



MEMORANDUM

Date: June 21, 2017

To: The Honorable Ally Miller, Member
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Open Space Management and Monitoring Costs**

At the June 20, 2017 Board of Supervisors meeting, you indicated you had not received the materials requested for the May 17, 2017 Budget Hearing.

Attached is a copy of Chief Deputy County Administrator Jan Leshner's May 23 memorandum to the Board that summarizes the May 17 Budget Hearing. This document contained, in Attachment 2, the Office of Sustainability and Conservation's acquisition, monitoring and management costs related to the County's Open Space Program and/or Multi-species Conservation Plan (MSCP). As you can see, this material was provided to you on May 23.

The Fiscal Year 2017/18 base budget of the Natural Resources, Parks and Recreation Department was increased by \$255,399 to offset management costs associated with the Open Space Program. The Office of Sustainability and Conservation's base budget was increased by \$142,837 to assist with the monitoring costs associated with the MSCP.

CHH/anc

Attachment

c: The Honorable Chair and Members, Pima County Board of Supervisors
Jan Leshner, Chief Deputy County Administrator
Tom Burke, Deputy County Administrator for Administration
Keith Dommer, Director, Finance and Risk Management
Linda Mayro, Director, Office of Sustainability and Conservation
Robert Johnson, Budget Manager, Finance and Risk Management



MEMORANDUM

Date: Revised May 23, 2017

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner, Chief 
Deputy County Administrator

Re: **May 17, 2017 Budget Hearing Summary**

During the absence of the County Administrator, I am continuing his practice of providing the Board of Supervisors a summary memorandum regarding issues or questions raised during budget hearings. The following is a summary of the departmental budgets reviewed at the May 17, 2017 Budget Hearing.

Summaries by Object and Differences with Explanations

Attachment 1 contains summaries by object for each of the departments or agencies where increases, decreases or significant variances in year-to-year budget comparisons are provided. They all have some explanation associated with significant variances, which should assist the Board's review of the summary reports.

Attachment 1 is compiled in accordance with the appearance of the budget presentations.

Department/Agency Presentation Materials

Attachment 2 includes the presentation materials provided by each of the eight departments below that presented to the Board of Supervisors on May 17, 2017.

1. Capital Projects Fund

At one time, 480 projects were identified as capital improvement projects. There are currently 154 projects being developed with a budget of \$170 million. It is anticipated this will decrease to \$64 million in the next three to four years.

Staff responded to questions noting that a \$2.179 million grant was received from the Arizona Department of Transportation for SpacePort Tucson. Staff also reported that \$200,000 has been budgeted for the design of improvements on Thornydale Road between Cortaro Farms and Sumter Drive in Fiscal Year (FY) 2017/18. The remainder of the \$4.77 million allocated for the project will be spent by the end of FY 2019/20.

Of the Highway User Revenue Fund (HURF) bonds authorized by the 1997 bond election, a total of \$73,375,000 remains authorized but unspent.

2. Regional Wastewater Reclamation

The proposed budget was developed prior to the approval of a fee increase, which is documented in a footnote to the budget. Department Director Jackson Jenkins noted that the Department pays water companies to distribute the County's sewer bills, and a 320 percent increase is proposed by the water utilities in the new fiscal year, which is not included in the current budget. It is hoped the County can negotiate lower rates early in the fiscal year.

It was noted the budget included \$49,257,735 in proposed capital expenditures. Attachment 1 contains a list of the 46 projects for which funding is requested in the next fiscal year. In addition to these 46 projects, another 34 projects, or 80 projects, comprise the Five-year Capital Improvement Project Plan.

3. Development Services

There were no unanswered budget questions raised.

4. Natural Resources, Parks and Recreation

An inventory of ranch lands indicating acquisition date, total acreage, County acreage and lease dates is contained in Attachment 2. The cost to the County is being developed by staff and will be provided to the Board of Supervisors when finalized.

5. Office of Sustainability and Conservation

Attachment 2 includes responses to the following questions:

- A. Please provide an inventory of open space lands, including the cost of acquisition. What is the total amount the County has in open space land?
- B. Please provide an inventory of all ranches and include the amount of acquisition, acreage, income generated and cost to maintain.
- C. What is the full cost of implementation and oversight related to the MSCP Section 10 Permit? Staff, required reports, etc.

6. Regional Flood Control District

There were no unanswered budget questions raised.

7. Transportation

A question was raised about the remaining unsold amount of 1997 HURF bonds. There is \$73,375,000 remaining in HURF bonds from the 1997 authorization.

8. Environmental Quality

Other Professional Services is proposed to increase from \$2,915 to \$314,133. In response to a question, Director Ursula Nelson indicated the increase was to accommodate projected expenses related to a grant from the Arizona Department of Environmental Quality (ADEQ).

Subsequent to development of the budget, the County's Department of Environmental Quality learned it did not receive the ADEQ grant. Following the Budget Hearing, Ms. Nelson met with representatives of Grants Finance, and an appropriate adjustment will be made to the budget to address the modification.

JKL/mjk

Attachments

- c: Tom Burke, Deputy County Administrator for Administration
Keith Dommer, Director, Finance and Risk Management
Robert Johnson, Budget Manager, Finance and Risk Management

OSC/ NRPR Summary for 5/17/2017 BOS Budget Hearing

Office of Sustainability & Conservation:

1. Please provide an inventory of open space lands including the cost of acquisition. What is the total amount the County has in open space land?

A list of open space lands acquired with 1997 and 2004 bonds is provided below, but other large open space tracts like Tucson Mt. Park were acquired as early as the 1920s and are not shown here.

Pima County Conservation Acquisition Bond Programs List of Properties

1997 – On May 20, 1997, Pima county voters approved funding in the amount of \$27.9 million for the acquisition of properties for conservation. To date, 27 properties have been purchased, totaling 7,200 acres.

2004 – On May 18, 2004, voters approved \$164.3 million in bond funds for conservation purposes. To date, 50 properties have been acquired, totaling 45,300 acres in fee lands and 127,000 acres of grazing leases. Approximately \$7 million remains in this program.

1997 and 2004 Bond Acquisitions

Property (Location)	Acres	Grazing Lease Acres	Acquisition Cost	Acquisition Date
A-7 Ranch (San Pedro Valley Reserve)	6,829	34,195	\$2,041,933	Sep-04
Akers/Dailey (Cienega Valley-Empire Ranch Reserve)	158		\$1,222,720	Oct-99
Alpher (Cienega Valley-Empire Ranch Reserve)	147		\$514,412	Feb-00
Amadon (Cienega Valley-Empire Ranch Reserve)	39		\$122,257	Dec-06
Baker (Cienega Valley-Empire Ranch Reserve)	155		\$226,342	Oct-04
Bar V Ranch (Cienega Valley-Empire Ranch Reserve)	1,763	12,674	\$8,189,228*	Feb-05
Baxter (Tucson Mountains Reserve)	33		\$274,472	Mar-99
Bee (Northern Altar Valley Reserve)	120		\$60,873	Feb-05
Belvedere (Tucson Mountains Reserve)	72		\$615,972	Jan-06
Berard (Tucson Mountains Reserve)	7		\$81,792	Aug-05
Bradley (Cienega Valley-Empire Ranch Reserve)	40		\$266,036	Oct-99
Buckelew Farms (Northern Altar Valley Reserve)	505	2,200	\$5,080,467	Oct-06
Canoa Ranch (Upper Santa Cruz-Southern Altar Valley Reserve)	4,700		\$6,150,000*	May-01
Canoa Ranch II (Upper Santa Cruz-Southern Altar Valley Reserve)	33		\$1,801,106	Aug-05
Canon Ranch Phase III (Upper Santa Cruz-Southern Altar Valley Reserve)	52		\$1,200,581	Dec-06
Carpenter Ranch (Tortolita Reserve)	200		\$520,011	Apr-99
Carpenter Ranch Phase II (Tortolita Reserve)	360		\$1,180,036	Aug-05
Cates (Cienega Valley-Empire Ranch Reserve)	39		\$132,957	May-06
Chess (Cienega Valley-Empire Ranch Reserve)	37		\$124,865	Feb-07
Clyne Ranch (Cienega Valley-Empire Ranch Reserve)	880		\$4,979,434	Jan-10
Cochie Canyon (Tortolita Reserve)	290		\$2,901,044	Jun-08
Continental Ranch Development LLC (Wildlife Corridor)	15		\$750,448	Jul-07
Cortaro and Hartman (Tortolita Reserve)	50		\$1,175,000*	Aug-09
Des Rochers (Tucson Mountains Reserve)	19		\$294,028	Oct-06
Diamond Bell Ranch (Northern Altar Valley Reserve)	191	30,702	\$897,730	Mar-08
Diocese of Tucson (Tucson Mountains Reserve)	216		\$636,462	Jun-98
Dos Picos (Tucson Mountains Reserve)	60		\$1,425,677	Nov-09
Doucette (Agua Caliente Wash)	21		\$569,608	Dec-04
Drewes (Agua Caliente Wash)	11		\$388,000	Mar-98
Empirita (Cienega Valley-Empire Ranch Reserve)	2746		\$10,835,000	Aug-09
Firkins (Tucson Mountains Reserve)	1.4		\$30,987	Mar-06
Habitat for Humanity (Tucson Mountains Reserve)	80		\$1,102,832*	Jul-08
Heater (Tucson Mountains Reserve)	50		\$991,743	Sep-05
Hiett (Tucson Mountains Reserve)	25		\$721,863	Sep-05
Holsclaw (Tucson Mountains Reserve)	10		\$159,969	Jun-99
Hytnington (Tucson Mountains Reserve)	3.6		\$72,163	Jan-06
Jacobs Trust (Tucson Mountains Reserve)	80		\$601,336	Mar-04

Joshua Tree II (Tucson Mountains Reserve)	40		\$130,389	May-00
King 98 Ranch (Northern Altar Valley Reserve)	1,034	3,096	\$2,102,921	Mar-05
Knez (Cienega Valley-Empire Ranch Reserve)	80		\$240,967	Aug-06
L & F International (Tucson Mountains Reserve)	294		\$2,589,225	Jun-99
Las Lomas 1 & 2 (Tucson Mountain Park)	50		\$748,400	Jun-99
Leef (Tortolita Reserve)	80		\$280,000	Mar-98
Lefkovitz/Lakia (Tucson Mountains Reserve)	115		\$275,825	Jul-01
Linda Vista/Patrick (Tortolita Reserve)	9.1		\$451,561	Feb-07
Madera Highlands (Upper Santa Cruz-Southern Altar Valley Reserve)	366		\$385,733	Aug-05
Marley Ranch Phase I (Upper Santa Cruz-Southern Altar Valley Reserve)	6,337		\$20,006,112	Apr-09
Matesich (Tucson Mountains Reserve)	4		\$85,586	Nov-05
Mission and 33rd Street (Tucson Mountains Reserve)	9		\$191,896	Sep-10
Mordka (Northern Altar Valley)	40		\$20,265	Feb-05
Nunez (Cienega Valley-Empire Ranch Reserve)	19		\$68,502	May-06
Orach (Tucson Mountains Reserve)	3		\$60,620	May-01
Pacheco (Tucson Mountains Reserve)	20		\$241,010	Dec-05
Perper/Rollings (Tucson Mountains Reserve)	746		\$5,975,258	Feb-00
Poteet (Cienega Valley-Empire Ranch Reserve)	83		\$275,820	Aug-05
Rancho Seco (Upper Santa Cruz-Southern Altar Valley Reserve)	9,574	27,361	\$18,503,948	May-05
Reid (Tortolita Reserve)	4		\$316,920	Mar-07
Route 606 (Tucson Mountains Reserve)	22		\$241,134	Oct-06
Ruddick (Agua Caliente Wash)	13		\$369,993	Sep-00
Saguaro Cliffs (Tucson Mountains Reserve)	155		\$1,548,244	Nov-98
Sands Ranch (Cienega Valley-Empire Ranch Reserve)	5,040		\$21,015,503	Dec-08
Selective Marketing (Tucson Mountains Reserve)	10		\$92,372	Oct-05
Serr (Tucson Mountains Reserve)	10		\$94,776	Dec-05
Six Bar Ranch (San Pedro Valley Reserve)	3,292	9,000	\$11,525,322	Aug-06
Sopori Ranch Phase (Upper Santa Cruz-Southern Altar Valley Reserve)	4,135	10,480	\$18,602,695	Jan-09
South Wilmot LLC (Pima Pineapple Cactus Mitigation Bank)	36		\$112,690	Jul-06
Sweetwater (Tucson Mountains Reserve)	695		\$11,733,653	Jun-04
Tang (Tortolita Reserve)	40		\$2,377,079	Jul-07
Tanque Verde & Houghton LLC (Agua Caliente Wash)	77		\$1,558,137	Sep-10
Terra Rancho Grande (Agua Caliente Wash)	72		\$1,376,628	Jan-10
Treehouse Realty (Wildlife Corridor)	13		\$922,742	Apr-10
Tumamoc Hill	277		\$2,350,000*	Feb-09
Valenica Site	67		\$940,000*	Mar-10
Walden (Cienega Valley-Empire Ranch Reserve)	477		\$1,400,000*	Sep-04
Habitat at 36 th and Kino	20		\$750,376	Nov-11
Tortolita Mountain Park Expansion	1,416		\$3,997,020	Mar-13
Painted Hills	286		\$8,500,000	Sep-14
M Diamond	624	7,800	\$400,000*	

*Acquisition cost includes non-bond funding and/or donation.

The County controls and manages a total of approximately 230,000 acres of open space; roughly 100,000 acres in fee, including about 50,000 ranch acres in fee, and about 143,000 acres held through state and federal grazing leases. Acquisition of these open space acres (including grazing leases to continue ranching use) executes direction from the public expressed in the 1997 and 2004 bond elections.

2. Please provide an inventory of all ranches and include the amount of acquisition, acreage, income generated, and cost to maintain.

Pima County has acquired 16 ranches, 14 of which continue to operate as working ranches (See Table 1). County ranches total over 192,000 acres with approximately 49,600 acres owned in fee; the balance of nearly 143,000 acres controlled via state and federal grazing leases. However, the impetus for engaging in ranch conservation extends back to the very foundation of the Sonoran Desert Conservation Plan.

In an October 21, 1998 memo to the Board of Supervisors, the County Administrator presented the Sonoran Desert Conservation Plan (SDCP) as a response to the Board's discussions on "... urban growth issues and the need to balance economic, environmental, and human interests." The SDCP contains 6 elements: 1) ranch conservation, 2) historic and cultural preservation, 3) riparian restoration, 4) mountain parks, 5) habitat, biological and ecological corridor conservation, and 6) critical and sensitive habitat preservation.

Ranch conservation is a focal point because ranches are critical in defining our metropolitan urban area, represent unique facets of our Western culture and heritage, and maintain a rural economy. Minutes from the October 27, 1998, Board of Supervisors meeting reflect a unanimous (5-0) vote approving the SDCP. In subsequent implementation of the Ranch Conservation Element, the County has almost exclusively relied on 2004 Bond dollars to acquire ranches via lease and fee. In most cases, the County uses Ranch Management Agreements that allow the same family to operate the ranch, which usually means that the same family that owned the ranch for many generations stays on the ranch. Ranch Management Agreements are an effective means of promoting the continuation of active ranches and provide a fiscally efficient strategy for the County in managing these lands.

Table 1. Ranches acquired with Open Space Bonds comprise the majority of County MSCP mitigation lands.

Ranch*	Acquisition Cost	Acquisition Date	County Fee Acres**	ASLD Lease Acres**	BLM Grazing Lease acres	Working Ranch (Y/N)	Ranch Mgmt Agreement
A-7	\$ 2,041,933	9/15/2004	6,829	34,195	30	Y	Y
Bar V Ranch	\$ 7,689,228	2/17/2005	1,763	12,674	0	Y	N
King 98 Ranch	\$ 2,102,921	3/18/2005	1,034	3,096	0	Y	Y
Rancho Seco	\$ 18,503,948	5/19/2005	9,574	21,662	5,899	Y	Y
Carpenter Ranch	\$ 1,700,047	1999; 8/29/2005	560	0	0	N	N
Six Bar Ranch	\$ 11,525,322	8/23/2006	3,292	9,000	0	Y	Y
Buckelew Farm	\$ 5,080,467	10/13/2006	1,013	1,971	191	Y	Y
Diamond Bell Ranch	\$ 897,730	3/14/2008	191	29,904	764	Y	Y
Sands Ranch	\$ 21,015,503	12/30/2008	5,040	0	0	Y	Y
Sopori Ranch	\$ 18,602,695	1/2/2009	4,135	10,480	0	Y	Y
Marley Ranch	\$ 18,006,112	4/30/2009	6,337	0	0	Y	Y
Empirita Ranch	\$ 10,839,500	8/14/2009	2,700	0	0	Y	Y
Clyne Ranch	\$ 4,900,000	1/8/2010	880	0	0	Y	Y
Canoa Ranch	\$ 10,800,000	2001, 2005, 2006	4,800	0	0	N	N
Old Hayhook Ranch	\$ 1,409,786	2005	839	0	5,146	Y	Y
M-Diamond Ranch	\$ 400,000	2012	624	7,798	0	Y	N
TOTAL Costs	\$ 135,515,192						
TOTAL Ranch Acres			49,611	130,780	12,030		
<p>* All acquired with voter-approved 1997 and 2004 bond funds with \$500,000 from a Federal Scenic Transportation grant for Bar V; \$352,989 US Fish & Wildlife Service grant for Old Hayhook; Flood Prone lands funds for part of Buckelew Farm; and some properties include donations.</p>							
<p>** Designated as MSCP Section 10 Permit Mitigation Lands with partial credit for ASLD lands.</p>							

Pima County received its Section 10 Permit of the Endangered Species Act in July 2016, which provides "insurance" coverage through the implementation of the Multi-species Conservation Plan. County ranches have also taken on added importance, as these ranchlands comprise the majority of the County's MSCP mitigation lands. If the County were unable to rely on our ranches for MSCP mitigation, we would

lose at least 85% of our capacity to mitigate for the 36,000 acres of development impacts allowed under the MSCP. The County would either have to find another way to replace that lost mitigation capacity, or be forced to similarly reduce the number of development acres we cover under the MSCP.

3. What is the full cost of implementation and oversight related to the MSCP Section 10? Staff, required reports, etc.

Open space management and MSCP ecological monitoring of mitigation lands are two complementary components of preserving the conservation values of these open space lands while allowing public access, recreation, hunting and ranching to continue.

- **“Open Space Management”** actions are largely handled by the County Natural Resource Parks & Recreation and are necessary to manage these open space lands for the public’s benefit. Some of these tasks include the following:
 - Inventory existing buildings, trails, roads, fencing, water features, utilities, and other infrastructure.
 - Inspect and maintain infrastructure to ensure public access and safety.
 - Work with ranchers and manage ranch management agreements to ensure compliance.
 - Conduct range and forage conditions and usage.
 - Maintain, repair, improve, and add water systems to more evenly distribute livestock grazing use.
 - Ensure that the public in natural areas and trails is observing park rules.
 - Identify and assess levels of use and impacts from recreational and other permitted uses of County conservation lands, as well as illegal use, law enforcement activity, and fire.

Costs for NRPR to manage these open space lands during the current fiscal year FY16-17 are \$370,000 with an average cost of about \$1.61 per acre. Revenues, with minor exceptions from cattle sales, are not part of the Ranch Management Program. Estimated costs for Open Space Management for FY17-18 are \$620,000 or \$2.69 per acre.

- **“MSCP Section 10 Permit Implementation”** is largely handled by Sustainability & Conservation and include the following tasks to meet the terms of the Permit.
 - Providing Section 10 Permit coverage for County capital Improvement projects and private development projects, including the private sector development Certificate of Coverage Program.
 - Compliance monitoring to ensure that development impacts are appropriately mitigated and in compliance with the terms of the U.S. Fish and Wildlife Service Section 10 Incidental Take Permit
 - Ecological monitoring and field collection of scientific data on different animal and plant species, soils, and natural conditions to document and analyze ecological health of mitigation lands, species population trends, and habitat conditions.
 - Required reports include annual, biennial, and decadal reports to the US Fish & Wildlife Service and provide a public record to disclose actions relating to covered development impacts, mitigation provided, ecological monitoring results, management and conservation measures, and compliance monitoring issues.

Costs for OSC to implement these MSCP tasks during the current fiscal year FY16-17 are about \$375,000 with an average cost of \$1.63 per acre, which is about 64 % of staff time and costs related to MSCP efforts. Estimated costs for MSCP Implementation for FY17-18 are approximately \$458,000 or \$1.99 per acre.

- **Combined estimated costs for Pima County to manage open space and implement the MSCP in FY17-18 is \$1,078,000 or \$4.68 per acre.**

It is instructive to understand the level of effort and costs associated with Pima County’s commitments relative to other Habitat Conservation Plan (HCP) permittees. Table 2 shows a number of large-scale HCPs—primarily located in the western United States— to compare the scope of their management and monitoring commitments and associated costs.

Table 2. Comparative MSCP Implementation and Open Space Management Costs of other multi-species conservation plans, including estimated costs for Pima County in FY 2017-18 (in red).

Program	Open Space Acres Under Management	MSCP Implementation Cost		Open Space Management Cost	
		Per Year	Per acre/year	Per Year	Per acre/year
Balcones Canyonlands (TX) MSCP	30,000	\$1,100,000	\$37.00/ac	\$1,100,000	\$37.00/ac
City of San Diego (CA) Open Space Management	24,000	NA	NA	\$9,600,000	\$400.00/ac
Clark County (NV) MSHCP	NA	UNK	UNK	UNK	UNK
Coachella Valley (CA) MSHCP	60,000	\$1,000,000	\$17.00/ac	\$650,000	\$11.00/ac
East Contra Costa County (CA) HCP	25,000	\$700,000	\$28.00/ac	\$1,900,000	\$76.00/ac
Lower Colorado River (AZ, CA, NV) MSCP	8,100	\$5,000,000	NA	\$500,000	\$62.00/ac
Orange County (CA)	18,000	\$380,000	\$21.00/ac	\$626,000	\$35.00/ac
Pima County	230,000	\$458,000	\$1.99/ac	\$620,000	\$2.69/ac
San Diego County (CA)	18,000	\$1,000,000	\$56.00/ac	\$3,700,000	\$206.00/ac
Santa Clara County (CA)	46,000	\$600,000	\$13.00/ac	\$1,900,000	\$41.00/ac
Western Riverside (CA)	27,000	\$1,200,000	\$44.00/ac	\$878,000	\$33.00/ac
Average Costs (excluding Pima County)	28,456	\$1,372,000	\$31.00/ac	\$2,317,000	\$100.00/ac

Of all of the HCPs reviewed, Pima County has the largest conservation land program. Average annual monitoring costs vary widely among HCPs, from a low of \$380,000 per year (Orange County) to a high of almost \$5,000,000 per year (Lower Colorado River). Pima County’s average monitoring costs for the first 5 years year of operation are scheduled to be approximately \$458,000. When these cost figures are compared against a common currency—in this case acres—the picture changes considerably. Here, Pima County’s monitoring commitment will have the lowest annual cost per acre (\$1.99) while the highest is San Diego County (\$56). The average annual, per acre cost for monitoring (\$31) is over 15 times what Pima County has pledged.

Annual management costs range from \$500,000 (Lower Colorado River) to \$9,600,000 (San Diego Open Space Management Program). When factoring in the number of acres, the average annual cost per acre ranges from \$2.69 (Pima County) to \$400 (San Diego Open Space Management Program), and averages \$100 per acre among programs. The median annual cost (i.e., the middle observation, which does not take into account the highest and lowest figures) is \$41 per acre.