



## COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER  
130 W. CONGRESS, TUCSON, AZ 85701-1317  
(520) 740-8661 FAX (520) 740-8171

C. H. HUCKELBERRY  
County Administrator

May 4, 2004

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

**Re: City Park Projects Funded With 1997 County General Obligation Bonds**

Dear Mr. Keene:

On August 20, 2001, the Board of Supervisors approved an intergovernmental agreement for Freedom Park Center Improvements. Then, on May 14, 2002, the Board approved intergovernmental agreements for Morris K. Udall Park Play Field Improvements, Columbus Park Improvements, William M. Clements Center Improvements, and the Quincie Douglas Center Pool Improvements.

In each of the agreements, Pima County pledged to provide 1997 County general obligation bond funding, while the City pledged to manage design and construction of the projects in accordance with schedules laid out in the agreements. In furtherance of its responsibilities under the agreements, in January 2003, Pima County sold general obligation bonds in the amount of \$3.1 million for these projects. As the attached correspondence shows, I asked for and received from you specific assurances that the City intended to meet the schedules set forth in the agreements, which was important to the County because of potential arbitrage penalties if the City failed to meet their schedules and these bond proceeds were not expended.

Unfortunately, the City failed to meet any of the schedules set forth in the agreements, as the information in the table below reveals, and all of the agreements will have to be extended. At the April 6 meeting, the Board approved an extension of the Freedom Park Center Improvements agreement, expanding the scope and increasing County funding as well, and forwarded the amendment to the City for Mayor and Council approval. You will note that the term for the construction phase of the Udall Park project expired 11 months ago. The term for Quincie Douglas will expire at the end of the month; for Clements Center by the end of

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June; and Columbus Park at the end of August. The City needs to act expeditiously to prepare amendments to extend these four intergovernmental agreements and to forward them to my office for Board action after the Mayor and Council have approved them. I trust that the City's new schedules will be more accurate.

<u>Project</u>	<u>Termination Date of IGA for Construction Phase</u>	<u>Current Estimated Construction Completion Date</u>
Freedom Park Center Improvements	December 31, 2003	May 31, 2004
Udall Park Play Field Improvements	June 15, 2003	August 31, 2004
Columbus Park Improvements	August 31, 2004	Unknown
William M. Clements Center	June 30, 2004	Unknown
Quincie Douglas Center Pool	May 31, 2004	Unknown

Equally troubling is the City's failure to meet its commitments on schedules for expenditure of bond funds. As the table below shows, almost eighteen months after the January 2003 bond sale, only \$104,487 of the \$3.1 million in bond proceeds has been expended. It is curious that the City has not made a single request for reimbursement even for Freedom Park Center Improvements, which is completed.

<u>Project Name</u>	<u>2003 GO Bond Proceeds Allocations</u>	<u>Expended Through Period 9 FY 2003/04</u>
Freedom Park Center Improvements	\$ 914,852	\$ 10,386
Udall Park Improvements	\$ 331,444	\$ 43,930
Columbus Park	\$ 502,030	\$ 9,894
Clements Recreational Facility	\$ 499,737	\$ 18,580
Quincie Douglas Park Expansion	\$ 866,600	\$ 21,697
	<b>\$3,114,663</b>	<b>\$104,487</b>

The City was fully aware of the County's responsibilities for arbitrage and that, in the event of City failure to expend bond funds in a timely manner, the County would reallocate bond proceeds to other eligible projects. Even at this late date, the County has no information on when the City intends to submit requests for reimbursement for Freedom Park Center and Udall Park. You should be aware that the County is close to expending all of the January 2003 bond proceeds and I would urge you to submit reimbursement requests for Freedom Park Center and Udall Park quickly, before the proceeds are entirely expended.

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As for Columbus Park, Clements Center, and Quincie Douglas Pool, there will be no bond proceeds from the January 2003 sale available for expenditure on these projects. Pima County is planning a June 2004 bond sale, but I see no evidence that the City is able to make firm and reliable enough commitments on schedules for expenditures on Clements Center and Quincie Douglas Pool in time for us to include them in this June sale. The County is also looking at a January 2005 bond sale, which might be a better time frame for the City.

I look forward to the City's prompt attention to these matters. My Executive Assistant, Jim Barry, is prepared to work with your staff to resolve these issues.

Sincerely,



C.H. Huckelberry  
County Administrator

CHH/jj

Attachments

c: The Honorable Chair and Members, Pima County Board of Supervisors  
The Honorable Mayor and Council, City of Tucson  
Chair, Vice-Chair and Members, Pima County Bond Advisory Committee  
John Bernal, Deputy County Administrator for Public Works  
Rafael Payan, Natural Resources, Parks and Recreation Director  
Jim Barry, Executive Assistant to the County Administrator



**CITY OF  
TUCSON**  
OFFICE OF THE  
CITY MANAGER

December 5, 2002

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

**Re: City of Tucson Parks and Library Bond Projects – 1997 County G.O.  
Bonds**

Dear Mr. Huckelberry:

In response to your letter dated November 18<sup>th</sup>, we plan to proceed with the current construction timelines for the parks and library capital projects approved by Pima County voters in 1997 to be built within the City of Tucson.

We are looking at many different operational issues as we consider budget-balancing options for the coming year, but no decisions have been made. You will recall that we very assertively pursued approval of the Inter-governmental Agreements for these projects, even though we met with several lengthy delays. These are important projects for our citizens and we intend to continue our efforts to see them to completion.

We would like specific information on the timetable for bond sales and/or bond proceeds currently onhand for these projects. Please be as specific as you can about the possible arbitrage penalties.

It would be helpful for us to know this so that we can specifically look at how this coincides with our plans.

Sincerely,

  
James R. Keene  
City Manager

JK:LRM/jat

c: Liz R. Miller, Assistant City Manager  
Kay Gray, Finance Director



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C. H. HUCKELBERRY  
County Administrator

November 18, 2002

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

Re: **Budget Issues and County General Obligation Bonds**

Dear Mr. Keene:

The County has a number of approved intergovernmental agreements with the City of Tucson regarding capital development of libraries and parks. I certainly understand the budget difficulty the City is under; however, we need to be advised of any delays that could occur with regard to the opening of capital-funded facilities for either parks or libraries, particularly those that are currently under development as the cash flows identified in the intergovernmental agreements dictate the amount and timing of general obligation bond sales of the County. If projects are delayed, we could face arbitrage penalties. We are now planning another bond sale in the immediate future and need to set the bond sale at a level commensurate with the anticipated cash flows.

The executed intergovernmental agreements with the City of Tucson fund five parks projects with general obligation bonds: Freedom Park, Udall Park, Columbus Park, Clements Center, and Quincie Douglas. We now plan to include \$3.1 million in a January 2003 general obligation bond sale for these five projects, entirely for construction. In addition, there is a future allocation for the Quincie Douglas branch library, and the County is now beginning design for the Midtown Library. Should any of these capital expenditures be delayed, given that, in the case of parks the operating and maintenance costs will fall solely on the City of Tucson and in the case of libraries be shared with the County, we could be adversely affected from the perspective of bond arbitrage.

I would appreciate an early response to this question so that we can continue our planning for the sale of general obligation bonds for January of 2003.

Sincerely,

A handwritten signature in black ink that reads "C. Huckelberry".

C.H. Huckelberry  
County Administrator

CHH/jj

c: Carol Bonchalk, Financial and Information Services Director  
Jim Barry, Executive Assistant to the County Administrator