

FINAL RESOLUTION

A twenty-five person Citizen Transportation Advisory Committee was convened to learn about and provide input regarding the financial challenges faced by Coconino County in its provision of road maintenance services. Based on the information provided, the Committee was charged with developing a recommendation to the County Manager. The Citizen Transportation Advisory Committee hereby concludes that:

Whereas well maintained roads are essential to a vibrant economy, job creation and retention, tourism, daily living activities, public safety and the quality of life of Coconino County residents; and

Whereas Coconino County employers and residents value road maintenance and snow removal services because it allows employees to get to their work places and students to school safely; and

Whereas in a 2010 County Citizen Survey, road services were rated as 'Highly Valuable' by Coconino County residents; and

Whereas Coconino County maintains 930 miles of roads valued at nearly \$100 million. This road system is the County's largest taxpayer asset, and therefore should be properly maintained to sustain its long-term use and value to the county's economy; and

Whereas over 25% of the paved roads maintained by Coconino County are in severe or poor condition and the County, with current revenues, is only able to invest one fourth the amount industry standards require; and

Whereas for Coconino County to maintain road maintenance services within current revenues requires a 45% reduction in road maintenance services, which will cause a drastic reduction in snow removal and other road-related services. As a result, travel safety may be impacted, commute times will be increased in many areas and costs associated with vehicle repairs will increase; and

Whereas road maintenance costs exceed revenues resulting in a growing deficit; and

Whereas this ongoing cost vs. revenue deficit is projected to worsen in the future due to 1) a decrease in revenue resulting from mandated automotive fuel efficiencies (less tax collected) and, 2) an increase in road maintenance costs resulting from increasing miles driven (more wear and tear on roads); and

Whereas decreasing road maintenance funding is a national, state and local issue due in large part to federal and state gas tax amounts per gallon remaining unchanged for more than 20 years; and

Whereas Coconino County transportation revenue used for road maintenance and capital investments are currently at the same level as 15 years ago (1998) and are declining due to:

- A flat gas tax amount (18.4¢ Federal and 18¢ State per gallon), which is not adjusted for inflation and has not been increased for more than 20 years,
- The State of Arizona shifting \$5.9 million in Coconino County allocated gas tax revenues to fund other state services, including the Department of Public Safety and the Motor Vehicle Division, and
- Coconino County is not receiving any reimbursement from the federal government for maintaining U.S. Forest Service roads and the source of federal funding used historically to fund about ½ of the Forest Service road maintenance has not been reauthorized by Congress; and

Whereas the Coconino County Public Works Department has deployed the following conservative financial strategies to manage its deficit by:

- Holding 29% of staff positions vacant,
- Reducing the costs associated with snow removal services through efficiencies and cutting back on some services,
- Deferring equipment replacement and extending the life of equipment beyond normal expectations,
- Negotiating a new contract with the Bureau of Indian Affairs (BIA) that covers all direct costs of servicing BIA roads,
- Depleting reserves to compensate for reduced revenues and rising costs despite conservative budgeting, and
- Deferring needed capital projects; and

Whereas the Citizen Transportation Advisory Committee recognizes that the only legal authority remaining to increase revenues to adequately maintain County roads is a County Transportation Sales Tax; and

Whereas the Citizen Transportation Advisory Committee has considered various revenue options and understands that the revenues from a ½ of a cent county transportation sales tax (the maximum rate permitted by state law) will be sufficient to provide only an interim solution to the County's transportation funding challenges; and

Whereas a 2013 independent survey reports that 55% of likely county voters support raising revenue through a sales tax to maintain current road maintenance levels.

Therefore, Be it Resolved,

The Citizen Transportation Advisory Committee recommends to the Coconino County Manager that the Board of Supervisors refer to the ballot an initiative to establish up to a ½ cent County transportation sales tax for a period of no less than 10 years.

Based on the Citizen Transportation Advisory Committee's information and deliberations, we make the following additional recommendations and share some additional facts:

- If the Board of Supervisors elects to refer a transportation sales tax initiative to the voters, then Coconino County should launch a public education effort that clearly

articulates that current levels of road maintenance services cannot be sustained without additional funding.

- The recommended County Transportation Sales Tax would be collected from the County's numerous tourists and visitors as well as residents.
- Coconino County does not have the authority to increase primary property taxes (second lowest property tax rate in Arizona) beyond a very limited amount or increase other existing revenue streams to address the transportation funding shortfall. The disparity in primary property tax collections means, for example, that Yavapai County collects over four times the amount of primary property taxes and thus funds transportation services using its general county sales tax revenue.
- Coconino County has been persistent, and should remain persistent, in pursuing changes to the gas tax rates at the state and federal levels, and with reversing State revenue shifts away from counties. In addition, the County should continue efforts to secure funding from the U.S. Forest Service to fund maintenance of Forest Service roads.
- The Board of Supervisors should identify specific dates when various road maintenance services will be significantly reduced and strictly honor those reductions if additional revenues are not approved by voters.
- Coconino County Public Works is accredited by the American Public Works Association and was the first county in the United States to receive accreditation. Recently APWA re-audited the County's Public Works Operation and approved re-accreditation.
- Although Coconino County recognizes that county residents value multi-modal transportation options, currently there is inadequate funding to expand or adequately maintain what is in existence.
- Coconino County should continue to apply for transportation related grants assuming revenue is available to meet the required grant match.