

Road Repair and Street Safety Initiative

June 17, 2014



ROAD REPAIR AND STREET SAFETY INITIATIVE

Option #1 \$53.3 - \$62.3M 0.245% - 0.286%	Option #2 \$93.3 - \$102.3M 0.370% - 0.412%	Option #3 \$100.2 - \$120.9M 0.402% - 0.497%	Option #4 \$113.2– 133.9M 0.461% - 0.557%
Existing Streets Capital: Repave, Repair and Rebuild			
Existing Utilities Capital: Water, Wastewater and Stormwater			
Partial Enhancements: Sidewalks, ADA, Bike			
	Pavement Preservation	Pavement Preservation	Pavement Preservation
		New Capital: Bike, Ped, Bus	New Capital: Bike, Ped, Bus
			New Capital: Congestion Projects

CRC (Option #4): Sales Tax: \$113.2 M – 0.461%, Property Tax: \$4.4M - \$0.0333, Transportation Extension - \$67.4M – 0.31%

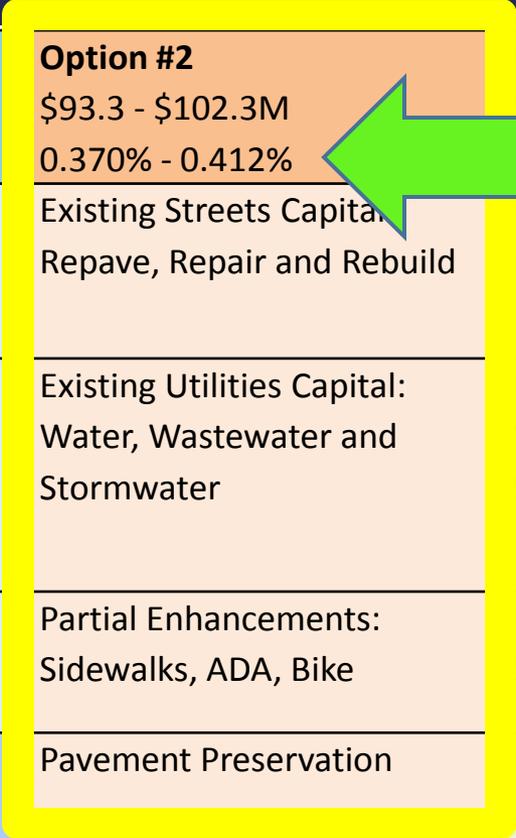
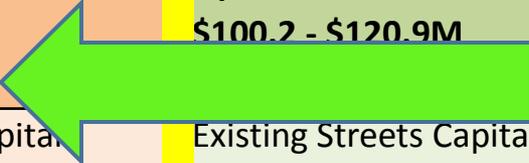
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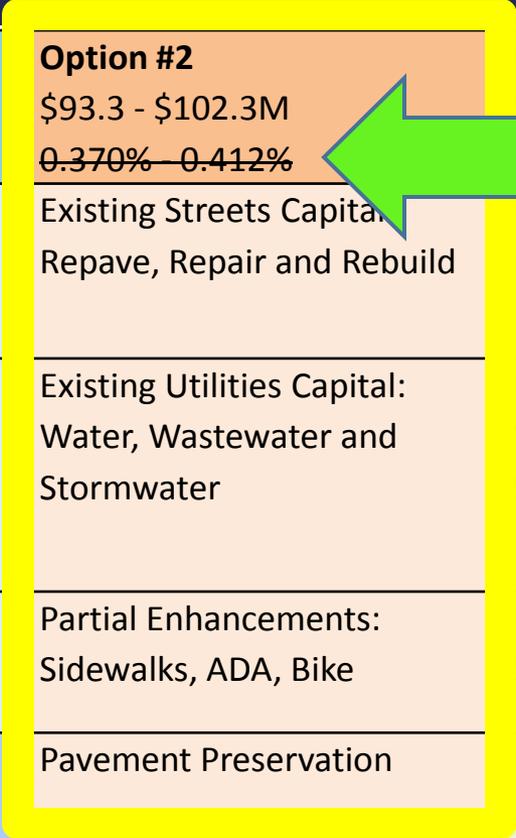
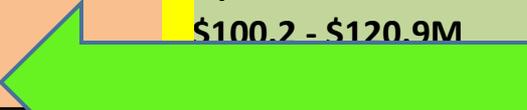
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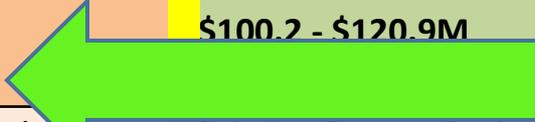
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ROAD REPAIR AND STREET SAFETY INITIATIVE

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ROAD REPAIR AND STREET SAFETY INITIATIVE

Financing – Policy Questions

- 1) Bonding vs. Pay as You Go
- 2) Pay Higher Tax Rate vs. Pay Higher Interest
- 3) Pay Interest Costs vs. Pay Higher Construction Costs



3/10 of a cent
0.30%
\$0.30 on \$100

1/3 of a cent
0.33%
\$0.33 on \$100

Total Revenue

\$ 96,000,000

\$ 106,000,000

Capital – Bond

\$ 28,000,000 (1)

\$ 20,000,000 (1)

**Capital – Pay as you
Go**

\$ 25,000,000 (1)

\$ 33,000,000 (1)

Interest

\$ 13,000,000

\$ 10,000,000

**Annual Pavement
Preservation**

\$ 30,000,000 (2)

\$ 30,000,000 (2)

Additional Available

\$ 13,000,000 (3)

(1)\$53M capital in first 7 years

(2)\$2M/yr additional ongoing preservation year 6-20

(3)\$13M in additional pay as you go at year 8-20

ROAD REPAIR AND STREET SAFETY INITIATIVE

To what extent do you support or oppose each of the following sales tax increases, which would be dedicated to street improvements in Flagstaff?

- A small increase in the sales tax for a longer period of time (20-25 years)
 - Strongly Support (20%)
 - Somewhat Support (42%)
 - Somewhat Oppose (11%)
 - Strongly Oppose (28%)



ROAD REPAIR AND STREET SAFETY INITIATIVE

2013 Community Survey:

To what extent do you support or oppose each of the following sales tax increases, which would be dedicated to street improvements in Flagstaff?

- A larger increase in the sales tax for a shorter period of time (3-5 years)
 - Strongly Support (9%)
 - Somewhat Support (19%)
 - Somewhat Oppose (27%)
 - Strongly Oppose (45%)



ROAD REPAIR AND STREET SAFETY INITIATIVE

2014 Survey of Likely Voters:

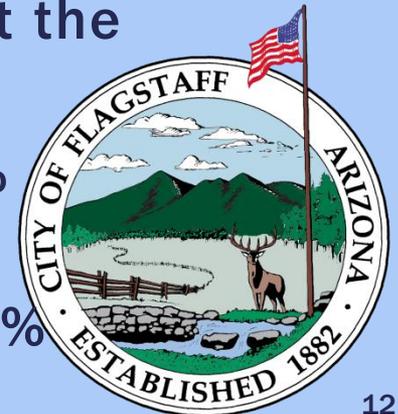
- 1/4 cent City sales tax increase
 - 67% support of City voters
- 1/2 cent City sales tax increase
 - 60% support of City voters
- 1/4 cent City and 1/4 cent County sales tax increase
 - 65% support of City voters
- 1/2 cent City and 1/4 cent County sales tax increase
 - 56% support of City voters



ROAD REPAIR AND STREET SAFETY INITIATIVE

Bonding

- Bonds are a financing tool
- Pay now or pay later
- We don't bond to pay interest we bond to avoid rising costs
- Bonding can help protect public assets
 - Against future constructions costs
 - Against future road deterioration – The worst the condition the more costly the repair
 - In 2014 dollars – road repairs may be 60% higher in 10 years
 - Bonding will increase capital work 19%-25% and total initiative costs 10.4%-15.5%



ROAD REPAIR AND STREET SAFETY INITIATIVE

Financing – Policy Questions

- 1) Bonding vs. Pay as You Go
- 2) Pay Higher Tax Rate vs. Pay Higher Interest
- 3) Pay Interest Costs vs. Pay Higher Construction Costs



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\$ 25,000,000 (1) \$ 33,000,000 (1)

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ROAD REPAIR AND STREET SAFETY INITIATIVE

Sales Tax Rates	
State	5.60%
County	1.125%
City	1.00%
Transportation (including NAIPTA)	0.721%
	Retail: 8.446%
Lodging, Restaurant, Lounge (BBB)	2.00%
	Restaurants and Bars: 10.446%



ROAD REPAIR AND STREET SAFETY INITIATIVE

City	County	Flagstaff Total*
1/3 cent (0.33%)	3/10 cent (0.30%)	8.952%
3/10 cent (0.30%)	3/10 cent (0.30%)	8.922%

* County CPOST 1/8 cent (0.125%) tax expires in 2014



ROAD REPAIR AND STREET SAFETY INITIATIVE

DRAFT BALLOT QUESTION: 0.30% , 3/10 OF A CENT

Shall the City Council have the authority to (A) amend the Tax Code of the City to levy an additional Transaction Privilege Tax (Sales Tax) rate of 0.30% (\$0.0030), such additional tax to be in effect for a period of 20 years commencing January 1, 2015, the proceeds of such additional tax to be used for the purpose of paying costs of improvements to pavement condition and maintenance of streets within the City and, in conjunction with such street improvements, making improvements, as appropriate, for pedestrian safety and to maintain sidewalks, bicycle paths, curbs, gutters and drainage and paying all incidental costs in connection therewith and separately paying costs of issuance and debt service on obligations described in (B) and (B) authorize the issuance of obligations for the purpose of financing costs of such improvements, which obligations will pledge to their payment revenues from such additional Transaction Privilege Tax (Sales Tax), be in one or more series, in an aggregate amount not to exceed \$28,000,000 of principal, run not more than 20 years from the date thereof, and have such other provisions as are approved by City Council?

ROAD REPAIR AND STREET SAFETY INITIATIVE

DRAFT BALLOT QUESTION: 0.33% , 1/3 OF A CENT

Shall the City Council have the authority to (A) amend the Tax Code of the City to levy an additional Transaction Privilege Tax (Sales Tax) rate of 0.33% (\$0.0033), such additional tax to be in effect for a period of 20 years commencing January 1, 2015, the proceeds of such additional tax to be used for the purpose of paying costs of improvements to pavement condition and maintenance of streets within the City and, in conjunction with such street improvements, making improvements, as appropriate, for pedestrian safety and to maintain sidewalks, bicycle paths, curbs, gutters and drainage and paying all incidental costs in connection therewith and separately paying costs of issuance and debt service on obligations described in (B) and (B) authorize the issuance of obligations for the purpose of financing costs of such improvements, which obligations will pledge to their payment revenues from such additional Transaction Privilege Tax (Sales Tax), be in one or more series, in an aggregate amount not to exceed \$20,000,000 of principal, run not more than 20 years from the date thereof, and have such other provisions as are approved by City Council?