

**Report and Recommendations on Amending Pima County's
1997 and 2004 General Obligation Bond Ordinances
Pima County Bond Advisory Committee, March 11, 2016**

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, towns, tribes and other County committees.

This round of bond ordinance amendments affects one project from the May 20, 1997 General Obligation Bond Program and two projects from the May 18, 2004 General Obligation Bond Program:

1997 General Obligation Bonds

NR-16 Neighborhood Reinvestment

2004 General Obligation Bonds

2.10 Neighborhood Reinvestment Affordable Housing Program

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, may 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
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,

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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.

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 General Obligation Bonds

NR-16 Neighborhood Reinvestment

The 1997 bond authorization for Neighborhood Reinvestment projects includes remaining funds of \$700,000. This ordinance amendment would extend the timeframe available for expending these remaining funds by adding implementation periods to the project. The Neighborhood Reinvestment Oversight Committee is currently reviewing applications for possible use of Neighborhood Reinvestment funds. The proposals, if funded, would utilize these remaining funds. The Neighborhood Reinvestment Oversight Committee meets on March 4 to make funding recommendations.

2004 General Obligation Bonds

2.10 Neighborhood Reinvestment Affordable Housing Program

The 2004 bond authorization for affordable housing includes remaining funds of \$1.8 million. This funding was previously awarded to housing projects that, for various reasons beyond the County’s control, did not spend those funds. On January 20, 2016 the County published a Notice of Funding Availability, which is the first step in soliciting proposals for these remaining funds. Affordable Housing projects are complex as they almost always include a variety of funding and tax credits in excess of the County’s bond funds. This ordinance amendment would extend the timeframe available for expending these remaining funds by adding implementation periods to the project.

5.6 Santa Cruz River, Ajo to 29th Street

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This project is substantially complete. It is also known as the Paseo del Las Iglesias project that included significant ecosystem restoration along both banks of the river, a new section of The Loop, parking areas, a restroom and new soil cement bank protection. A grand opening was held last spring. This ordinance amendment would increase other funding from zero to \$528,625 for the purposes of completing the earthwork and landscaping establishment, which are scheduled to be complete by September, 2016. The total project funding will also be revised accordingly.