



## COUNTY ADMINISTRATOR'S OFFICE

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C. H. HUCKELBERRY  
County Administrator

February 19, 2004

Lawrence M. Hecker, Jr.  
405 West Franklin  
Tucson, Arizona 85701

**Re: Response to the Article in the Green Valley News and Sun Regarding a Speech by Steve Emerine Related to the County Bond Program**

Dear Mr. Hecker:

Attached please find an annotated copy of the Green Valley News article related to the comments by Steve Emerine regarding the bond issue. The numbers in parentheses respond to the points at issue in the article. The purpose of this letter is simply to clarify and correct some of the misconceptions that have been stated regarding the bond issue.

(2) First, the Sonoran Desert Conservation Plan is not an anti-growth measure, it is a plan to manage growth such that our precious natural and cultural resources are not sacrificed through unregulated and uncontrolled urban growth. There is a balance, and it is struck in the Conservation Plan where our most important natural and cultural resources are protected while economic expansion and growth continue.

(1) Regarding the issue of transportation, as you and members of the Bond Advisory Committee know, I indicated early in our discussions that there would not be a transportation revenue bond question discussed by the Committee, or even referred to the voters for a number of reasons. First, the present program authorized in 1997 is only a third completed, and reauthorization of revenue bonds for transportation purposes is certainly not necessary nor appropriate. In addition, there is a regional effort to establish a regional transportation authority to fund transportation capacity through a transportation excise tax, and hopefully future revenue bond elections for County highway user revenue bonds will be unnecessary. Finally, the only reason the County authorized a revenue bond election in 1997 was to try to take advantage of HURF equity redistribution of state funds to make significant improvements in backlogged and necessary transportation investment. Unfortunately, the statutes of Arizona do not accurately reflect the most appropriate voter authorizing mechanism for

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County highway user revenue bonds. To accurately reflect the existing distribution of these revenues, the election should only have been held in the unincorporated area of the County since cities have a separate and significantly larger share of highway user revenue bonds. In 1997, the City of Tucson was successful in pressuring the County to include significant transportation improvement projects in the City, which never would have been funded by County Highway User Revenue Funds. (3) In any event, transportation revenue bonds are a completely separate issue from the present bond program that will be before voters in May of 2004 and there is plenty of bonding capacity for transportation improvements at the regional level given discussion of a new authority.

Regarding the transportation bonds and the reference that the County has not spent 60 percent of the 1997 transportation authorization, such is correct and this is one of the reasons there is no revenue bond election in 2004 for transportation bonds. (4) The program in 1997 was a 12-year program, meaning that discussions about a new transportation revenue bond authorization should not come up for public discussion until 2010 or later.

(5) Regarding the points referenced by Mr. Emerine related to Davis-Monthan Air Force Base funding to acquire property to prevent development encroachment, yes, the County can place another question on the November ballot, however, there would be some significant concern over doing so since the voters had turned down an open space question previously and, from a legal perspective there is no real distinction between open space to protect Davis-Monthan from urban encroachment versus open space acquisitions to prevent unwise urban development that would destroy habitats necessary for federal Endangered Species Act compliance. We would also encourage the City to place on the ballot a similar question to purchase land to protect Davis-Monthan from urban encroachment as it is probable that, in the long run, \$10 million of local funding will not be sufficient to prevent urban development encroachment on Davis-Monthan. The City has an opportunity to join with the County in this most important public policy position of protecting Davis-Monthan, and I hope that they would do so whenever the next general obligation bond of the City is proposed.

(7) With respect to the open space bond question not being adequately described, the bond implementation plan will describe, in great detail and through numerous pages of ordinance, the purposes for which open space bonds would be used. (6) Regarding "unbudgeted maintenance costs to manage open space acquisitions," the County has proposed to acquire conservation easements and development rights for the majority of lands to be acquired in the open space bond question. This would effectively eliminate any maintenance costs. The concept being advanced is that of sustaining a "working landscape" wherein existing land uses such as ranching continue into the future and the cost of government management of these lands simply will not exist because existing owners would continue to manage the lands in question as they have done so productively for generations in the past.

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(8) There is also a question raised in the article about lands that may remain available for development if the County open space bond question is successful. Simply stated, today, outside of lands targeted for open space conservation, are at least 500,000 to 600,000 acres of property, twice that necessary to accommodate population growth to nearly 2 million people, at which time we will run out of water. Simply stated, we will run out of water long before we run out of land to develop.

(9) While the Cactus Ferruginous Pygmy-Owl is subject to numerous federal lawsuits regarding critical habitat listing and de-listing, the simple fact remains that the Endangered Species Act exists, has not been changed by Congress since enactment, and will unlikely be changed in the future. Enforcement activity has varied from Administration to Administration, however, gambling with the local economy by betting on the next Administration to win the White House is not what I would call rational public policy.

(10) Regarding housing costs, their escalation is self-evident. The cost of housing in the last decade has escalated rapidly. Such has been the result of market demand and the historic low cost of financing. The Conservation Plan desire to acquire biologically sensitive open space frankly has little or no effect on the cost of housing, particularly when there is twice as much land available for development as there is water, and almost all of the land sought after for open space acquisition is not readily or easily developed.

(11) The issues of the property tax base being diminished and property tax revenues being significantly reduced by open space acquisitions are pure myth. Recent studies indicate that all of the open space acquisitions authorized by the voters since 1974 have had an immeasurable effect on the tax base or tax revenues.

Regarding bonding and interest rates referenced in the article, one of the primary motivators of having a bond issue now is the historic low interest rates. (12) Never before have we been able to finance long-term local government investments at 4 percent or less interest. Now is the time to authorize bond elections, not when municipal bond interest rates are in the vicinity of 7 to 8 percent. The current rates near 3 to 4 percent are attractive and should encourage public bonded indebtedness as a bargain for taxpayers.

(13) With regard to the County property tax rate, it is a simple fact that approving the bonds will not increase the tax rate. This is a pledge not only of the Bond Advisory Committee, but the Board of Supervisors as well. In 1997, the pledge was not to increase the secondary property tax above \$1 per \$100 of assessed value. That has never been exceeded, and today it is at 82 cents per \$100 of assessed value. The pledge of the Board of Supervisors and this Bond Advisory Committee is that approving these bonds will not increase the secondary property tax rate above what it is today - 82 cents per \$100 of assessed value.

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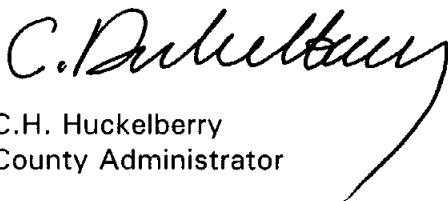
(14) Mr. Emerine also makes the claim that the Conservation Plan is encouraging, not discouraging, urban sprawl. The County, for at least the last 50 years, has had no influence whatsoever on land use decisions of other counties. That is their decision. However, Pima County has indicated that urban development under the present taxing structure does not pay for itself. Therefore, growth, in itself, has a negative consequence on existing County taxpayers. If urban sprawl and development go to other counties, well, at least we can say that our taxpayers are not footing the bill for that growth.

(15) Mr. Emerine also argues that the County has a poor track record regarding bond issues. Quite the opposite is true. The County has an excellent track record with bond issues. We are the only local government in Arizona that passes and adopts a Truth in Bonding Ordinance. No other local government, city or county in Arizona has such an ordinance. As far as I know, there has never been a Truth in Bonding Ordinance passed for any of the City of Tucson bond issues, nor has there been a Truth in Financing Ordinance passed and adopted for Rio Nuevo. Frankly, the County stands head and shoulders above others in disclosure, transparency and accountability regarding public bond expenditures.

(16) Finally, Mr. Emerine raises the issue of public ownership of land within Pima County. This is a masterful mix of apples and oranges. Yes, it is probably true that in Arizona only 13 percent of the land is owned by private citizens. But in Eastern Pima County, where it counts, where all of our population is located, 32 percent of the land is privately owned and, more astonishing, 34 percent of the land is owned by the State Land Trust, which simply means that land, based on current State Land Trust mandates, is to be held for the purpose of its beneficiaries, to be sold at highest and best use, simply meaning that it, too, can become private. Therefore, the issue becomes reversed. Yes, Arizona only has 13 percent of its land owned by private citizens, but in Eastern Pima County, it is very likely that 66 percent of the land base can or may be converted to urban development uses. It is all in how you frame the issue, not what the facts really are.

I hope this letter adequately addresses a number of the subjects and issues raised in the Green Valley News article, which we will undoubtedly hear time and time again as the May 2004 bond election date approaches.

Sincerely,



C.H. Huckelberry  
County Administrator

CHH/jj

c: The Honorable Chair and Members, Pima County Board of Supervisors  
Vice-Chair and Members, Pima County Bond Advisory Committee



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Thursday, February 19, 2004

Critic, supporter offer views on bond election

By Philip Franchine

TUCSON--If Pima County voters approve all six bond issues on the May 18 ballot, the county could not sell sizable bonds for transportation needs for years to come, a bond opponent told a GOP gathering Tuesday. → ①

Steve Emerine, a Democrat and former county assessor and newspaper editor who is allied with business interests, gave the Pima County Republican Club a dozen reasons for opposing the bond questions. Emerine focused most on the proposed \$174.3 million open space acquisition bond that would support the county's Sonoran Desert Conservation Plan, calling the conservation plan an anti-growth measure. → ②

The county board has proposed \$582.25 million in projects to be funded by general obligation (GO) bonds that would be backed by property taxes, plus \$150 million in sewer bonds that would be backed by sewer fees, which appear to be headed for substantial increases.

**Six separate questions**

The ballot will include six separate questions. The five GO bond questions are: \$174.3 million for open space; \$81.8 million for public health and community facilities; \$183.5 million in public safety and justice projects, including the radio system; \$96.5 million for parks and recreation and \$46.2 million for flood control projects.

The projects include millions in improvements to the Green Valley Performing Arts Center, Anza Trail, Canoa Ranch restoration and projects in Sahuarita.

Emerine asked what the most pressing capital need is in the county and the most frequently voiced answer was "transportation."

"If the county were to get voters to approve \$732 million for bonds, none for transportation, how much do you think the county has left in bonding capacity to do anything else? It's not quite nothing, but it's pretty close to nothing. Future boards of supervisors will not have the ability to propose bond issues to solve pressing issues because there won't be the capacity to sell bonds," Emerine said.

— (3)

#### **Funds still not spent**

Open space advocate Carolyn Campbell said later that the county still has not spent 60 percent of its 1997 transportation bond, which exceeded \$350 million, and it is unlikely voters would approve a new transportation bond.

— (4)

County officials have increased a transportation growth fee in new developments, are trying for a regional sales tax to generate \$55 million a year in transportation funds, and have urged an increase in federal gas taxes.

County Administrator Chuck Huckelberry in early December said the county could issue \$451 million in GO bonds without jeopardizing its financial position or raising the property tax rate, but later said the county could add \$105 million for a regional emergency radio network

by stretching the bond issues out over nine years, instead of seven.

Huckelberry and County Board Chair Sharon Bronson, D-District 3, both said they see no problem with tying up the county's bonding capacity for nine years.

Emerine also said:

- If voters shoot down the open space proposal, which includes \$10 million for a buffer zone around David-Monthan Air Force Base, there are other options for protecting Davis-Monthan.

The county could put that question on the November ballot

(5)

lot and the city of Tucson and state and federal initiatives could help, he said.

- The county has not specified what land it will buy, other than the Davis-Monthan buffer zone.

### **Canoa Ranch project**

Campbell said that identifying specific parcels can drive their price up sharply; that new priorities may arise, such as the Canoa Ranch project, which came up after a 1997 open space bond, and that owners will not always sell. Campbell said the county could buy, or obtain conservation easements on, perhaps 200,000 acres from a wish list of 500,000 acres.

Huckelberry said the county plans to list descriptions and areas, not parcels in a 200-page bond description that may become available soon.

(7)

- Purchasing open space will require millions more in unbudgeted maintenance costs.

(6)

Campbell, executive director of the Coalition for Sonoran Desert Protection, said, "I agree, there are going to be maintenance costs" and said estimates should be available when the conservation plan is completed in 2005.

- The conservation plan includes only eight species on the federal endangered list and 47 others that are considered vulnerable by environmentalists and involves much land that is not critical habitat. ⑨

"They drew up maps and...said 'that's great. That will effectively stop growth in the Tucson area.' That was the purpose. But they weren't sure it would do that, so they added in historic and cultural sites. In Oro Valley they came up with 100-some odd historical sites," Emerine said.

County officials say there is so much land already zoned for development that it will take decades to build it out. ⑧

Environmentalists say the sinking water table will limit growth long before the land supply runs out, and point out that 37 percent of public land in eastern Pima County is state trust land that is available for development.

Campbell said regions with conservation plans--Austin, Riverside, Calif., and San Diego--have built out at least as rapidly as others because of the planning certainty and high quality of life, but admits the data are sketchy.

- A federal court has ruled that the U.S. Fish & Wildlife Service acted improperly in calling the cactus ferruginous pygmy owl an endangered species. Homebuilders want the species taken off the endangered species list, but the wildlife service hopes for approval for the listing. ⑨

Huckelberry has said the regulatory fate of the owl does not affect the conservation plan, which covers 55 species.

"The conservation long ago stopped being about the pygmy owl. It's about protection of the biological diversity of the Sonoran Desert in Pima County," Campbell said.

- Housing costs will rise as land costs go up if ⑩

demand remains strong and supply is reduced, Emerine said.

However, bond proponents say state trust land will be sold to developers to replace private land designated for conservation.

- The property tax base will be reduced as the county acquires private land or conservation easements, Emerine said. — (11)

Again, open space supporters say that state land will replace private land for development where there is demand.

- Huckelberry's claim that property tax rates won't go up ignores the fact that "your rate can stay the same, but as your value goes up, your tax bill will go up," Emerine said.

Huckelberry said old bond issues are scheduled to expire and the property tax rate would decline if no new bonds were issued, or would stay the same if all the bonds are approved.

- Emerine said that interest rates could increase and drive up borrowing costs. (12)

Huckelberry admits tax bills will rise with values. Supervisor Ann Day, R--District 1, asked to reduce the bond total in hopes of keeping tax bills down.

#### Highest in state

- The county already has the highest property tax rate in the state, Emerine said. County officials agree, saying Pima County is the only Arizona county without a sales tax and provides services to 250,000 people outside cities and towns. (13)

- The conservation plan is encouraging, not discouraging, urban sprawl, Emerine told the audience. The requirement that developers leave 80 percent open space in critical habitat "means the next [developer] has to move further out" and so developers are building just outside — (14)

the Pima County borders, in Santa Cruz County (Tubac and Amado), Pinal County and Cochise County (Willcox).

Emerine said the movement outward means lost construction jobs.

Still, the Pima County Board approved three projects involving about 2,700 housing units this week, nearly as many as it approved all last year, and praised an 1,800 unit Fairfield Homes development near Marana for its paying-for-growth approach to improvements.

### Going for cheaper land

Campbell said developers were moving outward before the conservation plan was considered because land is cheaper further out. She agreed there is a need for regional land use planning.

- Emerine disputed one of the original reasons the county has given for the SDCP--that the county would have to negotiate with Fish & Wildlife over every road or jail project in the habitat of an endangered species unless it obtains a federal Section 10 permit.

Emerine said Fish & Wildlife has procedures in place that allow development.

Campbell said that a Section 10 permit would enable the county to speed up building for the county and for most developers.

- The county has a poor track record with bond issues, Emerine said.

(15)

Shortly after the 1997 transportation bond was approved, the county admitted underestimating the costs involved, then dropped the 22nd Street widening project, he noted.

County officials have said that the city of Tucson never came up with its matching portion for the 22nd Street widening and that funds went to neighborhood projects in the same area.

- Of Pima County's 9,400 square miles, 87 percent is owned by government agencies or tribal nations and only 13 percent is owned by private citizens, so it makes no sense to conserve more private land, Emerine said.



**Intended for development**

Campbell said that is "disingenuous" because 37 percent of public land in eastern Pima County is state trust land that is intended for eventual development.

And nearly all of western Pima County is the Tohono O'odham Nation, where there is little demand by private developers, and the private ownership is concentrated in eastern Pima County, where it actually represents about one-quarter of the land.

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