



MEMORANDUM

Date: February 27, 2004

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

From: C.H. Huckelberry
County Administrator

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

Re: **Arizona Daily Star Series on the 2004 Bond Elections**

Since last Sunday, February 22nd, the Arizona Daily Star has been running a series of articles on the County's May 18, 2004 bond election. The Sunday article ("97 bond program still casts its shadow") only talked about the 1997 transportation bond program. As you know, there were General Obligation Bonds and Sewer Revenue Bonds on the May 20, 1997 ballot.

County staff is finalizing the Fiscal Year 2003/04 Mid-Year 1997 Bond Status Report, reporting on the program as of January 1, 2004. Attached are excerpts from the mid-year report on the 1997 General Obligation Bond and Sewer Revenue Bond programs, with a map at the end that shows the locations of all projects completed with the General Obligation bond funds. I will highlight information from this report to show how successfully the Board and County staff have implemented the other 1997 bond programs.

1. Since the May 20, 1997 bond election, Pima County has completed 145 1997 General Obligation Bond projects. These Completed Projects include the Juvenile Court Center Expansion (\$43.8 million); improvements to Superior Courts (a total of \$7.1 million); a new pool in Ajo (\$1.7 million); investments in parks along the Rillito River (\$4.8 million); a new northwest pool at Marana High School (\$2.1 million); a new park in Oro Valley along the Canada del Oro Wash (\$1.3 million); a new northwest community center/YMCA, pool and athletic fields (\$5.2 million); small scale improvements to seventeen parks (\$1.2 million); open space acquisitions expanding Tucson Mountain Park, Tortolita Mountain Park, Colossal Cave Mountain Park, acquiring Canoa Ranch and other parcels (\$22.7 million); the Green Valley Performing Arts Center (\$3.7 million); Las Artes Art and Learning Center (\$1.5 million); two Adult Education and Child Care Centers (\$2.2 million); improvements to Kino Hospital and the Kino Campus (\$4.6 million); two new libraries (\$5.4 million) and improvements to a third library (\$1 million); the lower Santa Cruz Levee (\$17 million); drainage improvements in South Tucson (\$1.4 million) and in Green Valley (\$1.2 million). The County has also completed seventeen Neighborhood Reinvestment projects, sixteen inside the City of Tucson and one in South Tucson (\$2.7 million).

The 1997 General Obligation Bond Program was structured as a 10-year program, to be fully completed in 2007. Pima County is well ahead of that schedule. Of the projects not currently completed, only five will not be completed until 2007. Another seven projects might not be completed until later, among these are, the Tumamoc Hill open space acquisition that has come close to completion twice, but the State Land Department has canceled two auctions. Pima County has also reserved the remaining open space bond funds for the pending Arizona Preserve Initiative applications, but that program is in flux with the possibility of state land trust reform. Timing on the start of a new regional landfill and closure of the Tangerine landfill are uncertain. Other than these projects, however, all of the other projects will be completed within the next two fiscal years.

2. The County has sold \$191.2 million of the \$257 million (74 percent) in 1997 General Obligation Bonds. Of the \$191.2 million in sold bonds, Pima County has expended \$176.6 million (92 percent), with the remaining \$14.6 million to be expended by October 2004. Of these expenditures, 74 percent were made for construction.
3. Of the \$105 million in 1997 Sewer Revenue bonds, \$19.9 million has been sold with another \$61.2 million issued through the Water Infrastructure Finance Authority (WIFA), for a total of \$81.1 million (77 percent). By financing large portions of the 1997 Sewer Revenue Bond Program through WIFA loans, Pima County lowered the costs of this program since WIFA finances at rates as much as 25 percent below those charged in the municipal market. All of these sold bonds have been expended.
4. Five Wastewater projects are completed, at a total cost (bonds and other revenues) of \$73.9 million. The Ina Road project, the single largest bond project from 1997 (\$65 million in bonds and \$13.6 million in other revenues) will be largely completed in Fiscal Year 2004/05 and two major components of the project (a new headworks and expansion of the outfall) are already completed, at a total cost of \$19.7 million.
5. Two Wastewater projects are being implemented at substantially reduced costs. First, SS-7, North Rillito Interceptor is not necessary, because engineering studies have shown that reconstruction and rehabilitation of existing facilities will achieve the same increase in capacity that the original project, to build new facilities, would achieve, at a cost of \$324,985 as opposed to the \$2.6 million bond authorization. Second, the original Bond Improvement Plan included \$3 million for SS-17, Green Valley Effluent Reuse for Turf Irrigation, to irrigate golf courses in the area with effluent from the new Green Valley Wastewater Treatment Facility (WWTF). At that time, the County only had an existing agreement with the proposed development adjacent to the facility to provide effluent for their planned golf course. Subsequent to the Election, Robson

Communities purchased the development and advised the County golf course facilities would be significantly expanded. The County then entered into an agreement with Robson Communities for a \$1.2 million contribution to the construction of the new Green Valley WWTF for the effluent generated by the WWTF. The Agreement with Robson Communities enables the County to dispose of the effluent from the WWTF to the adjacent Quail Creek development without the need for effluent distribution facilities.

6. All but two of the seventeen sewer revenue bond projects will be completed by the ten-year mark, Fiscal Year 2006/07 and only one will need the full ten years to be completed. The two projects shown as extending beyond Fiscal Year 2006/07 are actually not needed at this time, because the increase in wastewater flows anticipated in 1997 has not occurred.

The highlights above report a solid record of accomplishment on the 1997 General Obligation Bond and Sewer Revenue Bond programs.

CHH/dr

Attachments

c: Chair and Members, County Bond Advisory Committee