Board of Supervisors Memorandum

September 16, 2014

Bond Implementation Plan Ordinance for November 4, 2014 Bond Election
Proposition 415 – Facilities for the Care and Safekeeping of Animals

Introduction

On August 14, 2014, I forwarded to the Board of Supervisors a draft of the proposed Bond Implementation Plan Ordinance (Bond Ordinance) for the November 4, 2014 bond election. The Pima County Bond Advisory Committee, Board of Health and Animal Care Advisory Committee also received that draft.

On April 3, 2014, I also provided detailed information regarding the cost of contemporary facilities recently constructed in the United States. I also explained in some detail the cost model used to develop the $22 million estimated cost. Please note that the cost model provides an actual estimated local cost of $18.5 million, with a possible inflationary cost of $4 million. With the present level of planning, the overall cost is reasonable; and I am hopeful it will be lower given the continuing competitive construction market.

Chapter 3.06 of the Pima County Code, often referred to as the Truth in Bonding Code, requires that the Bond Ordinance be adopted by the Board, published in full in a newspaper of general circulation, and published in full on the County's website prior to the start of early voting. County Code also states specifically what information the ordinance must contain, including the scope of the improvements, anticipated benefits, the project schedule, estimated operating and maintenance costs, total cost, size and timing of bond sales, and estimated impacts to secondary property taxes. The overall purpose of the ordinance is to provide detailed planning information to voters prior to the start of early voting.

Attached is the final version of the proposed Bond Ordinance. Not only does it include the information required by County Code, it also summarizes the services provided by the Pima Animal Care Center (PACC); the transition in recent years toward substantially increasing adoptions, decreasing euthanasia, improving veterinary care and expanding spay and neuter surgeries; and details of how each functional area of the facility will be improved if voters approve Proposition 415. These facility improvements will likely include renovations to the existing facility, as well as newly constructed areas, and will continue the transition of PACC to a more modern and humane organization.

Notice that the Board will hold a public hearing on September 16, 2014 to consider this Bond Ordinance was advertised in the Daily Territorial on August 29, 2014 and in the Arizona Daily Star on August 31, 2014.

Recommendation

I recommend the Board of Supervisors approve Ordinance No. 2014-_____, an Ordinance of the Board of Supervisors of Pima County, Arizona Adopting the Bond Implementation Plan for the November 4, 2014 Special Bond Election.

Respectfully submitted,

C.H. Huckelberry
County Administrator

CHH/dr – September 3, 2014

Attachment

c: Jan Lesher, Deputy County Administrator for Medical and Health Services
Nicole Fyffe, Executive Assistant to the County Administrator
Diana Durazo, Special Staff Assistant to the County Administrator

Bond Implementation Plan
November 4, 2014 Special Election

ORDINANCE NO. 2014 - _____

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA ADOPTING THE BOND IMPLEMENTATION PLAN FOR THE NOVEMBER 4, 2014 SPECIAL BOND ELECTION

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Bond Implementation Plan
November 4, 2014 Special Election

ORDINANCE NO. 2014 - ___

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA ADOPTING THE BOND IMPLEMENTATION PLAN FOR THE NOVEMBER 4, 2014 SPECIAL BOND ELECTION PROPOSITION 415 FACILITIES FOR THE CARE AND SAFEKEEPING OF ANIMALS

Be it ordained by the Board of Supervisors of Pima County, Arizona, as follows:

I. Purpose of this Ordinance

The purpose of this ordinance is to comply with Chapter 3.06 of the Pima County Code regarding bonding disclosure, accountability and implementation. On March 18, 2014, the Pima County Board of Supervisors unanimously approved Resolution No. 2014-28 ordering and calling a special bond election for November 4, 2014 to submit to the qualified electors of Pima County a question on the authorization of $22 million in general obligation bonds for the purposes of funding improvements related to the care and safekeeping of animals in the County. This Bond Implementation Plan Ordinance (Bond Ordinance) provides details regarding the proposed improvements, including the anticipated scope and cost of the improvements, planned timing of the improvements and expected benefits. This Bond Ordinance also provides information on the secondary property tax impact of issuing and repaying new general obligation bond debt if voters approve the ballot question. This Bond Ordinance is subject to amendment by the Board of Supervisors, as provided in Chapter 3.06 of the Pima County Code, after notice and public hearing. Amendments must also be reviewed by the Pima County Bond Advisory Committee at a publicly noticed meeting. Any amendment, however, must ensure that the bond proceeds are used for the purpose stated in the actual proposition question presented to voters: "acquiring, developing, improving and equipping facilities for the care and control of animals in the County, including, without limitation, the construction of new animal care and control facilities or the improvement of existing facilities in the County."

II. Background

A. Pima Animal Care Center's Role in the Community

Pima Animal Care Center (PACC) is the only open admission animal shelter in Pima County. This means that PACC does not turn away any pet in need, handling 24,332 animals during the County's last fiscal year ending June 30, 2014. This included 15,534 dogs, 8,051 cats and 747 other types of animals.

Many of these animals are housed in PACC's shelter, adopted to new homes, reunited with their owners, or transferred to animal rescue organizations. Last fiscal year, PACC was the number one adoption agency in Southern Arizona, finding homes for 7,670 animals. Additionally, 1,699 pets were reunited with their owners, and 4,383 were transferred to animal rescue organizations. Unfortunately, some animals have to be euthanized. Last fiscal year, 2,047 animals were euthanized at the request of owners and 4,248 animals were euthanized for other reasons.

PACC also provides a robust veterinary care program for shelter animals, which includes treatment and rehabilitation. Spay and neuter surgeries are an integral part of veterinary operations, and PACC conducts an average of 50 spay or neuter surgeries per day.

PACC is the only agency in Pima County responsible for the enforcement of state and local laws and ordinances pertaining to animal care. During Fiscal Year 2014, PACC responded to over 28,928 calls for animal welfare and public safety.

PACC licenses dogs over 3 months of age in order to increase compliance with up-to-date vaccinations, and increase the number of pets reunited with their owners. During Fiscal Year 2014, PACC licensing division sold 106,871 licenses for the pets of Pima County residents.

PACC is directly involved with the community through public education about responsible pet ownership, active awareness campaigns for public and pet safety, and collaboration with a number of community coalitions for the betterment of animal welfare.

One of the most integral ways that the community is involved in PACC is through the large number of volunteers working alongside PACC staff assisting with adoptions, outreach, offsite events, and a multitude of shelter related activities. In 2013, PACC volunteers contributed 29,610 hours in assistance to PACC staff and operations.

B. Animal Care in Transition

The PACC facility was built in 1968 and was designed to accommodate only the mandated services of rabies control and enforcement operations. It has minimal capacity to house the multitude of homeless pets that need care, treatment and shelter. Since its inception, the number of animals entering this facility has continuously increased. Currently, the facility is housing roughly 2.5 times the capacity of the building as originally designed.

In more recent years, PACC has begun to transition into a more modern operation that places an increased value on the treatment, rehabilitation and adoption of animals. Most notable is the reduction in euthanasia rates, or conversely, the increase in what is called the "live-release" rate. The live-release rate has increased significantly from 38 percent in 2008 to 76 percent in 2014. PACC has also become the number-one adoption agency in Southern Arizona. The medical treatment and rehabilitation of animals has improved substantially with the hiring of an additional veterinarian. Hiring a limited number of additional staff, including a professional fundraiser, as well as constructing a temporary tent facility to increase kennel space, were part of the short-term measures taken this year to facilitate the continued transition of PACC into a modern operation.

In addition to these short-term measures, a thorough review of the animal care operations is underway. Part of this review included a comparison of animal care services provided in six similar cities and

counties. The comparison concluded that PACC staff are handling numbers of animals that are two-to three-times greater than the other cities and counties, while having the lowest budget-per-animal handled. An overarching goal of this operational review and continued operational improvements is to triple the spaying and neutering of animals, which is ultimately the answer to reducing the population of animals cared for by the County and other community animal care organizations.

A new modern facility would continue this transition by providing adequate space and equipment to provide a more humane level of animal care for the number of animals entering the facility, including increasing adoptions, veterinary treatments, and spay and neuter surgeries.

C. Recommendations from Advisory Committees and Board of Health

On November 21, 2013 the Pima Animal Care Center Advisory Committee unanimously approved a motion in support of placing a $22 million bond proposal on the ballot for a new and improved animal care center. On December 11, 2013, the Pima County Board of Health unanimously approved a similar motion to recommend to the Pima County Board of Supervisors that the Pima Animal Care Center improvement proposal be put before the voters in 2014. On February 21, 2014, the Pima County Bond Advisory Committee unanimously recommended that the Pima County Board of Supervisors call a bond election on November 4, 2014 for improvements and reconstruction of the Pima Animal Care Center at a cost not to exceed $22 million. All three of these bodies serve in an advisory capacity to the Pima County Board of Supervisors.

III. A New and Improved Facility

In 2009 Pima County's Facilities Management Department developed a space planning and programming study for the purposes of informing the design and costs of a new and expanded animal care facility. Since that time, the operations at PACC have been revised as described above to emphasize decreased euthanasia, increased adoptions, and a greater emphasis on medical treatment including spay and neuter.

With these points in mind, the County recently completed a process to provide revised information necessary to inform the final space planning and programming study. This process included Facilities Management consulting with PACC staff, Health Department leadership, and a representative from the Humane Society of Southern Arizona, as well as researching recently constructed animal care facilities across the country. The results have changed and further refined preliminary plans regarding the size, design and locations of certain functional spaces.

All plans must be considered preliminary, pending development of a final space and programming study by design professionals. However, this section of the Bond Ordinance summarizes key components of a new facility as currently envisioned, how they differ from the current facility, benefits that the Board of Supervisors believes can reasonably be expected to result from these improvements, and how cost estimates were developed.

A. Description of Proposed Facility Improvements by Functional Area

Overall, the existing facility includes approximately 29,500 square feet of indoor space, including a 24,500 square foot main facility, an additional standalone 2,000 square foot kennel building, and two modular buildings totaling 3,000 square feet. The proposed facility will include new construction, as

well as the reconstruction of existing facilities, totaling approximately 40,000 to 50,000 square feet of indoor space.

1. **Main Public Entrances, Lobbies and Parking**

   Existing: There is a small, single entrance into a small lobby dedicated primarily to licensing, but serving as the main entrance for all public services except for public animal drop-off. There is a second small entrance and lobby for the public to drop-off animals. Paved public parking is limited to the front of the building and seven parking spaces adjacent to the second entrance where the public drops off animals. Overflow parking is located in a gravel area surrounding the facility.

   Proposed: The public has the opportunity to enter into the facility by two large, well-signed areas – one for members of the public without animals and another for members of the public with animals. The main public entrance will lead into a centralized lobby for those arriving at the facility without an animal. The space will allow members of the public to be greeted by staff and volunteers who can identify which service is needed (adoptions, lost and found, licensing, enforcement citations, etc.) and direct each individual to the appropriate area for that service. A separate entrance is also proposed for members of the public arriving at the facility to drop off an animal. The lobbies will contain separate waiting rooms for cats and dogs. One large, paved parking lot is proposed to be located at the two main public entrances.

   Expected Benefits: A better overall experience for the public; reduced wait times; increased safety and wellbeing of public, staff, volunteers and animals; and less opportunity for disease transfer between animals entering and leaving the facility.

2. **Adoption Center and Animal Shelter**

   Existing: The adoption process occurs at multiple locations throughout several crowded and noisy open areas within the shelter. These areas are used to house animals that are available for adoption and others that are not. The cat room is directly adjacent to one of the dog kennel areas and houses cats in small kennels. Different types of kennels exist that require different cleaning methods and safety precautions. There are no quiet areas for staff and volunteers to counsel potential adopters and complete the necessary paperwork. The cashiers are located in the crowded, single lobby area, which also serves as the space for owner redemption, citation processing, animal lost and found, licensing and the primary entrance for public without animals.

   Proposed Adoption Center: A dedicated adoption center separate from the shelter would be devoted to animals available for adoption, with completely separate cat and dog areas. Design features would be included to minimize noise and improve the adoption experience. There would be areas for the public to get acquainted with animals, rooms for adoption counseling, education and processing of adoptions and adoption related licenses, and outdoor areas for dog walking. Cashiers would be located in the adoption center. Retail space would be available where the public could purchase supplies for their new pet. Offices and workspaces for staff and volunteers involved in the adoption process would be included in the Adoption Center.

Proposed Animal Shelter: A dedicated and expanded animal shelter will house the general population of animals that are not currently available for adoption, animals that are sick or injured, animals that have behavioral issues, and animals waiting to be redeemed by their owners. Areas would be separated as necessary, including the separation of cats and dogs. Specific quarantine spaces would be designed to treat and control aggressive disease spread, particularly upper respiratory infection, parvo and ringworm. Space would also be allocated for basic behavioral training and rehabilitation of animals. The shelter would include kennels and facilities that are appropriately designed and provide the ability to control access.

Expected Benefits: Increased number of adoptions; reduced number of failed adoptions; reduced waiting times; improved ability to find a lost pet; improved safety and wellbeing of public, staff, volunteers and animals; and reduced rate of disease transfer.

3. Clinic

Existing: Two small, crowded spaces – one small room within the shelter and a modular building adjacent to the shelter, serve as the veterinary clinic. Services provided within these clinic spaces include, but are not limited to spay/neuter surgeries, vaccination, dental work and surgeries to treat injuries, particularly enucleations and amputations, fractures and broken bones. Likewise, the clinic at PACC performs all animal welfare case evaluations and associated forensic investigations.

Proposed: The proposed larger facility would include the necessary equipment and separation of spaces required for a modern veterinary clinic. A much expanded surgery area would allow for an increased number of spay/neuter surgeries and other integral surgeries for animals that are cared for at the facility. Flexible space would also be included for the future possibility of further expanding spay and neuter services and vaccination clinics.

Expected Benefits: Increased number of animals treated and rehabilitated, reduced transmission of disease, increased number of adoptable animals, increased number of animals spayed or neutered, and increased health and wellbeing of animals.

4. Licensing

Existing: Due to the current location of the four staffed licensing windows in the small lobby that serves as the main public entrance to the facility, licensing staff are performing many non-related licensing tasks.

Proposal: Cashiers would be located in several areas of the facility, including the adoption center, enforcement citation area, and a license renewal area. Offices for licensing employees, financial record storage, etc. would be located in a separate area without the need for public access.

Expected Benefits: Improved customer experience, increased number of licensed animals resulting in increased vaccination rates, increased number of lost animals reunited with their owners, and increased revenues from licensing fees.

5. Enforcement and Dispatch

Existing: The physical spaces for enforcement, dispatch and the shelter are located in such a way that makes communication between staff difficult, potentially leading to lengthy wait times for the public calling for information or reporting an issue. Overcrowding has led to a lack of designated kennels for animals brought to the shelter by enforcement, which unintentionally causes safety issues for the public, staff, volunteers and animals when these animals are placed into general shelter kennels. There is little space for adjudication and processing of citations related to animal complaints. The areas where Animal Care Officers arrive from the field with animals are undersized and inadequate.

Proposal: Dispatch will be closely located to shelter and enforcement spaces. A separate area at the back of the facility with an enclosed sally port and kennel area would be designed to receive, triage and temporarily house animals brought in by Animal Care Officers. Adjacent to this space, there will be parking specific to enforcement vehicles. A separate area would be located near the main public entrance for public enforcement related services, including a private hearing room, individual spaces for citation review and counseling, and a cashier.

Expected Benefits: Reduced response and call times for the public, increased owner redemption of pets, improved safety of public, staff, volunteers and animals.

6. **Administration, Staff Support and Volunteer Spaces**

Existing: Work, training and break spaces for administration, staff and volunteers are extremely limited.

Proposed: Expanded office, volunteer check-in, and volunteer specific spaces will be located in designated and easily accessible areas. These areas will also include a multi-purpose room for public meetings, trainings and education; a staff conference/training room; a central break room; a locker room and shower facility; and large outdoor spaces conducive for community outreach events.

Expected Benefits: Improved employee and volunteer retention, decreased costs associated with hiring and training, improved wellbeing of staff and volunteers, improved customer service, and better public education and outreach.

B. Cost Estimates

The County's 2009 space planning and programming study for animal care facility improvements included a cost model that was driven by the project scope of work, including gross square footage, construction methods, materials, building type, and extraordinary conditions and site constraints. Components of the cost model included construction costs; architectural and engineering consultant fees; furniture, fixtures and equipment; and contingency fund and inflationary adjustment.

Unlike a typical commercial or office building, quality animal care facilities are more costly on an average square foot basis. They have to be equipped with durable interior finishes, adequate plumbing, air filters, climate controls, noise reduction treatments, and sanitation adaptions, to decrease disease transmission and assure the general wellbeing of the animals that are housed there seven days a week, 24 hours a day. In addition to the sheltering facility needs, a quality animal care facility needs medical

and surgery spaces and equipment. There is also a cost associated with renovation of older areas, which is generally more expensive and includes major utility upgrades. The cost model incorporated these more costly items, as well as accounting for the added costs associated with managing construction in a way that ensures the facility will remain operational during the entire construction period.

In 2014, the 2009 cost model was reviewed to ensure that a new and reconstructed facility could be designed and built at a cost that is within the $22 million proposed for bond funding. This review included a basic update using current construction costs, consultations with an architectural firm that specializes in designing animal care facilities, and comparisons to animal care facilities recently built across the country. The results of this review confirmed that the original cost model and the updates for current construction costs are reasonable, and compare well with other recently built animal care facilities.

In addition to this review, results of the recent efforts to inform the final space planning and programming study were compared to the 2009 space planning and programming study to see if there would be an impact on the cost model. While there were some changes and further refinement regarding the size, design and locations of certain spaces, it was determined that it is unlikely that these would have any significant impact on the cost model. This also included the addition of $110,000 for land acquisition, which was not in the original cost model. The acquisition of a three-acre parcel that adjoins the existing facility is currently used for overflow parking and will be incorporated into a new entry driveway, as well as pet exercise area.

These reviews and updates confirmed that while the actual cost of particular line items may increase or decrease, $22 million in bond funding should be sufficient to design and construct the facility improvements described in this Bond Ordinance.

It is quite possible, given past construction bidding experiences, that the cost will be less. If voters approve Proposition 415 authorizing the sale of bond funds for animal care facility improvements, the County will issue a formal request for proposals for architectural design services. The most qualified respondent will be selected by a panel that includes representation from outside Pima County.

It is likely construction will be implemented via an open design/bid/build process resulting in the lowest and most responsible bidder being awarded a contract for construction. This is the same process that was used successfully to implement the construction of 1,048 capital projects totaling over $2.26 billion since 1997.

Pima County continues to experience a favorable bid climate for large scale capital projects. In 2006, a year before the economy peaked, the overall average construction award was three percent more than the engineer's estimate. The County's most recent semiannual analysis reflects the typical bid is, on average, 85 percent of the engineer's estimate, which is 18 percent below pre-recession levels. There is every indication this trend will continue in the near term.

IV. Secondary Property Tax Impact of Issuing New General Obligation Bond Debt

The total value of general obligation bonds being submitted to the voters for approval is $22,000,000. If voters authorize the sale of bonds in this amount, the actual sale of general obligation bonds will be scheduled over 4 years. This section discusses issues relating to the issuance and management of general obligation bond debt focusing on the impacts of issuing new debt on secondary property taxes.

General obligation bond debt authorized by the voters is secured by the "full faith and credit" of Pima County, which means the County pledges to retire the debt in an agreed upon number of years through an annual levy of a secondary property tax assessment against the value of all taxable property in Pima County. Voting for bonds at the November 4, 2014 election does not incur debt, but only authorizes the County to issue bonds and incur new debt. This section provides information as to how the County plans to issue debt and how these plans will impact secondary property tax rates.

A. Maximum Maturity and Interest Rates for General Obligation Bonds

Pima County Resolution No. 2014-28 provides that the bonds, if approved, would be issued in one or more series, maturing not more than 30 years following the date of issuance of each series, and bearing interest at a rate or rates not higher than 8 percent per year.

Pima County includes this language on ballot questions on the advice of counsel, in order to obtain voter authorization broad enough to cover most future circumstances. In fact, however, over the past 30 years, Pima County has only sold general obligation bonds with a maturity of no more than 15 years, so that the County's debt can be retired in a timely manner and future generations are not burdened with large debt.

Although the maximum interest rate would not be higher than 8 percent per year, Pima County expects to sell bonds at much lower rates. In the past five years of sales of general obligation bonds by the County, the average interest rate has been 2.95 percent per year. Because future interest rates cannot be determined, the County used interest rate assumptions averaging 3.54 percent per year for planning purposes.

B. Proposed Schedule of Sale of New Bonds

If Proposition 415 is approved by voters at the November 4, 2014 election, Pima County estimates that it will sell such bonds according to the following schedule.

Table 1
Proposed Schedule of Sale of New Bonds

January 2015	$ 2,000,000
January 2016	$10,000,000
January 2017	$ 5,000,000
January 2018	$ 5,000,000

For the purpose of efficiency, and as permitted by State law, each bond sale might also include bonds approved at different bond elections and for various purposes covered in previously adopted Bond Implementation Plans.

C. Management of Debt Service and Secondary Property Taxes

1. Source of Repayment

General obligation bonds are repaid from secondary property taxes levied for debt service on all taxable property in Pima County, which by statute are without limit as to rate or amount.

2. Estimated Debt Retirement Schedule for Current and New Debt and Estimated Secondary Property Tax Rates

Table 1, on the page prior, presents the estimated sale schedule for the animal care facility bonds if the voters approve Proposition 415. Table 2, below, shows (1) the estimated schedule for retiring previously authorized general obligation bonds of Pima County including all previously issued and remaining authorized but unissued debt (see columns 3 and 4); (2) the estimated schedule for retiring the new general obligation bonds for animal care facilities, assuming they are authorized and then sold in accordance with the estimated sale schedule (see columns 6 and 7); and (3) the total estimated aggregate debt service for both existing and new bonds (see column 9). Table 2 also shows the projected secondary property tax rates that would be required to finance this debt retirement schedule (see column 5, 8, and 10).

Table 2
Pima County Debt Retirement Schedule and Estimated Tax Rate
Estimated General Obligation Bonds: Current and Proposed General Obligation Bonds

		Estimated Debt Retirement Schedule For Current Bonds Outstanding and Anticipated Future Sales[2]			Estimated Debt Retirement Schedule For the Proposed Bond Authorization				
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10
Fiscal Year	Projected Secondary Assessed Value[1]	Principal	Interest	Projected Tax Rate per $100 Net Assessed Value	Principal	Interest	Projected Tax Rate per $100 Net Assessed Value[3]	Total Debt Service	Projected Tax Rate per $100 Net Assessed Value
2014-15	$ 7,579,898,868	$ 38,115,000	$ 14,876,800	0.6988	$ 60,000	$ 32,400	0.0012	$ 53,084,200	0.7000
2015-16	7,702,385,188	39,250,000	14,028,128	0.6917	410,000	228,856	0.0083	53,916,984	0.7000
2016-17	7,877,527,902	41,470,000	12,956,138	0.6909	230,000	476,594	0.0090	55,132,732	0.6999
2017-18	8,174,127,614	42,430,000	11,598,261	0.6610	1,362,500	659,638	0.0247	56,050,399	0.6857
2018-19	8,409,164,897	40,976,000	10,058,631	0.6069	1,520,000	707,119	0.0265	53,261,750	0.6334
2019-20	8,772,281,046	44,180,000	8,634,207	0.6021	1,502,500	653,948	0.0246	54,970,655	0.6266
2020-21	8,848,038,466	40,615,000	7,084,298	0.5391	1,425,000	601,045	0.0229	49,725,343	0.5620
2021-22	8,924,450,126	41,925,000	5,567,588	0.5322	1,487,500	550,867	0.0228	49,530,955	0.5550
2022-23	9,001,521,677	29,835,000	3,900,976	0.3748	1,490,000	498,552	0.0221	35,724,528	0.3969
2023-24	9,079,258,818	20,930,000	2,687,280	0.2601	1,505,000	446,093	0.0215	25,568,373	0.2816
2024-25	9,157,667,297	13,930,000	1,855,741	0.1724	1,500,000	393,062	0.0207	17,678,803	0.1930
2025-26	9,236,752,912	14,430,000	1,267,053	0.1699	1,537,500	340,100	0.0203	17,574,653	0.1903
2026-27	9,316,521,510	10,100,000	655,256	0.1154	1,595,000	285,782	0.0202	12,636,038	0.1356
2027-28	9,396,978,990	6,060,000	294,222	0.0676	1,657,500	229,421	0.0201	8,241,143	0.0877
2028-29	9,478,131,301	1,110,000	62,244	0.0124	1,720,000	170,825	0.0199	3,063,069	0.0323
2029-30	9,559,984,443	600,000	22,860	0.0065	1,690,000	107,198	0.0188	2,420,058	0.0253
2030-31	9,642,544,468				865,000	49,816	0.0095	914,816	0.0095
2031-32	9,725,817,482				442,500	16,859	0.0047	459,359	0.0047
	Total	$ 425,956,000			$ 22,000,000				

1. Projected secondary assessed value for fiscal year 2014-15 per the Pima County Assessor's Office. Future year secondary assessed values are calculated in a manner not exceeding what is prescribed in Arizona Revised Statutes §35-454.A(1)(d).

2. Includes assumed future sales of $18,681,000 of bonds authorized from previous General Obligation bond elections but still unissued.

3. The estimated average annual tax rate for the proposed bond authorization is $0.0177 per $100 of net assessed value.

The debt retirement schedule in Table 2 is only an estimate and relies on a number of assumptions. The schedule assumes (1) that the secondary assessed value of real property in Pima County will increase in a manner not exceeding what is prescribed in Arizona Revised Statutes §35-454; (see column 2); (2) that the general obligation bonds issued for animal care facilities will be sold according to the schedule shown in Table 1; (3) that all bonds to be sold will have a 15-year final maturity; (4) that all bonds to be sold will carry an interest rate between 3 percent and 4 percent per year; (5) that the remaining $18,861,000 of debt authorized in previous elections is sold in 2015 and 2016; and (6) that there are no future voter-approved bond authorizations after 2014.

D. Estimated Tax Rate Impact on Owner Occupied Residential Property and Commercial and Industrial Property in Pima County

Column 8 in Table 2 identifies the projected secondary property tax rate necessary to pay for debt service on the bonds authorized at the November 4, 2014 election if Proposition 415 is approved by voters (e.g. $0.0012 per $100 of assessed value for fiscal year 2014/15). This secondary property tax rate can be defined as the tax rate impact of approving Proposition 415 at the November 4, 2014 election. This translates into 12 cents in property taxes in tax year 2014/15 for an owner-occupied residence with a full cash value of $100,000. Over the course of debt repayment, the estimated average annual tax rate impact of the general obligation bonds issued for animal care facilities authorized in the November 4, 2014 election would be $0.0177 per $100 of net assessed value.

The last column in Table 2 presents the estimated total secondary property tax rate that would support the debt retirement schedule set out in the table. As Table 2 shows, the secondary property tax rate would not exceed $0.7000 per $100 of net assessed value through the last year of debt service on the general obligation bonds issued for animal care facilities. In fact, the secondary property tax rate would begin to drop below $0.7000 per $100 of net assessed value after fiscal year 2015/16.

Arizona Revised Statutes §35-454 requires a statement about the estimated tax impact of debt service for the bonds for properties having certain values. The estimated tax impact for the bonds authorized at the November 4, 2014 election at those statutory values would be:

- The tax impact over the term of the bonds on an owner-occupied residence valued by the county assessor at $250,000 is estimated to be $4.79 per year for 18 years, or $86.21 total cost.

- The tax impact over the term of the bonds on commercial property valued by the county assessor at $1,000,000 is estimated to be $34.63 per year for 18 years, or $623.36 total cost.

- The tax impact over the term of the bonds on agricultural or other vacant property valued by the county assessor at $100,000 is estimated to be $2.89 per year for 18 years, or $52.09 total cost.

In Pima County, the average owner-occupied residence has an assessed value of $147,800. The tax impact over the term of the bonds for the average owner-occupied residence is estimated to be $2.83 per year for 18 years, or $50.97 total cost.

E. Estimated Total Costs of Proposed Bond Authorization (Principal and Interest)

Total Principal	**$22,000,000**
Estimated Total Interest	**$ 6,448,174**
Estimated Total Cost	**$28,448,174**

F. Estimated Costs of Issuance

The cost of issuing the general obligation bonds for animal care facilities will vary depending upon the size of the annual bond sales and other market factors. Table 3 below shows the estimated cost of issuing bonds authorized at the November 4, 2014 election, including financial advisory fees, legal fees and related costs, based upon past experience and on the amount of the estimated bond sales:

Table 3
Estimated Cost of Issuance

Year of Sale	Amount of Sale	Estimated Cost of Issuance
2015	$ 2,000,000	$ 30,000
2016	$ 10,000,000	$ 150,000
2017	$ 5,000,000	$ 75,000
2018	$ 5,000,000	$ 75,000

G. Future County General Obligation Bond Capacity if Proposition 415 is Approved

Approving $22,000,000 in general obligation bonds can be accommodated with the existing County legal debt margin. Based on the Arizona Constitution, County indebtedness is limited to 15 percent of the net assessed valuation of the County. The County currently has outstanding general obligation bonds of approximately $407 million, with a 15 percent debt limit of more than $1.137 billion. Therefore, a legal debt margin in fiscal year 2014/15 is estimated to be nearly $730 million.

Net Assessed Valuation per the Fiscal Year 2014-15 Assessment Roll	$7,579,898,868
Debt Limit (15% of Net Assessed Valuation)	$1,136,984,830
General Obligation Bonds Outstanding	$407,275,000
Legal Debt Limit Available	$729,709,830

V. Purpose for Which Bonds Are To Be Sold

Proposition 415 – Facilities for the Care and Safekeeping of Animals

Purpose as stated in the Proposition question: For the purpose of acquiring, developing, improving and equipping facilities for or related to the care and safekeeping of animals in the County, including, without limitation, the construction of new animal care facilities or the improvement of existing facilities in the County, and the acquisition and construction of real and personal property or interests or rights in property for such purpose and paying all expenses properly incidental thereto and to the issuance of

such bonds, shall Pima County, Arizona be authorized to issue and sell general obligation bonds of the County in an aggregate principal amount not exceeding $22,000,000?

VI. Projects to be Funded by Proceeds from the Sale of Voter Authorized Bonds

Chapter 3.06 of the Pima County Code regarding bonding disclosure, accountability and implementation requires that all projects that Pima County intends to construct if voters approve the ballot question (Proposition 415) be described in the Bond Ordinance. The Bond Ordinance can be amended by the Board of Supervisors to add, alter, or remove specific projects, so long as the projects meet the purpose described in the ballot question. Section 3.06.070 of the Pima County Code requires that bond ordinance amendments be enacted by the Pima County Board of Supervisors at a public hearing, notice of which has been published in a newspaper of general circulation in the County at least 15 days prior to the hearing. Amendments must also be reviewed by the Pima County Bond Advisory Committee, whose meetings are also publically noticed and open to the public.

If voters approve Proposition 415, the primary project to be funded from the sale of the voter authorized bonds is the expansion and reconstruction of the main Pima Animal Care Center facility located at 4000 N. Silverbell Road. If there are bond proceeds remaining after completion of the improvements at the main facility, the Board may elect not to issue the remaining bonds. Alternatively, the remaining bonds may be issued for other animal care infrastructure projects, including the improvement of existing animal care facilities in Ajo and/or the development of additional satellite facilities in Pima County.

Primary Project: Pima Animal Care Center Main Facility Expansion and Renovation

Location: Pima Animal Care Center (PACC) main facility located at 4000 N. Silverbell Road, Tucson, Arizona

Scope: New animal care facilities will be constructed on and around the existing site located at 4000 N. Silverbell Road, including the acquisition of three acres along the southern property boundary. The facility will incorporate improvements to and use of the current structures as needed and eliminate all existing temporary structures in favor of new state-of-the-art and sustainable facilities.

The new facility will feature an Adoption Center which will be at the heart of the centers *No-More-Homeless-Pet* operational model. Research has shown that new facilities that have welcoming, clean, quiet and inviting spaces see a marked increase in their adoption rates. The spaces would contain cat rooms, dog rooms and get-acquainted areas, as well as adoption counseling and education rooms, and would have direct access to the adoption kennels.

The facility will expand and improve the Animal Shelter that will house the general population of animals held by PACC and will include dog kennels, cat rooms and cat cages. It will provide areas for adoptable animals, isolation of animals identified as sick, diseased, or dangerous, as well as long-term or unadoptable animals and pets awaiting redemption by their owners. Proper design of such spaces helps to reduce noise and stress in shelter animals. There will also be physical and behavioral rehabilitation spaces for animals that can be rehabilitated from unadoptable to an adoptable status further reducing euthanasia rates.

A new state-of-the-art Animal Care Clinic would replace an aging modular building used for this purpose. The facility would provide a clean and efficient clinic to expand and streamline spay-neuter services and provide care for shelter animals that are sick and injured and insuring a safe, efficient and sanitary work environment.

PACC is the only open admission animal shelter in Pima County. This means that PACC does not turn away any pet in need. The area where the public arrives to drop off stray animals, or animals they can no longer care for, needs to be substantially improved to relieve long wait times in hot, non-air conditioned outdoor spaces. The facility would provide separated waiting rooms for dogs and cats to further reduce stress in both people and pets.

Animal Care Officer (ACO) areas where officers arrive from the field are currently undersized and entirely inadequate. Often officers must search through the general kennel areas to find an open kennel for a newly arrived animal prior to its being observed and evaluated by the shelter veterinarian. Improvements to the ACO facilities would provide a shaded sally-port with adequate spaces and facilities to receive and triage animals and dedicated kennels and cat cages for the use of the ACO. The facility will also create clean and efficient spaces for the administrative, staff support and legally mandated services that the PACC provides including animal licensing, the adjudication of animal complaints and the redemption of stray and lost animals by their owners.

Benefits: Since the original facility was constructed in 1968, standards for animal care have changed significantly and with that the associated public expectations regarding providing nationally accepted humane animal care, as well as animal control functions mandated by law.

The current center has not kept pace with advances in the areas of pet housing and care, technology, communications, and work place safety. The public expects better conditions for the animals in the shelter and improved conditions conducive to saving as many pets as possible through adoptions and effective collaborations with local and national animal welfare and rescue agencies. Providing a facility which provides for such collaboration, has good visibility, and is attractive and convenient for the public, will encourage visitors and increase adoptions, rescues and returns to owners, and will substantially reduce euthanasia rates.

Cost: $22 million, including minor land acquisition, planning and design ($2 million), constructing and equipping the new and improved facility ($20 million).

Bond Funding: $22 million

Other Funding: None identified at this time.

Fiscal Year Project Start and Finish Date: Fiscal Year 2014/15 through Fiscal Year 2017/18

Planning/Design	18 months
Permit/Construction	12 to 18 months

Future Operating and Maintenance Costs: There will not be an increase in operating and maintenance costs as a result of these facility improvements.

PASSED AND ADOPTED by the Board of Supervisors of Pima County, Arizona, on this ___ day of_____ _____ , 2014.

_____
Chair, Board of Supervisors

Attest:

_____
Clerk, Board of Supervisors

Reviewed by:

_____
County Administrator

Approved as to Form:

_____
Civil Deputy County Attorney

REGINA NASSEN