



MEMORANDUM

Date: August 26, 2015

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

From: C.H. Huckelberry
County Administrator 

Re: **Pima County Debt Repayment for Fiscal Year 2015/16**

Recently, Supervisorial District 1 requested information regarding Pima County's debt repayment schedule for Fiscal Year (FY) 2015/16. This debt repayment is budgeted in the General Fund under Debt Service and in a separate debt repayment item within the Regional Wastewater Reclamation Department's budget. Combined, Pima County will pay nearly \$125 million in principal payments for FY 2015/16. Table 1 below shows these principal payments are in the following general areas of debt.

Table 1: Pima County Debt Repayment for FY 2015/16.

Type of Debt	Principal Payment for FY 2015/16
General Obligation Bonds	\$ 39,280,000
Highway User Revenue Fund	13,895,000
Sewer Revenue Bonds	40,319,369
Certificates of Participation	31,240,000
Total	\$124,734,369

In fact, nearly 10 percent of the County's total debt will be repaid in one year, substantiating our previous statements that the County's debt is relatively short term and rapidly repaid. This is helpful in the low interest market environment we will continue to enjoy for some time into the future. Simply put, it means less interest cost. Discussion of these debt payments is located on Pages 25 and 26 of my April 30, 2015 transmittal of the Recommended Budget for FY 2015/16.

We have also completed an analysis of aggregate County debt, debt by jurisdiction and our per capita General Obligation bond debt. This information is from published Arizona Department of Revenue (ADOR) reports. Contrary to popular opinion, Pima County taxpayers are not the most indebted on a per capita basis in the State; residents of Maricopa County are the most indebted. Table 2 below shows the aggregate per capita debt of the top nine counties.

Table 2: Debt of the Top 9 Counties in Arizona*

County	Total Outstanding Debt	Per Capita Total Debt
Maricopa	\$17,870,493,737	\$4,530
Pima	\$3,642,264,813	\$3,657
Yuma	556,731,377	2,660
Yavapai	551,389,386	2,585
Mohave	521,975,209	2,564
Santa Cruz	118,949,113	2,417
Pinal	872,913,456	2,217
La Paz	39,451,230	1,881
Coconino	232,828,882	1,716

**ADOR adds all debt from all taxing jurisdictions and reports it as a countywide per capita amount.*

The average per capita debt of various municipal jurisdictions in Pima County is shown in Table 3 below.

Table 3: Debt of the City Taxing Jurisdictions Within Pima County.

City/Town	Total Outstanding Debt	Per Capita Total Debt
Tucson	\$1,117,540,559	\$2,128.02
Marana	68,526,000	1,774.83
Sahuarita	41,061,502	1,533.98
South Tucson	8,033,856	1,415.91
Oro Valley	55,220,067	1,325.24

The average per capita debt of various municipal jurisdictions within Arizona is shown in Table 4 below.

Table 4: Debt of Cities and Towns in Arizona.

City/Town	Total Outstanding Debt	Per Capita Total Debt
Cave Creek	\$ 53,046,967	\$10,146.70
Williams	22,367,578	7,394.24
Tolleson	43,819,926	6,607.35
Queen Creek	190,817,558	6,466.20
Lake Havasu City	292,537,122	5,529.17
Scottsdale	1,195,434,788	5,379.68
Sedona	46,645,000	4,649.62
Phoenix	6,530,964,368	4,395.73
Cottonwood	49,583,715	4,382.90
Glendale	962,585,710	4,165.07
Tempe	625,373,030	3,786.51
Mesa	1,622,129,990	3,602.25

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The actual debt for which Pima County is responsible is \$1,325,564,419, which is \$1,331 per capita. If sewer revenue bonds and sewer obligations were removed – since Pima County is the only county in Arizona to operate a regional wastewater system – the per capita debt is reduced to \$678. If Highway User Revenue Fund (HURF) debt is also removed, since Pima County is the only county in Arizona to issue HURF, the per capita debt is reduced to \$549. The previous discussion regarding these costs indicates they are very short-term debt instruments, as substantiated by the significant debt reduction of these instruments as shown in Table 1.

The debt of concern is our General Obligation bond debt, which is repaid by property taxes. Our General Obligation bond debt as of June 30, 2015 is \$383.9 million, or \$381 per capita, which is significantly below most other jurisdictions in Arizona.

CHH/mjk

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