costs Based on Recommended Intervals

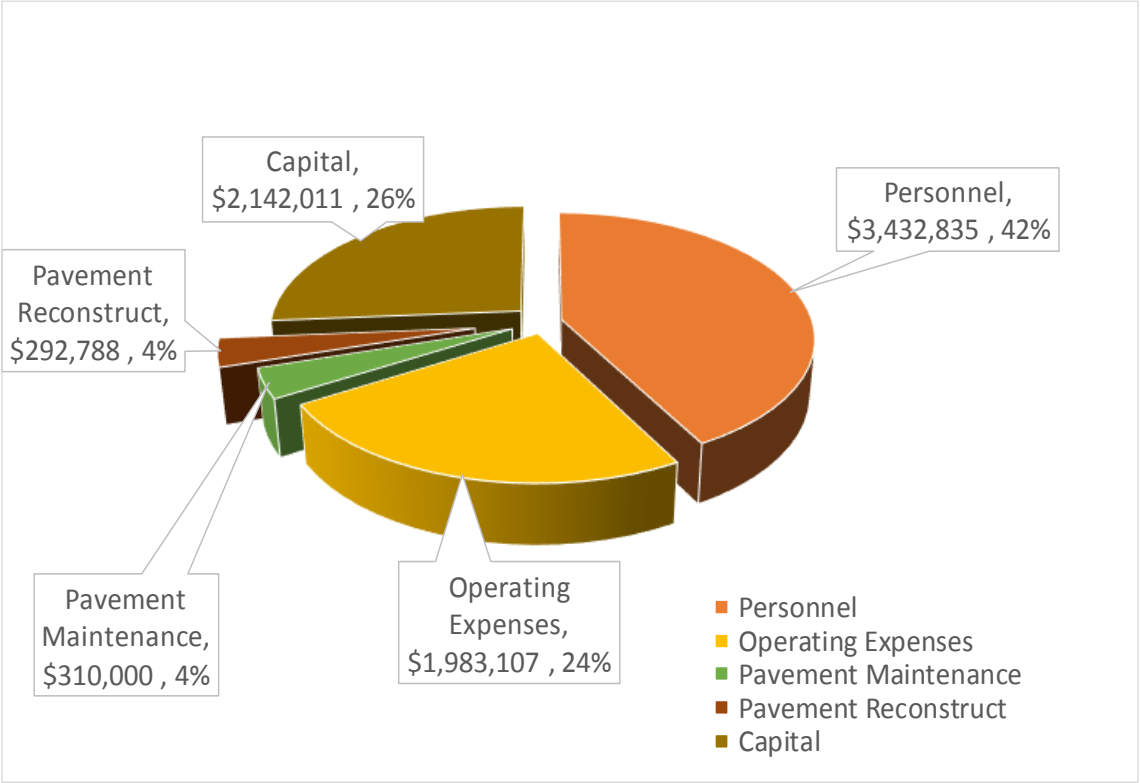
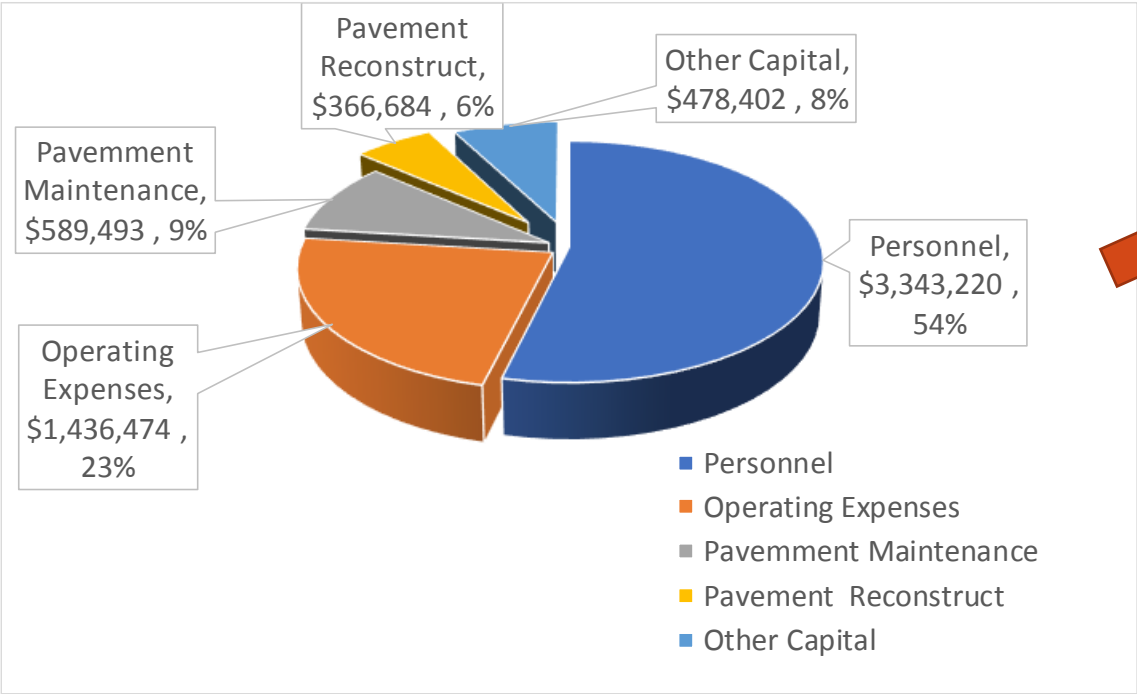
Preventive Maintenance Activity	Recommended Intervals	Cost per Mile	Miles per Year based on interval	Cost per Year
Asphalt Crack Sealing	5	\$ 4,000	34	\$ 136,800
Asphalt Patching	As needed	\$56/sq yd	5000 sq yd	\$ 280,000
Chip Seal	10	\$ 40,000	17	\$ 684,000
			Subtotal	\$ 1,100,800

Pavement Restoration (Capital)	Recommended Intervals	Cost per Mile	Miles per Year based on intervals	Cost per Year
Resurface	30 years	\$ 400,000	5.7	\$ 2,280,000
			Subtotal	\$ 2,280,000

Annual Pavement Preservation Cost \$3,380,800

Expenditure Trends

- 2016 - 2019 Expenditure Levels



Question, comments, dialogue, direction...

Thank you!