



MEMORANDUM

Date: November 8, 2017

To: Chair and Members
Sales Tax Advisory Committee

From: C.H. Huckelberry
County Administrator

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

Chair and Members
Transportation Advisory Committee

Re: **Pima County Supervisor Miller's 30-Day Challenge to Find Road Repair Money – Response Part 3**

This memorandum is Part 3 of a response to false and misleading information posted on Supervisor Ally Miller's webpage, regarding a variety of County expenditures that she alleges should instead be available to spend on road repair.

17. University of Arizona (dba Arizona Board of Regents) for continued funding in support of operations of the hospital at Banner-University Medical Center and UA College of Medicine Graduate Medical Education Program (annual allocation) \$15,000,000

I have fully explained this issue to Supervisor Miller and the Board before, most prominently in an August 16, 2016, white paper that detailed the County's long-term commitment to providing for the health and welfare of our community. The County has provided hospital services to the indigent since territorial days. It is futile to rehash a complicated and complex issue that Supervisor Miller already knows quite well. The bottom line is the annual financial support of Banner UMC-South Campus (BUMC) is necessary to continue the public-private partnership with the University of Arizona-affiliated hospital. Without our annual investment, and the return in federal matching funds it generates, it is a near certainty that the County will lose our healthcare partner and face having to resume operation of the hospital or close the facility. Closing the facility would be devastating to the thousands of County residents who rely on BUMC South for their healthcare. Resuming County operation would cost tens of millions of dollars a year more than the \$15 million currently allocated for the County-Banner partnership (the County lost \$34 million in 2004 operating Kino Hospital as a psychiatric facility, the last year before partnering with UA-affiliated healthcare companies). **Therefore, none of these funds would be available for road repair.**

Improvements have consistently occurred at what is now the BUMC South. The Leapfrog Hospital Safety Grade, which represent a hospital's overall performance in keeping patients safe from preventable harm and medical errors, recently awarded a grade of B to BUMC South. This means that after evaluating 27 unique measures, BUMC South ranked ahead of other community hospitals such as Tucson Medical Center and Banner University Medical

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Center – Tucson Campus. In addition, BUMC South closed out the last fiscal year ahead of the national average for Hospital Value-Based Purchasing and almost 20 percentage points ahead of its score in just the previous year. The Hospital Value-Based Purchasing Program is a Centers for Medicare & Medicaid Services initiative that rewards acute-care hospitals with incentive payments for the quality of care they provide.

18. Downtown Court Complex (Bond package listed for \$76 million / Actual expenses = \$141,276,344 which means \$61,872,366 over budget) \$61,872,366

The Joint Courts project, now called the Public Service Center, did not go over budget. The \$76 million in bonds was intended to build the new building but was never intended to cover the entire project cost. Other funds were always intended to complete the project, including funds from the City of Tucson. The parking garage (part of the \$141 million) to serve the complex also was part of the project but never part of the bond program. Nine years into the planning for the project, the City of Tucson pulled out and the vacant space had to be redesigned and rebuilt for use by other County departments. The City was expected to contribute more than \$12 million for their use of the building. After the City pulled out, the County could not in good conscience continue building half a courthouse for no one. Abandoning the entire project also was not an option; the County needed a new Justice Court. At best, the additional costs for construction of the Public Service Center due to the City's action were \$16 million. We had no choice but to complete this now very successful project. **Because the primary funding for the project was voter approved bonds these funds would not have been available for road repairs.**

19. Pima County Fleet Services Building (1291 S. Mission Road Complex - Budget = \$14 million / Actual expenses = \$18 million) \$4,000,000

I am not sure where Supervisor Miller is getting a budget of "\$14 million" for the new Fleet Services Building. The project was always scoped for \$18 million (perhaps she is misunderstanding the difference between the budget for the building's construction vs. the budget for the total project). In fact, the initial Total Project Cost estimate was \$18,420,000 to \$19,955,000. We completed the building for \$18,050,000, which means it was completed on time and under budget. **This expense is being repaid from Fleet Services charges to all County departments and therefore would not have been available for road repair.**

20. Painted Hills land purchase (\$7.5 million = \$3 million Open Space funds plus \$4.5 million from General fund) \$7,500,000

Pima County purchased the 286-acre Painted Hill property in 2014. Voter-approved bond funds specifically authorized for acquiring important natural areas funded \$5 million of the purchase price. Revenues from the J.W. Marriott Starr Pass Resort environmental enhancement fund are being used to fund the remaining \$2.8 million. Payments have occurred over time, with the final payment to occur on or before September 2018. The agreement with the Starr Pass Resort is an example of a highly successful public-private partnership. Prior to development of the resort, the developer and Pima County reached an

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agreement that resulted in a percentage of revenues from the resort being allocated to Pima County for the expansion and enhancement of the adjacent Tucson Mountain Park. These revenues began to flow in 2005 and will continue until 2025. To date they have been used to acquire 750 acres of iconic saguaro studded slopes and scenic vistas containing a diversity of Sonoran Desert plants and wildlife, including Painted Hills. These revenues have also been used for a variety of projects including a new trailhead, trails that connect the resort to the park's 60+ mile trail system, invasive species management, mountain lion surveys (at least 6 adult mountain lions use the park), interpretive signage and much more. Last year the revenues funded a new trailhead on the Painted Hills property. **Neither of these funding sources can legally be used for road repair.**

21. Water Distribution Service (desert water stations): 15 contracts issued from 6/5/2001 thru 7/1/2017. Funding source for years 2008-2014 and 2016 = Pima County Community Economic Development / General Funds \$358,000

Saving people, including County residents, from dying in the desert is a proper, just and humane use of these funds.

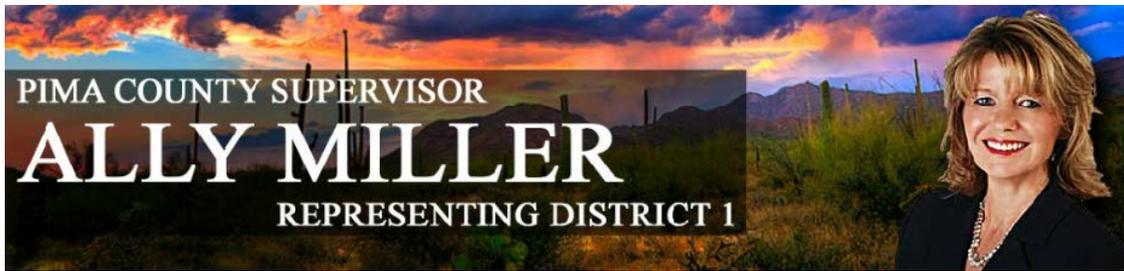
22. Master Agreement for Furniture- to furnish new or remodeled county facilities and replace aging furniture. One year contract with four (4) one year renewal options (\$3,500,000 x 5 = \$17.5 million) - Do we really need \$17.5 million of furniture when roads are in such a state of repair? Funding source: General Fund \$17,500,000

Supervisor Miller who has redecorated her office at least twice at taxpayer expense should be better informed. As Supervisor Miller is well aware, County furniture is subject to wear and tear and must be replaced periodically. The County has built or renovated several buildings requiring new furniture or furniture systems. It is a normal cost of business. Surplus County furniture is auctioned to the public. Warehoused County furniture in good and serviceable condition is always recycled first before any new furniture is purchased. To suggest that County employees should be required to use old, worn out, broken or unserviceable furniture while Supervisor Miller redecorates her office is inappropriate.

CHH/dr

Attachment

c: The Honorable Chair and Members, Pima County Board of Supervisors
Jan Leshner, Chief Deputy County Administrator
Carmine DeBonis, Deputy County Administrator for Public Works
Tom Burke, Deputy County Administrator for Administration
Ana Olivares, Director, Transportation Department
Nicole Fyffe, Executive Assistant to the County Administrator
Michael Racy, Racy Associates, Inc.



WHERE'S OUR ROAD MONEY?

November 7, 2017 -- **DAY 24 of the 30 DAY CHALLENGE: \$399,703,894**

(see full details below)

THE THIRTY-DAY CHALLENGE TO FIND ROAD MONEY

It is estimated that we need \$400 million to fix our local roads. The newly appointed, but probably soon to be disbanded, Property Tax Advisory Committee suggests we will need in excess of \$1 billion when combined with road repair needs of the City of Tucson. County Administrator Huckelberry says, "our only option is to act on our own to raise revenues for pavement preservation and road repair." My response is:

We Already Have The Revenue ...

We Just Need To Prioritize Our Spending

To demonstrate my point, I'm kicking-off the "**THIRTY DAY CHALLENGE TO FIND OUR ROAD MONEY**" ... check-in daily and you'll see how soon we can identify existing revenue to fix our roads! Click on each link to read about the project.

THIRTY-DAY CHALLENGE: DAY 24 = \$399,703,894

DAY	DESCRIPTION	AMOUNT
1	HURF and VLT - 2016 State Shared Revenue	\$85,000,000
2	World View "Balloon" Enterprises and SpacePort	\$17,179,000
3	Rocking K CFD (Arterial Road) for Diamond Ventures Development	\$15,000,000
4	Kino South Sports Complex (Completion: 3/11/2020)	\$18,600,000
5	Old Courthouse Renovations (voters said "NO" to this purpose)	\$25,000,000
6	American Airlines Bailout	\$100,000
7	Kino South Sports Complex: Soccer fields (principal) (County appraised value - \$8,380,000)	\$8,750,000
8	Kino South Sports Complex: Soccer fields (interest)	\$1,308,874
9	County Photovoltaic Energy Facilities	\$36,091,000
10	Accelerate Diagnostics (a "start-up" company who conducted a Public Offering in December 2015 raising \$109 million, but still receiving benefits as a "start-up" company)	\$1,874,372
11	The Loop : a 131 mile infrastructure project which ranked higher than road pavement preservation	\$70,000,000

12	St. Demetrius (purchase of church land)	\$950,000
13	Wastewater Facility (Dodge Road)	\$1,000,000
14	State Highway Fund - Special Distribution (released 10/18/17)	\$3,185,200
15	Arizona Bowl Sponsorship (why not funded from Visit Tucson who received \$3.766 million from Pima County Bed-Tax revenue?)	\$40,000
16	Tucson Regional Economic Opportunities (TREO) / Sun Corridor contract (12 contracts plus amendments) - Note: Private employment reported down by 2,400 from last year	\$9,444,403
17	University of Arizona (dba Arizona Board of Regents) for continued funding in support of operations of the hospital at Banner-University Medical Center and UA College of Medicine Graduate Medical Education Program (annual allocation)	\$15,000,000
18	Downtown Court Complex (Bond package listed for \$76 million / Actual expenses = \$141,276,344 which means \$61,872,366 over budget)	\$61,872,366
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20	Painted Hills land purchase (\$7.5 million = \$3 million Open Space funds plus \$4.5 million from General fund)	\$7,500,000
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22	Master Agreement for Furniture - to furnish new or remodeled county facilities and replace aging furniture. One year contract with four (4) one year renewal options (\$3,500,000 x 5 = \$17.5 million) - Do we really need \$17.5 million of furniture when roads are in such a state of repair? Funding source: General Fund	\$17,500,000
23	JobPath : June 20, 2017 - Supervisors were asked to approve an Outside Agency funding recommendation in the amount of \$500,000 (no contract was provided); June 20, 2017 - Chair Bronson signed Contract CT-ED-18-004 for \$600,000 which is \$100,000 more than the contract approved by the Supervisors on the same day of June 20, 2017; Funding Source: General Funds	\$100,000
24	Barker Contracting (pending approval) : Agenda Item #9 Board meeting 11/7/17 - to provide for Pima County Historic Courthouse infrastructure; transfer out of the General Fund; total program budget: \$8.5 million; Supervisors Miller and Christy object; Supervisor Valadez offers substitute motion to continue the item	\$850,679