

PAVEMENT PRESERVATION HISTORY

The City's streets department has historically been primarily funded with HURF revenues which are gasoline taxes collected and distributed by the State of Arizona. These revenues are split with each county, city and town in Arizona, and the split is based mostly on population. At times, the State has also shared its lottery revenues with cities' and towns' street departments. All revenues collected by the State can be reduced at any time depending on the State's economic condition. That was the case beginning with fiscal year 2003. Since then the State has reduced the sharing of HURF revenues and ultimately eliminated the sharing of lottery revenues.

For several years the City of Kingman's General Fund contributed monies to the streets department. However, once the recession hit, the General Fund could no longer absorb the cost to do so.

With the drop in revenues, street maintenance was eventually put on the back burner so that general street operations could be funded. In an effort to create a dedicated funding source for street maintenance, in late 2011 City Council approved a 1% increase to its restaurant and bar tax to be used solely on street repairs and maintenance. Although this revenue stream put a street maintenance program back in place, the monies received were a fraction of what the program really needed. Over the last 18 years, the City has spent on average \$811,673 per year on pavement preservation.



DEDICATED ½% TPT (TRANSACTION PRIVILEGE TAX)

Because of the lack of street maintenance funding sources over the years, many of the City's streets have experienced significant deterioration. One of the City Council's priorities during FY17 was to identify a funding source to be used solely for the improvement of the City's street conditions. On August 15, 2017 the City Council approved a ½% increase on the City's TPT rate to be dedicated solely to pavement preservation. The new rate went into effect on November 1, 2017. The City began collecting revenues from the TPT increase in January 2018. The new revenue source in FY18 allowed the City to complete the following project that did not have a funding source until the ½% increase was approved:

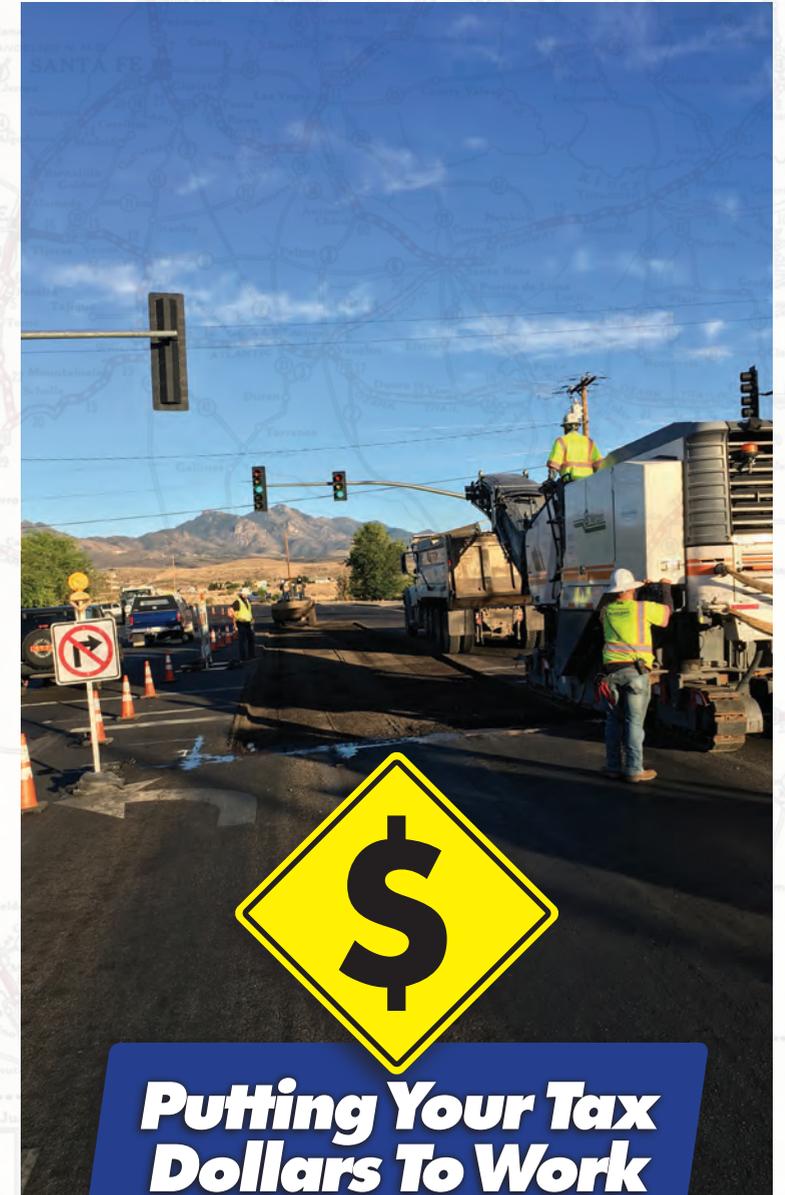
Stockton Hill/Hualapai Nova Bond

- 8.51 Lane Miles
- \$881,052



In fiscal year 2018-19, \$4.5 million will be spent on pavement preservation. Of that amount, \$4.0 million is being contributed from the ½% TPT increase. Over the next 5 years, the ½% TPT increase is expected to contribute more than \$17.6 million towards pavement preservation projects.

CITY OF KINGMAN PAVEMENT PRESERVATION FUNDING HISTORY

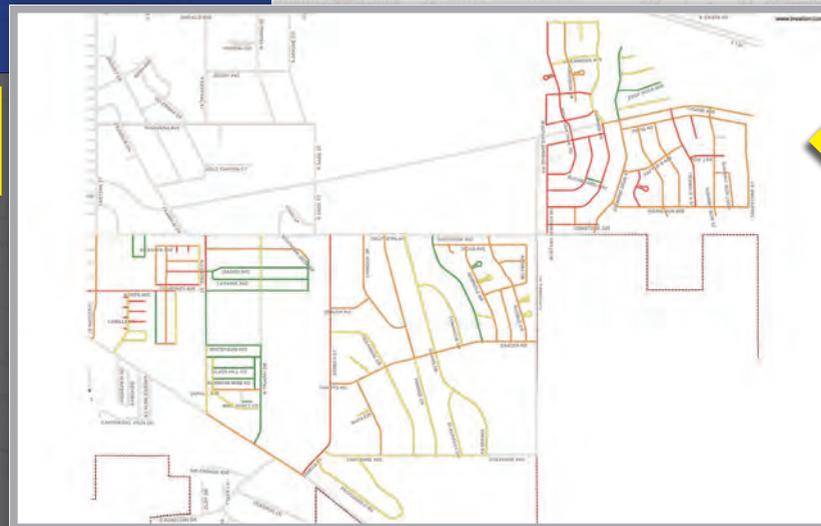
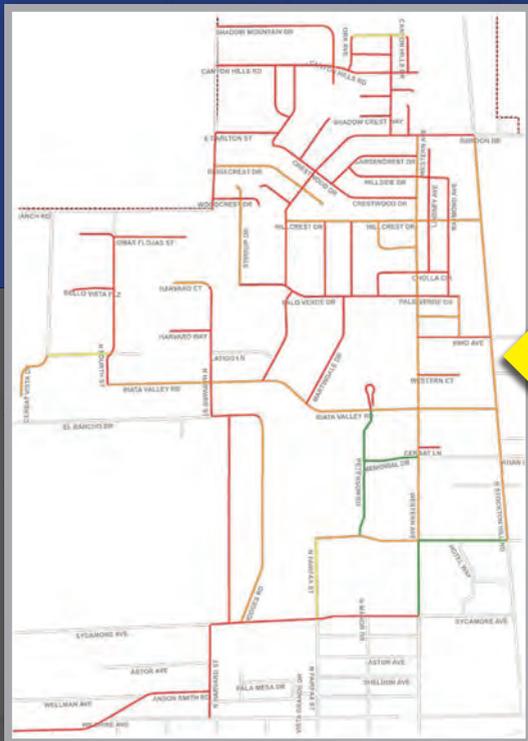


**Putting Your Tax
Dollars To Work**

THE CITY CURRENTLY MAINTAINS:

- 434 lane miles of asphalt
- Represents \$258 million in paved public assets
- This is enough asphalt to pave a 12 foot road from Las Vegas, Nevada to Gallup, New Mexico

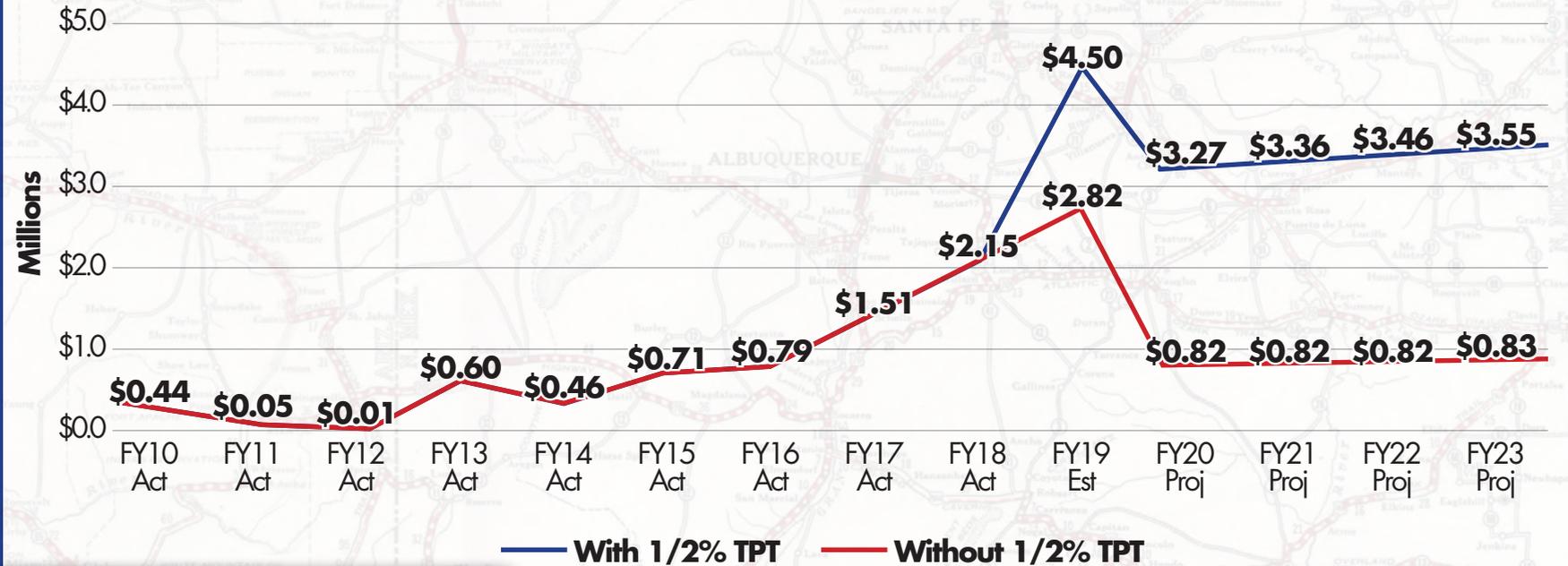
The best strategy is to maintain your assets early and proactively to increase their service life and reduce lifecycle costs. Every \$1 of deferred maintenance will cost between \$6 and \$14 later. To put that into perspective, every \$100,000 of deferred maintenance will cost between \$600,000 to \$1.4 million in needed rehabilitation or reconstruction in the future. You can Pay today or Pay a lot later. The years of deferred street funding and maintenance have taken a toll on the City's streets. Pavement preservation is like changing the oil in your engine. You are prolonging the replacement of the engine which is very costly compared to oil changes.



WHAT HAPPENS IF THE DEDICATED 1/2% SALES TAX FUNDING GOES AWAY?

If the dedicated 1/2% sales tax funding for road maintenance is removed the City will have two options. The first option is to return to prior spending totals. (18 year average: \$811,673) The second option is to take money from the General Fund, which would result in reductions to services such as Police, Fire, and Parks and Recreation just to name a few.

PAVEMENT PRESERVATION SPENDING



PROPOSED FY19 STREETS PROJECTS

\$4.5 Million will be used to address maintenance needs of:

- 125 Lane Miles (1st Project will be Stockton Hill Road from Airway to Gordon)
- 28% of network



Putting Your Tax Dollars To Work