

## 20 Questions - May 18, 2004 Bond Election

### **1. Do I Have to Vote Yes or No on the Entire Bond Package on May 18, 2004?**

No, the ballot will contain six separate questions. A voter can vote for or against any or all of the questions. In fact, a voter could vote for one and skip all of the rest, or act on each question independently - voting yes, no, or not voting.

### **2. Why Was Davis-Monahan Combined with the Open Space Question?**

On the advice of bond counsel, the County was prohibited from combining the Davis-Monahan Urban Encroachment question with any other question on the ballot except for the open space question. Hence, because of a legal requirement the County was required to place the question regarding Davis-Monahan in the first ballot question, which is on open space.

### **3. Why a Special Election in May and Not with the November General Presidential Election?**

Pima County has held 10 bond elections with 42 different propositions, and only two questions were combined with a November general election, those being the bond question to authorize right-of-way acquisition for the Rillito Parkway in 1984, which was defeated by the voters, and the 1997 transportation bond question, which was passed. All other bond elections dating from 1974 have been special elections. The Board, in calling for the election, felt, given the magnitude of the bond proposition and the financial community interest that would be involved in such a series of six bond propositions, that to combine the bond election with the November general election, which could be quite lengthy given the election of political offices, including the Presidential election and statewide referendums and initiatives, that it was best to, again, hold this bond election at a special election, allowing the voters to concentrate on the complexity and detail of the bond election.

### **4. If All of the General Obligation Bonds Are Approved at the May 2004 Election, for Ten Years the County Will Not Have Any Capacity to Sell New Bonds or Respond to Emergencies That May Arise.**

The County's bonding capacity, as indicated in the Bond Implementation Plan, is limited constitutionally to 15 percent of the assessed value of the County, with the Flood Control District limited to 5 percent of the County assessed value. The present debt limit is \$845 million. With the sale of the remaining 1997 obligation and the first issuance of the 2004 bonds, if authorized, the outstanding debt of the County will be \$268 million, leaving a legal available debt margin of \$577 million. Over time, with a scheduled sale of the \$582 million authorization, the County's legal debt margin never drops below \$569 million, and climbs to \$847 million within ten years, not counting the Flood Control District debt margin of \$243 million that is available. The County, with the self-imposed secondary property tax rate limitation, has ample future bonding capacity to meet community needs, as well as emergency needs of over \$800 million. Bonding capacity for the County has not been a problem in the past, and it will not be a problem in the future.

**5. Why Should Pima County Be Buying Open Space When 87 Percent of the Land in Arizona Is Owned by Federal, State or Local Government?**

While the amount of private land in Arizona may be limited to 12 percent, it varies widely from county to county. In Pima County, and in particular, eastern Pima County, where all of the growth and development is occurring, 31 percent of the land is private, and another 33 percent of the land is owned by the State Land Department and held in trust. It is commonly known as State Trust land, and will eventually be sold or put to use for the beneficiaries of the state. Hence, in eastern Pima County, where growth is occurring, nearly 64 percent of the land base east of the Tohono O'odham Nation is either private or held by the State, which may become private. Hence, the picture looks entirely different if the scope of the argument is changed from Arizona-wide to eastern Pima County, where the open space issue is really applicable.

**6. Why Should the City of Tucson Mayor and Council Support the Bond Issue When the Regional Public Safety Communications System, Combined City and County Lower Courts, and the Wilmot Library Have Been Reduced in Cost?**

In all cases, the estimates for these projects are simply that, estimates. The County Bond Advisory Committee, a group of knowledgeable citizens with expertise in many areas, reduced the cost estimates provided by government officials based on their private sector experience in these areas. The short answer of the Bond Advisory Committee is, people do not always get what they ask for and therefore need to be creative and innovative to make up any shortfalls, if there are shortfalls. For example, the regional Public Safety Communications System has been estimated to cost as much as \$105 million; \$92 million has been provided, leaving a shortfall of \$13 million. It is inconceivable that a united effort of the community cannot attract at least \$13 million in federal and state funding to match local commitments to such a program. Historically, all other communities expect federal or state appropriations to pay a majority of these costs. The Bond Advisory Committee felt very strongly that we should first ask for funding from federal and state sources, particularly in the area of homeland security, before asking local taxpayers to foot the entire bill.

Regarding the combined City/County Courthouse, the Committee felt that Courts should be functional facilities, not the typical judicial edifices that are commonplace today. The Courts can operate in buildings that are designed efficiently and effectively, without the opulence of some court buildings.

Finally, regarding the Wilmot Library replacement, the Committee felt that efficiencies of economy could also be achieved, and that a 35,000 square foot library building does not warrant a cost of \$300 per square foot. In fact, the Wilmot Library estimate includes nearly \$2.5 million in books and \$300,000 in contingency, neither of which would be included in bonds. The typical useful life of a library book is five years. It makes no economic sense to issue a property tax bond life of ten to fifteen years for a five-year asset. Hence, the cost estimate for the Wilmot Library replacement was inflated to begin with.

**7. The Cost to Comply with the Federal Endangered Species Act, Through Obtaining a Section 10(1)(a)(B) Permit Related to a Habitat Conservation Plan of the Sonoran Desert Conservation Plan, Will Cost as Much as \$7.6 Billion.**

The analysis prepared for the Habitat Conservation Plan to be submitted to the United States Fish and Wildlife Service indicates that, over the build-out period, when Pima County effectively runs out of water, approximately 440,000 acres of reserve areas will have to be set aside. This can occur through the purchase of conservation easements and development rights, or simple acquisition. With State Trust land reform, this amount could be reduced to as low as 175,000 acres. Depending upon values, the 2004 bond issue could acquire as much as 100,000 acres of this requirement. Hence, if the open space bond amount in Question 1 of the 2004 issue is doubled to \$346 million, it certainly is nowhere near \$7.6 billion.

**8. Opponents of the Open Space Question Indicate That the Surveying and Monitoring Costs Will Exceed \$16 Million Per Year.**

Today, Pima County, to manage its natural open space system of Tucson Mountain Park, Tortolita Mountain Park, Colossal Cave Mountain Park, and Cienega Creek, totaling 37,000 acres, budgets only \$1,800,000. Doubling or tripling these land acquisitions will not come close to \$16 million per year, but more likely \$3 million per year. In addition, the annual cost for monitoring Section 10 compliance is estimated at no more than \$25,000 per year. However, the land acquisition strategy for a vast majority of the open space is through conservation easement and the acquisition of development rights, leaving ownership of the property with the original owner. This owner will be prohibited from developing or splitting the property in the future, however, will retain ownership and will pay the cost of management, not the public taxpayer.

**9. Why are There Not Any Transportation Improvements in this Bond Issue Since Transportation is One of Our Biggest Problems?**

General Obligation Bonds, or bonds paid by property taxes, are generally not used to support transportation projects. Transportation related revenue bonds, or what have been known as Highway User Revenue Fund bonds, are the vehicle for these improvements. In the unincorporated area of the County, the County is using these bonds to make significant transportation investments. In an unprecedented move, the County voluntarily provided over \$100 million of these funds to the City of Tucson, subject to them matching these bonds with investments that they pledged to provide. Many of these transportation improvements have been completed or are under construction. A larger question of regional transportation has been addressed in the State Legislature by creating a new Regional Transportation Authority, which will once again try to convince voters to pass a half cent sales tax to finance transportation improvements. Simply stated, General Obligation Bonds are not the typical or traditional funding vehicle for transportation improvements, hence none are included in this bond question. It has been estimated that the cost to pay for regional transportation improvements is over \$4 billion, an amount much larger than normally paid through a single bond issue since the total bonding approved for five questions of the May issue totals approximately \$582 million. Funding transportation is a larger issue, now in the hands of a Regional Transportation Authority, which must convince the voters to approve a half cent transportation or excise tax.

**10. What Type of Accountability is in this Program to Ensure the County Spends the Bond Funds on Projects Identified?**

The County has adopted unprecedented accountability and transparency ordinances regarding the Bond Program. In no other local government within Pima County, including municipalities, has such an ordinance been adopted, nor in the state has such an ordinance been adopted. It is likely that the County is the leader in voter disclosure and accountability regarding execution of voter-authorized bond programs. The County was the first to enact such a voter accountability package in the 1997 bond program. A similar accountability measure was not adopted by the City of Tucson in their voter approval of the Rio Nuevo Redevelopment Project. Every change in the bond program must be reported and acted on by the Board of Supervisors at a noticed public hearing, open for public review and comment. Further, the County Bond Advisory Committee, a committee of expert lay-persons, will continue to provide monitoring and oversight of the Bond Program, and, finally, an unprecedented move has been taken to create an expert citizen committee to provide direct oversight of the open space acquisition question. There has never been this level of disclosure and accountability by a county or local government. The electorate should demand that the same standards be applied to all other local governments in Pima County in future voter elections regarding bonds or redevelopment.

**11. How Can We be Assured that the Board will Not Raise the Secondary Tax Rate, Even Though They Promised to Hold It Constant at 82 Cents Per \$100 of Assessed Value?**

An ordinance, which is for all of the County, was adopted by the Board on April 13, 2004, assuring the voters that by ordinance or law the County rate to retire this bond issue and any outstanding bonds will not exceed 82 cents per \$100 of assessed value. In addition, the Board has a positive track record regarding this matter since, in the 1997 Bond Issue, they promised not to have the secondary tax rate exceed \$1 per \$100 of assessed value, and it has declined every year since 1997 to its present level of 82 cents per \$100 of assessed value. If this bond issue is approved, it is likely that this tax rate will stay constant for the next six to seven years, and then begin to decline again.

**12. How Did the Park Projects Within the City of Tucson Get Selected?**

The County Bond Advisory Committee asked the Tucson Mayor and Council to select the specific park projects for inclusion in the bond election. Each project was specified by the City of Tucson Mayor and Council.

**13. How Much of My Property Taxes Will it Take to Pay Back the \$174.3 Million Open Space Debt if this Question is Approved?**

Based on six sales spread out over 2005 to 2010, assuming a 6 percent interest rate, 15-year debt retirement period, and a home with an assessed value of \$124,352, the cost to retire the open space bonds will average approximately \$1.43 per month.

**14. Why Would the County Build Office Space for University Physicians to Take Over Kino Community Hospital?**

The Bond question related to the Kino Health Campus does not provide any office space for University Physicians. The bond project scheduled for the Kino Health Campus is directly related to the County's operation of public health functions and psychiatric services. \$25 million of the bond proposal is to build a public health center that will house the public health administrative and clinic functions of the County as well as Pima Health Systems, which is the County health maintenance organization for the indigent. The building will be owned and operated by the County and house County services related to public health and medical insurance for the indigent. The psychiatric facility will expand the County's inpatient psychiatric services for those who are committed to psychiatric care by the court. The improvements have nothing to do with University Physicians and their assumption of operation and management of Kino Community Hospital.

**15. Opponents of the May 18, 2004 Bond Election Say These Projects Do Not Meet the Needs of Pima County Residents.**

An expert, citizens advisory committee, representing the various jurisdictions within Pima County, deliberated for several months on meeting the many needs of this community. They presented a package to the Board of Supervisors, which in their words, "represents very real and very important needs for our community".

**16. Opponents of Question 1, Open Space and Habitat Protection, Say That the Land Acquisitions Are Based on Guesswork Instead of Science.**

More than 150 scientists have contributed their expertise to the Sonoran Desert Conservation Plan, as well as nationally recognized peer reviewers. A scientific basis has been established that exceeds the precision of other national conservation plans. A good portion of the lands identified for preservation in Question 1 were selected based on the expertise of these scientists.

**17. Opponents of the May 18, 2004 Bond Election Say That Approving All the Questions Will Keep the Property Taxes on Homes the Highest in the State.**

Of all the property tax dollars levied on properties within Pima County for tax year 2003, less than 30 percent went to Pima County. School Districts and Pima Community College accounted for the largest share at 60 percent.

**18. How Will Purchasing the Open Space Properties Identified in Question 1 Impact the Tax Base and Property Tax Revenues?**

A study was conducted to analyze the impact of open space purchases on Pima County property taxes as well as school district property taxes. Overall, it was estimated that there will be no significant impact to property tax revenues and the tax base. One reason for this is that many of the parcels identified in the open space portion of the bond program are valued

at a low agricultural rate and therefore pay considerably less in taxes than residential and commercial properties. Furthermore, for the open space portion of the bond program, the goal is to purchase conservation easements on many properties, as opposed to purchasing the land outright, thereby leaving the land in private ownership and on the tax rolls.

**19. If Voters Approve All of the Questions at the May 18th Bond Election, When Will the Projects Be Completed?**

In order to keep the secondary property tax rate at or below its current rate, the County will sell bonds in increments, with the last sale scheduled for January 2013. This means that completing all of the bond projects may take twelve years, through fiscal year 2015/16. If the tax rate was not limited, completion of the program could possibly take half the time. For each project included in the May 18 bond election, an estimated implementation period is included in the Bond Implementation Plan.

**20. How Will the \$10 Million for Affordable Housing be Spent?**

The funds can be used for planning, design, and site improvements in public right-of-way for developers/contractors building affordable housing meeting the 80 percent of median income per the United States Department of Housing and Urban Development in Pima County. To explain further, if a contractor has a 30 unit subdivision, and all the units will be sold to households meeting the 80 percent of median income, they can apply for bond funds to pay for the pre-development and site improvements. The contractor must show that the funds received reduce the price of the home by the amount spent. These funds are leveraged with other sources of funds, which often reduces the price even more.