

**Pima County Bond Advisory Committee  
Meeting**

**The Manning House  
450 W. Paseo Redondo  
Tucson, Arizona 85701**

**January 27, 2012  
8:00 a.m.**

**SUMMARY OF MEETING**

**Committee Members Present**

Larry Hecker, Chair  
Carolyn Campbell, Vice Chair  
Pat Benchik  
Donald Chatfield  
Gary Davidson  
Brian Flagg  
Harry George (arrived 8:13)  
Jesus Gomez (left 10:15)  
Kelly Gottschalk  
Terri Hutts  
David Lyons (arrived 8:10, left 10:15)  
Wade McLean (left 10:15)  
Ted Prezelski (arrived 8:30)  
Patty Richardson (arrived 8:10, left 9:45)  
Susan Romero  
Chris Sheafe  
Thomas Six (arrived 8:30)  
Dan Sullivan (arrived 8:10, left 10:40)  
Greg Wexler

**Committee Members Absent**

Peter Backus  
Pete Delgado  
Rene Gastelum  
Kelly Gomez  
A.C. Marriotti  
Tom Warne

**MOTIONS**

**MOTION:** Ms. Hutts moved, seconded by Mr. Davidson to approve the November 18, 2011 meeting summary. Motion approved 15-0.

**MEETING SUMMARY**

1. Welcome

The meeting began at 8:06 a.m. with a quorum. Chairman Hecker welcomed a new member to the Bond Advisory Committee, Susan Romero, representing County Supervisor Ray Carroll, District 4.

2. Approval of the September 16, 2011 Meeting Summary

**MOTION:** Ms. Hutts moved, seconded by Mr. Davidson to approve the November 18, 2011 meeting summary. Motion approved 15-0.

3. Future Bond Election Planning: Proposed Transportation Improvements – Infrastructure for Jobs Program

A. Reports from the County Administrator

Mr. Huckelberry summarized the following memorandums provided prior to the Bond Advisory Committee prior to the meeting.

Pima County Construction Projects and Economic Impact – This memo continues the updates to the committee on construction project bids (continue to be 20% below engineering estimates) and jobs created (since 2006 Pima County's construction contracts have created or sustained 12,269).

Response to November 14, 2011 Wall Street Journal Article – County Use of Bond Funds – Gary Davidson pointed out this article at the last meeting, which reports on other governments misuse of funds. That can't happen here. By state statute, our bond funding is restricted to the purposes for which voters approved it. It is further restricted by the bond implementation plan ordinances that this Committee adopts. The only other cost we can spend it on is the costs to actually issue, or sell, the bonds, which we keep to a very small percentage.

Pima County's Overlapping Debt 1997 to 2021 – Gary Davidson also requested a graphical representation of our overlapping debt. The memo describes how we continue to stick with short term debt repayment. Most of our GO bond debt is paid off in 10 years. The graph includes GO, sewer, COPS, and HURF. We won't be holding any more HURF bond elections due to the history of the State Legislature diverting the funding that is used to pay off that debt. In addition, it is too difficult for voters to understand that HURF bond elections require County-wide elections whereas the revenue source for debt repayment is out of the County's unincorporated share of HURF revenue. Chairman Hecker asked how much the State diverted this year and what else that amount of money could have done. Mr. Huckelberry responded that \$14 million in HURF revenue was diverted, that this would have supported \$150 million in bonding capacity for roads, or could have equaled a 5 fold increase in the money we spend on payment preservation. This is an issue for the cities and towns also. Terri Hutts asked if anyone is doing anything to oppose these diversions. Mr. Huckelberry replied that there's been talk of legislation, but nothing introduced. The Governor has talked about refunding it, but it is not in her budget. Gary Davidson thanked Mr. Huckelberry for the overlapping debt chart and said it would be helpful when discussing when the right time is to issue future debt.

Southern Arizona Regional Visitor's Center at Tumamoc Hill – This memo is just informational. A regional visitor's center has been talked about for years. We can anticipate the University proposing this to the Committee at some point.

Ability of County to Issue Debt without Increasing the Voluntary Property Tax Rate Cap – We annually update our economic forecasts of the condition of the tax base. This recent forecast found that the tax base is declining more steeply than previously anticipated. That is the bad news. The good news is that it showed that we can still continue to issue the debt that voters have already approved, without increasing the voluntary tax rate cap of 81.5 cent per \$100 of assessed valuation. But for a new bond authorization, we'd have to raise the voluntary tax rate cap or delay an election for a few years. Gary Davidson clarified that we could hold a bond election and just not sell the debt for a while. Brian Flagg asked if this made Mr. Huckelberry hesitant about holding a new bond election and asked who develops these forecasts. Mr. Huckelberry replied yes and that economist on staff in consultation with the Assessor's office, develop these forecasts. Mr. Huckelberry did note that the Assessor thinks the drop in the assessed value/tax base will not be as bad as the forecasts show.

Implications of Aerospace Industry Trends on Pima County – This was a cover memo transmitting a report that the Committee heard a presentation on later on the agenda.

B. Guest Speakers

Jim Mize, Employer Relations Manager, Pima County One Stop: Workforce Preparation, Training and Economic Development – Mr. Mize provided highlights from a recent survey his staff conducted with 38 local companies. Of the companies surveyed, on average 60% of their employees were semi-skilled or unskilled. Currently the unemployment rate in Pima County is 9%, which equates to 40,000 people out of work. Companies talked about transportation issues and the need to beautify the corridors extending from the airport. 53% stated that the transportation improvements proposed would encourage new business. 89 % stated that a business resource center is needed.

Evelyn Wright – Ms. Wright spoke about her experience working with companies to complete workforce training. She has worked with many existing employers in the corridor that is being discussed. She provided several examples of the types of skills training that the County and others have provided to employees, increasing their hourly wages and moving them up the ladder. These include technical skills like machinists, management skills, math skills, etc. She provided an example of working with employees at Sargent Aerospace to enable them to become engineers.

Kim Murray, Human Resources Director at Universal Avionics – Ms. Murray's 240 person company is located in the corridor and has taken advantage of Pima County's workforce training. Half of her employees are on an hourly wage, \$10-\$20 an hour. She thinks wages are low because of low competition. She stated that transportation improvements and beautification projects would attract competition and could bring up wages. In response to a question from Brian Flagg, Ms. Murray replied that graffiti, landscaping, and road conditions are the negatives that need to be improved. Vice-Chair Campbell replied that other than roads those other things are not what the County bonds for. In response to a question from Ted Prezelski, Ms. Murray responded that public investment in training for electronics is needed, as well as quality of life investments to improve night life to keep our young professionals here. In response to a question from Chairman Hecker, Ms. Murray replied that yes these skills are transferable. In response to a question from Patty Richardson, Ms. Murray replied that yes some of the training received was through Southern Arizona Industry Association of Tucson, which no longer exists due to lack of support.

Sarah Murley, Partner, Applied Economics, and Author of Implications of Aerospace Industry Trends on Pima County – Ms. Murley was asked to author this white paper for TREO. She interviewed several local aerospace companies. She spoke about an upcoming period of expected significant growth in the aerospace industry between 2013 and 2016, that it will most likely occur domestically and in areas where a cluster of similar companies exist. Ms. Murray stated that the companies interviewed were in favor of transportation improvements, and aerospace industrial park adjacent to the airport, and increased workforce training. She then spoke about the economic impacts of 100 new jobs in the aerospace field versus the retail sector, as well as expected tax revenues from a heavily capitalized industry. Brian Flagg asked if Ms. Murray developed these numbers. She responded yes that she uses multipliers specific to this area. She stated that the University of Arizona and Arizona State University graduate many engineers, but it is production workers and skilled technicians that are in major demand. Lack of an adequate trained labor force is a huge issue in expanding this industry. Chris Sheafe stated that expanding the aerospace industry was not one of TREO's original strategies. Ms. Murray reiterated the opportunity in the areas of aircraft repair, restoration and conversion. Ms. Murray also responded that Pima Community College (PCC) does provide aircraft training at their facility near the airport, but that they haven't been able to attract the volume of workers needed and there are other types of related training that PCC doesn't yet provide. She also stated that many other successful industrial parks have links to local community colleges for training. Vice-Chair Campbell asked about page 7 of the white paper that showed transportation being low on these companies lists of what is important. Ms. Murray responded that maybe that could have been a medium.

Richard Fimbres, City of Tucson Councilman and representative for CEPHA: Camara de Empresarios Y Profesionistas Hispanos de Arizona (Hispanic Business Owners and Professionals of Arizona) – Councilman Fimbres read a statement to the Committee. It included highlights of new business openings and expansions in his Ward, support for ongoing workforce training and technical education, and support for transportation improvements that will improve access for the many Hispanic owned businesses in this corridor. Brian Flagg stated that our community is not flourishing, that many unemployed at the OneStop only have an 8<sup>th</sup> grade education, he feels we need education not roads, and that he praises the OneStop.

Chairman Hecker stated that both Ventana Medical Systems and Sargent Aerospace and Defense were supposed to speak today but had to cancel.

#### Discussion

Gary Davidson stated that he was in support of improvements that benefited the entire community and all types of businesses, and that the focus needs to be on retaining and attracting 25-55 year old professionals by projecting a family friendly image. He stated there are six ways that local government can have a positive impact in this area: (1) education; (2) regulation; (3) transportation and utility infrastructure; (4) public safety; (5) quality of life improvements like parks and libraries; (6) taxation. We need a balance of all 6. Chairman Hecker added that he agrees that there needs to be a benefit to the entire community and that these transportation discussions should not jeopardize the other areas of projects that the committee has spent so much time on. Mr. Huckelberry added that in his recent economic development report, which is out for comment, he strives for such a balance.

Ted Prezelski stated that he has concerns about the process, that it appears the other projects are being set aside for this, and that those projects also have to do with economic development. He said he understands why the decisions were made to postpone the bond election and that now it is happening again, but that this current discussion appears to have limited beneficiaries. Chairman Hecker reiterated that these discussions are not in lieu of the other projects the committee has spent so much time deliberating on that now is the time to get back those. Dan Sullivan stated that he agreed with the current focus and understood that this would be in addition to the other projects. But he felt that this current discussion showed that the Committee is able to react to the realities of this time – meaning that we need jobs. Chris Sheafe stated that the Committee needs to listen to Mr. Prezelski's comments and the sentiment is widespread. He asked Councilmember Fimbres to provide a list of projects if he has a list. Terri Hutts stated that just because these transportation improvements are being called economic development that doesn't mean that many of the other projects the Committee has been discussing wouldn't also have economic benefits.

Call to the Audience on this issue

Carolyn Isaacs- Spoke on behalf of American Friends Service Committee against private prisons. Her comment card stated that she was opposed to the transportation improvements.

John Kromko – Stated that he pays less property taxes on his house than Rosemont Mine pays, that more roads are not needed, that the businesses in this corridor don't pay property taxes, and that our tax structure needs fixing.

Michael McDonald – Spoke on behalf of Habitat for Humanity, in support of workforce development in highschools, and in support of funding for rehabilitating our crumbling housing infrastructure, which is included in the package so far.

Dick Basye – Stated that he seconded Kromko, that Rosemont also pays less in property taxes than he does, that a National Security facility went to Utah and we didn't even bid, that an air force overhaul and repair facility went somewhere else and we didn't even bid, that ADOT is talking about bypasses to Tucson, that JTED was not necessary, and that Don Diamond owns the land south of Raytheon.

Back to Discussion

Vice-Chair Campbell asked about another white paper that the Committee received today that started to try and answer her question about how transportation and economic development were or were not linked, and whether there would be more research. Mr. Huckelberry responded that yes we would continue the research.

Gary Davidson stated that he didn't need any more information, but instead needs to know if there is capacity for these projects when considering the other projects that the Committee has already supported. He also asked why these transportation projects weren't include in the Regional Transportation Plan. He asked that we now focus on narrowing the scope of these economic development/transportation projects, and discuss in the context of the rest of the projects.

Dan Sullivan agreed that the scopes now need to focus on the scopes and costs, affiliation or lack there off with the RTA, but in the context of the larger package.

Tom Six mentioned the thermometer chart that was used at previous committee meetings to show how close the committee was to its cap for future bond projects. He asked when the committee will stop entertaining new projects.

Mr. Huckelberry stated that for the next meeting he can provide a summary of the planning process the committee has been involved in for the last several years, refined scopes and costs for this recent group of projects, and an RTA gap analysis.

Vice-Chair Campbell asked that he add County and other jurisdictions transportation plans to the analysis, and that speakers didn't really address the connection between roads and jobs.

Chris Sheafe asked that the process be clearly defined; that we show how there is equity in the process and are no inside deals.

Dan Sullivan stated that Jim DeGrood from the RTA could likely attend the next meeting.

Gary Davidson moved, seconded by Dan Sullivan to another meeting in late February or early March. Chairman Hecker stated that the County Administrator doesn't think that the semi-annual March 30 meeting will be that full of an agenda, and therefore we could add these items to that agenda. Mr. Davidson and Ms. Sullivan withdrew their motion.

4. HB 2656 Creating a Regional Bond Accountability Committee

Mr. Huckelberry stated that the legislation is not necessary, that the existing accountability and transparency measures in place exceed what the legislation calls for, that 96 % of our bond projects were completed just as stated to the voters, that the 25 member committee is diverse geographically and by who they represent, that the bond projects are geographically dispersed across the region, that there is no blackmail, and that he recommends the Board oppose the legislation.

Chris Sheafe stated earlier in the meeting that this bill was unnecessary, that it was political grandstanding, and restricts our community's ability to do business.

Terry Hutts asked if the sponsors contacted the Chairman or County Administrator about their concerns before introducing the bill. The response was no.

Gary Davidson suggested we ask the communities if they feel unheard.

Vice-Chair Campbell stated that she remembered the jurisdictions supporting our past bond elections.

Dan Sullivan stated that for the jurisdiction he represents, and that introduced the bill, more local control has appeal, but that no one can force the County to call a bond election. Mr. Sullivan clarified that the Town of Marana is in support of the bill.

5. Update on Joint Justice/Municipal Courts Complex

Mr. Huckelberry reported that the Board voted to move forward with construction and will continue working with the City of Tucson.

6. Future Bond Election Planning: PR231 Arizona Velodrome Center

Richard DeBernardis, President of Perimeter Bicycling, summarized the Committee's previous actions regarding the proposed Velodrome project. He presented the results of a draft study that evaluated the Kino site and the downtown Cushing Street site based on a set of criteria. The 2 sites ranked close to each other, with the Cushing Street site coming out on top. But it is still unknown if the Cushing Street site would be available and if reclamation would be needed on the site. The study is ongoing. The entire draft report will be made available to the committee electronically.

7. Future Agenda Items and Next Meetings

Next meeting will be March 30, 2012.

Agenda items will include updates on the current bond programs, proposed bond ordinance amendments if necessary, overview of the future bond election planning process the committee has been involved in for the last several years, refined scopes and costs for this recently discussed transportation/job creation projects, and an RTA gap analysis.

8. Call to the Audience

No members of the audience spoke at this time. Two comment cards were submitted from those that did not wish to speak, both in support of keeping funding in the future bond program for the City of Tucson's Oury Recreation Center in Barrio Anita.

9. Adjournment

Meeting was adjourned at 10:45 a.m.