



MAYOR & COUNCIL MEMORANDUM

September 7, 2011

Subject: Review of Pima County General Obligation (GO) Bond
Project Allocations (City Wide)

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Issue – At the July 6th Mayor and Council meeting Councilmember Kozachik noted equity concerns on behalf of City residents in regards to the Pima County bond program. Specifically, the question was raised to the Mayor and Council regarding the extent that the citizens of Tucson were receiving their fair share (monies worth) in respect to property taxes and the amount of General Obligation (GO) Bond funds that had been allocated to projects within the City limits. At the conclusion of the Mayor and Council discussion Mayor Walkup directed City staff to perform a review of the County’s bond program and provide additional information.

City Manager's Office Recommendation – The City Manager recommends the Mayor and Council should continue to remain supportive of Pima County’s Bond Program.

Background – Three Pima County GO Bond packages have been approved by the County Board of Supervisors and voters in 1997, 2004 and 2006. The amount of the three bond packages totals \$893 M. Each bond package contained several questions for voters and outlined the areas of spending encompassing 244 total projects. City staff reviewed each bond ordinance, the related amendments, and the County’s bond status reports in an effort to identify the location of each project. Three separate analyses were performed to identify the total allocations for: 1) All projects that lie within City limits, 2) Projects that provide regional benefit, and 3) Projects for open space and cultural/heritage significance as these types of projects provide benefits to all residents notwithstanding their location.

Present Consideration – Staff completed the review of the Pima County GO Bond Program allocations and amendments, as follows:

Analysis 1 - Based on each project’s location, 92 projects totaling \$517 M, were identified as located within City limits (see attached summary). After amendments, the total amount for projects within City limits dropped slightly to \$512 M primarily due to changes in allocations to Desert Open Space/Cultural Preservation and Public Safety projects (see attached amended summary). In regards to determining if citizens are receiving an equitable share of bond funding, the amended amount was compared to both the City’s portion of the Pima County tax base and the City’s portion of the County population, as follows:

	Total GO Bonds Authorized	City Comparison Amount
Tucson Tax Base = 41%	\$893 M	\$366 M
Tucson Population = 53%	\$893 M	\$473 M

As the amended City located projects total of \$512 M, or 56%, is greater than either of the calculated comparison amounts, it can be reasoned that City residents are receiving an equitable benefit of the County GO Bond program that they contribute to through their property taxes.

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Analysis 2 - As several County GO Bond Projects located within the City limits benefit the region, this analysis reviewed the City's equity after deducting the regional projects such as Public Safety Communications, Jail and Juvenile detention facilities, Animal Care, Courts, and Hospital related facilities projects. The resulting balance was \$513 M in bond allocations. The allocations to projects located within the City limits less the aforementioned regional benefitting projects was \$181 M, or 34%, of the allocated GO Bond Project funds, which is lower than the 41% tax base comparison percentage.

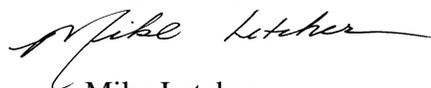
Analysis 3 - As there are less areas available within City limits for Desert Open Space purchases, and as these projects represent a significant amount (\$215 M) of the total GO bond allocations, and as Open Space, Cultural/Heritage projects, and Urban Encroachment of Davis-Monthan Air Force Base projects benefit all residents, staff determined to also deduct those projects and noted the remaining GO Bond Fund allocations totaled \$282 M. Of this remaining amount, the total GO Bond Funds allocated to projects within the City limits totaled \$156 M, or 52%. This percentage approaches the 53% that City residents comprise of the County population.

Allocation Amendments - Staff reviewed the amended project allocations and noted for those projects managed by the City, all allocation changes were only between projects managed by the City and other City managed projects. Thus, there was no change in total allocations to City managed projects.

In summary, although there is no clear method to determine the amount of benefit that residents may receive from a given bond project, staff noted that the Pima County Bond Program appears to include bond projects that are both reasonable in proportion to the needs of the communities within the County, while also helping to ensure the County is able to perform its mandated functions for the region.

Financial Considerations – The City's 2012 Budget identified \$940 M in unmet capital needs. Projects that provide regional benefits should continue to be submitted to the Pima County Bond Advisory Committee for consideration in future County GO Bond packages.

Respectfully submitted,



Mike Letcher
City Manager

ML:KG:sr
Finance Department

Attachment: Summary of Pima County GO Bond Projects

SS/SEP07-11-323

Summary of Pima County GO Bond Projects

	Original Location		Amended Location		
	Pima County	City of Tucson	Pima County	City of Tucson	
1997 GO Bonds - \$256,980,000 Authorized					
Q.1	Juvenile Detention and Court Facilities	\$ -	\$ 42,000,000	\$ -	\$ 42,000,000
Q.2	Public Safety, Law Enforcement and Superior Court	1,500,000	48,500,000	3,341,398	46,658,602
Q.3	Parks Improvements and Acquisitions	29,575,000	23,075,000	29,836,484	22,432,324
Q.4	Sonoran Desert Open Space and Historic Preservation	32,780,000	3,550,000	34,970,391	1,359,609
Q.5	Public Health, Safety, Recreational & Cultural Facilities	10,800,000	31,200,000	10,990,014	31,009,986
Q.6	Flood Control Improvements	11,750,000	9,750,000	12,071,517	9,428,483
Q.7	Solid Waste Improvements	12,500,000	-	12,500,000	-
		\$ 98,905,000	\$ 158,075,000	\$ 103,709,804	\$ 152,889,004
2004 GO Bonds - \$582,250,000 Authorized					
Sonoran Desert Open Space and Habitat Protection;					
Q.1	Preventing Urban Encroachment of Davis-Monthan AFB	170,600,000	24,000,000	170,600,000	24,000,000
Q.2	Public Health & Community Facilities	23,000,000	58,800,000	23,000,000	58,800,000
Q.3	Public Safety and Justice Facilities	46,000,000	137,500,000	46,000,000	137,500,000
Q.4	Parks & Recreational Facilities & Cultural Resources	42,000,000	54,450,000	41,312,926	54,537,074
Q.5	River Parks and Flood Control Improvements	15,719,000	30,481,000	15,719,000	30,481,000
		\$ 297,319,000	\$ 305,231,000	\$ 296,631,926	\$ 305,318,074
2006 GO Bonds - \$54,000,000 Authorized					
Q.3	Psychiatric Urgent Care Facilities	-	18,000,000	-	18,000,000
Q.4	Psychiatric Inpatient Hospital Facilities	-	36,000,000	-	36,000,000
		\$ -	\$ 54,000,000	\$ -	\$ 54,000,000
Total GO Bonds Authorized = \$893,230,000					
		\$ 396,224,000	\$ 517,306,000	\$ 400,341,730	\$ 512,207,078
		43.4%	56.6%	43.9%	56.1%
Total Bond Projects Indicated in Bond Packages*					
		\$ -	\$ 913,530,000	\$ -	\$ 912,548,808

City of Tucson References

Total Bonds Authorized = \$893,230,000
 Tucson Tax Base (41%) = \$366,224,300
 Tucson Population (53%) = \$473,411,900

*Amounts listed for 2004 includes \$20.3 in alternate open space projects.