

**Pima County Bond Advisory Committee  
Meeting**

**Randolph Golf Course Club House  
Copper Room  
600 S. Alvernon Way  
Friday March 20, 2009  
8:00 a.m.**

**SUMMARY OF MEETING**

**Committee Members Present**

Larry Hecker, Chair  
Carolyn Campbell, Vice Chair  
Peter Backus  
Pat Benchik  
Gary Davidson  
Pete Delgado  
Paul Diaz  
Rene Gastelum  
Jesus Gomez  
Kelly Gomez  
Byron Howard  
Terri Hutts  
David Lyons  
Rebecca Manoleas  
John Neis  
Ted Prezelski  
Patty Richardson  
Chris Sheafe  
Thomas Six  
Dan Sullivan  
Tom Warne  
Greg Wexler

**Committee Members Absent**

A.C. Marriotti  
Harry George  
Wade McLean

1. Welcome

Meeting began at 8:05 a.m. with a quorum.

2. Approval of Meeting Summary

The meeting summary from the February 6, 2009 meeting was approved 16-0.

3. Mid-Year Status Report 1997, 2004, and 2006 Bond Programs

Mary Tyson, CIP Program Manager, provided a summary of the 1997, 2004, and 2006 bond programs. Detailed information on the status of the programs was provided to the

Committee prior to the meeting, including a summary brochure and a CD containing project level information, maps, completed projects, and the 5-year spending plan. This information is also available after the Bond Committee meeting at [www.bonds.pima.gov](http://www.bonds.pima.gov).

The following jurisdictions submitted written status update reports on County bond projects that are being implemented in their jurisdictions: City of Tucson, City of South Tucson, Town of Oro Valley, Town of Marana, Town of Sahuarita, and Pascua Yaqui Tribe. T Van Hook with Town of Marana also provided a verbal update, stating that one of their projects just came in significantly under budget due to the favorable market for construction costs.

Terri Hutts asked about the status of 3 projects in the City of Tucson. Fred Gray, Parks Director, responded that Barrio Kruger Lane Neighborhood recently changed the scope of the project in response to project costs exceeding available funding, the Santa Rita Skate park is substantially complete, and could not respond to the street lighting question.

County Administrator Chuck Huckelberry provided an update on 3 large 2004/06 bond projects:

- (A) The 2004 Joint City/County Courts bond project. Mr. Huckelberry asked that a memo recently sent to the Board be sent to the Committee providing the latest status. Recently the same group that scoped the initial project re-scoped the project into two phases to reduce phase I to available bond funding. There are a couple of options regarding funding for phase II.
- (B) PCWINN – Regional Public Safety Communications. A written report was provided to the Committee. First phase complete. Building to be refurbished for central site. All still within budget.
- (C) Psychiatric Facilities. The Hospital out to bid and we expect to save millions by bidding and constructing now.

Mr. Huckelberry added that the Joint City/County Courts facility is the County's number one stimulus package request.

#### 4. Amendments to the 1997 and 2004 Bond Programs

A staff report was provided to the Commission regarding proposed bond ordinance amendments. Nicole Fyffe summarize the requirements under the County's Truth in Bonding Code, that signal when a bond ordinance amendment is necessary, and the public approval process that is necessary. This round of amendments includes 3 transportation projects from 1997 Transportation Bond Program, and 6 projects from the 2004 GO and Sewer Revenue Bond Program. Sal Cacavale (Department of Transportation), Gary Campbell (Facilities), Suzanne Shields (Regional Flood Control District), and Tom Burke (Finance) presented the amendments.

Suzanne Shields noted that per the County's Truth in Bonding Code, the ordinance amendment for the South Tucson drainage projects would be contingent upon approval by the City of South Tucson Council.

Committee members asked questions about the funding increase to transportation projects, the amendment to the South Tucson drainage projects, and the future of the Teresa Lee Health Clinic move.

Tom Burke noted that the County recently received updated bond ratings from Standards and Poors. For sewer revenue bonds the rating was A minus (after the meeting Mr. Burke corrected this to A1+), and for general obligation bonds the rating was AA.

MOTION: Patty Richardson moved, seconded by Dan Sullivan, to recommend the amendments to the 1997 Transportation Bond Program. Motion approved 21-0, with 1 abstention (Carolyn Campbell).

MOTION: Dan Sullivan moved, seconded by Peter Backus, to recommend amendments to the 2004 General Obligation and Sewer Revenue Bond Program, noting that the amendment to the South Tucson project is contingent upon approval by the South Tucson City Council. Motion approved 22-0.

##### 5. Committee Deliberation Regarding a Future Bond Election

A memo regarding the short survey on bond election timing and projects was sent to the Committee prior to the meeting. Nicole Fyffe summarized who the survey was emailed to and which dates and which newspapers included the survey. Overall, the County received 2,576 responses. The highest number of responses came from central Tucson, north and west of Tucson, and the Green Valley/Sahuarita areas. The highest scoring projects by category were Parks and Recreational Facilities, followed by Public Health Facilities, and Libraries and Community Centers. As for the timing of a future bond election, more respondents supported a bond election this year than opposed it.

Committee members discussed the survey and the open-ended comments received as part of the survey. The discussion included the following comments:

- A considerable amount of time needs to be spent on educating the public on the who, what and why of bond elections.
- There was confusion regarding funding sources used for transportation, and the fact that the County's next bond election would not include funding for transportation.
- There was concern regarding the tax impact and people did not seem to understand how the County adjusts secondary tax rates to reduce the impact from future bond sales.
- Even the business community did not understand at first the difference between voters authorizing bonds as a type of credit, versus selling the bonds and incurring the debt.
- People seemed to be for the bond election if it included the projects they want or for roads, but if those items were not on there they may not be supportive.
- Smaller communities don't feel they are getting their fair share.

Chairman Hecker asked Mr. Huckelberry about when the economy may improve. Mr. Huckelberry, noting that the question was impossible to answer, did talk about forecasting the County has had to do with regard to assessed property values and health of the tax base. To date the forecasts show that the situation is even worse than originally envisioned in that assessed values may really decline, not just cease to grow. In such a period, the County has to be cautious about issuing more debt. This may mean that our earlier estimates of being able to sell new debt in 2010/2011, may have to be pushed back even further. With regard to a question concerning the opportunity cost of pushing back an election during a time when construction costs are low, Mr. Huckelberry reiterated that we would not be able to actually issue the new debt from a bond election (i.e. not actually be

able construct the projects) until at least 2010/2011 or even later, therefore missing the good bidding period.

A committee member noted that in the responses to the survey there appeared to be a great amount of confusion regarding other jurisdictions financial problems, that although have nothing to do with the County, impact the County's image. In addition, survey responses seemed to show support for projects, but perhaps not timing. Mr. Huckelberry was asked whether 2010 would be a better year for a bond election. Mr. Huckelberry responded that by 2010 some of the local issues in the press right now concerning other jurisdictions financial issues may be cleared up, their may be growing confidence in the economy by then, or we may be in a better position to sell the bond package as a counter cyclical stimulus package.

There was discussion regarding the funding mechanisms other counties in Arizona rely upon, compared to Pima County, and the issue with trying to compare tax impacts across counties.

There was also discussion on the percentage of property tax revenues that Pima County assesses on residential versus industrial and commercial land uses. Overtime, the residential sector's burden has increased significantly, with the other uses declining in contributions.

A comment was made that if you add up the respondents that voted for the highest 2 categories for the question concerning timing of a bond election, over 60 percent supported a bond election this year. Another comment was made that it is likely the people who support specific projects were the highest number of respondents to the survey, and therefore we should have expected an even higher percentage in support of this year. There were others who thought the survey showed that supporters are still well organized.

Mr. Huckelberry noted that the tax rates for the 2009/10 fiscal year will be set by the Board in August 2009, and will likely steadily decline. This would likely hold true for the next year (August 2010). By August 2011, the County may have to look at significantly increasing secondary tax rates due to the buildup in declining assessed values. The timing of increases in tax rates is another factor to consider when thinking about the timing of a bond election.

There was general discussion about waiting until 2010 for a general obligation bond election.

The Committee then began to discuss their previous recommendation (December 2008 meeting) to hold a sewer revenue bond election in November 2009. Mr. Huckelberry, in response to the question, stated that his preference would be to push the sewer revenue bond election back to 2010 if the facts show that is possible. He offered to provide a memorandum to the Bond Committee laying out the issues regarding the timing needs for a sewer revenue bond election, so the Committee could be better informed before reconsidering their previous action.

It was pointed out that 2010 will be a full ballot with many people running and many ballot initiatives, and whether this would impact the ability to educate voters on a County bond election. The Chair noted that it would certainly not be easy. Vice-Chair Campbell noted that the most dedicated voters usually make it through to the end of the ballot and they are the ones that tend to be more educated on bond election issues.

MOTION: Gary Davidson moved, seconded by Dan Sullivan, to not recommend a general obligation bond election for 2009, and instead recommend a general obligation bond election for 2010. Motion approved 21-1, with Ted Prezelski opposing.

Comments after the vote on the motion included the value of presenting larger bond packages that provide an array of types of projects across the region, and that an election typically costs about \$2 million to run.

The discussion then moved back to the sewer revenue bond election. Vice-Chair Campbell began to make a motion regarding the timing of a future sewer revenue bond election, but withdrew the motion pending a memorandum from Mr. Huckelberry providing additional information on the subject prior to the next meeting.

The discussion then moved to when the Committee should start deliberating on general obligation bond projects that would make up a 2010 package. Maybe the subcommittees should be resurrected in the fall. Perhaps a full committee meeting could occur in September to set some caps on the dollar amounts to be allocated to the various project categories. There was disagreement on the need to resurrect the subcommittees and to assign category dollar caps.

#### 6. Future Agenda Items and Next Meeting

Chairman Hecker proposed that at the next meeting on April 3<sup>rd</sup>, the Committee first discuss the issue of when a sewer revenue bond election should be held, followed by how to move forward with project level deliberation for a 2010 general obligation bond election. Vice-Chair Campbell suggested committee members prepare for the April 3<sup>rd</sup> meeting by taking another look at the tables that show subcommittee recommendations by project category versus County Administrator recommendations. Perhaps the Committee should start that agenda item by focusing on the projects that were on the subcommittee's list but not on County Administrator's list.

MOTION: Dan Sullivan moved, seconded by Vice-Chair Campbell, to hold the next Committee meeting on April 3<sup>rd</sup>, 2009 and that the two agenda items would be the timing of the next sewer revenue bond election, followed by how to move forward with project level deliberation for a 2010 general obligation bond election. Motion approved 22-0.

It was agreed that the location would remain the same and that microphones would be necessary for future meetings.

#### 7. Call to the Audience

No members of the audience spoke at this time. It was suggested by Rebecca Manoleas that a Call to the Audience be held at the beginning and the end of the meeting to enable the public to speak on items earlier on in the meeting. The Committee agreed on this suggestion.

#### 8. Adjournment

Meeting was adjourned at 9:55 a.m.