




MEMORANDUM

Date: April 9, 2004

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

From: C.H. Huckelberry
County Administrator 

Re: **Press Release by Tucson Chamber, Regarding County Bond Proposal**

I have been asked to provide some explanation with regards to the points raised in the Chamber press release. Attached is an annotated version of their press release along with explanatory responses to each point raised by the Chamber.

CHH/dr

Attachment

c: Jim Barry, Executive Assistant to the County Administrator

Response to the Chamber Press Release on County Bonds

- 1. Lack of Oversight and Accountability** - There will be more oversight and accountability for the 2004 bond open space question than on any bond question for open space approved previously. Open space bond questions have been approved in bond issues dating from 1974. In order to provide management and oversight, as well as accountability and transparency, the Board of Supervisors has created an 11-member Conservation Acquisition Commission to provide the highest level of oversight possible. In fact, of the 11-member Commission, only five are being appointed by the Board of Supervisors. Six will be professional appointments from entities who specialize in conservation or real estate. Hence, the Board, by creating the Commission, has successfully placed a firewall between politics and implementation of the open space bond question, if approved by the voters on May 18, 2004. Further, the length of terms or terms of office of each Commissioner is eight years, which is twice the term of any elected Board of Supervisors member.
- 2. Diverting Funds for Other Such as Transportation** - Transportation improvements are historically financed through revenue bonds from the Highway User Revenue Bonds from the Highway User Revenue Fund. Further, transportation capital improvement needs of the community total billions of dollars, well beyond the individual bonding capability of Pima County. A completely different and new revenue source is under review and development for funding transportation. The State Legislature is creating a Regional Transportation Authority, with the primary revenue source being an excise or sales tax. Approving the May 18, 2004 bond issue will not take away from other funding solutions to other overall community needs.
- 3. The 1997 Transportation Bond Program** - Has been implemented consistently and steadily as identified in the Bond Implementation Plan, with one exception, that being the 22nd Street Project within the City of Tucson. The 22nd Street Project was reallocated after public notice and public hearing before the Board where only one individual appeared to protest the action, that being City Councilman Fred Ronstadt. The 22nd Street reallocation has a long history that begins with, first, the project being significantly underfunded and requiring substantial matching funds from the City of Tucson that have not materialized. Further, the City of Tucson, in their funding allocations to the 22nd Street Project, took steps, long before the County reallocated bond funds from this project, by moving City funds away from the 22nd Street Project. City staff also discussed reallocating bond funds from 22nd Street to either Broadway or Grant. It was after these disclosures that the Board took an action to reallocate the 22nd Street funds to neighborhood street improvements in the same general area.
- 4. Business Representatives are Placed on All Committees Charged with Oversight** - The 19-member County Bond Advisory Committee, which was institutionalized in County Code on April 6, 2004, is made up of many very successful businessmen within the community, and provides oversight for the bond issue in general. The Conservation Acquisition Commission provides open space oversight and also contains and will contain successful businessmen when all members are appointed.

5. **Conservation Acquisition Commission** - The 11-member Conservation Acquisition Commission was formulated primarily for purposes of expertise in the area of land conservation measures and real estate. It was felt that entities such as the Arizona Open Land Trust, the Nature Conservancy, the Tucson Board of Realtors, and the Natural Resources, Parks and Recreation Commission provided the level of expertise necessary to provide oversight into a largely conservation-related acquisition activity, funded by open space bonds.
6. **Definition of Open Space** - There is an absolute clear definition of open space and, in fact, the scientific foundation and study upon which this open space bond issue has been founded relies on six years of study and analyses and thousands of pages of technical documents and literally hundreds of public meetings that have occurred related to the Sonoran Desert Conservation Plan. Fully \$112 million of the Open Space Bond Issue is devoted to habitat protection, which is related to Federal Endangered Species Act compliance and the Sonoran Desert Conservation Plan. The open space question contains three other functional open space categories, those being: community open space, jurisdictional open space, and Davis-Monthan, all of which are also equally founded in analyses and public discussion.
7. **Bond Implementation Plan** - The implementation plan is contained in the Bond Implementation Plan Ordinance, which now totals 145 pages. It is the blueprint for bond implementation. Pima County is the only county and the only local government to place bond expenditure plans in ordinance form that require public hearings, advertising and disclosure before any modifications are made. The plan was provided to the Tucson Metropolitan Chamber of Commerce.
8. **Cost of Open Space Compliance** - The Sonoran Desert Conservation Plan economic analysis contains an estimated annual cost of strategies for compliance. The most cost-effective strategy identified was to employ County expert staff. The total estimated program costs are \$245,000 per year.
9. **Cost of Open Space Maintenance** - Maintenance costs on open space are not in the millions of dollars. In fact, Pima County actively maintains 37,000 acres of open space today, at an annual cost of \$1.2 million. Doubling the size of this open space will not cost millions of dollars in maintenance. Further, the entire open space program was targeted for acquisition of conservation easements and development rights where the owner retains ownership and the management obligation of the property. Hence, management is not a public cost.
10. **Debt Capacity** - Regarding overall bonding capacity, it has been demonstrated in the Bond Implementation Plan Ordinance that approving all of the General Obligation Bonds on the May 2004 ballot will have little effect on the County's overall bonding capacity. Table 10 on page 18 of the draft ordinance clearly indicates a very large legal debt margin available for additional bonding should such be necessary as an emergency measure or if the voters decide to fund an additional bond program within the next nine years.



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PRESS RELEASE

For immediate release
April 5, 2004

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Tucson Chamber Takes Action on County Bond Proposals

On April 1, the Tucson Metropolitan Chamber of Commerce Board of Directors took the following action regarding a county bond package that will be decided by voters on May 18:

SUPPORT the five proposals addressing public health and community facilities, public safety and justice facilities, parks and recreational facilities, river parks and flood control improvements, and sewer system revenue bonds. These are community-based infrastructure needs that stretch across all jurisdictions, including tribal lands, and will expand and improve new and existing facilities to enhance the quality of life for all county citizens. Additionally, the county's sewer connections and systems are in urgent need of upgrade and expansion, and users will pay for this portion of the bond.

OPPOSE the open space and habitat protection bond, which would allocate \$174 million to acquire open space as part of the Sonoran Desert Conservation Plan. The Chamber is concerned about an overall lack of oversight and accountability to ensure that revenues will be spent in accordance with the stated goal of the proposal. ¹ Additionally, the Board noted that the issue of "open space" itself has not been clearly defined, leaving many unanswered questions about public access. Finally, the Chamber is concerned about the long-term financial impact of these land acquisition costs, including the opportunity cost associated with diverting funds from more significant community needs such as transportation. ² (See pages 2-3 for details of these concerns.)

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Tucson Chamber Takes Action on Bond Proposals – page 2 of 3

Oversight and Accountability

The Chamber is concerned by the historic lack of oversight and accountability associated with the spending of voter-approved bond revenues by Pima County. Funds from a previous road bond initiative passed in 1997, for example, have not consistently been allocated according to voters' wishes. The Chamber advocated that a business representative be placed on all committees charged with an oversight role for the open space bond and that periodic audits be completed for each of the proposals. The County's just-released implementation and oversight ordinance draft in fact gives the Chamber a seat on the Davis-Monthan Open Space Advisory Committee to oversee implementation of the D-M open space program.

⑤ However, the Chamber has not been invited to participate on the 11-member Conservation Acquisition Commission to oversee the overall open space bond proposal.

Definition of "Open Space"

Chamber Board members were troubled by the lack of a clear definition of the term "open space" as well as the absence of detailed information regarding the nature of potential land purchases and how allocated funds would be used. While the Chamber supports the idea of environmental preservation and habitat protection as a vision for enhancing quality of life issues, Board members stressed the need to evaluate a detailed plan for implementation before endorsing it to members. To date, no such plan has been offered. Therefore, questions remain regarding whether public access to open space lands will be restricted, what are the parameters for acquiring additional lands, and what is the complete itemization of costs and expenditures.

Long-Term Financial Impact

Allocation of \$174 million for the open space bond appears to be just a "down payment" on a much larger set of costs that ultimately will be required to fund this proposal. For example, the Sonoran Desert Conservation Plan calls for annual surveying and monitoring of wildlife species on habitat-

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Tucson Chamber Takes Action on Bond Proposals – page 3 of 3

9

protected land. Estimates for these maintenance costs are in the millions of dollars, although no definitive sum has been presented to voters. What is certain is that these costs must be paid in perpetuity, and Pima County taxpayers will be forced to foot the bill because bond proceeds may not be used for maintenance and operation costs.

Additionally, the Chamber foresees other potential financial impacts on the community, including increased cost of housing and business property, down-zoned or artificially devalued land that violates basic property rights, and questions about whether the plan will leave intact sufficient development capacity to accommodate growth.

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Finally, there is significant concern regarding the overall bonding capacity and whether the County will have the ability to fund other, more significant, community needs such as developing a viable and functional transportation infrastructure. Indeed, the Tucson Chamber is dismayed to see a \$700 million bond package that does not include funds for transportation—the community’s highest priority.

Davis-Monthan Air Force Base

A final note must be added about Davis-Monthan Air Force Base and the inclusion in the open space proposal of a \$10 million land purchase within the base flight path. The Chamber has been a steadfast advocate and supporter of the base since its establishment in 1925 and played a pivotal role in its retention during the previous round of Base Realignment and Closure Commissions in the 1990s. The Chamber’s opposition to the open space bond in no way signals a change in its support of D-M.

In fact, the Chamber argued that the purchase of the land in D-M’s flight path should be presented to Pima County voters as a distinct and separate ballot question precisely so as not to jeopardize the future of the air force base. Unfortunately, by a 3-2 vote, the Board of Supervisors defeated the effort to create a separate bond question for the base.

The Tucson Chamber fully supports Davis-Monthan Air Force Base and will continue to work toward the acquisition of open space needed to keep the base open.

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