

**REVISED Report and Recommendations on Amending Pima County's
1997 Transportation and 2004 General Obligation Bond Ordinances
Pima County Bond Advisory Committee, March 13, 2015**

I. Background

Pima County Code Chapter 3.06, the "Truth in Bonding" code, requires that bond implementation plan ordinances be amended to reflect substantial modifications to bond-funded projects. The code defines what constitutes a "substantial modification," and when an amendment must be adopted in relation to actions of the Board that implement affected projects. The code also requires that amendments to bond ordinances be considered and adopted by the Board at public hearings, after advance public notice, and only after review by the County Bond Advisory Committee. Certain projects also require action by the governing body of cities and towns, and other County committees.

This round of bond ordinance amendments affects eight projects from the November 4, 1997 Transportation Bond Program and four projects from the May 18, 2004 General Obligation Bond Program:

1997 Transportation – Highway User Revenue Funds

DOT-23 Thornydale Road, Cortaro Farms Road to Linda Vista Boulevard
DOT-24 Mainsail Boulevard and Twin Lakes Drive, Twenty-Seven Wash Vicinity
DOT-32 Kolb Road, Sabino Canyon Road to Sunrise Drive
DOT-50 Kinney Road, Ajo Way to Bopp Road
DOT-53 Old Tucson-Nogales Highway Summit Neighborhood
DOT-56 Broadway Boulevard, Euclid Avenue to Campbell
DOT-57 Safety Improvements
DOT-58 22nd Street: I-10 to Tucson Boulevard Improvements

2004 General Obligation Bonds

1.19 Santa Cruz River Open Space an Environmental Protection (Sahuarita)
2.11 Ina Road Tire Facility Relocation
4.2 Canoa Ranch Buildings Rehabilitation
5.6 Santa Cruz River, Ajo to 29th Street

II. Ordinance Amendment Requirements Per the Truth In Bonding Code

Section 3.06.070 of Pima County's Truth in Bonding Code establishes procedures for making changes to a bond implementation plan ordinance. Recognizing that over time the availability of more detailed design and cost information, and changes in circumstances, often require changes in a bond implementation plan presented to the voters at the time of a bond election, Section 3.06.070 authorizes the Board to amend bond implementation plans to accommodate "substantial modifications" to projects. Substantial modifications are defined as:

1. An increase or decrease in total actual project costs by 25 percent or more
2. An increase or decrease in actual bond costs by 25 percent or more
3. An increase or decrease in actual other revenues by 25 percent or more
4. A delay in a project construction or implementation schedule of 12 months or more
5. A delay in the scheduled sale of bonds of 24 months or more
6. Any project that is not constructed
7. Any project that is added to those to be constructed

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8. Any increase or decrease in the project scope that alters the disclosed project benefits
9. All changes to a bond implementation plan necessitated by only a portion of the proposed bond questions being approved at the special election

The required timing of an amendment varies based on whether the amendment impacts only funding, or other aspects of a project. Pursuant to the Code, the Board of Supervisors can authorize a substantial modification to the funding for a project on a de facto basis by awarding or amending a contract for the project that reflects that change in funding, while at the same time acknowledging that the action will require a future conforming amendment to the bond ordinance. In this situation, the amendment takes place after the Board takes action by awarding a contract. The reason for this is that amendments should not be based on cost estimates, and prior to the awarding of contracts or approval of purchase agreements, cost estimates may vary. For all other types of substantial modifications, an amendment of the bond ordinance is necessary before the modification is implemented.

The County Bond Advisory Committee is tasked with reviewing and making recommendations to the Board of Supervisors regarding all proposed bond ordinance amendments. The Santa Cruz River Open Space project was originally a Town of Sahuarita request. Per the 2004 Bond Ordinance the Mayor and Council will be considering the ordinance amendment after a public hearing tentatively scheduled for March 23, 2015. The County's Conservation Acquisition Commission is scheduled to consider this amendment at their March 5, 2015 meeting.

III. Recommended Amendments

The 1997 and 2004 ordinances are attached to this report, with language that is being deleted shown in the "strike-out format" (~~example~~), while new language that is being added to the ordinance is underlined (example). All changes are highlighted as well. In this format, the ordinance only contains those projects that are being amended, and does not reproduce the entirety of the ordinance.

A brief description of the recommended ordinance amendments' impact on each project is presented below.

1997 Transportation

DOT-23 Thornydale Road, Cortaro Farms Road to Linda Vista Boulevard

This is a \$1 million bond project that will require significantly more in other funding before the project can begin. Design of the project is not anticipated to start before 2017. This ordinance amendment would extend the bond implementation periods through Fiscal Year 2021/22 as the project is currently beyond the implementation schedule in the bond ordinance.

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DOT-24 Mainsail Boulevard and Twin Lakes Drive, Twenty-Seven Wash Vicinity

This is a \$2.7 million bond project and will require other funding before the project can begin. This ordinance amendment would extend the bond implementation periods through Fiscal Year 2021/22 as the project is currently beyond the implementation schedule in the bond ordinance. This ordinance amendment also recognizes \$6,743 in County HURF funding that was spent on the project in prior years.

DOT-32 Kolb Road, Sabino Canyon Road to Sunrise Drive

This is a \$10 million bond project and will require other funding before the project begin. Design of the project is not anticipated to start before 2018. This ordinance amendment would extend the bond implementation periods through Fiscal Year 2021/22 as the project is currently beyond the implementation schedule in the bonds ordinance.

DOT-50 Kinney Road, Ajo Way to Bopp Road

ADOT anticipates beginning construction, in Fiscal Year 2016, on the intersection improvement portion of this project as part of its SR86 Ajo Highway Improvement project. The other phases of this project remain on hold pending further consideration by private developers. This ordinance amendment would increase other funding from \$2,400,000 to \$3,031,606, which is a 26 percent increase and therefore requires an ordinance amendment.

DOT-53 Old Tucson-Nogales Highway Summit Neighborhood

This is a \$1.1 million bond project and is scheduled to begin construction this year. This ordinance amendment would extend the implementation period through Fiscal Year 2015/16 as the project will be beyond the implementation schedule in the bond ordinance at the end of the current Fiscal Year. The source of other funding is also being corrected, but the amount remains the same.

DOT-56 Broadway Boulevard, Euclid Avenue to Campbell

This is now a Regional Transportation Authority project, managed by the City of Tucson, which includes \$25 million in County bond funding. Construction is scheduled to start in 2017. This ordinance amendment would extend the bond implementation periods through Fiscal Year 2021/22 as the project is currently beyond the implementation schedule in the bond ordinance.

DOT-57 Safety Improvements

This project is managed as a program, providing funding annually for safety improvements throughout the region. The bond funding is often combined with a variety of other funding in order to complete projects. This ordinance amendment would enable the County to continue to combine the bond funds with a broad list of other funding sources without amending the ordinance in the future to specify the source and amount of other funding for each project.

DOT-58 22nd Street: I-10 to Tucson Boulevard Improvements

This is now a Regional Transportation Authority project, managed by the City of Tucson, which includes \$10 million in County bond funding. The City recently completed the segment of the project that included constructing an overpass for Kino Boulevard over 22nd Street. Construction of the remaining segments of the project is scheduled to begin in 2017. This ordinance amendment would extend the bond implementation periods through Fiscal Year 2021/22 as the project is currently beyond the implementation schedule in the bond ordinance.

2004 General Obligation

1.19 Santa Cruz River Open Space and Environmental Protection (Town of Sahuarita)

Voters authorized \$1.5 million for the acquisition of natural open space along the Santa Cruz River within the Town of Sahuarita. There are a limited number of landowners within this area and the Town and County have been unable negotiate a purchase. In 2014, the County did acquire 290 acres of natural open space within the Town along the Santa Cruz River, surrounding the Green Valley Wastewater Treatment Facility. The purchase was funded with Regional Wastewater Reclamation Department funds to provide a State-required buffer around the treatment facility. Much of the acreage located west of the facility is located within the erosion hazard setback and will remain undisturbed. The County intends to locate the Anza Trail within this property and the Town has expressed interest in constructing a trailhead within this property, both of which are allowable uses under the wastewater buffer requirements. This amendment would designate the bond project as completed based on this 2014 purchase. It reallocates the remaining bond funding of \$1,458,421 to other acquisitions, which have not yet been determined. Any future acquisitions with this funding would require approval of by the County's Conservation Acquisition Commission, review of bond ordinance amendments by the Bond Advisory Committee, and approval by the Board of Supervisors after the required public hearing.

2.11 Ina Road Tire Facility Relocation

In 2010 the facility was relocated to the Tangerine Landfill and modifications were completed in October of 2011. \$648,604 was spent on the relocation and improvements to the Tangerine site. This ordinance amendment would expand the scope of the project to allow the County to spend the remaining \$851,396 to partially fund the final closure of the Tangerine Landfill.

4.2 Canoa Ranch Rehabilitation

This project is substantially complete. This ordinance amendment would expand the scope and extend the bond implementation period to enable the County to fund additional improvements to the historic Canoa Ranch complex with the remaining funding. These additional improvements are scheduled to be completed within the next Fiscal Year.

5.6 Santa Cruz River, Ajo to 29th Street

This project is currently under construction. The ordinance amendment would extend the bond implementation period through next Fiscal Year as the project will need additional time for completion.