



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, TUCSON, AZ 85701-1317
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C. H. HUCKELBERRY
County Administrator

April 20, 2004

James Keene, Manager
City of Tucson
P.O. Box 27210
Tucson, Arizona 85726-7210

Re: **Your April 12, 2004 Letter Regarding the Bond Implementation Ordinance and Pima County Bond Election**

Dear Mr. Keene:

Thank you for providing me a list of items you would like to see addressed in the Bond Implementation Ordinance. First, I believe your claim that the Board of Supervisors and Bond Advisory Committee "can act unilaterally to change the bond implementation ordinance, as they see fit, without concurrent action by the City of Tucson Mayor and Council" is not accurate. For those City-requested projects that are clearly identified in the record, Section IV(b) does just the opposite. No City-requested and included project can be modified in scope, funding, location, timing, etc. without a specific request for modification by the City of Tucson Mayor and Council.

I will discuss the matter of whether my statement regarding City-promised matching funds for the 1997 County Highway User Revenue Bond was factually inaccurate in a separate letter, if necessary; however, I stated in my last correspondence that it is best if we simply agree to disagree. If you would like my rendition of the facts, please let me know.

Regarding shortfalls, as I have stated previously, the County will not be responsible for any funding shortfall of any City project. Such would include the Regional Communications System, Justice Court/Municipal Court Complex, and the Wilmot Library.

Regarding the specific comments attached to your letter:

1. This language was in the last Bond Implementation Plan for the 1997 General Obligation Bonds and is designed to prohibit financial discrimination against unincorporated County or other jurisdiction residents in their use of bond-funded public facilities. We acknowledge that the City of Tucson now has differential Parks and Recreation fees; however, City parks constructed with a Countywide tax to repay bond funds paid equally by all residents of the County must be treated differently in fee assessments.

James Keene

Your April 12, 2004 Letter Regarding the Bond Implementation Ordinance and Pima County Bond Election

April 19, 2004

Page 2

2. The County is responsible for maintaining federal arbitrage compliance. The proposed reimbursement basis will continue and has been successfully used to reimburse the City for project costs when implementing 1997 General Obligation bond projects within the City of Tucson.
3. The language has been modified to give first preference to the acquisition of floodprone lands west of Houghton Road, along the Agua Caliente Wash to the confluence with the Tanque Verde Wash, but then only for developed property.
4. Language regarding a regional communications system has been amended to indicate that only after a potential shortfall is funded with federal or state funds will additional federal or state funding be deducted from the amount of local funding required.
5. A parking garage is an essential component to make the project functional, and its design should be integral to the design of the complex.
6. Perhaps each agency should bear the cost of fixtures, furniture and equipment in proportion to their needs and desires, hence, helping eliminate any construction shortfalls that exist. I am certainly willing to budget for the fixtures, furniture and equipment necessary to equip the County portion of the court building.
7. This language was discussed by the Bond Advisory Committee and the Committee decided that the language should remain as written.
8. Same answer as Item 5.
9. We have no preference as to how any expansion of the Victims Advocacy Center is funded. It will certainly not be funded by additional General Obligation Bonds.
10. The concept of the Victims Advocacy Center has been to have the various participants pay their proportionate share of the operating and maintenance costs due to their occupation and use of the facility. The concept seems to be a fair one where each entity pays their share of the cost.
11. Land acquisition should have very little operating and maintenance costs, certainly minuscule as compared to a public park.
12. We can certainly administer the Performing Arts Center if that is your desire.
13. It is our understanding that the Performing Arts Center will be operated by a separate non-profit entity, thereby not having local government-supported operating costs.
14. We assume park siting will take place and this will determine the final location of the park. However, "Southeast" certainly designates a specific geographic area.

James Keene

**Your April 12, 2004 Letter Regarding the Bond Implementation Ordinance and Pima County
Bond Election**

April 19, 2004

Page 3

15. This item was also discussed by the Bond Advisory Committee and the language retained by them.

I hope this answers and clarifies issues that may be of concern to the City of Tucson regarding the May 2004 County Bond Program.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/jj

- c: The Honorable Chair and Members, Pima County Board of Supervisors
The Honorable Mayor and Council, City of Tucson
Chair and Members, Pima County Bond Advisory Committee



CITY OF
TUCSON

OFFICE OF THE
CITY MANAGER

April 12, 2004

Mr. C.H. Huckelberry, Pima County Administrator
Pima County Governmental Center
130 W. Congress
Tucson, AZ 85701-1317

Re: Bond Implementation Ordinance – Pima County Bond Election

Dear Mr. Huckelberry:

City staff has completed a review of the draft Bond Implementation Ordinance. Attached are a number of comments that need to be addressed before a final bond implementation ordinance is adopted. We request that you verify whether these comments are addressed in the final bond implementation ordinance presented to the Pima County Board of Supervisors.

At this time, I must reiterate our previous concerns. The draft bond implementation ordinance, while it has many useful provisions, creates the impression that several projects that lack adequate funding can be completed as discussed in the scopes for the projects. This will no doubt lead to an “over promise and under deliver” situation that the City of Tucson very much wishes to avoid.

The City of Tucson, as directed by the Mayor and Council, remains committed to creating a comprehensive agreement between the City of Tucson and Pima County for the allocation of the proceeds and execution of projects in the 2004 Pima County Bond Election. The purpose of the IGA is to ensure that voters, especially City residents, receive what is promised.

The draft bond implementation ordinance fails to create a real partnership between the City of Tucson Mayor and Council and the Pima County Board of Supervisors. Instead, the Board of Supervisors in conjunction with the Bond Advisory Committee can act unilaterally to change the bond implementation ordinance, as they see fit, without concurrent action by the City of Tucson Mayor and Council.

Your factually inaccurate statement that the City of Tucson promised matching funds to complete certain projects in the 1997 Pima County Highway User Revenue Bond program is a clear example of the type of misunderstanding that must be avoided with this bond program. Entering into a comprehensive intergovernmental agreement between the City of Tucson and Pima County would achieve a clear understanding of how projects are going to be funded, when projects will begin, who will manage projects, and who will be responsible for operating and maintenance costs, and put this information in writing.

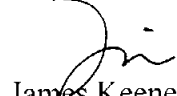
For projects that Pima County and the City of Tucson acknowledge are under funded (i.e. Regional Communication System, Justice Court/Municipal Court Complex, and Wilmot Library Replacement) it would be prudent to either revise the scope of these projects based on the available bond funding, or specifically commit funds from other sources in order to complete the projects as proposed. By not utilizing one or both of these options, there is uncertainty that the project will be completed as proposed in the publicity pamphlet and other Pima County generated informational material.

Given the limited amount of time remaining before the election and the volume of previous correspondence between our respective staffs, I am disappointed that key issues such as insufficient project funding, have not been fully addressed.

Once again, I propose that our staffs finalize this intergovernmental agreement so it can be presented to our respective elected bodies as soon as possible.

Thank you for your immediate attention to this matter. I am available to discuss this matter further if necessary.

Sincerely,



James Keene
City Manager

JK/sap

Attachment: Comments on the Draft Bond Implementation Ordinance

- c: The Honorable Mayor and City Council Members
- Honorable Chair and Members of the Pima County Board of Supervisors
- Benny Young, Assistant City Manager
- Michael House, City Attorney
- Albert Elias, Planning Director

City of Tucson Comments on Bond Implementation Ordinance

4-12-04

General Comments and History:

This list of comments is not meant to be complete but is being provided quickly, as we just recently received the Bond Implementation Ordinance and have not completed our full review.

October 27, 2003, the Mayor and Council of the City of Tucson passed a motion stating that a binding agreement between the City and Pima County should be finalized prior to the bond election date. The agreement should clearly state how bond proceeds will be spent, the schedule for the projects, and who will manage projects.

October 27, 2003 and December 1, 2003, the Mayor and Council requested a joint meeting with the Board of Supervisors to discuss City of Tucson priorities directly with the Board after the Pima County Bond Advisory Committee had made its recommendations.

On January 12, 2004, the Mayor and Council directed City staff to prepare a draft agreement with Pima County that addresses bond implementation issues.

In a February 6, 2004 letter to you, the City formally expressed concern for funding shortfalls. The letter stated that several projects were included in the bond package at less than the amount the City of Tucson indicated would be needed to construct the project. The additional funding that the City anticipated would be necessary has not been identified.

On April 5, 2004, the Mayor and Council approved a proposed Intergovernmental Agreement and directed City staff to present it to Pima County for approval by the Board of Supervisors.

Specific Comments on Draft Bond Implementation Ordinance:

1. Page 17, #4 (General Provisions of IGAs for Specific Projects): This says that the City will agree to make the improvements that are funded with bond funds available “to all residents of Pima County without restriction or preference to jurisdiction of residence.” The City cannot agree to this as City Parks and Recreation currently has differential fees for city and non-city residents.
2. Page 17, #6 (General Provisions of IGAs for Specific Projects): This says that the County will only transfer bond proceeds to implementing jurisdictions on a “reimbursement basis.” This is not workable from our perspective because the City does not have the financial capability to advance funds for projects.
3. Page 36, Agua Caliente, Location: Additional language should be added specifying that the land to be acquired will be west of Houghton Road.
4. Page 66, Regional Communications System, C. Bond Funding Limited: This says that “any state or federal grant obtained would be subtracted from the amount of bonds sold...” Given that this project is underfunded as is, the grant funds should be *added* to the amount of the bonds, not subtracted.
5. Page 69, Joint Court, Scope: This says that the parking garage will be designed and constructed in conjunction with the courts, but construction and operation of the garage will

be funded through parking fee revenues.” The parking garage should not be mentioned at all in relation to this project. There are too many unanswered questions at this time, such as who will build the garage? how will it be financed? who will manage it? and how will operating expenses and revenues be handled?

6. Page 70, Joint Court, Costs: The table lists \$1.765 million for FF&E (furniture, fixtures and equipment) for Pima County and only \$1 million for Tucson City Court. This does not appear to be equitable since the Tucson City Court is proposed to be 7,000 square feet larger than the Pima County Court.
7. Page 71, Joint Court, Other Funding: This says that the sale of the City’s existing court “would yield \$4 million that could be invested in this project.” We believe that this language should be removed, as the City has not determined the value of this City-owned asset, nor what will happen with this facility. Even if it were sold, the City has never agreed to commit these funds towards this project and may consider other options for this asset.
8. Page 71, Joint Court, Future Operating and Maintenance Costs: This states that an IGA will set forth “management of the parking garage.” Again, the parking garage should not be mentioned due to the many unanswered questions (see #5 above).
9. Page 74, Victim Advocacy Center, Other Funding: This says that “one source of other funding could be certificates of participation ... perhaps issued by another governmental entity.” If the reference is to the City of Tucson, the City has not discussed this issue and has not agreed that this is an acceptable option.
10. Page 74, Victim Advocacy Center, Future Operating and Maintenance Costs: This does not specify who is responsible for these costs. We have learned from City staff at the Police Department that there is a consultant recommending the City cover operating costs. The City has not discussed this, which may not be workable due to a lack of available operating funding.
11. Page 81, Fort Lowell Acquisition, Future Operating and Maintenance Costs: This states “none.” Aren’t there costs associated with this? And who will be responsible?
12. Page 88, Performing Arts Center, Project Management: This says that the City will manage the project. The City has not agreed to manage this project and may not agree to do so since it is underfunded.
13. Page 88, Performing Arts Center, Future Operating and Maintenance Costs: “None” is listed. Aren’t there costs associated with this? And who will be responsible?
14. Page 105, Southeast Community Park, Location: This says that the park is anticipated to be located in the vicinity of Esmond Station and adjacent to a new Vail School District high school. The location should not be this specific.
15. Page 118, Wilmot Library, Other Funding: This says that “the residual of the City’s assets in the Wilmot Library would yield \$3.2 million that could be invested in this project.” We believe that this language should be removed as the City has not determined the value of this City-owned asset nor what will happen with this facility. Even if it were sold, the City has never agreed to commit these funds towards this project and may consider other options for this asset.