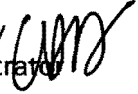




MEMORANDUM

Date: November 12, 2010

To: Chairman and Members
Pima County Bond Advisory Committee

From: C.H. Huckelberry
County Administrator 

Re: **Recommendation to Postpone Bond Election to 2012**

Background

The issue of the timing for a future bond election is at the top of your agenda for the November 19, 2010 Bond Advisory Committee meeting. At its September 19, 2010 meeting, the Committee discussed at length some of the factors that should be taken into account when deciding whether to continue to pursue a 2011 bond election. Two of the factors discussed were economic conditions and results of voter support or opposition to questions on the November 2, 2010 election ballot that would result in increased taxes. Based on continuing economic concerns and voter defeat of the City's proposed half cent sales tax, as well as several school district budget overrides; I think it would be prudent to delay a bond election once again, until November 2012.

Economic Indicators

There are several indicators that we at Pima County have access to, that continue to raise concerns regarding the state of the economy:

- The number of new residential building permits issued last month (October) were the lowest in the past 13 month period – 22 permits issued compared to a high of 99 permits issued in March.
- Participation in our job training programs, and number of calls received, continue to be at levels much higher than before the economic downturn.
- The unemployment rate for Pima County remains around 9 percent.
- Companies have continued to reduce their workforce due to the economic downturn. For 2010, companies that reported layoffs to Pima County reported the loss of 1481 jobs. The reason cited by these companies for 933 of these jobs was the downturn in the economy.
- Projections for Secondary Assessed Value, estimated as of February 2010, show continual declines through Fiscal Year 2014/15, with values not reaching Fiscal Year 2010/11 levels until 2020. The projected loss in Secondary Net Assessed

Chairman and Members, Pima County Bond Advisory Committee
Re: **Recommendation to Postpone Bond Election to 2012**
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Value between this fiscal year and next is estimated at 11 percent, which is over a billion dollar loss to the tax base.

Voter Concerns Regarding Revenue Increasing Ballot Measures

More than half of revenue increasing measures on the November ballot failed. The City's proposed sales tax increase lost by a large margin. Those measures that were approved did include two school district bond elections. However, the authorized amounts for these school district bond elections were significantly smaller than the amount being discussed for a countywide bond election. It appears voters continue to have concerns about tax increases.

Deferring to 2012 Will Not Impact Project Start Dates

I clearly understand that there continues to be a great need in this community for many of the bond projects that have been proposed and supported by the Committee. However, it is important to remember that even if the voters approved County bonds in November of 2011, it is unlikely we could actually sell the bonds until 2012 or 2013. This means that projects could not be built until this time or after. This is due to the projections that estimate continuing declines in the assessed value of properties, which will result in less capacity to pay back existing and future bonds. In January the tax rolls for Fiscal Year 2011/12 will be conveyed by the Pima County Assessor. These will be the tax rolls used by all taxing jurisdictions in Pima County to determine the next fiscal year budget. These will then be used in future projections of assessed values over time, to determine the appropriate size of future bond sales in upcoming years.

Recommendation

I know you share the Board of Supervisors' desire to maintain tight fiscal controls and avoid overburdening the taxpayers; particularly during challenging financial times. It is my recommendation that the Bond Advisory Committee recommend to the Board of Supervisors that a future bond election not be held until 2012.

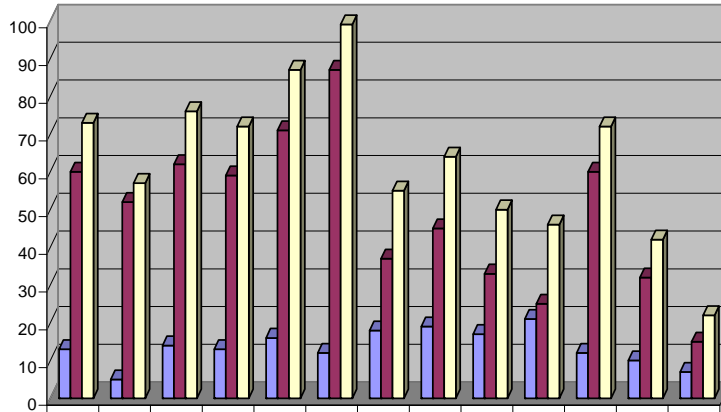
CHH/dr

Attachments

c: The Honorable Chairman and Members, Pima County Board of Supervisors
Nicole Fyffe, Executive Assistant to the County Administrator

Attachment 1

New Residential Permits Issued
13 Month View



	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10
■ Residential New/Custom	13	5	14	13	16	12	18	19	17	21	12	10	7
■ Residential New/Model	60	52	62	59	71	87	37	45	33	25	60	32	15
■ Total Permits	73	57	76	72	87	99	55	64	50	46	72	42	22

Attachment 2

Pima County, Arizona
 General Obligation Bonding Program
 Projected Secondary Assessed Value Comparison

Fiscal Year	Projected Secondary Assessed Value (Estimate as of October 2009)	Projected Secondary Assessed Value (Estimate as of February 2010)	Difference	Percentage Change
2010 - 11	9,472,135,836	9,342,561,193	(129,574,643)	-1%
2011 - 12	8,997,287,213	8,333,801,560	(663,485,653)	-7%
2012 - 13	8,701,095,935	7,987,588,079	(713,507,856)	-8%
2013 - 14	8,460,584,492	7,832,302,634	(628,281,858)	-7%
2014 - 15	8,629,796,182	8,075,858,397	(553,937,785)	-6%
2015 - 16	8,802,392,105	8,237,375,565	(565,016,541)	-6%
2016 - 17	9,066,463,869	8,402,123,076	(664,340,792)	-7%
2017 - 18	9,338,457,785	8,654,186,769	(684,271,016)	-7%
2018 - 19	9,711,996,096	8,913,812,372	(798,183,725)	-8%
2019 - 20	10,100,475,940	9,270,364,866	(830,111,073)	-8%
2020 - 21	10,605,499,737	9,641,179,461	(964,320,276)	-9%
2021 - 22	11,135,774,724	10,123,238,434	(1,012,536,290)	-9%
2022 - 23	11,358,490,218	10,629,400,356	(729,089,862)	-6%
2023 - 24	11,585,660,023	10,841,988,363	(743,671,660)	-6%
2024 - 25	11,817,373,223	11,058,828,130	(758,545,093)	-6%
2025 - 26	12,053,720,688	11,280,004,693	(773,715,995)	-6%