



Pima County

BOND ADVISORY COMMITTEE

130 West Congress Street, 10th Floor • Tucson, Arizona 85701 • 520.740.8661

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June 11, 2008

The Honorable Chairman and Members,
Pima County Board of Supervisors
130 West Congress, 11th Floor
Tucson, Arizona 85701

Dear Honorable Chairman and Members:

Re: **Recommendation to Postpone Bond Election to November 3, 2009**

For over a year and a half the Bond Advisory Committee and its various subcommittees have been meeting and hearing about the tremendous need for all types of capital improvement projects and land acquisitions throughout Pima County. This includes the need for significant improvements to the wastewater and sewer system that must occur prior to 2010 in order to meet regulatory permit compliance deadlines. In October 2006, the Committee was first presented with projects totaling \$3.2 billion, including sewer revenue bond projects. Since that time, the Committee and numerous subcommittees have worked diligently with substantial input from the public to reduce that number to \$1.9 billion. The full Committee met 11 times, there were 11 open houses held throughout the community and the 8 subcommittees held a total of 50 public meetings. Hundreds of individuals attended these meetings and we have received thousands of public comments.

There is no question that the majority of these projects are desperately needed and deserve to be funded. Our population continues to increase, and hence the service demands and needs for these projects will continue. Instead the question becomes how to fund them and when. According to a recent report from Arizona State University's Business School, public debt financing, such as general obligation and sewer revenue bonds, is an effective and fiscally responsible means of providing for current and future capital facilities needs across Arizona. This is consistent with the way that Pima County has been successfully financing capital improvement needs for many years.

We have a responsibility to our children and grandchildren. The longer we delay in making necessary improvements to our existing infrastructure assets; in providing parks and recreation facilities and in protecting our open space, natural resources and environmental treasures, the more expensive it will be.

With so many unmet needs, we fully understand that it is essential that a bond election be held as soon as possible. However, we have been advised that, due

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to several factors, including the current housing slump that has directly impacted assessed values, even if voters were to authorize bond funding at a November 2008 election, the bonds could not be sold until 2010 or 2011 and projects could not be constructed until after this time. Therefore holding a bond election in 2008, versus 2009, does not speed up the time in which projects would be delivered to the public. The deteriorating economy not only impacts the County's ability to pay off debt for such projects, but likely impacts voter confidence. Furthermore, it is important that the voters fully understand the importance of a bond package. The November 2008 ballot will be crowded and confusing. An election in 2009, however, will allow for maximum transparency and awareness of what's being voted upon.

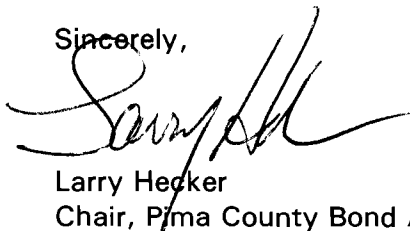
After much thought and discussion, the Committee voted at our May 23, 2008 meeting to recommend a bond election in 2009. Since the City of Tucson typically runs elections in odd numbered years within the City, our understanding is that it will take cooperation by the City and County to make sure the election is as simple as possible for voters, and the County Administrator has assured us that this is possible.

Should the Board accept this recommendation, the Committee in October will pick up where we left off and continue to identify the highest priority projects having the greatest community benefits. We will continue to use the criteria adopted by the Committee in January 2007 to prioritize projects: broad public support, jurisdictional and regional balance, other funding sources, public/private partnerships, and operational and management costs.

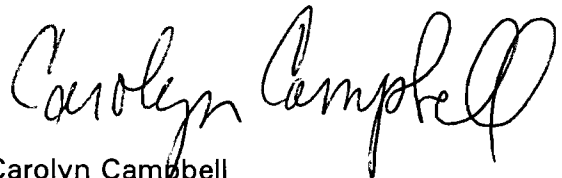
Based on this schedule, we should be able to recommend a bond package to the Board in early 2009, which, if accepted by the Board, should provide plenty of time for voters to become fully informed about the proposals prior to the November 3, 2009 election.

In summary, the Bond Advisory Committee recommends that the County hold a bond election on November 3, 2009, and that this recommendation be placed on a Board agenda in the near future for consideration.

Sincerely,



Larry Hecker
Chair, Pima County Bond Advisory Committee



Carolyn Campbell
Vice Chair, Pima County Bond Advisory Committee

c: C.H. Huckelberry, County Administrator