



## Report and Recommendations for a May 2004 Pima County Bond Program

### PIMA COUNTY BOND ADVISORY COMMITTEE

Lawrence M. Hecker JR., District 3,  
Chair

Carolyn Campbell, District 5,  
Vice Chair

Chris Sheafe, District 1

Wanda Shattuck, District 1

Rene Gastelum, District 2

Tom Warne, District 2

William Roe, District 3

David Lyons, District 4

Alex Rodriguez, District 4

Jesus Gomez, District 5

Arlan Colton,  
County Administrator

Patty Richardson,  
County Administrator

Dan Sullivan, Town of Marana

Bob Jennens, Town of Oro Valley

John Neis, Alternate for  
Town of Oro Valley

Stacy Lemos, Town of Sahuarita

Paul Diaz, City of South Tucson

Albert Elias, City of Tucson

Karen Thoreson, Alternate for  
City of Tucson

Greg Saxe, Tohono O'odham  
Nation

Sharon Flores-Madril,  
Pascua Yaqui Tribe

December 9, 2003

The Honorable Chair and Members  
Pima County Board of Supervisors  
130 West Congress, 11th Floor  
Tucson, Arizona 85701

Re: 2004 General Obligation Bond Program

Dear Madam Chair and Members of the Board:

It is our honor and privilege to submit for your consideration the recommendations of your Bond Advisory Committee relating to a General Obligation Bond Program for 2004. This concludes an effort that began in July and included presentations from each of the incorporated jurisdictions within Pima County, as well as the Tohono O'odham and Pascua Yaqui Nations. We also heard over 20 presentations from various Pima County and City of Tucson agencies and departments.

We believe that we are presenting you with a balanced and fair package of projects that will provide long-term benefits to all of the residents of Pima County and each of the incorporated jurisdictions and tribal nations it contains. The projects we are recommending provide benefits and support for essential human services, economic development, parks and recreation facilities, community healthcare, our unique cultural resources, our environmental and natural treasures, and public safety. There is something in this package for everyone and what we are recommending can all be accomplished without increasing tax rates.

Unfortunately, there are many worthy and important projects that are not included. The total requests for bond funding (including those of the Conservation and Neighborhood Reinvestment Committees) were almost \$1.5 billion. We can say without hesitation that each of the requests represents very real and very important needs for our community. We had the difficult task of prioritizing the requests to an amount that would be fiscally attainable without burdening the taxpayers of Pima County.

In selecting projects, we were guided by the Board's mandate to provide funding for habitat protection and open space in support of the Sonoran Desert Conservation Plan and for neighborhood reinvestment. We adopted principles that favored projects that (1) provide direct public benefit and service as opposed to support facilities; (2) increase direct park capacity, primarily for youth program development, or increase recreational capacity for unique programs presently significantly under-served in the community; (3) expand existing facilities to take advantage of property already owned by the County or public, and where basic infrastructure exists and does not have to be reproduced; and (4) attract other funding sources, either private or other governmental funds.

We were cognizant of the legal responsibilities that Pima County has to provide certain essential services to all residents of Pima County, including those located within the incorporated jurisdictions. For example, Pima County is required to maintain the Justice Court system. Over 50% of the non-open space bond proceeds will be spent on projects that are in the City of Tucson and/or provide services and facilities that primarily benefit City residents. Therefore, approximately 66% of the new Justice Court Complex will be used by residents of the City of Tucson and Tucson residents will enjoy 80% to 90% of the benefits of the public health expenditures.

### **The Committees Worked Hard to Produce These Recommendations**

The Committee took its responsibilities seriously and worked hard to make its decisions. We benefitted directly from the work of the other two bond advisory committees - the Conservation Bond Advisory Committee and the Neighborhood Reinvestment Bond Advisory Committee. Our Committee had nineteen members and two alternates. The other two committees had nine members and ten members respectively, for a total of forty members on the three committees. All committee meetings had strong attendance involving the forty combined members. The Conservation Bond Advisory Committee met at least eighteen times, and the Neighborhood Reinvestment Bond Advisory Committee met a total of thirteen times. These meetings lasted anywhere from three to almost five hours. Committee members put in upwards of 5,000 person-hours in meetings and extensive hours in preparations before and after meetings.

### **The Decision to Not Include the Regional Communications System Proposal with this \$451.6 Million Bond Program**

One of the most difficult decisions the Committee had to make was not including the regional communications system in the \$451.6 million package of projects. The Committee recognized that this project is an important one that would bring great value for the entire region. We felt, however, that by delaying consideration for a short period, it may be possible to develop a truly regional, multi-jurisdiction/multi-agency fully interoperable emergency communications system. The Committee suggested to the County Administrator that he ask the Sheriff to address the issues identified below and then forward the Sheriff's report to the Board of Supervisors with his recommended course of action. The concerns expressed by Committee members included the need for full communication and coordination among the major stakeholders; the sense that major federal stakeholders had not been fully consulted; information suggesting that a statewide public safety communications system effort might be

announced soon; a concern about purchasing a system now when there was no consensus on system performance standards; a concern about the rapid evolution of critical technology; suggestions that substantial federal funding may become available through agencies such as Homeland Security; and a belief that general obligation bonds, which are retired in ten to fifteen years, should not be used to finance those system components (radios, computers, and modems, for example) that have useful lives of three to five years.

The Committee knows that there are answers to each of these issues and that they could be resolved in a relatively short period of time, certainly so if the players committed themselves to working together to achieve a common program. The Committee, however, concluded that these issues could not be resolved in time for Committee members to take an informed vote on the program.

## **HIGHLIGHTS OF THE RECOMMENDED 2004 COUNTY BOND PROGRAM**

We wish to highlight many of the benefits of the Recommended 2004 County Bond Program.

### **The Recommended 2004 Bond Program is Affordable**

The Committee was unanimous in its commitment to crafting a recommended bond program that would allow the Board of Supervisors to keep the secondary property tax rate for debt service steady, at or even below the current rate of \$0.8150 per \$100 of assessed valuation. The Committee was originally looking to fund a program that could be completed in five to seven years. To make significant progress against the array of needs presented to us, the Committee decided that bond funding of approximately \$450 million would be necessary. Based upon a report from the County Administrator, the Committee determined that a general obligation bond program of this magnitude would be achievable at this tax rate, but only if the length of the program were extended to seven years. This was a decision that the Committee made: to fund a larger program it was necessary to extend the number of years over which bonds would be sold.

To keep this program affordable, it was absolutely necessary to cut bond requests from almost \$1.5 billion to \$451.6 million. In a memorandum dated November 12, 2003, the County Administrator prioritized the Pima County projects, reducing \$472 million in projects to \$151.5 million. We applaud the County Administrator for the difficult decisions he made and for setting an example that the Committee was able to follow in making similar tough decisions. We believe the County Administrator's actions came at a critical moment in our deliberations. If he had not taken the actions he did, the Committee would have had a far more difficult time completing its work.

### **The Recommended 2004 County Bond Program Is Focused on the Highest Priority Needs**

The Committee focused on projects that addressed high priority, existing (rather than future) needs that could be started and completed in the near term. The Committee believes that, if voters are going to pay for these bonds, they need to "get a real bang for their buck" and to quickly see the benefits of paying the costs.

### **The Recommended 2004 County Bond Program Will Achieve Multiple Benefits for the Community**

The Committee believes the Recommended 2004 County Bond Program will achieve multiple benefits for the community.

The Conservation Bond Program will preserve numerous signature properties in the immediately urbanized and surrounding areas that the public values for their views and recreational uses; protect properties Countywide that have the highest biological habitat values; and preserve our community open space and our cultural/historical heritage.

The Recommended 2004 County Bond Program will make investments of \$165.3 million in public infrastructure improvements that directly serve the public safety and health. For example, \$76 million will be invested to construct a joint Pima County Justice/City of Tucson Municipal Court complex. The program will invest \$39 million in public health facilities that will improve health care delivery and facilitate the partnership between Pima County and University Physicians, Inc. that furthers development of Kino Community Hospital. The program creates a financial partnership with the Arizona Sonoran Desert Museum, a world class institution, and the Pima Air and Space Museum to improve their facilities and allow them to continue as significant tourist attractions. We believe that not many people realize these two institutions are actually leased properties of Pima County. As well, both of these institutions have committed to a 2-1 match for dollars that are invested through a bond program.

The Recommended 2004 County Bond Program focuses on parks inside the City of Tucson, the Towns of Marana and Sahuarita, and in unincorporated Pima County that increase direct park capacity, primarily for youth programs or increase recreational capacity that are significantly under-served at the moment.

The Recommended 2004 County Bond Program provides funding for highest priority urban drainage needs, improvements that will provide significant protection in all areas of the County.

The Recommended 2004 Sewer Revenue Bond Program will prioritize repair and rehabilitation of aging infrastructure, primarily in the urban core, avoiding repeats of the costly sewer collapse experienced this past year along Speedway Boulevard. The Program will also provide innovative projects such as a sewer line interconnecting the Roger Road and Ina Road treatment facilities, which will give Pima County significant improvements in operational flexibility, provide increased functional capacity at both plants, and save money in annual operating costs and future capital improvement costs. More importantly, sewer capacity improvements planned with these bonds will allow full development of the City Rio Nuevo redevelopment project.

We believe that these are examples of very high value benefits that all residents of the County will enjoy from funding and implementing the Recommended 2004 County Bond Program.

**Conclusion**

We wish to thank the Board of Supervisors, on behalf of our Committee and the other two bond advisory committees, for this opportunity to serve the community. While the work was time consuming and the decisions hard to make, the members of all three committees were honored by the opportunity to serve and enriched by the experience.

We also wish to acknowledge our appreciation for the incredible efforts and contributions made by the County Administrator and his staff. They had to coordinate and present massive amounts of information to us in an orderly and understandable way. It was the norm to receive e-mails and reports sent late in the evenings and early mornings. They had detailed project and financial information available at their fingertips. Without their efforts and dedication, we seriously doubt that we would have been able to present you with recommendations that are as fair, balanced and fiscally responsible as these are.

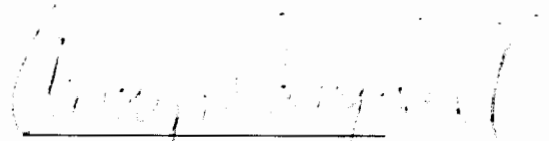
We are pleased to submit the report of the Pima County Bond Advisory Committee to the Board and hope that it helps the Board in reaching the decisions it must make. Several Committee members will be available at the December 9, 2003 meeting to answer any questions you might have.

We believe we speak for the full Committee when we offer our full services in any capacity the Board of Supervisors or the County Administrator might ask for in the future. We believe in the recommendations we submit to you and wish to see them approved by the Board, approved by the voters, and successfully implemented.

Respectfully submitted,



Lawrence M. Hecker, Jr. Chair



Carolyn Campbell, Vice Chair

- c: Members, Pima County Bond Advisory Committee  
Members, Conservation Bond Advisory Committee  
Members, Neighborhood Reinvestment Bond Advisory Committee  
Chuck Huckelberry, County Administrator



# Report and Recommendations for a May 2004 Pima County Bond Program

submitted to

Pima County Board of Supervisors

submitted by

Pima County Bond Advisory Committee

December 9, 2003



# Report and Recommendations for a May 2004 Pima County Bond Program

<b>Section I: Recommendations for a May 18, 2004</b>	
Pima County Bond Election . . . . .	1
Recommendation 1 - \$451,600,000 General Obligation Bonds and \$150,000,000 Sewer Revenue Bonds . . . . .	1
Recommendation 2 - Secondary Property Tax Rate for Debt Service Capped at Present Rate . . . . .	1
Recommendation 3 - Recommended General Obligation Bonds by Purpose . . . . .	1
<b>Section II: Specific Bond Program Recommendations . . . . .</b>	<b>2</b>
1. Conservation Bond Program . . . . .	2
2. Cultural/Historic Resources Bond Program . . . . .	3
3. Neighborhood Reinvestment Bond Program . . . . .	5
4. Courts and Law Enforcement Bond Program . . . . .	7
5. Public Health and Community Public Facilities Bond Program . . . . .	7
6. Parks Bond Program . . . . .	8
7. Flood Control Bond Program . . . . .	9
8. Solid Waste Bond Program . . . . .	10
<b>Section III: Regional Public Safety Communications System . . . . .</b>	<b>10</b>
<b>Section IV: 2004 Sewer Revenue Bond Program . . . . .</b>	<b>11</b>
Recommendation 4 - Recommended Sewer Revenue Bond . . . . .	11
<b>Section V: General Criteria for Decisions - Crafting A Balanced Program . . . . .</b>	<b>12</b>
1. Preserving the Community Ability to Pay . . . . .	13
2. Conforming with Board Intent to Prioritize Funding for Open Space and Neighborhood Reinvestment . . . . .	14
3. Prioritizing Need . . . . .	14
4. Providing Regional Benefits . . . . .	16



# Report and Recommendations for a May 2004 Pima County Bond Program

- Section VI: Committee Decisions Requiring Additional Explanation . . . . . 17**
  - 1. Regional Communications System . . . . . 17
  - 2. City of Tucson Requests for Open Space/Trails and Parks . . . . . 19
  - 3. The Conservation Bond Program . . . . . 20
- Section VII: Who Pays for Bonds . . . . . 21**
- Section VIII: The Timing is Right for a 2004 County Bond Program . . . . 22**
- Section IX: Conclusion . . . . . 23**

**Tables**

- Table 1 - Recommended General Obligation Bonds by Purpose . . . . . 2
- Table 2 - Cultural/Historic Resources Bond Project . . . . . 4
- Table 3 - Recommended Neighborhood Reinvestment Bond Program . . . . 5
- Table 4 - Recommended Courts and Law Enforcement Bond Projects . . . . 7
- Table 5 - Recommended Public Health and Community  
Public Facilities Bond Projects . . . . . 7
- Table 6 - Recommended Parks Bond Program Allocating  
Projects and Priorities . . . . . 8
- Table 7 - Recommended Flood Control Bond Projects . . . . . 9
- Table 8 - Recommended Solid Waste Bond Projects . . . . . 10
- Table 9 - Recommended Sewer Revenue Bond Projects . . . . . 11
- Table 10 - Secondary Assessed Value of County, Cities and Towns . . . . 22



## Report and Recommendations for a May 2004 Pima County Bond Program

### **Section I: Recommendations for a May 18, 2004 Pima County Bond Election**

The Pima County Bond Advisory Committee respectfully submits its recommendations to the Pima County Board of Supervisors for a May 18, 2004 special bond election.

#### **Recommendation 1 - \$451,600,000 General Obligation Bonds and \$150,000,000 Sewer Revenue Bonds**

The bond election should include multiple ballot questions related to general obligation bonds in an amount not to exceed an aggregate of \$451,600,000 and a single ballot question related to sewer revenue bonds in an amount not to exceed \$150,000,000.

#### **Recommendation 2 - Secondary Property Tax Rate for Debt Service Capped at Present Rate**

The County Bond Advisory Committee recommends that, with a \$451.6 million general obligation bond program, the Board of Supervisors commit to structuring the sale of general obligation bonds to be authorized by the voters so that the secondary property tax rate for debt service necessary to retire bond debt never exceeds the current rate of \$0.8150 per \$100 of assessed valuation. If voters approve all \$451.6 million in general obligation bonds, this goal will likely require that the sale of bonds be scheduled over a seven year period. If voters do not approve all of the bonds, the schedules of sales and implementation could be shorter. The Pima County Bond Advisory Committee recommends that the Bond Improvement Plan Ordinance for the May 18, 2004 general obligation bonds establish guidelines for how the County would schedule bond sales and project implementation.

#### **Recommendation 3 - Recommended General Obligation Bonds by Purpose**

The County Bond Advisory Committee recommends that the 2004 General Obligation Bond Program be organized in the following functional categories, with associated bond allocations. These functional categories could provide the basis for establishing ballot questions for the 2004 bond election.



## Report and Recommendations for a May 2004 Pima County Bond Program

Table 1

### Recommended General Obligation Bonds by Purpose

<u>Functional Category</u>	<u>Recommended Bond Allocation</u>
Conservation Bond Program	\$182,300,000
Cultural/Historic Resources Bond Program	20,000,000
Neighborhood Reinvestment Bond Program	30,000,000
Courts and Law Enforcement Bond Program	87,500,000
Public Health and Community Public Facilities Bond Program	57,800,000
Parks Bond Program	50,000,000
Flood Control Bond Program	22,500,000
Solid Waste Bond Program	<u>1,500,000</u>
<b>Total 2004 General Obligation Bond Program</b>	<b>\$451,600,000</b>

The Pima County Bond Advisory Committee further recommends that the bond allocations to these functional categories be made to the following specific projects, with associated bond allocations.

### Section II: Specific Bond Program Recommendations

1. **Conservation Bond Program**, in an amount not to exceed \$182,300,000. The Committee originally voted to recommend a \$180,000,000 Conservation Bond Program. The Committee also voted to recommend \$10 million for a Davis-Monthan Environs Open Space Acquisition, but reduced other project allocations by \$2.3 million to be included within the \$180 million Conservation Bond Program, leaving a remaining direct allocation for Davis-Monthan, which has been added to the Conservation Bond Program allocation because it most directly relates to this functional category. The Pima County Bond Advisory Committee adopted the conceptual framework recommended by the Conservation Bond Advisory Committee, organizing the Conservation Bond Program into two categories -- Habitat Protection and Community Open Space. The Conservation Bond Advisory Committee recommended that, whatever the overall level of the Conservation Bond Program allocation, at least 75 percent of the Conservation Bond Program be allocated to Habitat Protection and no more than 25 percent be allocated to Community Open Space.

These recommendations differ from those of the Conservation Bond Advisory Committee, in that the Conservation Bond Advisory Committee recommended a \$250 million Conservation Bond Program, all of which would be bond funded, and the Bond Advisory Committee is recommending a \$182.3 million Conservation Bond Program. Pima County



## Report and Recommendations for a May 2004 Pima County Bond Program

has many opportunities for obtaining matching funds, in the form of federal and state grants, and for reducing the costs of acquisition through purchase of conservation easements and development rights.

The County Bond Advisory Committee also recommends that the Board of Supervisors address several issues on the implementation of the Conservation Bond Program in the Bond Improvement Plan Ordinance adopted for the May 18, 2004 bond election. These are:

- A. The Conservation Bond Program must be fully public, transparent, and accountable. The Bond Improvement Plan should establish a detailed strategy for how this Program will be implemented and how the bonds will be spent. Criteria for acquisition should be set forth. The ordinance should clearly explain that all properties will be acquired only at public meetings of the Board of Supervisors, at which time the public can comment and raise objections if so desired.
  - B. The Bond Improvement Plan Ordinance should require that acquisitions will only be made at or below appraised value.
  - C. The Bond Improvement Plan Ordinance should state that the County will actively pursue alternatives to fee simple acquisition, such as purchase of development rights and conservation easements, particularly to retain active ranching in our rural landscape. The ordinance should establish conditions for when alternatives to acquisition in fee simple are in the best interests of the County.
  - D. The County Bond Advisory Committee is aware that reforms of the Arizona state land system are actively under discussion and that, if implemented, these reforms could have significant positive impacts on the goals of the Conservation Bond Program. The County Bond Advisory Committee recommends that Pima County actively monitor these developments and be prepared to discuss in the Bond Improvement Plan Ordinance how the County could adjust the Conservation Bond Program to make the most beneficial use of these developments.
  - E. The Bond Improvement Plan Ordinance should establish a Conservation Acquisition Commission, with clearly delineated responsibilities to fully monitor implementation of the program, review and recommend specific acquisitions, and advise the Board on implementation of the program. The County Administrator will recommend a specific plan for implementation of the Conservation Acquisition Commission.
2. **Cultural/Historic Resources Bond Program**, in an amount not to exceed \$20,000,000. The County Bond Advisory Committee voted to reduce the combined Cultural/Historic Resources Bond Program requests of the County and City of Tucson from \$29,550,000



## Report and Recommendations for a May 2004 Pima County Bond Program

to \$20,000,000. At the meeting of December 1, 2003, when this vote was taken, the Committee asked County staff to reduce funding among project requests. The following table reflects staff recommendations on these reallocations, but the Board should note that, while the Committee took no formal vote to approve or disapprove this, it was generally understood that this was the consensus project list and should stand unless errors in cost estimates or other technical problems were discovered.

**Table 2**

### **Cultural/Historic Resources Bond Project**

<b><u>Project</u></b>	<b><u>Recommended Bond Allocation</u></b>
<b>Conservation Bond Advisory Committee Recommendation/County Administrator Revised</b>	
Empirita Ranch Buildings Rehabilitation	\$ 400,000
Canoa Ranch Buildings Rehabilitation	2,700,000
Anza National Historic Trail (Pima County, City of Tucson, Town of Marana, Town of Sahuarita)	3,000,000
Roy Place Commercial Building Restoration (City of Tucson)	800,000
Fort Lowell Acquisition & San Pedro Chapel (City of Tucson)	3,000,000
Helvetia Townsite Acquisition	100,000
Steam Pump Ranch Acquisition/Rehabilitation (Town of Oro Valley)	2,000,000
Binghampton Historic Buildings Rehabilitation	800,000
Marana Mound Community Site (Town of Marana)	2,000,000
Dakota Wash Site Acquisition	750,000
Coyote Mountains Sites Acquisition	800,000
Honey Bee/Hohokam Village Acquisition (Town of Oro Valley)	1,000,000
Performing Arts Center Rehabilitation (City of Tucson)	682,000
Valencia Site Preservation (City of Tucson)	100,000
Los Morteros Preservation (Town of Marana)	100,000
Pantano Townsite Preservation	50,000
Ajo Curley School Historic Art Institute	500,000
Dunbar School (City of Tucson)	<u>1,218,000</u>
<b>Total Cultural/Historic Resources</b>	<b>\$20,000,000</b>



## Report and Recommendations for a May 2004 Pima County Bond Program

The County Bond Advisory Committee has presented Cultural/Historic Resources as a separate functional category, but that does not mean the Committee recommends it as a separate ballot question. The Board included these projects with Open Space in Question 4, Sonoran Desert Open Space and Historic Preservation, on the 1997 ballot and the Conservation Bond Advisory Committee considered Cultural/Historic Resources as a component of their conservation bond program recommendations.

3. **Neighborhood Reinvestment Bond Program**, in an amount not to exceed \$30,000,000. The Neighborhood Reinvestment Bond Program should include expenditures in the following two categories.

**Table 3**

### **Recommended Neighborhood Reinvestment Bond Program**

<b><u>Category</u></b>	<b><u>Recommended Bond Allocation</u></b>
Neighborhood Reinvestment	\$20,000,000
Housing Reinvestment	<u>10,000,000</u>
<b>Total Neighborhood Reinvestment</b>	<b>\$30,000,000</b>

The County Bond Advisory Committee has adopted the recommendations of the Neighborhood Reinvestment Bond Advisory Committee.

Pursuant to the report of the Neighborhood Reinvestment Bond Advisory Committee, the County Bond Advisory Committee also recommends that the Board of Supervisors address several issues on the implementation of the Neighborhood Reinvestment Bond Program in the Bond Improvement Plan Ordinance adopted for the May 18, 2004 bond election.

- A. The Neighborhood Reinvestment Bond Program pursues two complementary goals: physical revitalization of public infrastructure in stressed areas and empowerment of the residents in these areas. Therefore, the Bond Improvement Plan Ordinance should stress that project identification should not be imposed on neighborhoods by the staffs of our local jurisdictions, but instead be neighborhood-driven, as set up and implemented in the original 1997 program. Two jurisdictions did recommend specific projects for funding under the Neighborhood Reinvestment program and the ordinance should address the potential roles of all the jurisdictions in project request and selection.
- B. The 2004 Neighborhood Reinvestment Program builds off of the successes and lessons of the 1997 program. Therefore, the Bond Improvement Plan Ordinance should establish that the program will continue to address stress areas in the urban



## Report and Recommendations for a May 2004 Pima County Bond Program

core while expanding its reach to stress areas in the suburban fringe and rural areas. The ordinance should establish that, for the \$20 million in bond funding for Neighborhood Reinvestment, \$12.5 million should be allocated in the urban core and \$7.5 million allocated for program expansion into stress areas in the suburban fringe and rural areas.

- C. Because the program emphasizes process, without specific earmarks for projects, the Bond Improvement Plan Ordinance should clearly establish criteria for project eligibility, the procedures for neighborhoods to request projects, and the processes for project selection and funding. The ordinance should make clear that project selection and grant awards will be public and transparent. The Board of Supervisors will make the final decisions on grant awards and will do so in public meetings, at which time the public will have ample opportunity to comment.
- D. The Bond Improvement Plan Ordinance should raise the limits on individual grants from \$150,000 to \$500,000 per project. The ordinance should establish a policy on whether and under what circumstances individual neighborhoods would be eligible for grants for more than one project over the life of the 2004 program. The ordinance should also clearly emphasize the importance of leveraging County general obligation bonds with other funding sources and identify options for securing other funding. The ordinance should make clear that, in making grant awards, the Board is approving projects that will be implemented by the County or by other jurisdictions or public entities, rather than transferring funding to neighborhood organizations.
- E. Because improvements made under the Neighborhood Reinvestment program typically will be for public infrastructure, the ordinance should establish that the jurisdiction responsible for operation and maintenance of the infrastructure has agreed to pay any operation and maintenance costs resulting from the project.
- F. The Bond Improvement Plan Ordinance should establish that the County will continue to employ the Neighborhood Reinvestment Projects Advisory Committee and Housing Bond Advisory Committee in project selection and to make recommendations to the Board on grant awards. Because the 2004 program expands the geographic reach of the Neighborhood Reinvestment Program, the composition of membership on these committees should be adjusted accordingly.

Because the Board specifically included Neighborhood Reinvestment as a 2004 bond program category, the County Bond Advisory Committee has presented it as a distinct functional category. In doing so, however, the Committee does not intend for the Board to consider this a recommendation that Neighborhood Reinvestment be a separate ballot question for the 2004 bond election. The Committee does note that the Board of Supervisors included Neighborhood Reinvestment under Question 5, Public Health, Safety, Recreational, and Cultural Facilities, on the May 20, 1997 ballot.



## Report and Recommendations for a May 2004 Pima County Bond Program

4. **Courts and Law Enforcement Bond Program**, in an amount not to exceed \$87,500,000. The Courts and Law Enforcement Bond Program should include the following projects, with associated bond allocations. A high priority Committee recommendation is for a co-located, coordinated County Justice Court/Tucson Municipal Court facility that will better serve the public and leverage multiple cost saving opportunities.

**Table 4**

### **Recommended Courts and Law Enforcement Bond Projects**

<b><u>Project</u></b>	<b><u>Recommended Bond Allocation</u></b>
New Justice Court Facility	\$35,000,000
Rehabilitation of Old Courthouse	4,500,000
Corrections Jail Security Project	3,000,000
Interagency Victim Advocacy Center	4,000,000
Municipal Court Facility	<u>41,000,000</u>
<b>Total Courts and Law Enforcement</b>	<b>\$87,500,000</b>

5. **Public Health and Community Public Facilities Bond Program**, in an amount not to exceed \$57,800,000. The Public Health and Community Public Facilities Bond Program should include the following projects, with associated bond allocations.

**Table 5**

### **Recommended Public Health and Community Public Facilities Bond Projects**

<b><u>Project</u></b>	<b><u>Recommended Bond Allocation</u></b>
<b>Public Health Facilities</b>	
Kino Public Health Center	\$25,000,000
Teresa Lee Health Clinic	2,000,000
New Psychiatric Hospital	12,000,000
<b>Libraries</b>	
Marana Continental Ranch New Library	4,500,000
Oro Valley Library Expansion	1,100,000
Wilmot Branch Library	7,000,000
<b>Other Public Buildings</b>	
Arizona Sonoran Desert Museum - Auditorium	1,000,000
Arizona Sonoran Desert Museum - Gray Water	200,000
Pima Air and Space Museum - Hangar	1,000,000
Green Valley Performing Arts Center Phase 2	<u>4,000,000</u>
<b>Total</b>	<b>\$57,800,000</b>



## Report and Recommendations for a May 2004 Pima County Bond Program

The Wilmot Library bond allocation assumes that additional funding necessary can be generated with the sale of the property on which the existing library is sited.

6. **Parks Bond Program**, in an amount not to exceed \$50,000,000. The Committee voted to allocate lump sums, rather than project specific allocations, to Pima County and the City of Tucson, and project specific amounts to the Town of Marana and the Town of Sahuarita. For Pima County, the Committee voted to recommend \$16,000,000, with the Board to allocate as it chooses among the ten projects listed in the table below. The Committee also notes that the County Parks request was reduced by \$6,900,000, from \$22,900,000 to \$16,000,000. The Committee considered making these cuts by deleting four projects (River Bend Park, Mehl-Foothills Park, Rillito Race Track, and Kino Public Sports Field Lighting), but then decided to only reduce the bond allocation and leave project allocation decisions to the Board of Supervisors.

For the City of Tucson, the Committee voted to recommend \$29,800,000, with Mayor and Council to allocate as it chooses among three parks projects and eight projects the City had labeled as "Open Space/Trails." The Committee notes that, on this latter point, it would appear that it did not agree with the designation of these projects as "open space acquisitions." While these projects involve the acquisition of land that could be considered "open space," their functional purpose was for parks. In addition, the request was overwhelmingly comprised of bank protection and trail composition.

**Table 6**

### **Recommended Parks Bond Program Allocating Projects and Priorities**

<u>Project</u>	<u>Recommended Bond Funding</u>
<b>Pima County</b>	<b>\$16,000,000</b>
Flowing Wells Community Center	
Southeast Regional Park/Shooting Range	
Sports Field Lighting of Existing Fields	
Curtis Park - Flowing Wells East	
Catalina Community Park	
Dan Felix Memorial Park - Pegler Wash	
River Bend Park	
Mehl-Foothills Park	
Rillito Race Track	
Kino Public Sports Field Lighting	
<b>City of Tucson</b>	<b>29,800,000</b>
Eastside Sports Complex and Senior Center	
Northside Community Park	



## Report and Recommendations for a May 2004 Pima County Bond Program

<u>Project</u>	<u>Recommended Bond Funding</u>
Southeast Community Park	
Pantano River Park	
Rillito River Park	
Houghton Greenway	
Julian Wash Linear Park	
Arroyo Chico	
Atturbury Wash Land Sanctuary	
Valle Allegre	
Rio Vista Park	
<b>Town of Marana Request</b>	
Regional Heritage and Cultural Park	1,000,000
Tortolita Trail System	1,200,000
<b>Town of Sahuarita Request</b>	
Anamax Park Multi-Use Ballfield	500,000
Bicycle Lane on Sahuarita Road	<u>1,500,000</u>
<b>Total Parks</b>	<b>\$50,000,000</b>

7. **Flood Control Bond Program**, in an amount not to exceed \$22,500,000. The Flood Control Bond Program should include the following projects, with associated bond allocations.

Table 7

### Recommended Flood Control Bond Projects

<u>Project</u>	<u>Recommended Bond Allocation</u>
Floodprone and Riparian Land Acquisition	\$ 5,000,000
Urban Drainage Infrastructure Program	13,281,000
<b>City of South Tucson</b>	
4th Ave/40th St to 10th/38th St	1,000,000
26th ½ St, 4th Ave to 5th Ave	50,000
7th Ave/28th ½ St to 8th Ave/26th St	270,000
25th ½ St, 8th Ave to 10th Ave	160,000
2nd Ave/32nd ½ St to 3rd Ave/32nd St	136,000
7th Ave/34th ½ St	103,000
<b>Tohono O'odham Nation Drainage Improvements</b>	<b>1,500,000</b>
<b>Pascua Yaqui Tribe Black Wash Flood Control Improvements</b>	<b><u>1,000,000</u></b>
<b>Total Flood Control</b>	<b>\$22,500,000</b>



## Report and Recommendations for a May 2004 Pima County Bond Program

The Committee voted to recommend \$15,000,000 under Urban Drainage and to earmark \$1,719,000 of that amount to the five projects requested by the City of South Tucson. As requested by the Pima County Flood Control District, the remaining \$13,281,000 would be allocated to projects on the highest priority reaches based on flood damage reduction benefits to property and improvements. The Committee also recommends project specific allocations to the Tohono O'odham Nation and the Pascua Yaqui Tribe as requested.

8. **Solid Waste Bond Program**, in an amount not to exceed \$1,500,000. The County Administrator earlier recommended deletion of Pima County Solid Waste Management requests, with the exception of the Ina Road Landfill Closure project. The Committee voted to delete the closure project, leaving only relocation of the Ina Road Tire facility at a bond cost of \$1,500,000. The Committee realizes that this is a very small amount of money, probably not justified as a single ballot question, but a project much desired by the Town of Marana and recognized by the Committee as providing definite regional benefits. The Board could very well choose to include this project under a different ballot question.

**Table 8**

### **Recommended Solid Waste Bond Projects**

<b><u>Project</u></b>	<b><u>Recommended Bond Allocation</u></b>
<b>Solid Waste</b>	
<b>Town of Marana Request</b>	
Ina Road Tire Relocation	<u>\$1,500,000</u>
<b>Total Solid Waste</b>	<b>\$1,500,000</b>

### **Section III: Regional Public Safety Communications System**

The Pima County Bond Advisory Committee voted to refer the regional public safety communications project system request back to the Board of Supervisors. A more detailed discussion of what the Committee based their decision on can be found in Section VI later in this report. The Committee heard presentations from the Pima County Sheriff and the City Manager's Office on this project. At the meeting of November 14, 2003, the Committee voted to not include this project in their package of recommended Pima County projects, based upon recommendations on priorities from the County Administrator adopted by the Committee (see Attachment 1). On November 25, 2003, the Pima County Sheriff renewed his request for this project, proposing \$109,896,098 that is also supported by the Tucson Police Chief and Tucson Fire Chief. The Committee still believes that this project has a lot of value for our community, but should not be included under the Committee's adopted general obligation bond ceiling of \$451.6 million. The Committee further believes, however, that the Board of Supervisors should have a full range of options upon which to decide the



## Report and Recommendations for a May 2004 Pima County Bond Program

best course of action for this project. Therefore, the Committee refers this project back to the Board without any further recommendations beyond that it not be included under the \$451.6 million ceiling. The Committee did suggest that the County Administrator prepare a detailed report on the project that addresses the many unknown factors in the proposal. The Committee also suggested that the County Administrator transmit this report to the Board of Supervisors with his recommended course of action.

### Section IV: 2004 Sewer Revenue Bond Program

#### Recommendation 4 - Recommended Sewer Revenue Bond - \$150,000,000

The Pima County Bond Advisory Committee recommends that the Board of Supervisors place a separate question on the May 18, 2004 ballot asking voter authorization to sell and expend sewer revenue bonds in an amount not to exceed \$150,000,000. The 2004 Sewer Revenue Bond Program should include the following projects, with associated bond allocations.

Table 9

#### Recommended Sewer Revenue Bond Projects

<u>Project</u>	<u>Recommended Bond Allocation</u>
<b>Rehabilitation and Repair</b>	
Roger Road WWTP Rehabilitation	\$ 20,000,000
Miscellaneous Conveyance System Rehabilitation and Repair	15,000,000
<b>Augmentation/Addition of Conveyance Capacity</b>	
Santa Cruz Interceptor, Prince to Franklin	25,000,000
Roger Road WWTP to Ina Road WPCF Plant Interconnect	23,000,000
Tanque Verde Interceptor, Craycroft to Tucson Country Club	5,000,000
Marana Regional Airport Sewer Connection	2,800,000
<b>Enhanced Processing-Regulatory</b>	
Ina Road WPCF - Denitrification	17,000,000
Ina Road WPCF Central Plant and Electric Upgrade	12,000,000
Ina Road WPCF Laboratory and Office Building	9,000,000
<b>System Treatment Capacity</b>	
New Marana WWTP Expansion	10,000,000
Miscellaneous Water Reclamation Facilities	4,000,000
Mt. Lemmon Sewer System	<u>7,200,000</u>
<b>Total 2004 Sewer Revenue Bond Program</b>	<b>\$150,000,000</b>



## Report and Recommendations for a May 2004 Pima County Bond Program

The Pima County Bond Advisory Committee points out that the Recommended 2004 Sewer Revenue Bond Program will provide significant impetus for economic development in the region and especially to the City of Tucson's Rio Nuevo initiative. For example, the Santa Cruz Interceptor, Prince to Franklin project will directly ensure that there is sufficient sewer conveyance capacity to handle all anticipated growth in Rio Nuevo. The Roger Road Waste Water Treatment Plant Rehabilitation project and the Roger Road/Ina Road Plant Interconnect project will ensure that there is adequate treatment capacity to manage Rio Nuevo growth.

The Marana Regional Airport is a prime focus of economic development for the Town of Marana, which will only be possible if the airport property is connected to a treatment facility. The Marana Regional Airport Sewer Connection Project will connect the airport to the Marana Treatment Plant, fostering the desired economic development.

The Pima County Bond Advisory Committee recognizes that implementation of the 2004 Sewer Revenue Bond Program will require increases in both connection fees and sewer user fees. The Committee did not make any recommendations about limits to the size of these increases, though County staff did provide estimates that connection fees could increase annually in a range of 10 percent to 15 percent and user fees annually in a range of 5 percent to 8 percent. The Committee does recommend that the Bond Improvement Plan Ordinance for the 2004 Sewer Revenue Bond election fully explain the financial aspects of County sewer revenue bonding, describe the major constraints on scheduling the sale of sewer revenue bonds, explain how fee increases are necessary to implement this program and how these increases can be kept to a minimum, and lay out a reasonable schedule of fee increases that the public could expect to see if they approve these bonds.

### **Section V: General Criteria for Decisions - Crafting A Balanced Program**

The Pima County Bond Advisory Committee believes a well balanced program for the 2004 County General Obligation Bond and Sewer Revenue Bond Program has been recommended. Over the course of deliberations, the Committee heard requests for projects totaling almost \$1.5 billion. The Committee was impressed by the magnitude of these requests because they all addressed real needs in the community. The Committee also recognized that the needs presented were not the entire universe of projects that would benefit the community, and that all projects were not necessarily appropriate to be funded by a Pima County bond. The Committee, therefore, had to prioritize among these worthy projects. The Committee wants the public to be able to judge the worth of these decisions by knowing the criteria the Committee used to reach these recommendations.

The Committee employed four general criteria: 1) preserve the community's ability to pay; 2) honor the Board of Supervisors intent to prioritize funding for open space and neighborhood reinvestment; 3) prioritize need; and 4) provide regional benefits.



## Report and Recommendations for a May 2004 Pima County Bond Program

1. **Preserving the Community Ability to Pay** - The first, and foremost, criteria employed by the Committee preserves the community's ability to pay for this bond program and future programs approved by the voters. Therefore, the Committee voted at its November 7, 2003 meeting to recommend a program that did not require raising the secondary property tax rate for debt service above its current level of \$0.8150 per \$100 of assessed valuation.

In a memorandum of October 22, 2003, the County Administrator briefed the Committee on the factors that influence property tax rates for debt service (see Attachment 2). In his report, the County Administrator reported that general obligation bond authorization in the range of \$450 million, sold in increments over a seven year period, could be financed with no increases in secondary property taxes. When the Committee began deliberations, there had been an assumption that the period of bond sale could be kept to five years, with full implementation of the program in seven years, and with a bond ceiling of \$300 million to \$400 million. Given the magnitude of the needs presented, the Committee considered recommending a somewhat larger overall effort, eventually voting to recommend projects in an aggregate amount of \$451.6 million, but lengthening the overall program in order to maintain the ceiling on secondary property taxes.

The County Administrator further explained that, in addition to setting a ceiling on the bond authorization and stretching the program to seven years, the secondary property tax rate for debt service will also be a function of the annual growth in assessed valuation, how much new debt is sold each year, how quickly the County retires existing and new bond debt, interest rates in the municipal bond market, the term of the debt, and other factors. The pace of bond sales is also a function of federal arbitrage rules and how ready projects are to go into design, construction or acquisition.

As the County Administrator explained, Pima County continuously monitors and manages debt service and the issuance of new debt. The Committee believes that it is possible to achieve a \$451.6 million general obligation bond program, sold over a period of seven years, within the constraints of a level secondary property tax rate. In actuality, a \$451.6 million program could be structured over seven years of sales, with the County's active pace of debt retirement, so that the secondary property tax rate, and actual taxes levied, would actually begin to decline after three to four years.

In terms of secondary property taxes, the Committee notes that the community's ability to pay should be measured in three ways: 1) the secondary property tax rate and how quickly it declines from the present level; 2) how quickly projects can be implemented so that voters and citizens can see the benefits of their decision to tax themselves; and 3) how quickly bonds are retired so that citizens in the future have the same ability to incur new debt as we do today. The Committee believes that this \$451.6 million general obligation bond program is appropriate and structured to preserve all three dimensions



## Report and Recommendations for a May 2004 Pima County Bond Program

of the community ability to pay. But, the Committee also recommends that the bottom line criteria must be that the secondary property tax rate is maintained at or below the current level of \$0.8150 per \$100 of assessed valuation. The Committee further recommends that if future events warrant, the sales of general obligation bonds approved at the May 2004 election be scheduled beyond seven years if that is necessary to maintain the pledge on the secondary property tax rate ceiling.

- 2. Conforming with Board Intent to Prioritize Funding for Open Space and Neighborhood Reinvestment** - At the June 17, 2003 meeting, the Board of Supervisors voted to start preparations for a May 2004 bond election that primarily would seek voter approval to fund open space conservation and neighborhood reinvestment. To further their intent, at the July 1, 2003 meeting, the Board established the Conservation Bond Advisory Committee and the Neighborhood Reinvestment Bond Advisory Committee to make recommendations to this Committee. Both of these committees held many meetings between July and October. On October 17, 2003, both committees submitted their recommendations to this Committee. The Conservation Committee recommended a \$250 million program (which included Open Space at \$230 million and Cultural/Historic Resources at \$20 million) and the Reinvestment Committee recommended a \$30 million program. The County Bond Advisory Committee believes that it has essentially incorporated these recommendations.

The Committee recommends the full allocation of \$30 million in general obligation bond funding for Neighborhood Reinvestment, with acknowledgment that these funds must be leveraged with other funding for the program to realize its full scope.

The County Bond Advisory Committee also believes that the County, and the entire community, has many opportunities to match general obligation bonds with other funds for fully funding open space and cultural/historic resource acquisition and protection. The Committee believes that the County has many opportunities to use alternatives to acquisition in fee simple, such as the purchase of conservation easements and development rights, that achieve the full force of conservation at lower costs to the community.

The Committee notes that the conservation program, if approved by the voters, will be equal to other significant conservation programs approved by voters from around the country.

- 3. Prioritizing Need** - It is worth noting that, after the first round of presentations, the County Bond Advisory Committee heard almost \$1.5 billion in project needs; almost \$1.2 billion of these needs were for projects other than open space and neighborhood reinvestment. The Committee took very seriously the need to prioritize among and between these other project categories and, at the meeting of November 7, asked the



## Report and Recommendations for a May 2004 Pima County Bond Program

County Administrator and the other jurisdictions to report back at the next meeting with prioritization of their project requests. The County Administrator took a major step toward the necessary prioritization, with his report to the Committee of November 12, 2003 (see Attachment 1). Pursuant to his prioritization, the County Administrator reduced Pima County project requests from \$472 million to \$151.5 million. The County Administrator provided the following rationale for his prioritization:

### **"II. Rationale for Priority Recommendations**

"My recommendations ... are based on a number of principles. These are:

"I favor projects or programs that: 1) provide direct public benefit and service as opposed to support facilities; 2) increase direct park capacity, primarily for youth program development, or increase recreational capacity for unique programs presently significantly under-served in the community; 3) expand existing facilities to take advantage of property already owned by the County or public, and where basic infrastructure exists and does not have to be reproduced; and 4) attract other funding sources, either private or other governmental funds.

"I would defer projects or programs: 1) where concepts or program details are not fully developed and the service environment or technology are rapidly changing; 2) for facilities needed primarily to serve future population growth; and 3) for facilities or programs that could or should be supported by user fees rather than property taxation."

At the meeting of November 14, the Committee unanimously voted to adopt the County Administrator's rationale as stated and then voted to adopt his prioritized list of Pima County projects at a total cost of \$151.5 million. (The Committee adopted this list of projects with the proviso that adjustments would be made at a later date.)

Following logically from the County Administrator's rationale, the Committee also looked to recommend projects that not only addressed immediate needs, but were capable of getting started and completed within a five to seven year time frame. While the overall time frame for the 2004 bond program will extend from seven to nine years, to accommodate a longer period of bond sales, the Committee still believes that the 2004 bond program should focus on projects that can produce immediate benefits for all residents of the County.

Additionally, the Committee wished to ensure that bond funding was recommended for projects that addressed services that the County was mandated to provide. For example, Pima County is mandated to provide public services for the indigent and is the only provider of such services in Pima County. Therefore, the Committee recommends \$39 million in improvements at the County's Kino Campus that will enhance this mandated public health service for all County residents.



## Report and Recommendations for a May 2004 Pima County Bond Program

Pima County is also mandated to provide Justice Court services for all residents of Pima County, and the City of Tucson's Municipal Court is an integral part of the services that jurisdiction delivers to City residents. Therefore, the Committee recommends \$76 million for a joint Pima County Justice Court/City of Tucson Municipal Court Facility. The Committee notes that this project will serve as a model for regional cooperation.

4. **Providing Regional Benefits** - The County Bond Advisory Committee also emphasized projects that provide regional benefits as opposed to projects that provide more localized benefits. The Committee wishes to stress how importantly it rated the criteria of regional benefits, especially in the context of the City of Tucson assertions that City residents should receive at least 50 percent of the benefits of this bond program. The Committee believes that its recommended bond program benefits everyone in the community equally, from residents of the City of Tucson to residents of unincorporated Pima County, to residents of the other jurisdictions, to residents on tribal lands. The Committee offers the following specific comments to illustrate the regional distribution of benefits.

(The Committee also notes that member composition was regional, with over one-half of the members being residents of the City of Tucson and the remainder residents of either another incorporated jurisdiction, tribal lands, or unincorporated Pima County. The Committee also notes that membership of the Conservation Bond Advisory Committee and Neighborhood Reinvestment Bond Advisory Committee was also regionally representative.)

The Committee strongly asserts that the recommended Conservation Bond Program, including the Cultural/Historic Resources projects, benefits everyone in the community, regardless of the physical location of acquisition or improvements. The Conservation Bond Advisory Committee addressed the regional benefits of the program in their report and Committee members spoke to the issue in remarks before this Committee. For example, one member of the Conservation Committee noted that 80 percent of County residents lived within ten miles of the acquisitions recommended by the Committee. On numerous occasions, members of this Committee who were Tucson residents spoke to their personal use of open space outside of the present urban area. The Committee also recommended adjustments to the Conservation and Cultural/Historic Resources programs to accommodate requests from incorporated jurisdictions.

As recommended, the 2004 Neighborhood Reinvestment Program will be more regional than the 1997 program. While individual neighborhood reinvestment projects are local by design, the overall program is regional. In the 1997 program, all but one project award went to neighborhoods inside the City of Tucson; the remaining award went to the City of South Tucson. The recommended 2004 program would maintain funding for this urban core, but would also extend the geographic reach of the program to the other jurisdictions and to rural Pima County.



## Report and Recommendations for a May 2004 Pima County Bond Program

The mandated service projects -- public health, justice courts, corrections, and victims advocacy -- are all Countywide services, regional by definition. The Committee received information that 80 percent to 90 percent of County public health clients are Tucson residents; the Tucson Police Department was the arresting authority for 55 percent of the defendants brought to Pima County Justice Court for arraignment and for almost 60 percent of prisoners brought to the County Jail.

The recommended Flood Control Bond Program of \$22.5 million is also a regional program. There are eight projects recommended to address specific issues of flooding in the City of South Tucson, on the Tohono O'odham Nation, and the Pascua Yaqui Tribe. According to remarks made by the respective governments, these projects in themselves are regional, either in terms of the origins of the flooding or the protection provided. The Floodprone Land Acquisition priority reaches are either located within the City of Tucson or provide upstream flood attenuation benefits for the City of Tucson and the Town of Oro Valley. The \$13.3 million recommended for the Urban Drainage Infrastructure Program would fund the highest priority regional projects based on factually demonstrated flood damage reduction.

All of the County Parks projects, with one exception, are located inside the City of Tucson or another incorporated jurisdiction, or are located such that they are readily available to City of Tucson residents.

Finally, Pima County Wastewater Management is a Countywide function and the \$150 million in recommended bond expenditures all provide regional benefits. More importantly, this Sewer Revenue Bond Program supports economic development throughout the region, most particularly in Rio Nuevo, which is central to City of Tucson planning.

### **Section VI: Committee Decisions Requiring Additional Explanation**

The Committee wishes to provide some more discussion on three specific decisions that it reached: 1) the regional communications system; 2) City of Tucson requests labeled as "Open Space/Trails" and for Parks; and 3) the Conservation Bond Program.

1. **Regional Communications System** - Originally the Sheriff, representing Pima County and the City of Tucson, requested \$160 million for developing an interoperable radio communications system. The Committee heard the request of both the Sheriff and the City of Tucson and had a number of questions regarding overlap, coordination with other jurisdictions, particularly state and federal agencies, and asked that the Sheriff and appropriate law enforcement officials of the City, including the Fire Chief, discuss this matter further. The Sheriff then, on November 25, 2003, addressed a request to the County Administrator indicating there was general agreement between the Sheriff, the Tucson Police Chief and Tucson Fire Chief for funding in the amount of \$109,896,098.



## Report and Recommendations for a May 2004 Pima County Bond Program

The County Administrator requested a further breakdown of a number of components of this request and received further information from the Sheriff.

The Committee believes that our security as well as facilitating law enforcement and emergency response is an important and necessary community goal. However, the Committee believes that further work and analysis should be done regarding the request, noting that a request over \$100 million requires much further detail and study. The Committee also noted that the open space request was based on studies and the work of citizen working groups dating back four years or more. While the Committee does not believe this type of in-depth analysis is necessary, the Committee does believe that further review is appropriate to ensure that other jurisdictions fully participate in this discussion and include their needs, which would include the towns of Oro Valley, Marana, Sahuarita, and the City of South Tucson, the police agencies of the Pascua Yaqui tribe and the Tohono O'odham Nation, as well as all of the fire districts that exist within Pima County. The Committee also believes that federal agencies (for example the Border Patrol) and state agencies (for example, Department of Public Safety) need to participate as well. Development of such a regional consensus may take some time. Hence, the Committee felt unprepared to make a specific recommendation on this worthwhile and necessary project. The Committee also cautioned that investment in a regional interoperable communications system should be made through a bond issue to the extent that the physical infrastructure that is to be purchased with the bond question lasts longer than the retirement period of the bonds. In short, the Committee wants to ensure that bond investments survive the useful life of the facility or component being purchased.

The Committee considered recommending a course of action; that the Board may wish to convene a regional task force to discuss this matter in greater detail, develop more specific expenditure plans, and ensure that all governmental entities participate, including federal and state governments, and perhaps place on a future bond issue, such as in the November 2004 general election, a question on this issue.

In the end, however, the Committee wished to provide the Board with the greatest degree of flexibility, and felt that perhaps there are certain components of the present proposal that could be evaluated and included in a bond issue to be placed before the voters in May of 2004, provided the funds are added to the allocation now being recommended to the Board of \$451,600,000, and that the tax rate limit established by the Committee not be exceeded. This simply means that the bond program may be longer than the seven year period now proposed.

While the Committee felt that this proposal was very worthwhile, there was inadequate detail in which to deal effectively with the request and deferred action on this matter to the Board. The Committee suggested that the County Administrator ask the Sheriff to prepare a detailed report addressing these unknown factors and that he forward the Sheriff's report to the Board of Supervisors with his recommended course of action.



## Report and Recommendations for a May 2004 Pima County Bond Program

- 2. City of Tucson Requests for Open Space/Trails and Parks** - In correspondence dated November 12, 2003, the City of Tucson Manager presented the Mayor and Council priorities for the 2004 bond program, in an amount of \$320.9 million, down from the original request of \$644 million. This priority list included \$55 million for the Municipal Court, which the City later reduced to \$45 million and the Committee reduced again to \$41 million. The list included \$90 million for the regional communications system, which is discussed previously. The Mayor and Council requested \$20 million for two new libraries, with the Committee voting to fund one of the projects, at \$7 million. And, the City included requests for \$12.6 million in Cultural Resources projects, many of which have been included in the Conservation Bond Advisory Committee recommendations.

Remaining from the City's November 12, 2003 list were \$115.5 million for what the City Manager labeled "Open Space Acquisition/Trails (and related bank protection projects)" and \$17.5 million for Parks Facilities. At the meeting of November 24, the City of Tucson presented a revised proposal that requested \$72.1 million for "Open Space Acquisition/Trails," with a proposal that this \$72.1 million be funded under the Conservation Bond Program as "Community Open Space Priority" projects. The Committee took two actions on these requests from the City of Tucson.

First, the Committee declined to include the City's \$72.1 million under the \$180 million Conservation Bond Program and was unwilling to define the major projects under the "Open Space Acquisition/Trails" category as "conservation/open space acquisition" projects.

Second, the Committee voted to combine all of these \$72.1 million in projects and the \$17.5 million listed under Parks Facilities under the general category of "Parks" and to recommend \$29.8 million in bonds for this purpose. The Committee further voted to recommend that Mayor and Council be asked to allocate the \$29.8 million among the projects listed in their requests.

Of the original request for \$115.5 million under "Open Space Acquisition/Trails," City staff presented data showing that \$70 million would have been used for bank protection along the Santa Cruz River (\$45 million) and Pantano Wash (\$25 million). The Committee did not consider bank protection a legitimate conservation expenditure. Equally important, the Committee adopted the County Administrator's arguments for reducing the scope of the County's Flood Control District request, namely that a) current "major river system needs" are either adjacent to undeveloped land and bank protection costs should be borne by future development or adjacent land is already publicly owned and b) there is the potential for significant future U.S. Army Corps of Engineers funding for river system environmental protection. Therefore, the Committee believes that requested bank protection funding would not be a priority need for this bond program.



## Report and Recommendations for a May 2004 Pima County Bond Program

Also under this category, the City included \$20.7 million for land acquisition: \$5.2 million that would be largely required only if the bank protection were to be undertaken and therefore also would not be a priority need for this bond program.

The City identified \$15.5 million in land acquisition under their Open Space category. Of that amount, \$11 million has already been included in the recommended Conservation Bond Program, with \$4.5 million in acquisitions that could be funded under the \$29.8 million allocation recommended by the Committee.

Finally, at \$29.8 million, the allocation to City of Tucson requested projects would be 60 percent of the \$50 million overall bond recommendation for Parks.

The Committee believes that in terms of Parks projects, and indeed with the overall recommended 2004 Bond Program, residents of the City of Tucson benefit immensely.

3. **The Conservation Bond Program** - Much has been made, and will be made, about the recommended \$182.3 million Conservation Bond Program. Some have and will complain that \$182.3 million for conservation is too large an amount and that more should be allocated to "bricks and mortar" projects that the Committee acknowledged were desirable but could not be reached within the ceiling of \$451.6 million. Others will complain from the other side, arguing that \$182.3 million already represents too large a reduction in the Conservation Bond Committee recommendation for a \$230 million program, and that if the "bricks and mortar" projects were similarly combined under one category heading, the amount would be \$217,800,000.

The Committee acknowledges the rightness of some or both of these arguments. At \$182.3 million, this open space package is the largest such question ever taken to voters in Pima County. In terms of recent elections across the country, \$182.3 million ranks among the largest such programs. On the size of the program, the Committee feels comfortable with its decision. The Committee borrowed from and relied upon the labors of many over several years in producing the Sonoran Desert Conservation Plan and upon the efforts of the Conservation Bond Advisory Committee. The Committee believes the recommended program will benefit everyone in the community and that the benefits will be more than commensurate with the costs.

Also, at \$182.3 million, the proposed program is, in one sense, smaller than what the Conservation Bond Advisory Committee believed very strongly was the best amount, at \$230 million. The Committee does not disagree with the wisdom of a \$230 million program, but did not believe that that magnitude of expenditure could be borne by general obligation bonds alone. Therefore, the Committee would also recommend that Pima County, and other benefitting jurisdictions, aggressively seek out other funding to leverage the investment of general obligation bonds. As an example of other funding opportunities, the Committee notes the attached memorandum from Nicole Fyffe of the County Administrator's Office, which identifies as much as \$93 million in possible other



## Report and Recommendations for a May 2004 Pima County Bond Program

funding (see Attachment 3). This Committee agrees with the Conservation Bond Advisory Committee that there are many opportunities for achieving the purposes of the Conservation Bond Program with purchase of conservation easements and development rights, alternatives that will be far less expensive and often just as effective as acquisition in fee simple. The Committee recommends that the Board of Supervisors and County staff fully explore alternative funding sources and alternative methods of acquisition and that these alternatives be included in the "bond improvement plan" adopted for this bond election.

In addition, the \$182.3 million contains earmarks for specific projects or programs in other jurisdictions. Under Open Space, these earmarks include \$10 million for Davis Monthan Environs Open Space, \$5 million for Agua Caliente Creek, \$5 million for the 36th Street Corridor, and \$1 million for the Habitat at 36th and Kino, which equates to \$21 million for projects inside the City of Tucson. Additionally, there is \$2.5 million earmarked for Kelly Ranch in the Town of Oro Valley and \$1.5 million earmarked for Open Space and Environmental Protection in the Town of Sahuarita. Therefore, \$25 million of the \$182.3 million has been specifically earmarked for specific uses inside incorporated places.

Under Cultural Resources, \$12,468,000 of the recommended \$20,000,000, 2004 program is for projects inside incorporated places. Some of the larger earmarks include \$3,000,000 for Fort Lowell Acquisition and San Pedro Chapel; \$1,218,000 for Dunbar School; and \$800,000 for Roy Place Commercial Building Restoration - all inside the City of Tucson. There are earmarks of \$2,000,000 for Steam Pump Ranch Rehabilitation and \$1,000,000 for Honey Bee Village Acquisition - all in the Town of Oro Valley. The Town of Marana is the site for the \$2,000,000 Marana Mound Community Site. And, the City of Tucson, Town of Marana, and Town of Sahuarita will each receive \$750,000 in expenditures on the Anza Trail.

The Committee further recommends that the Board of Supervisors and County staff very clearly spell out the relations between the 2004 Conservation Bond Program and the County Section 10 permit development process under the Endangered Species Act. The Committee believes that the public will need and demand much more detailed information on the Section 10 process. The Committee also recommends that the "bond improvement plan" ordinance include discussion of the options the County has with its Section 10 permit and how those options could impact implementation of the Conservation Bond Program.

### **Section VII: Who Pays for Bonds**

The Committee heard a great deal about equity among those who will be required to repay bond debt. While the discussion is somewhat academic, the Committee believes that the table below is self-explanatory as to what jurisdictions will be called upon to repay General Obligation property tax-supported bonds.



## Report and Recommendations for a May 2004 Pima County Bond Program

**Table 10**

**Secondary Assessed Value of County, Cities and Towns - 2003  
Sorted on Full Cash Value**

<u>Jurisdiction</u>	<u>Full Cash Value</u>	<u>FCV % of County</u>	<u>Net Assessed Value</u>	<u>NAV % of County</u>
Pima County	\$44,423,164,956	100.00	\$5,221,270,997	100.00
Unincorporated	\$20,451,963,916	46.04	\$2,221,506,804	42.55
Tucson	\$19,313,447,650	43.48	\$2,427,120,926	46.49
Oro Valley	\$2,819,603,140	6.35	\$326,787,649	6.26
Marana	\$1,363,836,320	3.07	\$182,878,398	3.50
Sahuarita	\$358,127,295	0.81	\$45,021,417	0.86
South Tucson	\$116,186,635	0.26	\$17,955,803	0.34

For those who wish more detailed information, the table in Attachment 4 shows the components of the secondary net assessed property tax base by property class and jurisdiction. Tucson homeowners (those in Property Class 3 - Residential property not used for profit) account for only 17.59 percent of the secondary property tax base, while homeowners in unincorporated Pima County are 25.54 percent of the tax base. Looking only at the composition of the residential component of the secondary property tax base of \$2.56 billion, homeowners in unincorporated Pima County pay 52 percent of the residential property taxes (\$1.3 billion of \$2.56 billion); homeowners in the City of Tucson pay 36 percent of residential taxes (\$918 million of \$2.56 billion); and homeowners in the remainder of the County pay 12 percent of residential property taxes.

### **Section VIII: The Timing is Right for a 2004 County Bond Program**

The Committee notes that Pima County voters have approved \$1.255 billion in bonds (general obligation, sewer revenue, and highway revenue) between 1974 and 1997. Virtually all of the bonds authorized by voters between 1974 and 1986 have been sold; virtually all sold bonds have been expended and all of the projects have been constructed; and most of the debt from these bonds has been repaid or will be repaid within the next two to three years.

For the 1997 General Obligation Bond Program, of the \$257 million in bonds authorized, all but \$65 million has been sold and most of the remaining authorization will be sold by June 2004. Of the bonds already sold, most of these revenues have been expended and the remainder will be expended by the spring of 2004. By fiscal year 2004/05, virtually all of the authorized projects will have been completed, in seven years rather than the contemplated ten years.



## Report and Recommendations for a May 2004 Pima County Bond Program

For the 1997 Sewer Revenue Bond Program, all but \$20 million of the \$105 million authorized has been sold and most of those funds have been expended. The Department is poised to sell and expend the remaining authorization before the end of the current fiscal year. Virtually all of the funded work will be completed by the time of the May 2004 bond election. The 1997 Sewer Revenue Bond Program is also essentially ahead of the original schedule.

With the 1997 General Obligation Bond Program and Sewer Revenue Bond Program close to being complete, then May 18, 2004 is a most appropriate time to ask the voters again for permission to sell bonds to address some critically needed projects that will bring significant benefits to the entire community.

### **Section IX: Conclusion**

In conclusion, the County Bond Advisory Committee is very comfortable with, and proud of, the recommendations that it is forwarding to the Board of Supervisors. The recommendations are a product of a thorough and deliberative process of a diverse group of concerned citizens sensitive to the overwhelming unmet needs of the communities in Pima County.

The Committee feels secure that the criteria laid out in the beginning of this report have been met: 1) preserve the community's ability to pay; 2) honor the Board of Supervisors intent to prioritize funding for open space and neighborhood reinvestment; 3) prioritize need; and 4) provide regional benefits.