



MEMORANDUM

Date: November 14, 2008

To: Chair, Vice Chair and Members
Pima County Bond Advisory Committee

From: C.H. Huckelberry
County Administrator 

Re: **County Administrator Recommendations Regarding Funding of Certain Programs and Projects for a Possible General Obligation Revenue Bond Issue for November 2009**

I. Introduction

The Bond Advisory Committee has been meeting since 2006 to discuss programs and projects that could be included in a future County bond authorization election for General Obligation Bonds, as well as Sewer Revenue Bonds. The Committee has met 12 times. You also divided the Committee into four subcommittees that have met an additional 50 times to hear requests and testimony from various County officials, elected officials, department directors, and the general public. Eleven public open houses and presentations at neighborhood meetings have been held. Comments have been received regarding various projects and programs that are contemplated for inclusion in a future bond election. In total, over 12,500 comments have been received. You have done this while continuing your Code obligations to monitor and provide oversight of previously approved bond issues. Through your efforts you have segregated bond requests into various categories and have pared down an overall total bond request of \$3.2 billion to now \$1.9 billion. As has been stated to the Committee in both written and oral reports, the County's ability to pay for additional bonding indebtedness is limited not only constitutionally, but also practically. The taxpayers of Pima County and their ability to pay must be foremost in our consideration as we pursue future bond authorizations.

To begin the process of further refinement and reduction of bond programs and projects to reach an approximate \$750 million future authorization, you have asked that I provide you with my recommendations regarding what projects and programs to include in such an authorization. In the following sections of this communication and memorandum you will find my recommendations. They should be viewed as simply that - a place to begin further discussion and refinement. These recommendations are similar to the recommendations I made to this same Committee on November 12, 2003, for the 2004 bond election. The Committee, in some cases, substantially modified my recommendations in formulating the final list of projects and programs to be placed before the voters in 2004. I expect that you will do the same with my recommendations in formulating a future bond package to be placed before the voters of Pima County.

II. Concern for General Economic Conditions

As the Committee knows, there was some initial thought that a bond authorization proposal could be placed before the voters in November of 2008. The Committee wisely chose to defer this date to November of 2009, based on unstable economic conditions. The only General Obligation Bond Question on the November ballot was defeated by a substantial margin (Oro Valley Naranja Park bonds). The economic conditions that caused the Committee to defer a bond authorization in November of 2008 have only gotten worse - much worse.

- A. State and Local Budgets and Revenue Picture - Local governments everywhere are having to reduce expenditures to meet lower than expected revenues. The State of Arizona faces, again, an over \$1 billion shortfall in its budget and it is likely that a special session of the Legislature will be called before the end of the year to deal with the projected State budget deficit. I have taken action to reduce County expenditures to meet currently projected shortfalls in State revenue sharing from sales taxes, vehicle license tax, and Highway User Revenue Funds. Local revenues in our Development Services Department are down 47 percent and wastewater connection fees are down 34 percent from the amounts budgeted, which had been substantially reduced from the previous year. Transportation impact fee collections have dropped 53 percent from last fiscal year. At all levels - federal, state and local - budgets are being reduced due to a lack of tax revenues.
- B. Bond Market Stability - Given the present national liquidity crisis, municipal bonding, which is a form of local taxpayer borrowing, has also experienced some uncertainty. In the County bond sale of January 2008, \$100 million in General Obligation Bonds were sold in the market. At that time only two bidders responded to the invitation to bid. They were Merrill Lynch and Lehman Brothers, both of whom are no longer in business. One firm has gone into bankruptcy and the other has been purchased by Bank of America. The market for tax-exempt bonds has been impacted by the recent turmoil in the nation's financial and credit markets. Many institutional investors, who are the purchasers of Pima County's bonds, have suspended or limited their purchase of municipal bonds. Because of this, many governmental entities have canceled or delayed issuing additional debt. When debt has been issued, governments are now paying higher interest rates than were available only months ago. It is uncertain how much longer the current circumstances will remain and when institutional purchasers will begin investing in governmental bonds.
- C. Urgency of Sewer Revenue Bonds - The County is under a State Department of Environmental Quality order to make substantial, significant and costly improvements to the County wastewater system. The deadlines for these improvements are 2014 and 2015 respectively to our two largest wastewater treatment facilities. Over \$565 million is dedicated for this purpose. Revenue bonds are exactly what they sound like; they are repaid through utility revenues. In the case of our wastewater utility, its revenue base is from its users, as well as new connections. Attachment 1 shows user fee contributions and connection fee revenues for the last five years.

As stated previously in this memorandum, connection fee revenues for the first quarter of this fiscal year are down by 34 percent, a substantial amount. In obtaining the revenues to repay revenue bonds, connection fee and user fee revenues are added together. If one drops dramatically, such as connection fees, then revenues from user fees must be increased accordingly. This could place existing sewer users facing unprecedented rate increases. For this reason I have written to the Arizona Department of Environmental Quality (Attachment 2), requesting that compliance deadlines for the substantial expenditure of bonds to meet their imposed regulatory deadlines be extended by five years. If an extension is received, it is likely I will ask the Bond Advisory Committee to either significantly reduce or defer the Sewer Revenue Bond Question that would be placed before the voters in 2009. If the request is denied, the full amount of sewer revenue bonds necessary to meet these regulatory deadlines will be placed on the November 2009 ballot as the only other alternative is to make and pay for these improvements on a pay-as-you-go basis, which would, again, substantially and significantly increase both sewer connection as well as sewer revenue fee increases.

- D. Counter-Cyclical Economic Stimulus - The only argument that could be used to advance a General Obligation Bond issue if current economic conditions continue is that the authorization would be part of what has traditionally been a counter-cyclical economic stimulus, where public expenditures, particularly in construction and project development, are used to offset significant declines in private sector building activity. In past bond elections, this strategy has been quite effective in producing high quality, low cost public investments. Such has occurred in previous bond elections, particularly when economic cycles followed a more regular pattern of expansion and contraction in approximate six-year cycles. The past economic expansion cycle lasted nearly 14 or 15 years, much longer than normal. Hence, the length of the contraction cannot now be accurately predicted. Therefore, the bond election, designed to be counter-cyclical in 2009, may be premature.
- E. Summary of Economic Conditions - In summary, a great deal of caution should be exercised in advancing a General Obligation and Sewer Revenue Bond issue for November of 2009. An authorization is simply that. It simply means the voters authorize the future issuance of debt. Authorization very often is looked upon as incurring debt and creating a repayment obligation. Authorization will eventually lead to such; however, as has been explained to the Bond Advisory Committee before, an authorization in 2009 would not lead to incurring debt until probably 2011 and, if authorized in 2009 and current economic conditions continue, it is likely, in order to meet the tax rate limits set by the Bond Advisory Committee, the "no tax surprises rule," it is possible that new debt, even if authorized in 2009, could not be issued until 2012 or later. Hence, unless there are definitive national and state signals of emerging economic recovery, I would not recommend that the Bond Advisory Committee place a General Obligation Bond question on the November 2009 ballot. Further, if the Arizona Department of Environmental Quality relaxes certain compliance deadlines regarding major wastewater treatment plant modifications, I would also not recommend that a Sewer Revenue Bond election be placed on the November 2009 ballot.

III. Recommendation Priority Guidance

My recommendations following in this memorandum are based on a number of guiding principles establishing priority for particular projects or programs. These general guidance principles were used to decide among competing project or program proposals, and have been tailored to reflect present conditions within Pima County. These priority guidance principles are as follows:

- A. Regional Benefit - The project or program must be regional in benefit and scope. The larger the number of expected beneficiaries, the higher the priority. Given the population of Pima County has now exceeded 1 million people, the regional extent of the urban framework is important. Projects of regional significance must be given priority over projects that would benefit only the local population base.
- B. Education Workforce Development - Projects or programs that advance educational opportunities and workforce skill development will receive priority. Given current economic conditions it is important that the existing Pima County workforce be given every opportunity to improve workforce skill development to compete with other cities and states within the country for economic opportunity.
- C. Partnerships - Projects or programs that promote public/private/non-profit partnerships will be given priority. Emerging in the 2004 bond issue was this category of project or program development. Projects developed in the 2004 program have been extraordinarily successful in bringing large community groups together in support of non-profit entities that provide a very important component of service or program delivery, or that have a key and essential component in our economic development base. Hence, I very much support and will continue to suggest that projects or programs that support this new emerging model of public service receive priority funding allocations for bond program and project consideration.
- D. Meet Regulatory Mandates - This category is self-explanatory. While we may question some of the regulatory mandates, relaxing their imposition is not an option available to the County. Hence, in order to avoid other costs such as fines and legal enforcement expenses, regulatory mandates must be met.
- E. Attract Other Revenues - Projects or programs that attract or secure other federal, state or local fund matches should receive priority over those that do not.
- F. Advance Board Adopted Principles of Sustainability and Conservation - Projects or programs that are compatible with and advance Board-approved policies advancing the Sonoran Desert Conservation Plan and the Pima County Sustainability Plan will receive priority bond funding consideration.

G. Previously Authorized Large-scale Bond Projects or Programs That Are Now Short of Funding - For a number of reasons, all of which are known, certain large-scale important projects or programs authorized in previous bond elections are unable to be completed without additional supplemental funding. This occurred in 1997 where the Pima County Public Health Center was significantly expanded in scope and size and relocated to the Kino Medical and Health Campus. This substantial increase in scope and size proved beneficial to operational aspects of healthcare delivery, yet could not occur within the original 1997 bond allocation. In 2004 the voters increased the allocation, which made construction of the facility possible. It is now complete and open for public use. This same issue has occurred with one project in the 2004 Bond Program, that being the Joint City/County Court Facility. This project is a key and important regional project that benefits virtually every resident in Pima County. Hence, it should receive priority funding consideration if, for whatever reason, the full function of the Joint Court cannot be attained without supplemental funding.

These guiding priority principles have been used in formulating the recommendations to you outlined in the following sections. These criteria are slightly different from those that I provided the Bond Advisory Committee in the February 21, 2007 memorandum. However, these criteria should be viewed in conjunction with those identified in that communication, which for ease of reference, I have attached as Attachment 3 to this memorandum.

IV. Open Space

Open space acquisition has been included in almost every bond authorization placed before the voters and has enjoyed overwhelming voter support. In 2004, the open space acquisition question was the largest bond question placed before the voters and it successfully passed. Proceeds from this question have been used primarily for large landscape conservation acquisitions. A number of potential large landscape acquisitions are pending near the end of 2008. Further, these funds have been used to protect the departure corridor of Davis Monthan Air Force Base. Generally, open space categories are divided into three: habitat protection associated with the Conservation Plan; community open space generally closer to the urban interface; and, finally, Davis Monthan Air Force Base departure corridor protection.

I am recommending significantly reduced allocations to these categories for this particular bond issue for several reasons, one of which relates mainly to some of the assumptions in the \$285 million recommendation by the Conservation Acquisition Commission, which are now invalid. Given the likely acquisitions using 2004 bonds, there remains probably only one large privately held non-urban ranch holding desirable for future conservation and protection, that being the Marley Ranch south of Green Valley. The large dollar value recommendation from the Conservation Acquisition Commission assumed that State Trust reform would pass as a constitutional amendment in the General Election. The reform did not even have enough signatures to get on the ballot. Hence, it is unnecessary to plan large State Trust land acquisitions based on the State Trust reform that never happened. The significantly reduced values for open space acquisition keep the particular program categories funded until some future decision can be made on State Trust reform, which may take another decade or longer.

Traditionally, floodprone land acquisition has been on some bond issues and not on others. Floodprone land acquisition is an important open space acquisition category and I am including this as a sub-category under open space preservation for the first time in order to make more coherent sense of its inconsistent placement on past and future bond programs. Table 1 represents the recommended open space programs and bond amounts.

V. Historic and Cultural Resource Preservation

Historic and cultural resource preservation is relatively new in the history of Pima County bonding. Historic and cultural resource preservation was first included in the 1997 bond program. I am again recommending a significant allocation of funds to this program, however, not nearly what has been requested. I believe there are at least two important projects to emphasize, those being Canoa Ranch and Historic Fort Lowell Park. These are clearly high priority historic resources in need of protection and interpretation. Other project area fund needs I believe are self-explanatory. Table 2 includes my list of recommended historic and cultural resource preservation requests to include in a future bond election.

VI. Public, Private and Non-Profit Partnerships

As I have stated earlier, I strongly believe in strengthening and rewarding successful public, private, and non-profit partnerships. As governmental funding becomes more stressed in the future, it is very important that local governments forge working partnerships with non-profits and private entities in the delivery of important public services in the areas of recreation, healthcare and education. Public, private and non-profit partnerships are a relatively new category of bond program with a recommendation for funding first appearing in 2004. As you will see in my recommendations, I am recommending that we significantly increase the funding for these partnership programs as they tend to relieve local governments of operating and maintenance costs for specific programs and they forge strong community support as well as attract outside resources that normally would not be available to local governments. Table 3 includes my list of recommended public, private and non-profit partnerships to include in a future bond election.

VII. Neighborhood Reinvestment and Housing

These programs first appeared in 1997 and have been very successful programs at helping to restore and revitalize distressed sectors of the community. I am recommending that they be continued at the same past historical funding levels. A request has been made to increase funding to these programs. However, I believe it would be prudent to have program funding remain at historic levels. Table 4 includes my list of recommended neighborhood reinvestment and housing requests to include in a future bond election.

VIII. Justice and Law Enforcement

Historically, justice and law enforcement has received a significant allocation of funding in each bond cycle. These funds are used to build very expensive capital facilities such as courts, adult detention facilities or jails, as well as juvenile detention facilities. In the past, these programs have been near the top if not the largest single allocation of bond funds. In this bond funding cycle I am recommending a significant departure from past practices. While I certainly understand that these needs will continue, I believe that a significant allocation of bond funds should be made to a previously authorized project that has, for a number of well-documented reasons, grown significantly larger than the 2004 bond allocation, that being the Joint Justice and Municipal Court Facility of the City and County. Such a facility is significant and critically needed, as demonstrated by the detailed space programming undertaken during architectural design with direct interaction with the two Court systems. The building size and cost is what it is. Therefore, I would recommend very limited justice and law enforcement funding of the requests made in presentations for this bond funding cycle, and a significant additional allocation for completing the Joint Municipal and Justice Courts Facility. Table 5 includes my list of recommended justice and law enforcement requests to include in a future bond election.

IX. Public Buildings and Libraries

I am recommending fewer bond dollars for public buildings and libraries for a future bond election than has occurred in the past. This is primarily because the County has opened more new library facilities in the last three years than in the history of the Pima County Public Library System. My recommendations regarding public buildings and libraries is shown on Table 6. Part of the reason I am making additional recommendations regarding public buildings is the fact that I have, in a previous section, recommended a significant supplement to a particular public building, the Joint Justice and Municipal Court Facility.

X. Parks

If I had to emphasize any particular bond program for an upcoming authorization, it would be parks, with particular emphasis for larger regional facilities that not only provide much needed park facilities for the community, but also assist in the economic development and tourism appeal of the community. It is very important that we make significant additional investments in our park system, and that these investments be strategically and geographically located throughout the community and positioned such that they contribute positively to economic development and tourism. My recommendations on parks focus on and emphasize park programs and projects that meet these criteria (Table 7).

XI. Flood Control

I am recommending only capital projects where there is a need to repair existing past flood damage (Table 8).

XII. Solid Waste

County solid waste activities are under review for long-term continuation. Existing County solid waste facilities are nearing capacity, with no alternative for developing new publicly owned landfills on the horizon. Therefore, I will be considering various alternatives to continuing solid waste programs in Pima County. The only funding being requested is for closure of existing landfills and/or environmental remediation associated with known contamination sites (Table 9).

XIII. Transportation

I am not recommending additional funding for the Transportation Safety Program (Table 10).

XIV. Water Reclamation

The water reclamation program is dependent entirely on timing of compliance requirements with the Arizona Department of Environmental Quality-imposed regulatory standards. I have requested that the Director of the Arizona Department of Environmental Quality consider a five-year extension of these compliance requirements that will allow the County to finance these improvements through more moderate fee increases. When I receive a response from the Department of Environmental Quality regarding my request, I will forward it to the Bond Advisory Committee. If the Department of Environmental Quality declines our request for extension, then I would recommend the list of requests shown in Table 11.

It is important that we expand the reclaimed water system to reduce groundwater pumping for turf projects, and to also provide environmental benefits such as restoring the flow to Cienega Creek. My recommendations in Table 12 reflect this.

XV. Summary

- A. Timing of a Future Bond Authorization - In summary, in May of 2008 the Bond Advisory Committee chose to defer a bond election originally planned for 2008, to 2009, due to deteriorating economic conditions and the fact that bonds authorization in 2008 would likely not be spent on building projects until at least 2011. The economic conditions have gotten much worse. State and local government revenues are down steeply and the bond market is unstable. Unless economic conditions significantly improve, I would not recommend that the Bond Advisory Committee request that the Board place a General Obligation Bond Authorization question on the November 2009 ballot. I will keep the Bond Advisory Committee updated regarding the status of my request for an extension from the Arizona Department of Environmental Quality regarding water reclamation improvements.

B. Summary of Recommendations - Below is a summary of my project level recommendations for further discussion and refinement by the Bond Advisory Committee. Please note that the recommended projects do not total the \$750 million in available capacity, and do not account for estimated cost increases, which will be refined as the Committee continues deliberating.

Summary of Recommendations

Open Space	\$110,000,000
Historic and Cultural Resources	20,600,000
Partner Projects	78,100,000
Neighborhood Reinvestment and Housing	15,000,000
Justice and Law Enforcement	98,000,000
Public Buildings and Libraries	93,565,000
Parks and Recreation	142,253,000
Flood Control	24,000,000
Solid Waste	5,500,000
Water Conservation	<u>10,000,000</u>
Total GO Bonds	\$597,018,000
Total Water Reclamation Bonds	\$565,000,000

CHH/jj

Attachments

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

ATTACHMENT 1

**Pima County Wastewater Management Department
Connection Fee and User Fee Revenue**

Sewer Connection Fee Revenue			
Fiscal Year	Budget	Actual	Variance
2003/04	23,789,260	29,404,130	5,614,870
2004/05	26,990,697	36,906,421	9,915,724
2005/06	33,215,903	42,219,962	9,004,059
2006/07	38,108,432	30,756,891	(7,351,541)
2007/08	33,353,700	31,036,931	(2,316,769)
2008/09 *	32,765,116	20,975,464	(11,789,652)
Total	188,223,108	191,299,799	3,076,691

* FY 2008/09 Actual is forecast.

Sewer User Fee Revenue			
Fiscal Year	Budget	Actual	Variance
2003/04	46,934,573	47,685,465	750,892
2004/05	50,075,680	50,393,306	317,626
2005/06	64,865,043	61,735,147	(3,129,896)
2006/07	63,657,885	69,294,198	5,636,313
2007/08	77,107,236	74,636,355	(2,470,881)
2008/09 *	87,699,424	87,699,424	-
Total	390,339,841	391,443,895	1,104,054

ATTACHMENT 2



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

November 4, 2008

Stephen Owens, Director
Arizona Department of Environmental Quality
1110 West Washington Street
Phoenix, Arizona 85007

Re: October 21, 2008 Letter from the Pima Association of Governments Regional Council and the Letter Dated October 29, 2008 from the Mayor of Marana Regarding the Pima County Regional Optimization Master Plan Section 208 Amendment

Dear Mr. Owens:

As you probably know, there is ongoing litigation between Pima County and the Town of Marana regarding sewer service. The County Regional Optimization Master Plan (ROMP) Section 208 Amendment was conditioned upon a resolution of ongoing litigation provided the regulatory compliance deadline imposed by the Arizona Department of Environmental Quality (ADEQ) for both the Roger Road and Ina Road regional wastewater treatment facilities could be extended.

This letter is to request that you extend these compliance deadlines by five years. This will certainly be sufficient time to allow the litigation between Pima County and Marana to be resolved through the legal processes available to each party, including appeals that may be filed by either Pima County or Marana to the Court of Appeals or Supreme Court.

In addition, we would request the extension of time to ease the financial burden of compliance on the sewer ratepayers of Pima County. Our previous compliance plan as identified in the Regional Optimization Master Plan Section 208 Amendment meets your previous regulatory deadlines, however it does so assuming certain going forward economic conditions regarding sewer connection fee revenues. As you know, the nation and State of Arizona are in the worst economic doldrums in modern history. These adverse economic conditions are having devastating effects on local governments and their ability to provide services. This includes Pima County and our ability to deliver cost-effective wastewater services for our ratepayers.

Stephen Owens

**October 21, 2008 Letter from the Pima Association of Governments Regional Council and
the Letter Dated October 29, 2008 from the Mayor of Marana Regarding the Pima
County Regional Optimization Master Plan Section 208 Amendment**

November 4, 2008

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If your regulatory deadlines are not extended we will be forced to transfer the burden of financial compliance almost entirely to the existing rate base in an accelerated manner; hence, our request for your reasonable consideration, given the extraordinary economic conditions being experienced in this State, to extend our regulatory compliance deadline by five years, which will allow us to uniformly and gradually pay for these extraordinary costs.

I would appreciate your timely and written consideration of our proposal.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/jj

c: **The Honorable Chairman and Members, Pima County Board of Supervisors
Jan Leshner, Chief of Staff, Governor's Office, State of Arizona
Gary Hayes, Executive Director, Pima Association of Governments
John Bernal, Deputy County Administrator - Public Works
Michael Gritzuk, Regional Wastewater Reclamation Director
Jeff Nichols, Deputy Director, Regional Wastewater Reclamation Department**

ATTACHMENT 3



MEMORANDUM

Date: February 21, 2007

To: Chair, Vice Chair and Members
Pima County Bond Advisory Committee

From: C.H. Huckelberry
County Administrator 

Re: Overall Criteria for Prioritizing the Funding of Programs or Projects by the Bond Advisory Committee

First, let me say that there are no right or wrong answers regarding how the Bond Advisory Committee ultimately determines what projects or programs to fund in a possible 2008 bond election. I would start with a set of general criteria to prioritize specific bond projects or programs. The criteria that I would suggest would be:

1. **Broad Demonstrated Support by the Public** - Clearly, public desires regarding what specific projects and programs they would like funded must be a very important criterion for Committee consideration. True, there are certain items that may not be popular with the public that require funding; however, we are using the public's taxes to retire the authorized bond debt. Hence, their opinion should be very important to the Committee. A sense of these opinions comes from the result of public forums that have been held to date, as well as e-mails and letters we have received. Public forums will also be held in the future, and other public opinion type actions could be undertaken by the Committee to gauge the support of the public for specific programs. For example, a questionnaire inserted in the daily newspapers asking that it be returned to the Committee could be a strategy employed by the Committee at some point in the future.
2. **Projects or Programs of Regional Significance** - The County's secondary property tax to retire our General Obligation Bond indebtedness is a Countywide tax. Everyone pays the tax. Therefore, we should emphasize projects or programs that have broad, regional significance and benefit the greatest number of individuals or participants. For example, I believe it would be more important to fund regional park improvements as opposed to a neighborhood park. It is more important to fund a program such as neighborhood reinvestment broadly to assist distressed communities rather than a specific project in a neighborhood that identifies itself as distressed.
3. **Regional and Jurisdictional Balance** - Every geographic location in Pima County has needs of one form or another, whether it be park or transportation improvements. From the perspective of equity, it is important that every jurisdiction and every geographic location within Pima County receive some benefit from a bond program or project.

Pima County Bond Advisory Committee

Overall Criteria for Prioritizing the Funding of Programs or Projects by the Bond Advisory Committee

February 21, 2007

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4. **Public and Private Partnerships, Particularly With Other Non-Profit Organizations** - It is important to form strong alliances in meeting future community needs. Public and private alliances in the form of partnerships are one method of meeting future community needs, but lessening the burden for existing taxpayers. Very often, community non-profits provide services to a variety of community individuals in need, but lack the capital that could be provided by and through bonds to increase their ability to serve the community. These public, private and non-profit partnerships, when they have a common purpose, should be fostered and encouraged.
5. **Other Funding Sources** - Often, large or regional scale infrastructure needs can be supplemented with federal or state funds when such projects or programs can attract significant other governmental investment. Those projects or programs should receive priority over others that do not.
6. **Regulatory Mandates** - Very often, certain capital improvements are mandated by regulatory actions of either the state or federal governments. A good example is the huge capital investment now needed in the area of **Wastewater Management** to denitrify effluent being discharged to the Santa Cruz River. Such is a regulatory requirement of the Arizona Department of Environmental Quality, and will require the County to expend \$100 million to \$200 million to comply. In the past, the County has been under federal court order in the area of jail expansion. Hence, regulatory requirements may, in fact, cause very specific funding priorities for capital bond projects or programs. However, they should also be viewed cautiously to ensure that the regulatory threat is real and exists. Other than the need for capital investment in **Wastewater** infrastructure noted above, I do not believe we have any other regulatory mandates to fund capital improvements.

These criteria, stated in priority order, would be my view of what the Bond Advisory Committee should consider when evaluating what projects or programs to include in a 2008 bond program that can fund only \$700 million to \$800 million in General Obligation Bonds and \$250 million to \$500 million in Sewer Revenue Bonds of an already listed \$3.5 billion funding need. There are no correct answers or precise criteria that can be used to develop exactly what projects or programs to fund. General criteria should be used broadly with the understanding that there will always be exceptions to the criteria, which simply means the best bond program to be placed before the voters represents the composite views and values of the entire Bond Advisory Committee.

CHH/jj

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

TABLES

Dept		ID		Table 1 - Open Space Acquisitions		Bonds	Bonds	Other
				Recommended Projects		Proposed	Recommended	Funding
OS	2	Habitat Protection Priorities & Associated Lands				\$213,750,000	\$70,000,000	
OS	3	Community Open Space and Archaeological Site Acquisition				\$71,250,000	\$20,000,000	
OS	1	Davis Monthan Approach Corridor Open Space Acquisitions				\$10,000,000	\$10,000,000	
FC	2	Floodprone and Riparian Land Acquisition				\$10,000,000	\$10,000,000	
				Total		\$305,000,000	\$110,000,000	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Table 2 - Historical and Cultural Resources			Bonds	Bonds	Other
Dept	ID	Recommended Projects	Proposed	Recommended	Funding
HP	101	Ajo Historic District Churches Façade/Roof Repairs	\$300,000	\$300,000	
HP	102	Anza National Historic Trail	\$2,000,000	\$2,000,000	
HP	105	Empirita Upper Ranch Buildings Rehabilitation	\$2,000,000	\$1,000,000	
HP	106	Historic Pima County School Houses	\$300,000	\$300,000	
HP	107	OS Repair and Rehabilitation of Historic Buildings	\$3,000,000	\$1,000,000	
HP	108	Site Interpretation/Preservation	\$2,400,000	\$2,000,000	
HP	109	Vail Area Historic Sites	\$500,000	\$500,000	
HP	111	Steam Pump Ranch Rehabilitation	\$2,000,000	\$2,000,000	
HP	115	Historic Ft. Lowell Park - Master Plan Implementation	\$4,000,000	\$4,000,000	
HP	124	City of Tucson Dunbar School and Performing Arts Center Rehab	\$11,400,000	\$2,500,000	
PR	80	Canoa Ranch Historic Rehab & Master Plan (Parks and CR project)	\$14,900,000	\$5,000,000	\$750,000
		Total	\$42,800,000	\$20,600,000	
Not Recommended					
HP	103	Archaeological Site Acquisitions (moved to Open Space)	\$15,000,000	\$0	
HP	104	Canoa Ranch - Master Plan Rehabilitation (partially funded in PR80)	\$5,000,000	\$0	
HP	110	Honey Bee Village Archaeological Preserve	\$250,000	\$0	
HP	112	Marana Church Rehabilitation	\$350,000	\$0	
HP	122	University Indian Ruin and Historic House Preservation	\$1,000,000	\$0	\$100,000
HP	123	Palo Alto Ranch House & School Rehabilitation	\$500,000	\$0	
		Total	\$21,600,000	\$0	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Dept	ID	Table 3 - Public, Private, and Non-Profit Partnerships Recommended Projects	Bonds Proposed	Bonds Recommended	Other Funding
FM	7	Pima Air Museum	\$2,150,000	\$2,150,000	
FM	8	Arizona Sonora Desert Museum - Education Facility Phase III	\$2,000,000	\$2,000,000	
FM	11	Pima County Community College Healthcare Campus	\$45,000,000	\$45,000,000	
FM	77	Fairgrounds Infrastructure Improvements	\$3,000,000	\$3,000,000	
FM	96	Art of the American West - Tucson Art Museum	\$10,500,000	\$5,000,000	
FM	104	Catholic Comm Services - Sahuarita-Green Valley Clinic	\$700,000	\$700,000	
FM	105	Catholic Comm Services - Vail Area Clinic	\$700,000	\$700,000	
FM	106	Catholic Comm Services - Quincy Douglas Center	\$700,000	\$700,000	
FM	107	Tucson Children's Museum	\$6,000,000	\$5,000,000	\$16,000,000
PR	106	New Tucson Girl's and Boy's Chorus Building	\$1,250,000	\$1,250,000	
PR	235	Freedom Park Adult Learning Center	\$3,600,000	\$3,600,000	
PR	274	Indoor Sports Complex Curtis Park - formally Kino Regional Park	\$9,000,000	\$9,000,000	\$1,000,000
		Total	\$84,600,000	\$78,100,000	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Dept	ID	Table 4 Neighborhood Reinvest/Affordable Housing Recommended Projects	Bonds Proposed	Bonds Recommended	Other Funding
CD	2	Neighborhood Reinvestment Program	\$30,000,000	\$10,000,000	
CD	1	Affordable Housing Program	\$30,000,000	\$5,000,000	
		Total	\$60,000,000	\$15,000,000	
		Not Recommended			
CD	5	Neighborhood Housing Stock Retention Fund (Marana Request)	\$750,000	\$0	
CD	8	Targeted Neighborhood Reinvestment	\$1,000,000	\$0	
CD	9	Targeted Neighborhood Reinvestment (Marana Request)	\$750,000	\$0	
CD	3	Pima County Comprehensive Housing Center	\$1,350,000	\$0	
CD	4	Affordable Housing (Marana Request)	\$1,250,000	\$0	
CD	7	Affordable Housing Land Acquisition	\$5,000,000	\$0	
		Total	\$10,100,000	\$0	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Table 5 - Justice and Law Enforcement			Bonds	Bonds	Other	
Dept	ID	Recommended Projects	Proposed	Recommended	Funding	
FM	15.3	Superior Court 8th Floor Tenant Improvement (Alternative 3)	\$8,000,000	\$8,000,000		
FM	53	Northwest Regional Justice Center	\$20,700,000	\$10,000,000		
		Joint Municipal and Justice Courts Facility	\$0	\$80,000,000		
		Total	\$28,700,000	\$98,000,000		
		Not Recommended				
FM	95	Pima County Remanded Juvenile Detention Facility	\$28,900,000	\$0		
FM	99	Drexel Heights Sheriff's Sub-Station	\$1,775,000	\$0		
		Total	\$30,675,000	\$0		

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Dept	ID	Table 6 - Public Buildings and Libraries		Other Funding	
		Recommended Projects	Bonds Proposed		Bonds Recommended
FM	1	One Stop Career Center	\$4,500,000	\$4,500,000	
FM	9	Green Valley Government Center Master Plan Implementation	\$8,000,000	\$4,000,000	
FM	18	Replacement of County's Financial Management Systems	\$15,000,000	\$5,000,000	
FM	34	LSB - Asbestos Abatement and Fire Sprinklers	\$8,197,000	\$4,000,000	
FM	45	Sahuarita Branch Library	\$6,675,000	\$6,675,000	
FM	48.2	Joyner-Green Valley Library Renovation and HVAC	\$1,660,000	\$1,660,000	
FM	49	Columbus Library Expansion and Remodeling	\$2,100,000	\$2,100,000	
FM	51	Flowing Wells Library	\$2,910,000	\$2,910,000	
FM	54	Pima County Animal Care Center (PACC) Improvements	\$15,000,000	\$15,000,000	
FM	82	Multi-Jurisdictional Emergency Operations Center and 311 Center	\$12,000,000	\$6,000,000	
FM	92	Ajo Country Club and Golf Course	\$370,000	\$370,000	
FM	97	Theresa Lee and Tuberculosis Clinic Relocation	\$7,792,000	\$4,000,000	\$4,240,000
FM	98	Primary and Specialty Physician Care Site Expansion	\$45,000,000	\$10,000,000	
FM	102	Picture Rocks Community Center Expansion	\$1,600,000	\$1,600,000	
FM	103	Catalina Community Services Building	\$750,000	\$750,000	
FM	108	East Side Government/Comm. Ctr: Library, Pool, Park, Sheriff	\$21,800,000	\$10,000,000	
PR	75	Green Valley Performing Arts/Learning Center III	\$20,000,000	\$5,000,000	
		Elections Equipment	\$0	\$5,000,000	
		Elections Building	\$0	\$5,000,000	
		Total	\$173,354,000	\$93,565,000	
Not Recommended					
FM	6	Las Artes Dust Control and Fire Suppression System	\$500,000	\$0	
FM	35	West Valencia Branch Library	\$6,225,000	\$0	
FM	39	North Marana Library & Multi-Generational Community Center	\$29,400,000	\$0	\$7,500,000
FM	62	New Facility for Fleet Services Department	\$8,660,000	\$0	
FM	65	Titan Museum	\$1,200,000	\$0	
FM	72	New Pima County Nursing Home and add Adult Day Care	\$68,800,000	\$0	\$4,000,000
FM	73	Pima Motorsports Park	\$280,000	\$0	
FM	74	Southern Arizona Kart Club	\$600,000	\$0	
FM	79	Colossal Cave Mountain Park	\$535,000	\$0	
FM	84	Marana Health Center Expansion	\$4,000,000	\$0	\$18,000,000
FM	86	Kino Sports Complex North Side Maintenance Facility	\$550,000	\$0	
FM	87	Kino Teen Center Service Coordination and Expansion	\$775,000	\$0	\$325,000
FM	88	Amado Food Bank/Community Building Expansion	\$550,000	\$0	\$100,000
FM	101	Remodel and Expand Emergency Dept UPH at Kino	\$15,000,000	\$0	
		Total	\$137,075,000	\$0	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Dept	ID	Table 7 - Parks and Recreation Recommended Projects	Bonds	Bonds	Other
			Proposed	Recommended	Funding
PR	4	Udall Park Expansion	\$4,000,000	\$4,000,000	\$2,500,000
PR	5	Jacobs Park Recreation Center	\$4,000,000	\$4,000,000	
PR	6	Reid Park Zoo	\$3,750,000	\$3,750,000	\$8,750,000
FC	12	Big Wash Linear Park and CDO Wash Linear Park	\$7,000,000	\$3,000,000	\$3,100,000
PR	13	Southeast Regional Park (Esmond Station Regional Park)	\$2,350,000	\$2,400,000	\$6,000,000
PR	18	El Pueblo Center Improvements	\$2,000,000	\$2,000,000	
PR	19	Freedom Center Expansion	\$2,000,000	\$2,000,000	
PR	20	Reid Park Improvements	\$2,000,000	\$2,000,000	
PR	28	Lincoln Park Improvements	\$1,500,000	\$1,500,000	\$3,500,000
PR	29	Purple Heart Park Expansion	\$1,500,000	\$1,500,000	
PR	77	Shooting Sports Program Site Improvements	\$3,000,000	\$3,000,000	
PR	83	Sports Fields & Security	\$5,473,000	\$5,473,000	
PR	86	Lawrence Community Center and Swimming Pool	\$6,500,000	\$6,500,000	
PR	88	Park ADA Compliance Upgrades	\$4,000,000	\$2,000,000	
PR	93	Yaqui Park Community Center	\$2,350,000	\$2,350,000	
PR	95	Flowing Wells and Kino Swimming Pool Renovations	\$1,500,000	\$1,500,000	
PR	96	Model Airplane Parks	\$1,500,000	\$1,500,000	
PR	103	Rillito Racetrack - Conversion	\$12,250,000	\$14,000,000	
PR	109	Curtis Park Skateboard Park and Improvements	\$1,600,000	\$1,600,000	
PR	110	George Mehl Family Foothills Park	\$4,000,000	\$4,000,000	
PR	115	Ted Walker Park Sporting Dog Training Site	\$2,500,000	\$2,500,000	
PR	116	Lawrence Park Improvements	\$3,000,000	\$3,000,000	
PR	137	BAJA Seniors Sports Complex	\$5,000,000	\$2,000,000	
PR	138	Benson Highway Park Development & Land Acquisition	\$5,326,000	\$5,400,000	
PR	140	Ajo Detention Basin Park	\$2,200,000	\$2,200,000	
PR	141	Robles Community Park	\$1,630,000	\$1,630,000	
PR	181	Sahuarita Pool and Recreation Complex /YMCA	\$12,652,000	\$8,000,000	\$1,348,000
PR	185	Coronado Middle School Athletic Fields Upgrades	\$2,850,000	\$2,850,000	
PR	188	Flowing Wells High School	\$1,000,000	\$1,000,000	
PR	189	Flowing Wells Junior High	\$1,750,000	\$1,750,000	
PR	210	Bureau of Reclamation Sports Park	\$17,500,000	\$5,000,000	\$17,500,000
PR	217	James D. Kriegh Park Upgrades	\$1,000,000	\$1,000,000	
PR	226	JVYC/Ochoa Gym	\$1,000,000	\$1,000,000	
PR	237	Flowing Wells District Park Expansion	\$1,200,000	\$1,200,000	
PR	239	Corona Foothills School & Sycamore School Sports Fields Improvem	\$1,850,000	\$1,850,000	
PR	246	Old Vail Middle School Sports Fields Improvements	\$1,600,000	\$1,600,000	
PR	264	Hohokam Community Sports Fields and Hohokam Park	\$3,900,000	\$3,900,000	
PR	266	PC Southeast Regional Park (Fairgrounds) - Horse Racing Facility	\$6,500,000	\$6,500,000	
PR	267	Sentinel Park - A Mountain Park Improvement Project	\$2,500,000	\$2,500,000	\$190,000
PR	273	Pima County Northwest BMX - Concrete Bowl Bike Park	\$1,300,000	\$1,300,000	
PR	277	Pima County Softball Tournament and Recreation Park	\$10,000,000	\$10,000,000	
		River Park Acquisitions and Development Countywide	\$0	\$4,000,000	
		Sports Fields Countywide	\$0	\$4,000,000	
		Total	\$158,531,000	\$142,253,000	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Table 7 continued - Not Recommended					
PR	7	Canoa Ranch Ecosystem Restoration/Groundwater Replenishment	\$1,000,000	\$0	
PR	11	Clements Senior Center Expansion	\$2,500,000	\$0	\$1,450,000
PR	34	Trails, Urban Pathways and Riverparks	\$4,000,000	\$0	
PR	37	Amphi Middle School Community Park Development	\$870,000	\$0	
PR	38	Partnership Projects	\$5,950,000	\$0	
PR	41	Cherry Avenue Center Expansion	\$1,000,000	\$0	
PR	42	Quincie Douglas Center Expansion	\$1,000,000	\$0	
PR	44	Oury Recreation Center Improvements	\$900,000	\$0	
PR	46	Kennedy Park Improvements and Expansion	\$800,000	\$0	
PR	47	Reid Park Soccer Field Replacement	\$750,000	\$0	
PR	51	McCormick Park Improvements	\$500,000	\$0	
PR	52	La Madera Park Improvements	\$500,000	\$0	
PR	71	Urban Fringe Parks and Land Acquisition	\$8,000,000	\$0	
PR	79	Southgate South 6th Avenue Park Development & Land Acquisition	\$12,300,000	\$0	
PR	84	Environmental Compliance	\$5,000,000	\$0	
PR	87	Park Facilities Renewal and Improvements	\$4,000,000	\$0	
PR	97	Avra Valley Watchable Wildlife Site	\$750,000	\$0	
PR	99	County Ranch Improvements	\$620,000	\$0	
PR	119	CDO River Park Corridor Acquisitions	\$2,600,000	\$0	
PR	122	Rillito River Park Corridor Acquisitions	\$900,000	\$0	
PR	124	Tanque Verde River Park Corridor Acquisitions	\$1,000,000	\$0	
PR	128	Pantano River Park Corridor Acquisitions	\$4,300,000	\$0	
PR	130	Santa Cruz River Park Corridor Acquisitions	\$1,200,000	\$0	
PR	142	Rillito River Park Safety and Maintenance Enhancements	\$15,000,000	\$0	
PR	144	Rillito River Park - I-10 to La Cholla	\$3,000,000	\$0	
PR	147	Rillito River Park - La Cholla to Oracle Road	\$2,000,000	\$0	
PR	151	Robles Pass Trails Park Staging Area	\$750,000	\$0	
PR	152	Arizona Trail – Sahuarita Road Trailhead	\$700,000	\$0	
PR	153	Chalk Mine Trailhead and Public Access Area for Tortolita Mountain	\$750,000	\$0	
PR	154	Arizona Trail – Pistol Hill Road Trailhead	\$475,000	\$0	
PR	157	Sweetwater Preserve Trailhead	\$400,000	\$0	
PR	165	Tucson Mountain Park – King Canyon Trailhead	\$300,000	\$0	
PR	196	Hohokam Middle School	\$1,750,000	\$0	
PR	201	Oury Pool Renovations	\$620,000	\$0	
PR	219	Hardy road/Overton Road Property Acquisition	\$6,000,000	\$0	
PR	220	Adaptive Recreation Center Expansion	\$12,000,000	\$0	
PR	225	El Casino Park	\$850,000	\$0	
PR	228	Lawrence Hiaki Pathway	\$500,000	\$0	
PR	231	Arizona Velodrome Center	\$5,000,000	\$0	
PR	234	Arivaca Junction Land Acquisition for Future Civic Needs	\$175,000	\$0	
PR	255	Land and Open Space Acquisition	\$6,000,000	\$0	
PR	256	Park Facility Revitalization & Safety Enhancements	\$6,975,000	\$0	
PR	259	Tortolita Middle School	\$2,850,000	\$0	
PR	262	Altar Valley Watershed Restoration Project	\$3,500,000	\$0	\$500,000
PR	268	Sonoran Desert Park	\$17,000,000	\$0	
PR	270	Ormsby Park Expansion and Trail Connectivity	\$3,500,000	\$0	
PR	276	Pima County Ice Skating Arena	\$4,800,000	\$0	\$1,200,000
		Total	\$155,335,000	\$0	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Dept	ID	Table 8 - Flood Control Recommended Projects	Bonds Proposed	Bonds Recommended	Other Funding
FC	17	Pascua Yaqui Stormwater Improvements	\$6,000,000	\$3,000,000	
FC	50	Columbus Wash	\$10,700,000	\$6,000,000	
FC	56	Neighborhood / Access Drainage Improvements	\$10,000,000	\$5,000,000	
FC	57	Pantano Wash: Speedway to Tanque Verde Rd., Rillito to Tanque Verde	\$12,950,000	\$10,000,000	\$1,050,000
		Total	\$39,650,000	\$24,000,000	
Not Recommended					
FC	10	Twin Peaks Drainage (Marana Request)	\$1,000,000	\$0	\$7,000,000
FC	14	South Tucson: S 7th Ave (28th to 29th St)	\$2,500,000	\$0	
FC	42	Green Valley Drainageways #3, 6, 9, 13, and 17	\$3,000,000	\$0	
FC	43	Black Wash Detention Basin	\$6,000,000	\$0	
FC	52	Canada del Oro Wash Floodplain and Open Space Acquisition	\$5,000,000	\$0	
FC	53	Chalk Wash in Oro Valley	\$1,000,000	\$0	
FC	58	Santa Cruz River: Rillito and CDO Confluence	\$15,000,000	\$0	
		Total	\$33,500,000	\$0	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Dept		ID	Table 9 - Solid Waste Recommended Projects	Bonds Proposed	Bonds Recommended	Other Funding
SW	1		Tangerine Landfill Closure	\$6,000,000	\$5,000,000	
SW	5		Ajo Landfill Development	\$500,000	\$500,000	
			Total	\$6,500,000	\$5,500,000	
			Not Recommended			
SW	2		Ina Road Landfill Development	\$6,000,000	\$0	
SW	3		Sahuarita Landfill Development	\$4,800,000	\$0	
			Total	\$10,800,000	\$0	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Table 10 - Transportation Not Recommended					
TR	1	Transportation Safety Program	\$50,000,000		\$0

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.

Dept		ID		Table 11 - Water Reclamation Recommended Projects		Bonds Proposed	Bonds Recommended	Other Funding
WW	1	Ina Road Water Reclamation Facility/Effluent Nutrient Reduction				\$445,000,000	\$445,000,000	\$273,000,000
WW	4	Park & 18th Street Interceptor				\$35,000,000	\$35,000,000	
WW	8	System-wide Conveyance and Facilities: Capacity & Expansion				\$35,000,000	\$35,000,000	
WW	9	Outlying Area Treatment Facilities: Capacity & Rehabilitation				\$50,000,000	\$50,000,000	
					Total	\$565,000,000	\$565,000,000	

Dept		ID		Table 12 - Water Conservation Recommended Projects		Bonds Proposed	Bonds Recommended	Other Funding
FC	44	Reclaimed Water to Protect Cienega Creek				\$4,000,000	\$4,000,000	
FC	46	Reclaimed Water for Canoa Ranch				\$3,000,000	\$1,000,000	
PR	176	Reclaimed Waterline Extensions				\$9,000,000	\$5,000,000	
					Total	\$16,000,000	\$10,000,000	

Note: "Bonds Proposed" are the recommended amounts from the Bond Subcommittees. For Parks and Rec, it is the sum of all three tiers of recommendations.