



MEMORANDUM

Date: December 17, 2008

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "C.H. Huckelberry", is written over the printed name and title.

Re: Federal Stimulus Projects

While there has been considerable discussion and speculation regarding possible federal programs to stimulate the national economy, there has been little, if any, specific guidance concerning the nature of these programs or the extent to which they will impact public works-related projects. It is our understanding that such programs may be considered early in the next Congress as well as through the new administration.

This region is no longer as insulated as it had been in the past from national economic conditions. A federal economic stimulus program is appropriate and welcomed considering the magnitude of the projected state budget deficit, the complete collapse of the private sector building industry, and the local decrease in revenues needed to continue a capital infrastructure program. In our area, infrastructure improvements are especially important in view of projections made by the Morrison Institute last May about the role our County is likely to play as part of a vibrant and economically-interdependent constellation of communities called the Sun Corridor.

The improvements I have listed below are important not only to meet the needs of local residents but because the area is rapidly developing into a much more vibrant "megapolitan" region as described in the Morrison report. Our infrastructure must be modernized and expanded not only because it is inadequate to meet local needs, but because we need to remain competitive in a much broader context. As the Morrison Institute points out, our region is destined to grow not only in population but in terms of commercial and cultural diversity. Our chief asset will continue to be our scenic landscape and the opportunities for year-round outdoor activities, but those amenities will attract innovative entrepreneurs, more international trade and a more highly educated workforce and greater interaction between our linked communities and markets as far away as the Pacific Rim.

What the Morrison report makes clear is that communities in our region can no longer be seen as isolated entities but as cities and towns whose fates are linked by common goals and opportunities. The interdependent economic world that Morrison describes invigorates not only the cities and towns within the region, but bolsters the national economy because this is the region where the greatest future growth is anticipated. Pima County, then, becomes a link -- and a very important one because of our size and the progressive policies this board has already adopted -- in a much longer chain.

I have developed a list of projects and/or programs for the Board to consider as Pima County's top priorities for federal stimulus funding. It should be noted that, to our knowledge, there are no guidelines or procedures regarding such a program. However, we believe that such a program would discourage supplanting, which simply means using federal government revenues to substitute for committed local revenues. To be effective, the program must carry a significant local or state match requirement demonstrating appropriate partnerships between levels of government in stimulating the economy. It is likely that local matching requirements may be equivalent to or near 50 percent or equal to local or state revenues committed to a particular project and/or program.

Economic stimulation is needed now, not three years from now, the traditional and typical time frame to advance a project from concept to construction for complex public works project delivery. Hence, projects that are nearing completion of design and have been through appropriate permitting, and where land acquisition or other complex and sometimes time consuming processes may be needed but have been found to be unnecessary, are ideal funding candidates. This simply means the project submitted should immediately increase job creation and be implemented in a very short time frame.

Given the previous discussion, the projects that I would propose to include in a candidate list for federal economic stimulus funding would: A) lead to immediate job creation; B) contain a significant County financial contribution; C) be shovel ready on County controlled or owned property; D) largely have in place necessary permits and approvals to construct; E) provide regional services and benefits resulting from the improvements, and F) increase local community and property values.

The following project list is in priority order:

	<u>Project</u>	<u>Local Funds Provided</u>	<u>Federal Stimulus Request</u>
1	<u>Joint Municipal and Justice Courthouse</u> - Contained in the 2004 voter authorized bond program was \$76 million for a new court facility. Given increased service demands and rapid cost escalation the cost of the facility has escalated to \$156 million. All land for the new facility has been acquired, archaeological clearance has been obtained, and project design is in its final stage. The County has committed \$29 million to date and is prepared to contribute the balance of the bonds to match local federal stimulus funding. The project is vitally needed and provides essential regional justice services and will significantly stimulate and increase property values in the core downtown area of Tucson and provide economic benefits that are greatly beyond its initial construction and development.	\$76,000,000	\$80,000,000

2	<p><u>Arroyo Chico Flood Control Phase 3</u> - Two phases of the Arroyo Chico flood control project have already been constructed. The project is a cooperative project with the United States Army Corps of Engineers. The first phase constructed regional detention basins and reconstructed the Del Ulrich Golf Course. The second phase reconstructed Cherry Field, a property of the Tucson Unified School District. The project has been fully authorized by Congress; all environmental and cultural permits and clearances have been obtained; and the final phase of the project has been designed and is ready for construction. The County Flood Control District, City of Tucson and Tucson Unified School District have provided significant local matching funds to the first two phases of the project and are committed to provide the balance necessary. Additional federal funding of \$22 million is necessary to complete the final phase of this project, which provides significant regional benefits of flood protection to existing developed properties in the core urban area of the City of Tucson, as well as downtown areas of Tucson, particularly along 4th and 6th Avenues.</p>	Phases are combined to \$7.6 million	\$22,000,000
3	<p><u>Wastewater Conveyance Regional Plant Interconnect</u> - The plant interconnect for the County's two largest regional wastewater treatment facilities at Roger and Ina has been designed and is under a construction manager at risk contract; archaeological clearances are in the process of being obtained; and construction can commence within 3 months. The plant interconnect is an essential element of managing wastewater treatment and balancing treatment capacity between the two largest facilities in Southern Arizona. The plant interconnect is also the first and essential key step in replacement of the Roger Road Wastewater Facility with a new water campus. Installation of the interconnect will allow wastewater treatment capacity in the Roger Road Plant tributary area to be significantly enhanced due to the transfer of Roger Road in-fluent to excess treatment capacity that presently exists at Ina. The County is prepared to provide \$21.6 million for this project; however, due to lost local sewer revenues the project requires supplemental funding in the amount of \$19.6 million. Installation of this interconnect will allow additional treatment capacity to be efficiently allocated to underutilized facilities to ensure continued economic growth and prosperity in the Roger Road wastewater tributary area, which primarily serves the central and core area of urban Tucson.</p>	\$21,600,000	\$19,600,000

4	<p><u>Santa Cruz Wastewater Interceptor Phase 3</u> - The County has been rehabilitating, expanding and replacing the Santa Cruz interceptor, one of the oldest wastewater interceptors in service. To date, local funding of \$24.9 million has been spent on rehabilitation, repair and replacement for Phases 1 and 2. Phase 3 completes the interceptor repair, replacement and capacity enlargement. Additional capacity has been necessary based on redevelopment assumptions for the downtown core of Tucson. Completion of the interceptor will facilitate and ensure that there will be little impediment from public wastewater services to the redevelopment of downtown Tucson. Again, the interceptor designs have been completed, right-of-way secured and permits for construction can be obtained almost immediately. Given reduced wastewater revenues due to substantially reduced economic activity in the region, sufficient funds are not available to complete the project and federal stimulus funding of \$19.5 million will ensure Phase 3 completion.</p>	\$24,900,000	\$19,500,000
5	<p><u>Regional Public Safety Communication System and Emergency Operations Center</u> - In 2004, the voters of Pima County approved an interoperable public safety communications system. Total bonds authorized were \$92 million. The system is nearing implementation. Several years of program implementation and study have been completed and a request for proposals is being reviewed for radio and systems equipment. At this time design improvements and modifications to the operations center, to be located at 3232 East 22nd Street, are underway. The operations center is presently owned by Pima County and has sufficient space to construct an emergency operations center at the same location. Based on present cost estimates the cost of implementing the interoperable public safety communications system is slightly underfunded by approximately \$7.2 million, and funds necessary to construct an emergency operations center at the public safety communications center costs an additional \$35.2 million. Funding for the emergency operations center has already been secured; however, an additional \$6.7 million is needed to simultaneously develop the public safety communications center with an emergency operations center. The total cost of the emergency operations center is \$28.5 million.</p>	\$92,000,000	\$7,200,000 \$6,700,000

6	<p><u>Pima Animal Care Center Rehabilitation</u> - Currently under contract for approximately \$4.5 million is significant rehabilitation and a slight expansion of the Pima Animal Care Center. A Phase 2 expansion is possible but unfunded. Phase 2 expansion can easily be included in the existing contract now underway to rehabilitate the Animal Care Center. Construction is underway and significant expansion is possible in the immediate future if funding were made available. Approximately \$3 million for expansion would greatly increase holding capacity and operational efficiency of the facility since the facility is, at present, overcrowded by approximately 250 percent.</p>	\$4,500,000	\$3,000,000
7	<p><u>Psychiatric Hospital</u> - In 2004 and 2006 the voters approved a new psychiatric hospital at Kino. This new psychiatric hospital was to provide the primary structure for the 135,000 square foot mental health facility, courtroom judges' chambers, additional mental health inpatient psychiatric beds and a level 3 emergency department with trauma capability. The present project is designed on County-owned property and permits have been obtained to bid and construct the facility in April 2009. The facility is designed with a future phase option of internal build-out of three additional 24 mental health bed units. This additional floor unit build-out and furniture equipment is not included in the base contract. To build out the facility to capacity would require an additional \$16.6 million in federal stimulus funding.</p>	<p>2004: \$12,000,000 for psychiatric center</p> <p>2006: \$36,000,000 for emergency department added to psychiatric hospital</p> <p>\$18,000,000 for crisis recovery center</p>	\$16,600,000
8	<p><u>Biosolids Enhancement at Ina Road</u> - Based on the Regional Optimization Management Plan, all biosolids handling will occur at Ina Road. To improve efficiencies and meet new environmental standards the facility requires advanced biosolids treatment capability. Total project costs are \$64.3 million. The first phase of biosolids advanced treatment has been designed and is ready for construction. Due to economic conditions, available funding is short of that needed to construct the facility; hence, federal stimulus funding of \$22 million is necessary to complete Phase 1.</p>	\$35,000,000	\$22,000,000

9	<u>Superior Court 8th Floor Courtroom Build-out</u> - Presently, final courtroom expansion in the existing Superior Court building is under design. The building presently houses 36 divisions of the Superior Court with no room for expansion. Additional divisions or court commissioners are presently without courtrooms. Court facilities will be ready for construction within 6 months and final construction is not funded. \$8 million of federal stimulus funding could build out the Superior Court with 6 additional courtrooms.	\$1,000,000	\$8,000,000
10	<u>Tangerine Landfill Closure</u> - The Tangerine Regional Landfill, in operation since the early 1980's, is approaching the end of its useful life and will require closure as soon as the next 6 months. It is estimated the total cost of closure is approximately \$9 million, with \$3 million available.	\$3,000,000	\$6,000,000

In addition to the listed projects there are substantial shortfalls in meeting transportation project needs. A number of projects are nearing design completion and substantial transportation funding stimulus projects could be offered for consideration.

Summary

Obviously we could add significantly to the project list. However, given what we believe may be modest funding made available for public works stimulus projects, we believe it is prudent to submit a realistic and manageable list of projects and resist the temptation to throw in the kitchen sink regarding projects that could be funded with a stimulus package. Doing so only lends credence to the critics who claim that public works and/or infrastructure projects fall in the classification of pork barrel spending or earmarks. These obviously do not; however, we must be diligent in defining realistic, valuable and essential projects for possible funding. The list of ten projects that I have provided is such a list.

CHH/jj