

Fiscal Year 2010-2011 Budget Statement

**Presented by Pima County Supervisors
Ray Carroll and Ann Day**

June 15, 2010

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By Pima County Supervisors Ray Carroll and Ann Day

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In the years that we have been honored to serve as Members of the Pima County Board of Supervisors, we have believed that one of our most important responsibilities is to continually strive to find the most cost-effective ways to provide county government services. The citizens and taxpayers deserve our best efforts to see that their tax dollars are not wasted and that the tax burden is no greater than is required to provide the most important county services.

We are proud of our records of supporting important services like law enforcement, road improvements and maintenance, libraries, public parks, wastewater and solid waste collection, and community services. We are equally proud of our records of scrutinizing the yearly county budgets for evidence of waste and inflated taxation.

THE COUNTY HAS A HUGE BUDGET SURPLUS

The county budget is a confusing and intimidating thing for most citizens. It's a book several inches thick, filled with terms that only trained accountants use on a regular basis. Sometimes we think that the county budget is deliberately made confusing, to make it more difficult for the citizens, and even Members of the Board of Supervisors, to clearly track the expenditures.

In years past, we have attempted to provide a detailed analysis of each department's proposed budget, to point out areas where we felt that the budget was padded with excessive costs, resulting in excessive taxation. For the Pima County budget currently proposed for Fiscal Year 2010-2011, the evidence of budget padding is so overwhelming that no detailed analysis is required in order to clearly point it out.

All that is required is to look at one single page of the proposed budget, Page 1-3, titled "**Pima County, Summary of All Activity by Fund, Fiscal Year 2010-2011**," a copy of which is attached for easy reference (Attachment A) and can be found at:

<http://www.pima.gov/finance/PDFs/Budget/RecBdgt/2010-2011/00cbdbgtschl.pdf>

Take a look at the first two columns of numbers on the left-hand side of the page. These two columns summarize the amount that was budgeted for each of Pima County's funds for last year, Fiscal Year 2009/10, and the amount that was left over in each fund after the year was over.

The following table summarizes Page 1-3:

Pima County Budget Year-End Summary – Fiscal Year 2009/10

Fund	Amount Budgeted	Amount Unneeded and Unspent	Budget Surplus Percentage
General Fund	\$494,765,645	\$51,808,071	10.5%
All Special Revenue Funds	\$239,827,367	\$75,770,390	31.6%
Capital Projects	\$200,124,512	\$187,615,671	93.7%
Debt Service	\$110,138,905	\$38,689,263	35.1%
All Enterprise Funds	\$343,015,444	\$133,233,262	38.8%
Total All Funds	\$1,387,871,873	\$487,116,757	35.1%

The conclusions from this simple table are staggering:

- Pima County taxes, fees and grant revenues were 35.1 percent higher than they needed to be in order to provide all of the county services that were provided for the entire year.
- Pima County either cannot budget its expenditures within 35 percent accuracy, or the budget was padded to justify keeping the tax rates high.
- Pima County has over **\$487 million**, nearly half a billion dollars, left over from last year’s budget, which could be used to reduce the tax rates for the coming fiscal year.
- Pima County finished the year with a General Fund surplus exceeding **\$51.8 million**, which could be used to reduce the Primary Property Tax rate for the coming fiscal year.
- Pima County is failing to deliver the capital improvement projects, such as the bond-funded road, sewer, and other facility projects, that were promised to the voters when they approved the 1997, 2000 and 2004 bond programs. **Only 6.3 percent of the capital improvement project spending expected in FY 2009/10 actually occurred.**

Two years ago, Supervisors Ann Day and Ray Carroll proposed an alternative budget to the one that the County Administrator had proposed. Our proposal was to keep the budget “revenue neutral.” That is, we proposed to collect the same amount of money from the taxpayers as in the previous year. Although there was a good argument for reducing taxes, we hoped that proposing to keep them the same might be a compromise that could convince at least one member of the Democratic board majority to consider our proposal.

The reaction from County Administration was that our revenue neutral budget proposal would require a 9 percent cut in county expenditures causing:

“the layoff of as many as 260 County employees, including 156 law enforcement personnel; reductions in essential court services ... elimination of security services at County buildings; closure of some parks and swimming pools; 6000 fewer animal enforcement responses per year; elimination of remote early voting sites; elimination of bus routes; etc.”

[April 7, 2008 memo from Thomas House, Budget Manager, Attachment B]

Our budget proposal was rejected. As the effects of the recession took hold in Pima County, the County Administrator proceeded to make 10 percent budget cuts the last two years combined (5% each year), and none of the predicted calamities ever happened. There were no layoffs, in the Sheriff's Department or any other departments, no closures of county parks or swimming pools, no cuts in animal enforcement responses, no elimination of bus routes.

In fact, in spite of the reductions, **Pima County ended last year with the \$487 million surplus, with a \$51.8 million surplus in the General Fund alone.**

THE COUNTY IS DROWNING IN DEBT AND PLANS TO DIVE MUCH DEEPER INTO DEBT

All county debt is paid—and must be paid—by the taxpayers, so the debt should be a major point of discussion regarding the county budget and a major concern of every taxpayer. But while there is much discussion and concern about the debts of Rio Nuevo District, the City of Tucson, the State of Arizona and the federal government, there has been remarkably little attention paid to Pima County's serious and growing debt. Supervisor Carroll's office has done extensive work regarding the county's debt, and a comprehensive summary may be found on his website.

<http://www.pima.gov/bos/rcarroll/DEBT.html>

The Tucson Weekly also covered issues regarding the Pima County debt [Attachment C]:
<http://www.tucsonweekly.com/tucson/borrowed-money/Content?oid=1895744>

To get a handle on the debt, it is important to identify the types of debt that the county has. Pima County's debt consists of voter approved debt and debt that was created without voter approval.

Voter approved debt includes General Obligation Bonds, which is repaid by the county's Secondary Property Tax Levy, and Highway User Revenue Bonds and Sewer Revenue Bonds, which are repaid by the county's share of state transportation taxes and the county's sewer fees, respectively.

There has been recent newspaper coverage of these bonds, in which a Pima County official stated that the county is currently delaying construction of some road bond projects as it is necessary to commit a huge portion of the county's transportation funding to paying off the existing bond debt. The newspaper article [Attachment D] may be found on this website:

http://azstarnet.com/news/local/govt-and-politics/article_f27e2887-425a-5402-bc63-0035264be7c6.html

Debt that was not approved by the voters includes Water Infrastructure Financing Authority (WIFA) loans, Jail Sale/Leasebacks, Certificates of Participation, and some Sewer Obligation Bonds. These are debts—huge debts—that are created by bureaucrats and the Board of Supervisors majority, without a vote of the people and sometimes with hardly any public discussion or media coverage.

The Pima County debt principal outstanding balance is **\$958,412,980**, as documented in a Finance Department report [Attachment E] and available at:

<http://www.pima.gov/bos/rcarroll/PDFs/DEBT/Pima%20County%20Debt%20Service.pdf>

Pima County's current debt obligation is greater than the debts of all 14 other Arizona counties, combined.

Plans already underway will seriously increase Pima County's debt, as follows:

- Another **\$75 million** worth of General Obligation bonds is scheduled to be sold in the coming fiscal year.
- Another **\$330 million** in sewer obligation bonds are expected to be sold in the coming fiscal year.
- The Board of Supervisors majority has approved **\$720 million** worth of ROMP Sewer Obligation Bonds, without voter approval.
- An additional **\$200 million** worth of General Obligation Bonds have been authorized and have yet to be sold.
- An additional **\$100 million** worth of Highway User Revenue Fund (HURF) bonds have been authorized and have yet to be sold.

The sale of these already authorized bonds would increase Pima County's outstanding debt to \$2.05 billion!

A debt of over two billion dollars is a serious problem for the county. As implied in the newspaper article cited above, the 1997 transportation bond projects will be difficult to complete. The county may even have to sell new bonds in order to raise the money needed to make the payments on the existing bonds. (This would be similar to a homeowner taking out a new loan to make the payments on an existing home mortgage. Doing that would effectively double the loan interest charges needed to pay off the mortgage).

Even though the debt obligations listed above are overwhelming, they do not include any debt obligations from the major proposed new Pima County bond program for which the plans have been prepared over the last two years.

THE PROPOSED BUDGET DOES NOT USE THE SURPLUS TO PROVIDE TAX RELIEF OR PAY OFF THE DEBT

Page 1-3 of the proposed budget, summarized in the table presented above, provides very clear evidence that Pima County's tax rates are out of line with actual costs of providing county services. But instead of using the budget surpluses to bring the tax rates back into line with the actual costs and provide some much needed tax relief for Pima County citizens, or to use the surpluses to pay down the balance of the county's massive debt, the budget proposed for Fiscal Year 2010/11 includes a host of measures to plow the excess funds back into the budget and avoid any tax relief. In fact, tax increases are proposed!

Some of the proposed uses for the excess funds include:

- **\$13.4 million** increase in funding for UPH at Kino Hospital, above and beyond what the current contract requires Pima County to pay.
- **\$1.5 million** General Fund subsidy to the Solid Waste Enterprise Fund.
- **\$1.5 million** General Fund subsidy to the Development Services Enterprise Fund.
- **\$1.5 million** General Fund subsidy to TEP Park Stadium District Enterprise Fund.
- **\$5.7 million** for additional Elections costs.
- **\$4 million** additional for Natural Resources Parks and Recreation.
- **\$24 Million** for the "General Fund Reserve."

Some of these transfers we recognize are legitimate and necessary.

In the newly proposed 2010/11 budget the County Administrator came with a **surplus of General Fund revenues of \$22.3 million**, which he plans to create a financial cushion

called the “**Property Tax Stabilization Fund**” to be held by the Administrator instead of being used for tax relief.

Although Page 1-3 of the proposed budget shows that **the County Free Library System has a budget surplus exceeding \$13 million**, the County Administrator has proposed (and the Democrat board majority has tentatively approved) an increase in the library tax.

While this year the proposed budget would hold the Primary Property Tax rate the same as last year’s rate, the Pima County Secondary Property Tax rate, which pays for the debt service on county General Obligation bonds, has been tentatively approved for an increase.

In addition to these tax increases, our citizens are also facing huge increases in fees: over 40% in the next four years for sewer fees alone. [Attachment F, and can be found at:]

<http://www.tucsoncitizen.com/altss/printstory/frontpage/110335>

All of these tax and fee increases add an increasing burden to the taxpayers, at a time when the economy is difficult for all of us and although Pima County’s budget surpluses offer the opportunity for tax relief or for paying down a portion of the county’s staggering debt.

Going back to Page 1-3 of the proposed budget and looking at the two columns of numbers on the right-hand side of the page. The “**Recommended Budgeted Expenditures/Expenses**” for the coming fiscal year, FY 2010/11, totals **\$1,435,652,978**.

The “**Total Financial Resources Available 2010/11**” is **\$1,972,053,203**.

This means that the county is proposing a budget surplus for next year of at least \$536 million!

OUR BUDGET PROPOSAL

For the past two years, we have proposed modest reductions in the county budget, in order to provide some tax relief to Pima County’s citizens. Both times, we were told that any reductions would result in serious calamities. Both years circumstances led the County Administrator to make budget cuts greater than those that we had proposed. Not only did no calamities result, the county ended up with huge budget surpluses.

In light of this mountain of evidence that the county’s tax rates are out of line with the real cost of providing important county services, we propose a 10 percent, across-the-board reduction in the budget for Fiscal Year 2010/11, and a reduction in the Primary Property Tax rate appropriate for a 10 percent reduction in General Fund expenditures.

Our citizens need tax relief and it is obvious that Pima County can easily afford to provide it.

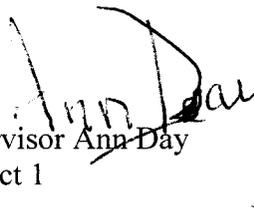
Every year during the budget process, we have pleaded for the members of the Democrat board majority to appoint their representatives to Pima County Citizens Budget Advisory Committee, so that committee could obtain a quorum necessary to hold meetings and conduct business. We believe that allowing that citizens committee to function would provide for much better oversight for Pima County's budget and could result in a reassessment of the county's current direction. That's probably why there appears to be little hope that the board majority will appoint representatives.

In spite of this, we believe it is our responsibility as County Supervisors to advocate for another course of action: to reduce expenditures and to give our citizens some tax relief in these times of economic hardship.

We hope that the Board majority will consider our alternative. If not, we hope that the general public will be made aware of the reality and consequences of increased debt, increased spending, and increased taxation.

Respectfully submitted,


Supervisor Ray Carroll
District 4


Supervisor Ann Day
District 1

Attachment A

Summary of All Activity by Fund Fiscal Year 2010/11

**PIMA COUNTY
SUMMARY OF ALL ACTIVITY BY FUND
FISCAL YEAR 2010/2011**

FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2009/10	UNRESERVED FUND BAL/ NET ASSETS 7/1/2010 (est) *	DIRECT PROPERTY TAX REVENUE 2010/11	ESTIMATED REVENUE OTHER THAN PROPERTY TAX 2010/11	PROCEEDS FROM OTHER FINANCING SOURCES 2010/11	INTERFUND TRANSFERS 2010/11		TOTAL FINANCIAL RESOURCES AVAILABLE 2010/11	RECOMMENDED BUDGETED EXPENDITURES/ EXPENSES 2010/11 ***
						IN	OUT		
● GENERAL FUND	494,765,645	51,808,071 ●	301,397,635 ●	174,150,312		5,210,649	43,030,239	489,536,428	489,536,428
SPECIAL REVENUE FUNDS									
COUNTY FREE LIBRARY	37,483,152	13,023,146	28,424,891	1,598,780		283,318		43,046,817	34,808,638
EMPLOYMENT & TRAINING	24,494,009	693,229		21,664,626		388,141		22,641,173	21,947,944
ENVIRONMENTAL QUALITY	3,771,913	136,619		2,717,673				3,242,433	3,132,328
PUBLIC HEALTH	26,710,876	3,081,230		29,581,322		8,776,677	8,000,000	41,439,229	38,868,491
REGIONAL FLOOD CONTROL	12,227,360	7,105,277	22,220,943	250,500				21,576,720	12,227,360
SOLID WASTE MANAGEMENT	7,178,250	1,485,017		4,186,000				5,671,017	6,783,000
STADIUM DISTRICT	5,055,529	1,860,247		1,796,141		3,011,118	3,009,185	3,658,321	4,348,162
TRANSPORTATION	40,618,931	17,874,640		51,139,891		2,944,900	16,605,931	55,353,500	37,312,935
OTHER SPECIAL REVENUE	82,287,347	30,510,985		86,071,451		26,522,348	9,110,951	133,993,833	117,569,372
● TOTAL SPECIAL REVENUE	239,827,367	75,770,390 ●	50,645,834	199,006,384	0	41,926,502	36,726,067	330,623,043	276,998,230
● CAPITAL PROJECTS	200,124,512	187,615,671 ●		74,330,378	75,000,000	16,577,899	4,173,378	349,350,570	196,506,642
● DEBT SERVICE	110,138,905	38,689,263 ●	68,771,301	1,007,500		21,425,078		129,893,142	106,277,555
TOTAL OTHER FUNDS	310,263,417	226,304,934 ●	68,771,301	75,337,878	75,000,000	38,002,977	4,173,378	479,243,712	302,784,197
ENTERPRISE FUNDS									
DEVELOPMENT SERVICES	8,529,610	2,566,910		5,685,243			124,703	8,127,450	6,842,693
MEDICAL SERVICES	198,329,233	9,386,912		207,198,773				216,585,685	206,833,679
PARKING GARAGES	1,955,774	2,148,182		2,159,664				4,307,846	1,767,881
WASTEWATER RECLAMATION	134,200,827	119,131,358		160,531,364	165,000,000		1,033,683	443,629,039	150,889,870
● TOTAL ENTERPRISE FUNDS	343,015,444	133,233,362 ●	0	375,575,044	165,000,000	0	1,158,386	672,650,020	366,334,123
● TOTAL ALL FUNDS	1,387,871,873	487,116,757 ●	420,814,770	824,069,618	240,000,000	85,140,128	85,088,070	1,972,053,203	1,435,652,978
INTERNAL SERVICE FUNDS									
COMMUNICATIONS	4,808,031	3,443,681		4,528,529			6,289	7,965,921	4,850,064
FLEET SERVICES	16,895,993	15,758,861		13,767,462			45,769	29,480,554	15,747,201
GRAPHIC SERVICES-PROD	942,783	43,198		977,000				1,020,198	965,972
RISK MANAGEMENT	19,820,862	9,512,497		21,989,725				31,502,222	20,436,398
TOTAL INTERNAL SVC FUNDS	42,467,669	28,758,237	0	41,262,716	0	0	52,058	69,968,895	41,999,635

* THE FOLLOWING IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY: *

* Unreserved beginning fund balances/net assets are estimates based on actual revenues and expenses as of February 28, 2010, plus projected revenues and expenses for the remainder of the fiscal year.

** Includes a budgeted \$25,000 in the Sheriff Department for penalties on delinquent property tax collections.

*** FY 2010/11 amounts do not include the impact of the following Capital Improvement Programs: Wastewater Reclamation (\$170,487,957), Communications (\$1,965,500) and Fleet Services (\$440,000).

Attachment B

Memo from Budget Manager
Thomas House

April 7, 2008



MEMORANDUM

DEPARTMENT OF FINANCE & RISK MANAGEMENT

- BUDGET DIVISION -

Date: April 7, 2008

To: C.H. Huckelberry
County Administrator

From: J. Thomas House
Budget Manager

A handwritten signature in black ink, appearing to read "J. Thomas House", is written over the printed name of the Budget Manager.

Re: **Department Responses to Supervisors Carroll and Day Proposal**

Attached you will find responses to your direction to have General Fund supported departments specify the impacts of the budget proposal put forth by Supervisors Carroll and Day. All departments with the exception of the Assessor and Board of Supervisors responded.

Please remember that these responses were predicated upon the assumption that 5 percent budget reductions, to which departments had already provided impact statements, might already have to be imposed.

This attached set of budget reductions reflects an additional 4 percent reduction (for a total of approximately 9 percent), and presents a varying array of difficult impacts such as the layoff of as many as 260 County employees, including 156 law enforcement personnel; reductions in essential court services that will also affect other Justice and Law departments; slower criminal case processing due to layoffs of attorneys; revenue reductions; cuts to outside agencies; elimination of security services at County buildings; closure of some parks and swimming pools; 6000 fewer animal enforcement responses per year; elimination of remote early voting sites; elimination of bus routes; etc.

Attachment C

Tucson Weekly Article
April 1, 2010

“Borrowed Money”

Tucson Weekly

CURRENTS - CURRENTS FEATURE

April 01, 2010

Borrowed Money

Ray Carroll's outspokenness about county debt may be leading to animosity

by Dave Devine

A policy disagreement over Pima County's debt has apparently become personal.

Supervisor Ray Carroll says a member of the county's Bond Advisory Committee has filed a complaint against him with the Arizona Attorney General's office in retaliation for his outspokenness on the debt issue.

A spokeswoman for that office declined to comment, and the person who Carroll claims filed the complaint didn't respond to e-mail messages from the *Tucson Weekly*.

"I'm not doing this to be dramatic," says Carroll, a self-proclaimed fiscal conservative, about his outspokenness. "This is important."

Carroll calls the county debt "enormous" and says it needs to be a high-profile issue.

"The way the county is financed is a house of cards," he suggests. "My biggest concern is the debt is getting in the way of (providing) public health and safety to residents."

That dire opinion certainly isn't shared by Pima County Administrator Chuck Huckelberry.

"When you look at general-obligation bonds authorized by the voters, those (secondary property taxes which pay for the bonds) can't be used for law enforcement ... so they clearly don't impact one another," Huckelberry says.

His general philosophy toward the county's debt, Huckelberry says, is simple: "It's not how much the debt is. It's how you manage it." > ?

This financial back-and-forth over the debt has been underway for several months. After Carroll raised questions about it during a meeting last fall, Huckelberry responded in a November memo. (This and other communications on the issue are available through links on the county's homepage at www.pima.gov.)

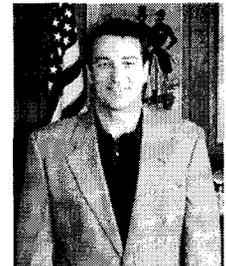
In his memo, Huckelberry pointed out the county's stable bond ratings. Then, replying to Carroll's assertion that Pima County's "current outstanding principal debt is almost twice as large as all other Arizona counties' debt combined," Huckelberry explained that no other county operates a major regional wastewater-treatment system, or has issued highway-revenue debt.

In the same memo, Huckelberry says that the total county debt was \$757 million. This figure includes \$348 million in general-obligation bonds, which require about \$40 million in annual property-tax repayments.

In addition to this voter-approved debt, revenue-bond debt for sewers and highway work totals \$380 million. Plus, there is \$29 million for "certificates of participation," or non-voter-approved debt, the repayment of which comes out of the county's general-fund budget.

Huckelberry also outlined what he saw as advantages to bonding. These included the implementation of public improvements that create construction jobs. The current low cost of borrowing was listed as another benefit, as was the ability to have future residents pay some of the cost of current projects.

Carroll disputed that last assertion in a response to Huckelberry. "It will not be 'growth' that pays all this debt," Carroll wrote. "It will be our current residents and their children who will pay the bill (assuming they can afford to continue to live in Pima County)."



Ray Carroll says Pima County's debt is a concern because it's "enormous"

[click to enlarge](#)

Carroll also pointed out that Huckelberry cited three different figures for the county debt in his memo, with the highest number being \$1.7 billion.

As one alternative to all this borrowing, Carroll suggested a "pay-as-you-go" approach, "at least until some of our debt is paid down."

Huckelberry replied in late December. "Under the constitutional limitations on expenditures," he noted, "a pay-as-you-go system cannot work in Arizona."

He also explained the various debt figures in his previous memo. One number, he wrote, was principal only, while another included 15 years of interest.

Regarding growth possibly paying for debt, the county administrator added: "New residents who move here during the debt-retirement period do partially help pay for the cost of facilities that serve them."

However, during a recent interview, Huckelberry acknowledged that few new residents have moved to Pima County lately. He says the past couple of years have seen less than a 1 percent annual increase in population, compared to a typical 2.5 percent rate.

Huckelberry believes that by the end of next year, however, the county should return to normal rates of population growth.

The day after Huckelberry sent his December memo, Carroll replied. Carroll said that he supported voter-approved bonds in the past, but opposed certificates of participation that don't require voter approval.

That opposition, Carroll said, includes a proposed \$812 million to pay for upgrades to the county's wastewater-treatment plants. To finance this debt, supervisors recently approved raising sewer rates 10 percent in each of the next four years. In the past, revenue bonds to cover the cost of the upgrades would have been put before voters for approval. (See "Holy Crap!" Jan. 29, 2009.) But in this case, nonvoter approved "sewer revenue obligations" would be used to implement the changes that supervisors have repeatedly been told are legally mandated.

"It's not as urgent as Huckelberry makes it out to be," Carroll suggests of the wastewater-treatment upgrades.

At the same time, Carroll hopes to get the public more involved in addressing the county debt situation.

"If Barack Obama wants a deficit commission," the Republican supervisor says, "why don't we put a commission together today (here in Tucson)?"

"It would be great to have citizens start poking around (the county debt and budget). We need to get the public involved in the process, because it's going to be a really tough year."

Next week: prospects for a county general-obligation bond election.

[Currents Feature archives »](#)

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**TABLE 1
COUNTY FY 2008 BONDED INDEBTEDNESS AND DEBT LIMITATIONS**

COUNTY NAME	Bond Type	# OF ISSUES	ORIGINAL PRINCIPAL	PAID THROUGH 6/30/07	PAID IN FISCAL YEAR 2008	CURRENT OUTSTANDING PRINCIPAL	15% DEBT LIMIT	15% DEBT LIMIT USED
Pima	Certificate of Participation	2	\$30,320,000	\$0	\$1,245,000	\$29,075,000		
	General Obligation	10	\$555,255,000	\$165,665,000	\$41,255,000	\$348,335,000	\$1,233,059,375	\$348,335,000
	Revenue	16	\$531,391,967	\$123,416,254	\$27,764,046	\$380,211,667		
	Totals for Pima	28	\$1,116,966,967	\$289,081,254	\$70,264,046	\$757,621,667		
Pinal	Municipal Property Corp	3	\$114,055,000	\$16,855,000	\$4,445,000	\$92,755,000		
	Revenue	2	\$67,715,000	\$0	\$2,160,000	\$65,555,000		
	Totals for Pinal	5	\$181,770,000	\$16,855,000	\$6,605,000	\$158,310,000		
Santa Cruz								
		0	\$0	\$0	\$0	\$0		
		0	\$0	\$0	\$0	\$0		
Totals for Santa Cruz								
Yavapai								
	Revenue	1	\$25,375,000	\$0	\$0	\$25,375,000		
Totals for Yavapai		1	\$25,375,000	\$0	\$0	\$25,375,000		
Yuma								
	Certificate of Participation	4	\$28,805,000	\$16,920,000	\$10,540,000	\$1,345,000		
Totals for Yuma		4	\$28,805,000	\$16,920,000	\$10,540,000	\$1,345,000		
Grand Totals:	Certificate of Participation	14	\$137,760,000	\$46,185,000	\$15,365,000	\$74,200,000		
	General Obligation	10	\$555,255,000	\$165,665,000	\$41,255,000	\$348,335,000		
	Municipal Property Corp	4	\$117,300,000	\$18,260,000	\$4,660,000	\$94,380,000		
	Revenue	24	\$914,476,967	\$234,106,254	\$39,989,046	\$640,381,667		
Grand Totals:		52	\$1,724,791,967	\$466,226,254	\$101,269,046	\$1,157,296,667		

County FY 2008 Bonded Indebtedness and Debt Limitations
Shows Grand Total for all Arizona as \$1,157,296,667 compared to Pima County which is \$757,621,667.
(Total minus Pima County debt, for all counties = 339,675,000, less than half)

(T)

Attachment D

Arizona Daily Star Article
May 23, 2010

“Many projects Pima voters OK’d in ’97
still wait, but money’s spent”

 Arizona Daily Star

Many projects Pima voters OK'd in '97 still wait, but money's spent

Andrea Kelly Arizona Daily Star | Posted: Sunday, May 23, 2010 12:00 am

Thirty-six percent of the projects promised to voters in 1997 bond proposals were never done. But most of the \$712 million has been spent because it was shifted to other projects voters were never asked to approve, or spent on projects that were significantly over budget.

Similarly, a third of the 58 projects completed so far with 2004 bonds are over budget. But many others have cost less than expected. And with much of the work still to be done - project schedules run through 2016 - a final evaluation of those bonds is premature.

The 1997 bonds were supposed to cover 10 years' worth of county construction needs.

Of the 55 road projects submitted to voters, 21 have not been done 13 years later. About \$100 million of \$350 million in road bonds remains unspent, based on the most recent bond progress report provided by Pima County. ✱

The picture for non-road projects is much more bleak. Voters approved \$362 million for 104 projects. Just 68 have been done at a cost of \$444 million, leaving nothing for the 36 remaining projects.

The funding shifts were all approved by the Board of Supervisors on the recommendation of project managers who said the changes were needed to better respond to community needs.

Many of the changes were small, such as adding lights to an extra soccer field at Udall Park.

Others were converted into different projects. A \$1 million plan to build three new sheriff's substations, one each in Vail, Catalina and Three Points, became a \$628,000 project to build a single substation at Three Points and add electrical improvements at the sheriff's central administration building.

A few came in under budget, including the two-mile extension of the Rillito River Park from La Cholla Boulevard to I-10, which was budgeted at \$2.4 million but finally cost \$658,000.

Even more exceeded their budget. A \$1 million plan to build an equestrian facility and athletic fields along the Rillito River Linear Park ended up costing the full \$1 million just to buy the land, on which nothing has been built.

Flood-control projects were big overspenders. Ten of 13 flood-control projects on the 1997 bond ballot combined to go 167 percent over budget, although a portion of the overruns came from federal grants. Other cost overruns, not just in flood control but in all areas, are generally made up by shifting taxpayer funds from other uses.

Wildly inflated materials costs before and after Hurricane Katrina get some of the blame, said Suzanne Shields, Flood Control District director. But a lot of the increased costs were due to the district's expanding the scope of projects.

The Mission View Wash project, creating a flood detention basin along South Park Avenue and East 36th Street, was supposed to cost \$1 million.

Planners realized it would solve flooding in only one area of the stream, Shields said. "It went from small to large, but it addressed water collected from three upstream watersheds, and has essentially removed a much larger area from flooding," raising the final bill to \$8.3 million.

Solid waste was another problem area.

The Sahuarita landfill was supposed to be expanded from 20 acres to 40 with \$900,000. It ended up costing \$4 million before it was finished in September 2007. The three other solid-waste projects had not been done at the time of the most recent annual update in June.

Ursula Kramer, county environmental quality director, also cited increasing construction costs. She said the other projects haven't been done because solid-waste priorities in the county have changed since the bonds were approved.

One of the biggest overruns - \$22 million - involved expanding the Ina Road wastewater treatment plant by 50 percent. Although the originally planned \$62.6 million project came in slightly under budget, an extra \$24 million was spent on additional unplanned work related to the expansion and routine maintenance.

Some of the extra money may have come from wastewater management's not spending \$8 million on four interceptors that were promised to handle sewage. Michael Gritzuk, wastewater director, said they weren't needed because population growth has slowed.

"We will move ahead with the infrastructure when there is a need to do it," he said.

Road bonds approved in 1997 totaled \$350 million. Some of the 21 projects that have not been done were rolled into the 20-year Regional Transportation Plan for more funding. Many of those will eventually be built with a mix of bond and RTA funds, said Priscilla Cornelio, county transportation director.

Of 33 projects that have been done, 21 were over budget by 10 percent or more.

None, however, came close to the 533 percent cost overrun for widening Skyline Drive to four lanes from North Chula Vista to Campbell Avenue. Estimated cost: \$3.6 million. Final cost, after the Transportation Department added two more lanes to part of the road: \$22.8 million.

Like other department heads, Cornelio blamed higher materials costs.

Another 13 projects came in under budget, but some of those were reduced in scope.

Two projects to widen stretches of roadway were scaled back to improve a single intersection on each. One of those, however, the South 12th Avenue/West Valencia Road intersection, ended up costing more than the entire widening project was budgeted for.

A plan to widen Palo Verde Road to six lanes from Interstate 10 to the railroad tracks turned into a protective overlay on the existing asphalt for a much shorter distance.

The county still has \$100 million of the \$350 million in bond authority approved by voters in 1997, if it wants to deliver some of the 21 missing projects. But Cornelio said she doesn't want to sell those bonds because they're supposed to be repaid from state gas taxes and she isn't getting enough money from the state to pay off those bonds and do maintenance such as filling potholes and routine pavement overlays. *]

The 91-project, \$732 million, 2004 bond package has far fewer changes, but it's also only halfway through the allotted 12-year construction time.

Fifty-eight of those projects have been completed. While 19 individual projects have gone over budget, overall they have been significantly cheaper than expected - a reflection of declining construction costs in response to the flagging economy.

The 58 finished were expected to cost \$428 million, but have a combined price tag of just \$332 million.

County Administrator Chuck Huckelberry said other than road projects, which depend on declining state revenue to pay off, everything taxpayers were promised will eventually be done, although the county will have to find some other way to pay for them, including the possibility of asking voters to approve more bonds.

Because any changes go through public votes of the Bond Advisory Committee and the Board of Supervisors, there are many opportunities for people to see what is being changed and weigh in.

"What we've done has been very open and transparent about what gets changed or why," he said.

Supervisor Ray Carroll said he is concerned about the amount of outstanding debt the county carries.

"I just want to make sure we're delivering on that debt," Carroll said.

Though all changes to project plans are approved by the supervisors, Carroll said he's been more reluctant to approve changes than he was when the '97 bonds first passed, especially because of the track record of the transportation bond projects.

"I look at them case by case, but obviously there's a lot of concern that I have about changing the requests of voters on anything."

Huckelberry has said the county pays off 80 percent of its debt in the first 10 years, and 100 percent of it in 15 years.

"We use debt to finance capital improvements and we retire it fairly quickly compared to other governments," Huckelberry said. ?

Supervisor Sharon Bronson said the debt associated with the projects is worth it because it's for projects voters said they want. ?

Supervisor Richard Elías said the bond projects have created jobs for the community. ?

Contact reporter Andrea Kelly at akelly@azstarnet.com or 807-7790.

Attachment E

Pima County Debt Service

(Pima County Finance Department)

Pima County Debt Service

Bond Type	Year Issued	Original Amount	Current Principal Balance Outstanding	Scheduled Retirement Date	FY 2010/11 Debt Service Payments	Source for Debt Payment	Comments		
					Principal Interest Total				
GO General Obligation	1998	42,420,000	2,305,000	7/1/2010	- - -	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	1999	50,000,000	3,115,000	7/1/2010	- - -	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	2002	50,000,000	3,000,000	7/1/2010	- - -	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	2003	20,000,000	2,000,000	7/1/2011	42,500	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	2004	50,000,000	3,000,000	7/1/2011	1,089,250	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	2005	65,000,000	4,740,000	7/1/2011	1,708,050	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	2005	65,000,000	4,680,000	7/1/2019	5,219,774	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	2007	65,000,000	4,680,000	7/1/2020	3,041,476	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	2008	100,000,000	82,000,000	7/1/2022	3,668,250	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	2009	75,000,000	66,000,000	7/1/2023	4,900,000	Secondary Property Tax	Budgeted in the Debt Service Fund		
GO	2009	111,535,000	111,535,000	7/1/2024	10,525,000	Secondary Property Tax	Budgeted in the Debt Service Fund		
HURF	2002	55,000,000	10,755,000	7/1/2012	3,672,956	Secondary Property Tax	Budgeted in the Debt Service Fund		
HURF	2003	57,300,000	26,325,000	7/1/2018	2,460,000	Street and Highway Revenue	Budgeted in the Debt Service Fund		
HURF	2005	57,300,000	47,610,000	7/1/2020	3,845,000	Street and Highway Revenue	Budgeted in the Debt Service Fund		
HURF	2006	21,000,000	20,250,000	7/1/2022	833,812	Street and Highway Revenue	Budgeted in the Debt Service Fund		
HURF	2008	23,000,000	24,850,000	7/1/2022	1,105,325	Street and Highway Revenue	Budgeted in the Debt Service Fund		
HURF	2009	23,420,000	23,420,000	7/1/2024	872,700	Street and Highway Revenue	Budgeted in the Debt Service Fund		
Sewer Revenue	1996	19,440,000	11,055,000	7/1/2015	2,415,000	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2001	25,170,000	15,660,000	7/1/2015	544,788	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2004	50,000,000	44,160,000	7/1/2015	1,575,000	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2007	75,000,000	74,790,000	7/1/2026	1,855,400	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2008	18,940,000	18,940,000	7/1/2024	3,088,244	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	1996	7,590,000	4,294,485	7/1/2012	1,553,344	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	1997	61,160,000	35,232,967	7/1/2011	638,128	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2000	19,957,000	17,317,676	7/1/2024	4,496,751	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2004	10,000,000	8,000,000	7/1/2024	914,231	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	1999	4,875,000	4,800,000	7/1/2014	447,435	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2002	27,575,000	16,860,000	7/1/2016	2,292,000	Stadium District Revenue	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2007	24,625,000	21,530,000	7/1/2022	657,365	Stadium District Revenue	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2006	50,000,000	47,000,000	7/1/2021	1,234,100	Multiple Funding Sources	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2008	34,500,000	14,400,000	6/1/2017	300,000	Multiple Funding Sources	Budgeted in the Reg. Wastewater Reclamation Fund		
Sewer Revenue	2010	20,000,000	20,000,000	6/1/2019	576,000	Multiple Funding Sources	Budgeted in the Reg. Wastewater Reclamation Fund		
Total Debt Service for Existing Debt					\$ 93,276,949	\$ 35,530,710	\$ 128,807,659		
Estimated Amounts Budgeted for Future Sales									
GO Bonds	2011	75,000,000			2,500,000	2,250,000	9,750,000	Secondary Property Tax	Budgeted in the Debt Service Fund
Sewer Obligations	2010	165,000,000				8,045,793	8,045,792	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund
Sewer Obligations	2011					4,473,892	4,473,892	Sewer User Fees	Budgeted in the Reg. Wastewater Reclamation Fund
Total Estimated Debt Service Amounts Budgeted for Future Sales					\$ 7,500,000	\$ 14,774,484	\$ 22,727,448		
Total Debt Service Budgeted					\$ 100,776,949	\$ 50,305,194	\$ 151,082,143		

1,363,412,920
 50 M FOR INTEREST!

* The repayment of Certificate of Participation debt is made from multiple funding sources that are not provided from the primary or secondary property taxes. The funds are transferred into the General Fund from the other funding sources and then from the General Fund into the Debt Service Fund or transferred from the other funding sources into the Debt Service Fund directly to pay for the debt.
 ** The amount presented under the WIFA Loan Interest amount includes the amount of interest to be charged plus the WIFA Administrative Fee which is budgeted within the Regional Wastewater Reclamation Fund within the Fiscal Charges account code.

Attachment F

Tucson Citizen Article
February 18, 2009

“Supervisors OK hikes in sewer user fees;
average bill to climb 43%”

 Tucson Citizen

Supervisors OK hikes in sewer user fees; average bill to climb 43%

GARRY DUFFY

Published: 02.18.2009

Pima County residents' sewer bills are going way up.

The county Board of Supervisors voted 3-2 Tuesday for a series of three user fee increases starting in March.

An average bill of \$20.25 will jump to about \$29.07 by January 2010.

That's a 43.5 percent increase.

Sewer rates are based on your water consumption. Average water consumption is 800 cubic feet per month, or nearly 6,000 gallons of water. That's enough to fill half of an average backyard swimming pool or 12 small backyard spas.

The dramatic increases are needed to raise revenues to build a treatment plant to replace the obsolete facility at Roger Road, increase capacity at the Ina Road wastewater treatment plant, and upgrade both to meet federal standards for wastewater discharge into the Santa Cruz River, the county says.

Most of the cost of the improvements, estimated at \$720 million, are required by tougher federal standards for treated wastewater and the need to replace or expand aging infrastructure.

"Most of the program is regulatory in nature, not growth in nature," Michael Gritzuk, director of the county's Regional Wastewater Department, told supervisors.

The supervisors steered clear of imposing increases on sewer connection fees because new construction in the region that would cover the connection fees is virtually flat.

"A multiple of zero is still zero," Democratic Supervisor Ramón Valadez said.

Republicans Ann Day and Ray Carroll voted against the increases.

"I clearly understand the need to pay for the regulatory mandates," Day said later, "but it is a matter of how we pay for the billion dollars in improvements, and I'm not certain we have done all we can to minimize the increases to the ratepayers."

Day's reference to \$1 billion is the amount the improvements likely will end up costing the county after the expense of bonding to raise money for the projects.

"We don't have many options in front of us today," board Chairman Richard Elías said.

Elías has criticized county policies that he said put off maintenance of infrastructure, especially in older areas of the community, in favor of expanding the system to accommodate development.

"Ratepayers have carried the costs for the development industry," he said Tuesday. "If we're going to hurt ourselves in the bond market, I think we have to be careful with that."

additional information

SEWER FEE CHANGES

Sewer use fees are based on monthly household water consumption measured in cubic feet multiplied by 100, represented by the acronym ccf.

The county department used a consumption figure of 800 cubic feet per month to approximate a typical household's usage.

The schedule of basic service charges and sewer use increases:

- March:

Increase the basic service fee by \$1.50, from \$6.82 to \$8.32.

Increase the sewer use rate for a typical residential customer from \$1.679/ccf to \$1.893/ccf.
This will increase the typical residential bill for 8 ccf by \$3.21, to \$23.46

- July

No increase in the basic service charge.

Increase the volume rate from \$1.893/ccf to \$2.14/ccf.

This will increase the typical bill for 8 ccf by \$1.93 to \$25.39

- January 2010:

Increase the basic service fee by \$1.50 from \$8.32 to \$9.82

Increase the volume rate for a typical residential household from \$2.134/ccf to \$2.406/ccf.

A typical bill for 8 ccf monthly use would increase by \$3.68 to \$29.07.

Source: Pima County Regional Wastewater Reclamation Department