



MEMORANDUM

Date: December 2, 2019

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

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "C.H. Huckelberry", is written over the typed name and title.

Re: **Resolutions Relating to Debt Issues for December 17, 2019 Board of Supervisors Meeting**

There are two resolutions that will be on the Board of Supervisors December 17, 2019 Agenda relating to the following debt issuances:

- \$40 million of Sewer System Revenue Obligations
- \$45 million of Certificates of Participation

Sewer System Revenue Obligations

This resolution would authorize staff to sell additional sewer system revenue obligations not to exceed \$40 million and to refinance existing debt provided it is financially advantageous and does not extend the final maturity. The proceeds of the debt will be used to fund treatment and conveyance projects listed within the Regional Wastewater Reclamation Fund Capital Improvement Program in the Fiscal Year (FY) 2019/20 Adopted Budget. Pima County routinely pays for the capital costs of its sewer system by financing them over time. This allows the capital asset costs to be better spread throughout the period of time the assets are providing benefits to the system's users. Unlike other Sewer Revenue Obligations, which are repaid within 15 years, these obligations are currently projected to be repaid within seven years from Wastewater revenues.

Certificates of Participation

Due to expenditure limitations restricting the use of cash reserves, we are required to fund projects through issuing debt, such as Certificates of Participation. This resolution would authorize staff to sell additional Certificates of Participation not to exceed \$45 million and to refinance existing debt provided it is financially advantageous and does not extend the final maturity. The proceeds of the debt will be used to fund various Facilities Management, Fleet Services, Information Technology and other capital improvement projects approved by the Board of Supervisors. Unlike other County debt, which is usually repaid within 15 years,

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Certificates of Participation are generally repaid much more quickly. This particular issue is scheduled to be fully repaid in just three years, with final payment in December 2022.

While these two issuances represent \$85 million of new debt, approximately \$65 million of it will be repaid by the end of fiscal year 2023. In addition to that repayment, Pima County's repayment of existing debt this fiscal year totals approximately \$149 million and, by the end of FY 2022/23 the County will have repaid \$508 million. Pima County continues to repay its debt on a very short-term basis compared to most jurisdictions that issue debt for 25, 30 or even 40 year terms.

Recommendation

I recommend the Board of Supervisors approve the attached resolutions authorizing the issuance of Sewer Revenue Obligations, and Certificates of Participation debt.

CHH/lab

c: Jan Leshar, Chief Deputy County Administrator
Michelle Campagne, Director, Finance and Risk Management