MEMORANDUM

Date: October 30, 2015

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

From: C.H. Huckelberry
County Administrator

Re: **Incorrect and Misleading Information on Hunting on County Open Space Lands, the November 3, 2015 Bond Election, County Debt and Property Taxes**

Despite regularly receiving detailed and comprehensive reports regarding County operations and activities, Supervisor Ally Miller continues to post and distribute to the public incorrect and misleading information. This memorandum provides specific, significant examples of such and provides factual information in response.

A. HUNTING ON COUNTY OPEN SPACE LANDS

Recently Supervisor Miller and the *Arizona Daily Independent* online news service alleged that much of the land acquired by Pima County with voter approved bond funds for the purposes of conserving important natural areas was closed to hunting. **FALSE**

99 percent of the land purchased under the 2004 Open Space Bond Program is open to hunting.

Attached is a list of each property acquired with bond funds approved by voters in 2004, the number of acres acquired in fee, the number of acres of grazing leases on state and federal land transferred to the County as part of larger ranch purchases, and the acquisition date. The highlighted properties are those properties that are open to hunting, many of which are large ranch properties. Those not highlighted are closed to hunting because they are generally smaller in acreage and are located within or near residential areas. In total, the County acquired 46,969 acres of land and 129,708 acres of grazing leases. Of the land acquired by the County, only 2,672 acres, or less than 1 percent, are closed entirely to hunting.

It is important to note that the Arizona Game and Fish Department (AGFD) regulates hunting, not the County. AGFD Commission Rules under Title 17 of the Arizona Revised Statutes state that county parks in Arizona are closed to hunting unless opened by Commission Order R12-4-321. Pima County worked with the AGFD to open these lands to hunting per specific Commission Orders. That information is contained in the species-specific annual Commission Order in the printed and online regulation booklets distributed

by AGFD and available online. The specific county parks are listed in the Notes section of the species-specific information. Under the Commission Orders, the properties are open to hunting for different species and/or with different approved methods of hunting. In general, all of the 2004 bond funded acquisitions open to hunting are open to all species.

There are safety regulations also in place that limit hunting activity where public safety issues are potentially present. By Commission regulation, hunting is not permitted in a park opened by Commission Order within one-quarter mile of any developed picnic area, developed campground, shooting range, occupied building, boat ramp, or golf course. Therefore County properties that are open to hunting do include buffer areas that fall within a one-quarter mile of developed areas that are closed to hunting because of safety issues.

The following text is included in the 2004 and 2015 bond implementation plan ordinances:

> *"No County action shall limit access for the recreational purposes of sportsmen lawfully engaged in activities related to the legal taking of fish and game. The County will cooperate with, and accede to the decisions of, the Arizona Game and Fish Commission in all matters relating to game management when advancing the goals of the Sonoran Desert Conservation Plan through acquisition or conservation of open space identified in this ordinance."*

Many, if not all, of the properties open to hunting were open prior to the County acquiring the properties. Therefore, the County worked with AGFD to ensure they remained open.

Pima County's Natural Resources, Parks and Recreation Department is creating a new GIS geo-referenced application for Tucson Mountain Park that can be downloaded to smart phones, tablets, high-end GPS units, etc. showing park boundaries and zones closed to hunting. The next step will be working with AGFD to make it accessible for hunters to download a free application from the internet.

Based on the last comprehensive study on the economic impact of hunting in Pima County, more than 130,000 hunter days of recreation occur each year, adding over $17.6 million in expenditures to the County economy. Over 15,000 of those hunter days are generated by nonresidents visiting Pima County. Every year, sportsmen's groups give back hundreds of hours of volunteer time on trash cleanups, ranch maintenance projects, and habitat enhancement projects on Pima County's open space lands.

Clearly Pima County recognizes the multiple uses of our open space properties and has gone to great lengths to ensure that responsible hunters have access to these places.

B. PIMA COUNTY DEBT

On October 6, 2015, Supervisor Miller posted a link on her Supervisor Ally Miller Facebook Page to information entitled *"A message from: Supervisor Ally Miller, District 1."* The information contains factual errors, omission of information important to voters, and misleading information, which are discussed below.

1. *"Out of 15 counties, Pima County already holds two times more debt than the other 14 counties combined."* **MISLEADING INFORMATION**

   This statement is misleading in that Supervisor Miller does not explain that (1) most of Pima County's debt is voter authorized; (2) Pima County is the only Arizona county that owns and operates a regional sewer system that requires the issuance of debt for facility improvements; (3) Pima County is the only Arizona county that issues debt on behalf of cities and towns to construct public facilities and infrastructure within cities and towns, thereby substantially reducing the need for cities and towns to issue their own debt; and (4) some counties have created separate taxing authorities to operate and incur debt, such as Maricopa County's hospital district, which are not counted as "county debt." A more meaningful comparison can be found on Page 4 of the Arizona Department of Revenue Indebtedness Report. This report compares counties by summing the debt of all the taxing authorities within a county and then divides that total debt by the county's population. The result is that residents in Maricopa County have a higher per capita debt burden than residents in Pima County.

Debt of the Top 9 Counties in Arizona (All Taxing Districts).

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

2. *"That debt combined with the fact we have the highest property tax rate in the State, impacts not only current residents and business owners but any future residents and businesses who consider moving to the area."* **MISLEADING INFORMATION**

Pima County's primary tax rate is the highest in the State because Pima County does not have a sales tax. All of the other 14 Arizona counties have sales taxes and use them to offset or reduce their primary property tax rates. If Pima County had a sales tax, our primary property tax rate would be reduced to about the average of all other primary property tax rates in Arizona.

C. BOND ELECTION

1. *"This email includes factual information pertaining to the bond election."* **FALSE**

The email includes incorrect and misleading information and omission of important information.

2. *"Prop. 425 includes $140 million for road repair and $60 million for new roads. The $140 million for road repair will be divided up and allocated to the City of Tucson, Sahuarita, Oro Valley, Marana and Unincorporated Pima County."* **FALSE**

Proposition 425 includes $160 million for road repair and $40 million for new roads.

3. *"The type of repair and mileage will be determined **AFTER** the election."* **TRUE AND FALSE**

The types of repairs for the selected major roads were determined in order to estimate the cost. However, the type of repairs necessary may change at the time the roads are actually scheduled for repair based on evaluations and conditions of the roads at that point in time. On September 16, 2015, I provided Supervisor Miller a memorandum transmitting a list of the major roads selected for repair, along with the mileage of each segment and the types of repairs for the unincorporated Pima County segments. The cities and towns did not provide types of repairs for their segments; therefore, we were unable to provide that information.

4. *"The bulk of road repair is proposed to begin in 2021 and be completed in 2028."* **FALSE**

$70 million of the $160 million in road repair bond funds – almost half of the funding – is scheduled to be spent before Fiscal Year 2021.

5. *"By now you should have received your voter pamphlet for this Bond election in the mail. Conflicting information has confused many who are concerned about how much the bond will actually cost."* **FALSE**

Supervisor Miller recently contacted the Arizona Secretary of State alleging the figures included in the voter information pamphlet and bond implementation plan ordinance regarding the estimated increase in taxes and the estimated average annual cost for a median valued home were *"deceptive."* The Secretary of State's response office was *"The publicity pamphlet is a nearly verbatim copy of Ordinance No. 2015-37, which passed the Board of Supervisors on September 15, 2015. Pages 9 (Section D) and 11 (Section E) of the Ordinance clearly explain the difference between the two taxation rates you've referenced."*

6. *"If your home is valued at $120,693 the estimated tax impact over 27 years is on average **$47.53** per year. Below is a side by side comparison of what is stated on page 5 and page 9 of the pamphlet."* **OMISSION OF IMPORTANT INFORMATION**

Supervisor Miller selectively omitted the information on Page 10 of the voter information pamphlet that similarly shows how to calculate the tax rate increase of $13.88 for a $120,693 valued home.

7. *"This calculation **assumes** interest rates of 2.78% for the first 5 years, 3.2% for the next 5 years and 3.45% thereafter, (as shown on page 7 of the voter pamphlet). Keep in mind these are only **estimated** interest rates. ****You are in fact approving interest rates UP TO 8%, for which the financial calculations are not included in the voter pamphlet.**"*** **MISLEADING INFORMATION**

As stated in the bond implementation plan ordinance (Page 7), Pima County includes this language in the ballot propositions so that the voter authorization is sufficiently broad to cover most future circumstances, however unlikely. I cannot recall a single occurrence over the 12 prior bond elections, which included a total of 54 voter-approved bond propositions, where the County issued bonds at the maximum interest rate. Pima County's sound financial condition, rapid debt repayment schedules, and outstanding credit ratings have resulted in lower than average municipal interest rates at bond sales.

8. Table Heading *"Estimated yearly tax increase by assessed property value for a Primary residence," title of table "Estimated Tax Rate Impact of Bonds" and table column heading "Estimated Yearly Increase in Secondary Rate."* **MISLEADING INFORMATION**

The estimated tax increase is substantially less than the estimated tax impact. The numbers in Supervisor Miller's table show the estimated tax impact. However, the heading before the table and the heading of the middle column read incorrectly, since

the headings denote the yearly tax increase as opposed to the tax rate impact, which is what is shown.

9. *"Did you know? The County Administrator proposed closing 4 libraries in April due to lack of funds to operate and maintain the properties?"* **OMISSION OF IMPORTANT INFORMATION**

It is standard procedure during the budget preparation process to ask whether the County could be saving taxpayer money by reducing inefficiencies. This is what I did regarding our County Library system. There are certain libraries that are underutilized and serve small populations compared to nearby larger, regional libraries. There are also days of the week where certain libraries are underutilized. Reducing hours at these libraries, or even closing the smaller, redundant libraries, would save taxpayers money.

10. *"You often hear about the Auditor General's report on Pima County's 1997, 2004 & 2006 General Obligation Bond programs. What you **don't** hear is that the audit **did not** audit specific projects in each bond. Instead, the audit focused only on the purposes stated in each proposition."* **FALSE**

The audit did examine individual projects. Supervisor Miller's subsequent statement contradicts her statement above.

11. *"In fact, the Board of Supervisors approved 304 changes to projects voters had previously approved between 1998 and 2012. The Truth in Bonding code allows for the Bond Advisory Committee and Board of Supervisors Majority to increase or decrease funding and scope of a project, move the funds of a voter approved project or to even cancel or delay a project."* **OMISSION OF IMPORTANT INFORMATION**

I addressed this issue in a recent September 11, 2015 memorandum to the Board of Supervisors, which is available at September 15, 2015 Memorandum. Supervisor Miller's reference to the 304 project changes appears to come directly from the 2013 State Auditor General's audit of the County's General Obligation bond programs. Appendix D of the audit report lists each of these 304 changes. Pima County's bond website includes significantly more detail on each of these changes, as well as changes to non-bond funding for projects. However, what Supervisor Miller fails to state is that the same Auditor General's report concluded that each of these changes complied with the County's self-imposed public process for considering and approving changes and that the bond proceeds were still spent in accordance with the purposes authorized by voters.

The public process required by the County for such changes includes a public meeting of the Bond Advisory Committee, as well as a public hearing by the Board of

Supervisors that is publically noticed 15 days prior to the hearing. For changes to projects requested by cities and towns, an additional public hearing is required by Mayor and Council. This bond ordinance amendment process was put into place by the Board voluntarily, as part of our County Code, and to our knowledge is beyond what any other local government in Arizona does with regard to bond implementation.

Yes, there were changes to projects; but the majority of these changes were to project schedules or cost estimates and are considered minor and expected when implementing a multimillion dollar capital improvement program. In the bond implementation plan ordinances adopted by the Board prior to early voting, the County clearly discloses that the cost estimates and estimated schedules for project completion, are just that – estimates. It is impossible to know precisely how much projects will cost prior to an election without detailed design plans and prior to conducting the required competitive bidding process. Some projects are built earlier than anticipated, while others take longer. Implementing a multimillion dollar capital improvement program with many public and community partners is a complex task.

12. *"Various memorandums and documents have shown a difference of $6 million in the amount remaining to issue from the 1997 HURF bond. I questioned the County Administrator about this at our meeting in September."* **OMISSION OF IMPORTANT INFORMATION**

I responded to Supervisor Miller in a September 16, 2015 memorandum posted at September 16, 2015 Memorandum.

13. *"We have 7 projects remaining from the '97 bond and they are not slated to begin until 2022/2023. Note: this is twenty-five years after voters originally approved the 1997 bond for roads."* **OMISSION OF IMPORTANT INFORMATION**

The majority of the remaining funding is for road projects that are also being funded with Regional Transportation Authority (RTA) funds and are, therefore, now on the RTA schedule. In addition, due to reductions in anticipated Highway User Revenue Fund revenues, the funding simply does not exist to repay the debt for these projects. Therefore, it would be irresponsible to sell the bonds until the revenues are available to pay the debt service.

In addition, Supervisor Miller and Supervisor Ray Carroll authored opinions in the October 3, 2015 edition of the *Arizona Daily Star*. My staff and I reviewed both. Again, as with her Facebook and email comments, Supervisor Miller's opinion contains factual errors, misleading information and the omission of important information. These points are discussed below.

14. *"While there are worthwhile projects included, the county leadership is sending out misleading information about benefits and costs of this largest bond measure in Pima County history."* **FALSE**

    Please see my response in Item 5 above.

15. "*The real story of the bonds and their actual cost is found in the details of the 180-page "Bond Implementation Plan." While most of the public probably won't read the ordinance, elected officials must fully understand these details."* **OMISSION OF IMPORTANT INFORMATION**

    As stated above, the estimated costs of projects and the estimated costs to taxpayers to repay the debt are contained in both the bond implementation plan and the voter information pamphlet mailed to every registered voter's residence prior to early voting.

    As for the statement *"...elected officials must fully understand these details,"* I fully agree. It is extremely disappointing that just days before the start of early voting, Supervisor Miller, as an elected official, still did not understand certain important details about the bond program, continues to perpetuate misinformation, and omits other information important to Pima County voters.

16. *"The county has provided dubious estimates on what the projects will cost homeowners. The county projects an interest rate of 2.78 percent to 3.45 percent to calculate what debt service costs will be. These historically low rates are unlikely to remain in place for the next 27 years. A closer look at the propositions shows you will actually be voting to authorize the county to borrow up to an 8 percent interest rate. The result will be a large increase in debt of the county and an additional tax burden on all of us. Children born today will be paying off this debt until they are 27 years old!"* **MISLEADING INFORMATION**

    Please see the factual information presented In Item 7 above.

17. *"The tech park is operated by a "nonprofit" Campus Research Corporation that takes in $12 million yearly from tenants while competing with the private sector leasing industrial space to businesses. They pay no property tax and yet taxpayers are asked to give them a free road, a new building, and a YMCA. And we are asking private sector businesses to subsidize their competition through higher taxes."* **FALSE**

    Pima County is not providing a free road, new building and YMCA. The bond implementation plan ordinance states on Pages 29 and 30 that County bonds estimated at $10 million would fund the portion of the road necessary to create an entrance to

the proposed YMCA and public County library, as well as a section of new road between Kolb and Rita Roads and a multiuse path connection to The Loop. All of these improvements would serve area residents, not just Tech Park employees. The University of Arizona and its development partners will fund $19 million to construct the remaining segments of the public road to complete the connection between Kolb and Rita Roads. This new road will benefit the public, as well as the Tech Park, which is the reason public and private funding are included. By "new building," I can only assume Supervisor Miller is referring to the UA Innovation and Technology Building, which also includes a combination of County bond funds estimated at $20 million and $20 million from The University of Arizona and Arizona Research Park Corporation (Pages 34 and 35). Again, this is appropriate, since there will be both public and private uses of the building. Similarly, the YMCA at the Tech Park is estimated to cost $6 million in bond funding and $6 million in private funds raised by the YMCA (Pages122 and 123). The facility will be operated by the YMCA at no cost to the taxpayers and will serve residents throughout southeastern Tucson and Pima County.

18. *"When the special interests who will benefit from bond projects complained about project timelines, the bulk of the road repair money was moved back to FY 2021 so their pet projects could be moved up — with road repairs completed in 2028."* **MISLEADING INFORMATION**

By Fiscal Year 2021, the County estimates it will have spent $70 million of the $160 million for road repairs, or nearly half of the road repair funding. Yes, initially the road repair funding was proposed to be spent within the first six years of implementation, which would have included Fiscal Year 2022. However, during the drafting and vetting of the bond implementation plan ordinance, the City of Tucson, a large recipient of road repair funds, requested that their share of the funding not be spent until later in the 12-year program so they could complete their road repair bond program. In addition, concerns were raised by the City and others with experience in this region with road repair about the capacity of the contracting community to construct the level of repairs originally proposed in addition to the City's accelerated program and other regular repair activities.

19. *"A map was posted with roads highlighted for repair. In response to a request for a list of roads, the mileage, and what type of repairs would be done for each road, the county administrator made it clear that this will not be determined until after the bond election. We don't really know what we're voting on."* **FALSE**

In response to the request from Supervisor Miller, staff provided a list of roads, the mileage, and the types of repairs that will occur on the unincorporated roads. Staff could not provide information on the types of repairs for cities and towns, as staff did not receive this information from the cities and towns. The level of detail available to

voters prior to early voting on the proposed bond projects far exceeds the details available for most municipal bond elections across the country. To assert voters do not really know what they are voting on is false.

20. *"Please read the propositions before you vote. They authorize the monies to be spent over 20 years, not 12. The actual text of the bond propositions is what we will get if they are passed, not vaguely worded politically expedient promises."* **FALSE**

The propositions say nothing about the timing of spending the bond funds. The propositions provide the maximum number of years to repay the bond debt (20 years). These are two different things. The ordinance and the voter information pamphlet state that bonds will be sold over 12 years so that all projects can be completed or under construction by Year 12. This is the spending side. The ordinance and the voter information pamphlet also state the propositions include the maximum repayment period of 20 years, even though historically the County has repaid bond debt in 15 years or less and intends to do so for bonds authorized in this election. That is the repayment side.

It is also important to note that all of Supervisor Miller's postings on her County Facebook Page are public records as defined by State statute and are subject to the records preservation requirements included in the statute.

CHH/mjk

Attachment

c: John Bernal, Deputy County Administrator for Public Works
Tom Burke, Deputy County Administrator for Administration
Nanette Slusser, Assistant County Administrator for Public Policy
Nicole Fyffe, Executive Assistant to the County Administrator
Diana Durazo, Special Staff Assistant to the County Administrator
Chris Cawein, Director, Natural Resources, Parks and Recreation
Kerry Baldwin, Natural Resources Division Manager, Natural Resources, Parks and Recreation

Properties Purchased with 2004 Open Space Bond Funds			
Property	Fee Acres	Grazing Lease Acres	Date Purchased
Sweetwater Preserve	695		6/25/2004
Jacobs Trust	80		3/10/2004
A-7 Ranch	6,829	34,195	9/15/2004
Baker	155		10/19/2004
Doucette	21		12/28/2004
Bee	120		2/4/2005
Mordka	40		2/4/2005
Bar V Ranch	1,763	12,674	2/17/2005
King 98 Ranch	1,034	3,096	3/18/2005
Rancho Seco	9,574	27,361	5/19/2005
Madera Highlands	366		8/12/2005
Carpenter Ranch	360		8/29/2005
Berard	7		8/30/2005
Canoa Ranch	33		8/31/2005
Poteet	83		8/31/2005
Heater	50		9/7/2005
Hiett	25		9/7/2005
Selective Marketing	10		10/31/2005
Matesich	4		11/8/2005
Pacheco	20		12/13/2005
Serr	10		12/14/2005
Belvedere	72		1/11/2006
Hyntington	3.6		1/26/2006
Firkins	1.4		3/6/2006
Cates	39		5/25/2006
Nuñez	19		5/25/2006
South Wilmot LLC	36		7/25/2006
Knez	80		8/7/2006
Six Bar Ranch	3,292	9,000	8/23/2006
Des Rochers	19		10/12/2006
Buckelew	505	2,200	10/13/2006
Route 606	22		10/17/2006
Canoa Ranch Phase II	52		12/8/2006
Amadon	39		12/29/2006
Chess	37		2/9/2007
Linda Vista/Patrick	9.1		2/9/2007
Continental Ranch Development	15		7/3/2007
Diamond Bell Ranch	191	30,702	3/14/2008
Cochie Canyon Property	290		6/18/2008
Habitat for Humanity	80		7/1/2008
Sands Ranch	5,040		12/30/2008
Sopori Ranch Phase I&II	4,135	10,480	1/2/2009
Marley Ranch Phase I	6,337		4/30/2009
Empirita Ranch	2,746		8/14/2009
Clyne Ranch	670		1/8/2010
Terra Rancho Grande	72		1/13/2010
Valencia Site	67		3/15/2010
Treehouse Realty	13		4/14/2010
Mission & 36th	9		9/24/2010
Tanque Verde & Houghton Partners	77		9/29/2010
36th and Kino	20		11/16/2011
Tortolita Mountain Park Expansion	1416		3/19/2013
Painted Hills	286		9/1/2014
Total	46,969	129,708	