

Pima County 2015 Bond Election

FREQUENTLY ASKED QUESTIONS

For more information: www.pima.gov/bonds2015 • bondinfo@pima.gov
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On April 21, 2015 the Pima County Board of Supervisors approved Resolution No. 2015-19 ordering a bond election to be held on November 3, 2015, and approving seven ballot propositions. If voters were to approve all seven propositions, the County would be authorized to sell \$815,760,000 in general obligation bonds to fund projects that meet the purposes stated in each proposition. Voters will be able to vote on each proposition separately.

Proposition 425: Road and Highway Improvements.....\$200,000,000

Proposition 426: Economic Development, Libraries and Workforce Training \$91,375,000

Proposition 427: Tourism Promotion..... \$98,600,000

Proposition 428: Parks and Recreation\$191,500,000

Proposition 429: Public Health, Welfare, Safety, Neighborhoods and Housing\$105,300,000

Proposition 430: Natural Area Conservation and Historic Preservation.....\$112,050,000

Proposition 431: Flood Control and Drainage ... \$16,935,000

What are General Obligation bonds?

General obligation bonds are a common form of financing used by local governments to fund capital improvement projects, such as libraries, parks and other public facilities. If approved by voters, Pima County then levies an annual property tax to repay the bonds.

How much will my property taxes increase?

If voters approve all seven propositions, the increase in property taxes for County bonds is estimated to be \$17.54 a year, or \$1.46 a month, for the owner of a home valued by the Pima County Assessor at \$152,511, which is the average valued home in Pima County. In Pima County, 2 out of 3 homes are valued less than \$152,511.

How can taxpayers be assured tax bills will not increase by more than the estimated \$1.46 a month?

The County plans to sell the bonds once a year over 12 years in order to keep the property tax rate under the Board of Supervisors' voluntary cap of \$0.815 per \$100 of net taxable value. For the owner of the average home valued at \$152,511, property taxes for County bonds are not anticipated to

increase by more than the initial increase of \$17.54 a year or \$1.46 a month, unless the taxable value of the property increases.

Have Pima County property taxes increased over the past 5 years?

Pima County property taxes decreased 3 years in a row, and then increased over the past 2 years. For the owner of the average home valued at \$152,511, Pima County property taxes have increased on average by less than 1 percent, or less than \$7 a year, since 2010.

Have there been any independent audits or reviews of the County's bond programs or finances?

A 2013 audit of the County's 1997, 2004 and 2006 general obligation bond programs by the State Auditor General's office found that the County's bond programs were a unique collaborative effort between the County and its cities, towns and tribes; bond proceeds were used for the purposes authorized by voters; and the projects benefited citizens throughout Pima County. The County has maintained its high AA credit rating and stable financial outlook. In particular, a recent credit rating review noted that,

"Capital needs are sizable but should not increase the county's currently moderate debt burden given a very rapid debt repayment schedule."

How can the taxpayers be certain the County will build the projects approved by the voters?

Pima County's Truth in Bonding Code, Chapter 3.06, includes strict accountability and transparency standards. The intent of this part of the code is to provide voters with:

- Descriptions of the projects, project costs and when projects will be built, as part of a Bond Implementation Plan Ordinance adopted by the Board prior to early voting;
- Easily accessible information on a regular basis regarding the status of completing such projects;
- Opportunities for the public to provide input on any substantial changes to projects that may become necessary over time; and
- Citizen Bond Advisory Committee Oversight of the bond programs, from planning through project completion.

How was the public involved in planning for this bond election?

A citizen committee of 25 members appointed by each city and town, two Native American tribal governments, the Board of Supervisors and the County Administrator held over 100 public meetings receiving input from thousands of citizens over nine years. The County also conducted two online surveys, with a total of 19,500 responses. The April 21, 2015 Board of Supervisors public meeting was attended by more than 450 people; about 50 people spoke to the Board about the bond election and an additional 93 people submitted comment cards at the meeting regarding the bond election.

Why does Pima County have the highest per capita debt of any county in Arizona?

- **Most of Pima County's debt is voter authorized.** Since May 1974, voters approved bond proposals at countywide elections 12 separate times, approving 54 bond proposition questions and disapproving four.
- **Pima County is unique among Arizona counties in that it owns and operates a regional wastewater system,** which requires the issuance of debt for facility improvements.
- **Pima County is also unique because its bond programs are an important funding mechanism for cities and towns.** Two-thirds of the 99 projects would be located in cities and towns. The County's debt per capita would be significantly lower if the county stopped funding capital improvements within cities and towns. But, property owners in Pima County pay Pima County property taxes, regardless of whether they are located within cities and towns. Therefore, they should also receive benefits.
- **Credit rating agencies consider Pima County's debt to be well managed and moderate for a jurisdiction of our size.** The County has traditionally limited the debt repayment schedule for individual bond sales to 15 years, which is viewed by credit rating agencies as a very rapid debt repayment schedule in comparison to many other local governments. Typically after 10 years, 90 percent of the debt on individual bonds is repaid. In the last five years of sales of general obligation bonds by the County, the average annual interest rate has been 2.78 percent.

Will the County, cities and towns be able to afford to operate and maintain these facilities?

One-third of the 99 projects will be operated and maintained by non-governmental organizations, such as the YMCA, or will not result in increased operating and maintenance costs. For those projects, there will be no additional impact on taxpayers for operations and maintenance. For the remainder of the projects, the new or increased operation and maintenance costs are anticipated to be funded primarily with taxpayer revenues. When all 99 projects are completed and operational, the total annual operations and maintenance cost increase is estimated to be \$12.6 million.

Pima County's share is estimated to be \$6.1 million a year, or 0.5 percent of the tentatively adopted budget for next fiscal year. Operations and maintenance costs per project can be found at www.pima.gov/bonds2015 and will be included in the bond implementation plan ordinance adopted by the board prior to early voting. Prior to initiating design and construction, cities and towns will be required to enter into Intergovernmental Agreements with the County that will require commitments to fund the operating and maintenance costs. The County will face the same budgeting considerations.

How many construction jobs would be supported or created if voters approved these bond propositions?

If the voters were to approve the seven propositions, approximately \$564 million of the \$816 million in bond funding, plus \$60 million in private funding contributions would fund construction activities, supporting or creating approximately 6,780 construction jobs in the region. This is based on the American Recovery and Reinvestment Act of 2009 formula of "\$92,000 of government spending creates 1 job-year," a direct job creation of one job for one year.

Where can I find project descriptions, cost estimates and locations?

Descriptions, cost estimates and location for projects can be found at www.pima.gov/bonds2015. The Neighborhood Reinvestment, Affordable Housing and Floodprone Land Acquisition Programs include criteria for how the funding will be spent on individual projects and properties, as opposed to specific projects and locations.

When will projects be completed?

The County intends to sell bonds once a year over 12 years in order to not exceed the voluntary property tax rate cap. Projects are expected to be completed or under construction between year 1 and year 12. The 2004 voter approved bond program anticipated 10 years of bond sales and project completion within 12 years, but 75 percent of bond projects were completed or under construction within 6 years of the bond election. Prior to early voting, the Board of Supervisors will adopt a Bond Implementation Plan Ordinance that states when, within the 12 years, individual projects are scheduled to be built.

What are the deadlines to register to vote or request an early ballot?

The deadline to register to vote for this November 3, 2015 election is October 5. The deadline to request an early ballot is October 23. Please visit the Pima County Recorder's office web site at www.recorder.pima.gov

For more frequently asked questions, please visit www.pima.gov/bonds2015.