

**Pima County Bond Advisory Committee  
Meeting**

**The Manning House  
450 W. Paseo Redondo  
Friday, March 4, 2011  
8:00 a.m.**

**SUMMARY OF MEETING**

**Committee Members Present**

Larry Hecker, Chair  
Carolyn Campbell, Vice Chair  
Peter Backus  
Pat Benchik  
Donald Chatfield  
Gary Davidson  
Brian Flagg (arrived at 8:15 a.m.)  
Rene Gastelum  
Jesus Gomez  
Byron Howard  
Terri Hutts  
David Lyons  
A.C. Marriotti  
Wade McLean  
Rebecca Manoleas  
Chris Sheafe  
Thomas Six  
Dan Sullivan  
Greg Wexler

**Committee Members Absent**

Pete Delgado  
Harry George  
Kelly Gomez  
Ted Prezelski  
Patty Richardson  
Tom Warne

**MOTIONS**

**MOTION:** Terri Hutts moved, seconded by Byron Howard, to approve the November 19, 2010 meeting summary. Motion approved 18-0.

**MOTION:** Terri Hutts moved, seconded by Dan Sullivan, to accept the Semi-Annual Status Report on the 1997, 2004 and 2006 bond programs. Motion approved 19-0.

**MOTION:** Terri Hutts moved, seconded by Dan Sullivan, to support the proposed ordinance amendments to the 1997 General Obligation Bond Ordinance. Motion approved 18-0. Vice-chair Campbell abstained from the vote.

**MOTION:** Dan Sullivan moved, seconded by Don Chatfield, to support the proposed ordinance amendments to the 1997 HURF Transportation Bond Ordinance. Motion approved 18-0. Vice-chair Campbell abstained from the vote.

**MOTION:** Dan Sullivan moved, seconded by Greg Wexler, to support the proposed ordinance amendments to the 2004 General Obligation and Sewer Revenue Bond Ordinance. Motion approved 19-0.

**MOTION:** Peter Backus moved, seconded by Byron Howard, to support the proposed ordinance amendments to the 2006 General Obligation Bond Ordinance. Motion approved 19-0.

### **MEETING SUMMARY**

1. Welcome  
Meeting began at 8:05 a.m. with a quorum.
2. Approval of the November 19, 2010 Meeting Summary  
**MOTION:** Terri Hutts moved, seconded by Byron Howard, to approve the November 19, 2010 meeting summary. Motion approved 18-0.
3. Semi-Annual Status Report – 1997, 2004 and 2006 Bond Programs  
Per the County's Truth in Bonding Code, materials were provided to the Committee providing the status of projects included in the 1997, 2004 and 2006 bond programs. These materials are also available to the public via the County's web site. Mary Tyson, Pima County Finance, also provided an overview at the meeting.

County Administrator Chuck Huckelberry provided a memorandum to the Committee prior to the meeting regarding the status of some of the larger bond projects, including the Joint Justice/Municipal Court Complex, PCWINN, the Psychiatric hospital expansion and crisis response center, and the urban loop. Mr. Huckelberry provided an overview at the meeting, including a summary of a report on the County's long term land conservation efforts.

Discussion between the Committee and Mr. Huckelberry focused on the recommendation to build the shell of the Court Complex with remaining bond funding and approximately \$18-23 million in other funding. The County can use short term borrowing mechanisms to fund the shortfall. The best case scenario would be that future bond funds would pay back the debt. The worst case scenario would be that operating funds would have to pay back the debt. The City and County are still discussing the details. There is a significant cost savings to building it sooner than later.

Written reports were submitted by the following jurisdictions: City of Tucson, Town of Marana, Town of Oro Valley, Town of Sahuarita, and Tohono O'odham Nation. Terri Hutts complimented the City of Tucson on their report and the progress made on Neighborhood Reinvestment projects.

**MOTION:** Terri Hutts moved, seconded by Dan Sullivan, to accept the Semi-Annual Status Report on the 1997, 2004 and 2006 bond programs. Motion approved 19-0.

4. Use of County HURF for Transportation Improvements inside the City of Tucson  
The County Administrator provided a memorandum on this issue prior to the meeting. He also verbally summarized the issue at the meeting. The press continues to misunderstand or at least misconstrue this issue. Cities, counties and the state get shares of HURF funding for transportation improvements. The County chooses to use its share to not only fund its mandated improvements in the unincorporated area, but also to assist the City of Tucson. As the economy weakened and as the State Legislature diverted HURF funds, everyone's share of HURF revenues declined. The County has less HURF revenues to provide to City and County projects. The County prioritized addressing the needs of the unincorporated area first as there is no one else responsible for providing transportation improvements and maintenance to the unincorporated area except for the County. The County remains committed to providing funding to City transportation projects as funding becomes available.

Committee discussion points:

- It was confirmed that there is no issue between the City and County regarding their Memorandum of Understanding for these HURF projects.
- State does not have to replenish funds that are swept.
- Use of County General Fund surplus for transportation needs would be a poor use of funds. These funds are reserved to make up for declines in property tax revenues. Rating agencies would penalize the County for tapping into these funds.
- Increased communication with east side elected officials may assist with this issue.
- Impact fees only supplement the funding needed for transportation improvements in unincorporated areas.

5. Amendments to the 1997, 2004, and 2006 bond ordinances  
Per the County's Truth in Bonding Code, the Committee received a staff report describing each of the projects that would be impacted by the proposed ordinance amendments, including the procedures for ordinance amendments. Nicole Fyffe provided a brief verbal summary of each of the 1997 GO and Sewer, 2004 GO and Sewer, and 2006 GO projects that would be impacted by the ordinance amendments. Ms. Fyffe noted that several of the City of Tucson projects that would be impacted by the amendment to the 2004 bond ordinance would also require a public hearing by the City of Tucson Mayor and Council. Ana Olivares, Deputy Director for the Department of Transportation, verbally summarized the projects impacted by the amendment to the 1997 HURF transportation program. Ms. Olivares clarified that there was \$2 million remaining in DOT-57 the Safety Program, and \$800,000 would be left over from DOT-7 to be transferred to DOT-57.

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6. Update on State Legislative actions and proposals impacting current or future bond programs

Chairman Hecker asked the County Administrator how the State legislature's proposed cut back in AHCCCS (Arizona's Health Care Cost Containment System) eligibility may impact the County. Mr. Huckelberry replied that taking 300,000 people off of AHCCCS would likely result in more people deferring preventive care and ending up in hospitals without the ability to pay, which would impact more directly a government like Pima County that is directly associated with funding a hospital.

Mr. Huckelberry also mentioned concerns with another bill, HB 2484, that would require governments to sell land in return for buying land for public uses.

Mr. Howard raised the issue of a bill that would require the purchase of goods and services over a value of \$50,000 to be competitively bid, and both he and Mr. Huckelberry noted that this bill would have little impact as these items are competitively bid already.

7. Committee deliberation regarding 2012 bond election planning

A. Update on Economic Indicators

The County Administrator provided a memorandum on this issue prior to the meeting and summarized it verbally at the meeting. In short, not much has changed economically since the Committee recommended against pursuing a 2011 bond election primarily due to economic conditions. Residential building permits are at a 20 year low. The tax base is shrinking, and in fact, this year we will see the largest shrinkage in the primary tax base ever. The County will likely have to ramp up the secondary tax rate up to, but not above, the

ceiling set by this Committee. However, the one piece of good news is that the County continues to aggressively pay down debt. So much so, that since May 2008 when this committee began talking about a future bond election, the County has paid down over \$283 million in bond debt – more than the total amount of general obligation bonds authorized by voters in 1997.

Committee discussion points:

- There was an article in the newspaper reporting that Deputy County Administrator John Bernal mentioned that the bond election may be postponed until 2013. While Mr. Huckelberry is not yet recommending that, he stated that he understood why, after reviewing the same economic data, Mr. Bernal expressed nervousness about holding the bond election in 2012.
- In past recessions it has been difficult to recognize recovery until after it occurs.
- Our aggressive debt repayment could change the size of the future bond package.
- There was a request for a report on the total long term debt liabilities of the County – FY09/10 through 2021.
- It would be good to start building confidence from the grassroots up by getting the message out that the County has paid off over a quarter billion dollars in debt over the past couple of years.
- Confidence comes from new jobs.

B. Aerospace/Defense Corridor

The County Administrator provided a memorandum to the Committee on this issue prior to the meeting and provided a verbal update at the meeting. To summarize, the aerospace and defense industry in Tucson is a major contributor to the local economy – 1 in 5 jobs are tied to this sector. A lack of an expansion buffer and transportation obstacles around Raytheon have in the past impacted the ability of Raytheon to expand. These issues will continue to create obstacles for expansion in the future. Tucson International Airport and the Arizona Air National Guard are, to some extent, also hindered by these constraints. These parties, TREO, and jurisdictional representatives have been meeting to develop potential solutions. The solutions discussed so far involve short, mid, and long term actions. The short-term action would cost approximately \$29.2 million and involve land acquisition and transportation improvements. The County Administrator recommended the committee give consideration to funding \$26.9 million of this in a future bond election. He did not recommend action at this committee meeting, just discussion.

Committee discussion points:

- We cannot compete with Alabama because the State of Alabama reimburses capital expenditures to Raytheon. Mr. Huckelberry agreed but stated that this allows Tucson to be considered, whereas now it is not.

- The Committee still has 50 other proposed bond projects to discuss. This would be a brand new activity for the County to consider funding. Not sure this is an appropriate use of County bond funding. The transportation improvements should be part of a larger public discussion.
  - There was disagreement with the above comments. Jobs are needed. By expanding industries like these, we build a stronger tax base, which provides more revenue for other bond projects.
  - We should not delay consideration of this proposal. This proposal should have been here from day one. We need good jobs like this for our local college graduates.
  - From experience working on the annexation agreement, this is a correct portrayal of the obstacles facing Raytheon.
  - Raytheon is an industry that is doing well and some may argue this is just socialism for the rich. This may be difficult to sell to the community. This is coming in at the last minute.
  - Charleston just got a 4,000 person Boeing plant and there are for hire signs everywhere. This is not the last minute.
  - The attitude of voters has changed dramatically since the last bond election –jobs are it. I think this project will help the election.
  - We can't delay consideration of this proposal. This should be at the forefront. We should show we are a dynamic committee when necessary.
  - These are long-term jobs. Our bond projects typically create construction jobs, which are good jobs, but short-term jobs.
  - We have made an exception in the past to add new projects late in the process.
  - We are not talking at odds. Everything that has been mentioned are quality of life issues, and quality of life issues are common issues.
  - The proposal deserves careful consideration.
  - We need more details and maps.
  - Can we see the types of jobs that this industry provides? Not just engineers?
- C. El Corazon de los Tres Rios Del Norte  
The County Administrator stated that the Regional Flood Control District is in discussions regarding land acquisition that would be necessary for the core of this project.
- D. PR280 School District Partnerships  
Natural Resources Parks and Recreation (NRPR) Department staff prepared a handout to update the Committee on the ongoing refinement of this proposed program, but were unable to attend the meeting. The handout was provided to the Committee and Ms. Fyffe gave a brief update. The program, as proposed, would provide \$15 million to construct joint public/school use park facilities at nine potential school sites. Initially the County had set an expectation that the facilities would have to be maintained by the schools. The schools expressed concerns about this. The County Administrator asked NRPR

to develop a uniform formula to address the maintenance issue at each school. NRPR's proposal is that after the bond election, during the drafting of the IGA with each school, the County and the school agrees to (1) the hours of use by the public versus the schools, and (2) the cost per unit of maintenance of the facilities. Then the schools would actually maintain the facilities and submit reimbursable requests to the County for the costs of maintenance per the agreed upon cost schedule. NRPR is currently surveying the schools to see what they think of this proposal. To date only Marana Unified School District has responded and their response has been positive.

There was a concern expressed regarding whether schools would have the capacity. They have secured funding sources, but would they have the capacity to do the maintenance. Ms. Fyffe did not know the response but stated she would pass the question on to NRPR staff. Another comment was made that these partnership projects still appear to be very worthy of support.

E. Deliberation on Remaining Projects  
The County Administrator requested that this item be continued until next meeting and the committee agreed.

F. Appointment of members to subcommittee to consider financing options for proposed velodrome  
The following members of the Bond Committee will meet to discuss an alternative financing option with the goal of getting the velodrome built as soon as possible:

Tom Warne  
Chris Sheafe  
Peter Backus  
Byron Howard  
Pat Benchik

Mr. Howard requested that advocates for the project also be permitted to participate in the meeting.

G. Update from the City of Tucson on PR267 Sentinel Peak A-Mountain Park Improvement Project  
Fred Gray, City of Tucson Parks and Recreation Director, provided a hand out that showed work planned using existing city funding versus work envisioned to be funded from the future bond project. Mr. Gray also explained that due to the people that spoke during call to the audience at this Committee's last meeting, Councilwoman Romero recommended, and the Council approved, that any reference to the road removal be removed from the Master Plan, and that an additional public process be held after a successful bond election to further refine the project.

8. Future Agenda Items and Next Meetings

The next meeting will be held on June 17, 2011 at the Manning House. Agenda items will include:

- Update on the debt liability of the County
- Continue deliberation on future bond election projects
- Consider appointing members to a subcommittee for the aerospace/defense corridor project proposals

9. Call to the Audience

Richard DeBernardis, Perimeter Bicycling, spoke about Tucson being featured in a bicycling magazine 15 times, expressed interest in the velodrome subcommittee, and stated that his organization is working with the University of Arizona's Eller School of Management to conduct an economic impact study of bicycling on the region.

BJ Bartlett, who is working for the University of Arizona on the obesity grant awarded to the County, spoke in support of the County's bicycling efforts.

10. Adjournment

Meeting was adjourned at 10:10 a.m.