Pima County Bond Advisory Committee
Meeting
Ellie Towne Community Center
1660 West Ruthrauff Road
Tucson, Arizona 85705

January 18, 2013
8:00 a.m.

SUMMARY OF MEETING

Committee Members Present
Larry Hecker, Chair
Carolyn Campbell, Vice Chair (arrived 8:25)
Peter Bachus
Donald Chatfield
Gary Davidson
Tom Dunn
Brian Flagg
Kelly Gottschalk
Terri Hutts
Mike Lund
David Lyons (arrived 8:15)
A.C. Marriotti
Wade McLean
Ted Prezelski
Chris Sheafe (arrived 8:15)
Dan Sullivan
Greg Wexler

Committee Members Absent
Pete Delgado
Harry George
Rene Gastelum
Jesus Gomez
Patty Richardson
Susan Romero
Tom Warne

MOTIONS

MOTION: Terri Hutts moved, seconded by Dan Sullivan to approve the September 21, 2012 meeting summary. Motion approved 14-0.

MOTION: Dan Sullivan moved, seconded by Greg Wexler, to have the County Administrator discuss the bond projects proposed under the County’s Economic Development Plan and for staff to review and update the list of tentatively approved bond projects for the February 15, 2013 meeting. Additionally, discussion on new bond project requests received by the County and new jurisdictional bond requests will be scheduled for the March committee meeting. Motion approved 17-0.
MEETING SUMMARY

1. Welcome

The meeting began at 8:10 a.m. with a quorum. Chairman Hecker introduced new committee member Mike Lund (District 4 appointee), recognized newly elected Supervisor Ally Miller, and welcomed Oro Valley Town Manager Greg Caton and Judge Jan Keamey.

2. Approval of the September 21, 2012 Meeting Summary

MOTION: Terri Hutts moved, seconded by Dan Sullivan to approve the September 21, 2012 meeting summary. Motion approved 14-0.


Mr. Huckelberry provided an update stating that the audit consists of seven layers of review, with six of them already completed. February 1, 2013 is the statutory deadline for the audit to be released, but it may be released as early as next week. The audit report will be made available to the committee as soon as it is released. Chairman Hecker asked if a special meeting would be scheduled when the audit is released to the public. Mr. Huckelberry replied that a presentation of the audit report would be scheduled for the committee at the Board of Supervisor’s hearing room.

4. Pima County Economic Development Action Plan

Mr. Huckelberry discussed the evolution of the County’s Economic Development Plan:

- 2011 – After meetings with Raytheon on constraint issues, the committee was presented with information on possible future bond projects to fund some public investments. The Aerospace and Defense Corridor, as the proposal was initially called, proposed several transportation corridor improvements and buffer acquisitions. The committee asked for more information on the projects and their benefits and appointed the Aerospace and Defense Corridor subcommittee. The committee heard from many guest speakers, and requested further information on the economic benefits and number of jobs that would be anticipated by these projects. The committee also suggested that the proposal be renamed given the larger economic scope proposed.

- 2012 – In January 2012, a County report on the past and current policies and programs promoting job growth and retention was released. The Board of Supervisors approved recommendations to move forward on an Economic Development Action Plan and directed that the report undergo public review. The committee, at that time, decided to wait on any further project
deliberations until the audit report was completed and released. In November, the County’s Economic Development Action Plan was released after public review and input. While many components of the plan do not involve bond funding, a few do.

County Administrator’s Economic Development Plan discussion points:
- The discussion in early 2011 involving Raytheon expanded to include other employment centers and corridors to identify economic development opportunities. Examples given included Tucson International Airport and the Science and Tech Park, which have 40,000 employees.
- Initial Aerospace and Defense Corridor proposals looked at $170 to $180 million in bond funding involving six transportation infrastructure improvements.
- As discussions continued and projects were refined, the proposal was narrowed to focus on one infrastructure improvement – Aerospace Parkway (I-10 to Rita Road) at a cost of $90 million. Cost could also possibly be shared with others.
- Initial proposal has been reduced from $170 million to $90 million and maybe even less if cost sharing occurs.
- Other plan components include noise abatement; funding to address future decisions regarding basing; $30 million set aside for jurisdictions with detailed public investment and infrastructure proposals; several tourism venues also funded, with some having already been approved by the BAC.
- The Board of Supervisors accepted the Plan, but is not considered final. The Board asked that the committee review the bond-supported components of the Plan for input and recommendations on what may be included in the final bond package.

Chairman Hecker asked if a 2013 bond election is still favorable. Mr. Huckelberry replied that it is unlikely, based on the updated financial indicators.

Committee discussion points:
- Economic Development Plan bond projects should be included as part of the overall bond package and not considered in lieu of the other bond projects already approved.
- Discussion on the link between investment on economic development and impacts on poverty issues.
- Questions on how to structure the bond package, can the economic development plan bond projects be heard line by line, should certain bond projects be heard separately from the rest. Mr. Huckelberry replied that the process and method is up to the committee.
5. **Discussion on the Timing and Scope of a Future Bond Election**

Chairman Hecker first said a few words about the Ellie Towne Community Center, a 2004 bond project that provides multiple services for area residents.

Mr. Huckelberry provided a memorandum on the updated financial indicators the committee had requested, and looked at the possible timing and scope of a bond election prior to the meeting. Mr. Huckelberry explained the various financial indicators: the County is substantially below the constitutional debt limit; the County imposed voluntary tax rate caps, which limit debt, to prevent surprises to taxpayers; the County continues to enjoy favorable interest rates, but may begin to increase as early as 2015; the County has an aggressive repayment program, which contributes to the County’s continued stable credit ratings; the tax base continues to contract, and it is projected that it will continue to decline for another 2 to 3 years, making issuing any new debt impossible without raising the voluntary tax rate caps. Mr. Huckelberry noted that we can meet current remaining obligations, but the County would not have any capacity to issue new debt unless the tax rate cap is increased and after 2 to 3 years. There was some discussion on the secondary net assessed valuations.

Gary Davidson asked if the year 2015 was a more favorable year. Mr. Huckelberry replied that if the County received authorization in 2014, we would not sell bonds until 2015, and it would be structured with small amounts.

Chairman Hecker asked if the next bond issue should continue to assume a range of $700 to $800 million. Mr. Huckelberry replied that it should be closer to the 2004 bond authorization of $550 million.

Brian Flagg asked if education is outside of the committee’s purview, since the State is not doing enough. Mr. Huckelberry explained that it is outside of our purview, unless the program is County-oriented. The economic development plan has a component that contributes to education and skill development of the workforce, through programs such as the County One Stop and workforce development.

Carolyn Campbell asked about the scope of the bond package, and whether that should be discussed now or at a later time, and suggested that a timeframe be developed. Ms. Campbell noted her preference for one overall bond package moving forward.

Chairman Hecker suggested that the bar chart showing the bond package level be brought back when ready to discuss and noted that $649 million worth of projects have been tentatively approved.
6. **Next Meeting and Future Agenda Items**

The committee agreed to an informational meeting on the bond audit report, to be scheduled as soon as it is released. The committee further discussed:

- whether to move forward with the current list of bond projects approved or continue to work on it
- review of the bond projects proposed under the County’s Economic Development Plan
- hear new bond project proposals received by the County, including new jurisdictional requests

Mr. Huckelberry indicated that the tentatively approved bond projects list could be reviewed for any changes and updated for the committee's review in February. Dan Sullivan suggested that the Economic Development Plan bond projects and the updated list of approved bond projects be presented to the committee at the February 15, 2013 meeting, and all new bond request be brought back to the committee in March.

It was noted that the March meeting is the statutory review of the semi-annual status report and bond ordinance amendments.

Terri Hutts asked about whether jurisdictions are adhering to the bond ordinance and agreements. Ms. Hutts said that she pulled the bond ordinance and found that jurisdictions cannot charge more than the County for admission and other charges. Additionally, there have been complaints about the condition of some of these bond projects once completed. There appears to be no maintenance of the project once turned over to jurisdictions. Ms. Hutts asked if jurisdictions are adhering to IGAs.

Carolyn Campbell suggested that all new projects be heard together, including any new bond projects proposed under the Economic Development Plan.

Chairman Hecker said that all projects under the Economic Development Plan should be heard and concluded at the February meeting, including bringing back an updated list of the tentatively approved bond projects. New projects received and new jurisdictional requests should be brought back for the March meeting.

**MOTION:** Dan Sullivan moved, seconded by Greg Wexler, to have the County Administrator discuss the bond projects proposed under the County’s Economic Development Plan and for staff to review and update the list of tentatively approved bond projects for the February 15, 2013 meeting. Additionally, discussion on new bond project requests received by the County and new jurisdictional bond requests will be scheduled for the March committee meeting. Motion approved 17-0.
7. **Call to the Audience**

Jerry Anderson said the need for good jobs and housing continues to grow. The Housing Commission has been able to increase the amount for neighborhood reinvestment and affordable housing.

Dave Devine provided handouts on poverty rates and suggested that statistics be updated to reflect the newest data on poverty rates. He spoke about education being key in addressing this problem.

8. **Adjournment**

Meeting was adjourned at 9:55 a.m.