



MEMORANDUM

Date: March 22, 2012

To: Chairman and Members
Pima County Bond Advisory Committee

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "C.H. Huckelberry", is written over the printed name of the County Administrator.

Re: **Update on State Legislation that May Affect County Bonding**

This memorandum is a comprehensive report on State legislation related to County bonding. It appears our County bond program has been the subject of unusual attention from the Arizona Legislature directed by the Town of Marana.

I have previously communicated with the Bond Advisory Committee (BAC) regarding House Bill (HB) 2656. The most comprehensive discussion of HB 2656 was provided in my March 13, 2012 memorandum to the Board of Supervisors, a copy of which was provided to the BAC.

HB 2656 has now been amended to exclusively deal with lease/purchase debt and contains provisions for every city, town and county regarding disclosure related to lease/purchase debt, all of which is already done by Pima County. Therefore, the legislation is, in its present form, innocuous to the County.

HB 2408 was amended by the State Senate to basically be a bill designed to audit only the Pima County bond program. One of its more obnoxious provisions is Section 5. which states:

"5. An analysis of Pima county's explanation included in board of supervisors meeting minutes for each change in amount or use of funds and for each change in project delivery timing, including in each instance whether there is any reason to believe or conclude that Pima county changed the amounts or uses of funds or the timing of projects to reward or to punish an entity, party or official who stood to benefit from or be affected by the project."

It is difficult to understand how the State Auditor General will arrive at such conclusions. An audit by the Auditor General is a waste of time and money; it is their money, but our time. Depending on the degree and scope of the audit, it could cost between \$75,000 and \$150,000. All of the information is available in great detail, of which only a fraction in

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summary form is provided to the BAC in our semiannual update reports on bond implementation. We welcome an audit of the present bond program, which is largely already provided as part of the annual audit of the County by the Auditor General.

HB 2826 is legislation that would require all elections to be held only during even numbered years. If passed, this could effectively preclude a 2013 bond election.

A comparison of voter versus nonvoter approved debt for cities, towns and counties, after a detailed review of the *Arizona Department of Revenue Report of Bonded Indebtedness – Fiscal Year 2010-2011*, is enlightening. It indicates almost all of Pima County debt is voter approved, and our per capita debt is lower than all other comparable municipal jurisdictions within the County. Further, many of the higher jurisdictional debts have not been authorized by voters; they have been authorized only by the respective governing bodies of the city or town.

CHH/dph

Attachment

c: The Honorable Chairman and Members, Pima County Board of Supervisors
Nicole Fyffe, Executive Assistant to the County Administrator
Diana Durazo, Special Staff Assistant to the County Administrator