

Report and Recommendations on Amending Pima County's 1997 and 2004 General Obligation Bond Ordinances, and the 1997 Highway User Revenue Fund Bond Ordinance

Pima County Bond Advisory Committee, March 9, 2018

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.

This round of bond ordinance amendments affects two projects from the 1997 General Obligation Bond Program, one project from the 2004 General Obligation Bond Program, and 12 projects from the 1997 Highway User Revenue Fund (HURF) bond program. Similar to last year's amendments to the 1997 General Obligation Bond Program, three of these are the result of the February 2017 bond sale, whereby the County sold all of the remaining 1997 and 2004 general obligation bonds. The intent is to spend the bond funds remaining as effectively and as soon as possible.

1997 General Obligation Bonds

SW-2 Tangerine Landfill Closure
SW-4 El Camino Del Cerro Environmental Remediation

2004 General Obligation Bonds

5.4 Tohono O'odham Nation Drainage Improvements

1997 HURF Bonds

DOT-6 Magee Road, La Canada Drive to Oracle Road
DOT-11 Drexel Road, Tucson Boulevard to Alvernon Way
DOT-20 La Cholla Boulevard, Ruthrauff Road to River Road
DOT-23 Thornydale Road, Cortaro Farms Road to Linda Vista Boulevard
DOT-24 Mainsail Boulevard and Twin Lakes Drive, Twenty-Seven Wash Vicinity
DOT-31 Tanque Verde Road, Catalina Highway to Houghton Road
DOT-41 Neighborhood Transportation Improvements
DOT-44 Orange Grove Road, Thornydale Road to Oracle Road
DOT-50 Kinney Road, Ajo Way to Bopp Road
DOT-53 Old Tucson-Nogales Highway-Summit Neighborhood
DOT-57 Safety Improvements
DOT-59 Road Repair and Pavement Preservation

II. Ordinance Amendment Requirements Per the Truth In Bonding Code

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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; for projects with other revenues estimated at zero, a substantial modification shall be defined as an increase in "other" (non-bond) revenues of \$100,000 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 Pima 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 bond 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). In this format, the ordinances only contain those projects that are being amended; not the entirety of the ordinance.

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

1997 General Obligation Bonds

SW-2 Tangerine Landfill Closure

SW-4 El Camino Del Cerro Environmental Remediation

The Tangerine Landfill Closure project was completed last fiscal year. The El Camino del Cerro Environmental Remediation project has \$984,151 in bond funds remaining but the capital

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project is completed and the site is ready to proceed to a maintenance phase. Ongoing groundwater testing is an operating cost not a capital cost and therefore will be budgeted in the future as part of Pima County's Department of Environmental Quality's operating budget. At the same time, funding is needed for closure activities at the Ina Road Landfill. This ordinance amendment would transfer the remaining bond funding from El Camino del Cerro Environmental Remediation Project to Tangerine Landfill Closure project, and add Ina Road Landfill to the scope of the project to permit the funding to be spent on closure activities at the Ina Road landfill. The bond funded Ina Road Landfill closure activities are scheduled to be completed by the end of Fiscal Year 2018/19.

2004 General Obligation Bonds

5.4 Tohono O'odham Nation Drainage Improvements

An initial storm drain project was completed in 2015 in the vicinity of the Tohono O'odham Sells Youth Recreation Center, at a cost of \$606,489. Since then there have been multiple unsuccessful efforts to identify an additional project and execute the required intergovernmental agreement (IGA). On October 18, 2017, Regional Flood Control District staff met with the Executive Director of Planning and Economic Development for the Tohono O'odham Nation. Since the Nation is unable to execute a project in the near future, and the bond funds have already been sold, the District recommends that the funding be reallocated to another project. When the Nation is ready to proceed with a project and a new IGA, the District will fund that project with non-bond funding. This ordinance amendment would expand the scope of this project to permit spending of the remaining bond funds on the City of Tucson El Rio Golf Course Drainage Improvement Project. The City of Tucson has requested that the District assist them in addressing residential flooding that occurs downstream of the golf course. The project will include retention/detention improvements within the golf course and is anticipated to be substantially completed by October, 2018.

1997 HURF Bonds

Reallocation of Remaining Bond Funds to DOT-59 Road Repair and Pavement Preservation

This ordinance amendment would create a new project, DOT-59 Road Repair and Pavement Preservation. This project will provide funding to address the Pima County Department of Transportation's top priority, which is repairing roads in the unincorporated Pima County. The project would be funded with cost savings from nine other bond projects. Six of these bond projects were completed at a cost less than estimated, two are budgeted for completion at a cost less than previously estimated, and one project is recommended to be retired. The cost savings total \$16 million in bond funding which would then be allocated to the new project. In some cases, the non-bond "other funding" is also being reduced in the ordinance to the amount spent. The status of these nine projects is included below:

DOT-6 - Magee Road, La Canada Drive to Oracle Road

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The Magee Road, La Canada Drive to Oracle Road project was completed in November 2015. It was funded with a combination of RTA, Federal and County HURF Bonds. Due to a favorable bidding climate at the time of construction and the utilization of RTA and bond funds to leverage Federal funding, the total bond funds were less than estimated. This amendment reduces the bond funding and other funding to match actual funds expended on the project.

DOT-11 - Drexel Road, Tucson Boulevard to Alvernon Way

Drexel Road, Tucson Blvd to Alvernon Way was completed in January 2013. In 2013 the Bond Ordinance was amended reducing the project scope and bond funding allocation to align with the projected traffic needs at the time. The current amendment further reduces the bond allocation to the actual bond funds expended on the project.

DOT-20 - La Cholla Boulevard, Ruthrauff Road to River Road

La Cholla Blvd, Ruthrauff Road to River Road was completed in November 2011 and was primarily funded by the RTA. Due to the significant funding contribution from the RTA the entire bond allocation for this project was not expended. This amendment reduces the bond allocation and other funding to match actual funds expended on the project.

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

The Mainsail Boulevard and Twin Lakes Drive project is recommended for retirement. The costs of the project have been determined to outweigh the benefits. Growth in the vicinity of Mainsail Boulevard has not been significant enough to warrant initiating this project. Traffic volumes in the area of Mainsail have been relatively level since 1997. For example, traffic counts taken on Twin Lakes in 1996 showed 929 Average Daily Traffic (ADT) and in 2008, the last year counts are available, showed an increase to only 1281 ADT. On Hawser, which is the east-west street that connects to Oracle Road south of Mainsail, the counts have actually decreased from 3160 in 1996 to 2438 in 2014. Given the low growth, and decreased traffic volumes on Hawser Road, the benefits to adding a new all-weather crossing over Twenty-Seven Wash do not outweigh the costs that would be required to construct this roadway. Compared to other regional needs for all-weather access, this project ranks relatively low. This amendment reduces the bond allocation match actual funds expended on the project.

DOT-31 - Tanque Verde Road, Catalina Highway to Houghton Road

Tanque Verde Road, Catalina Highway to Houghton Road was completed in September 2011 with significant funding from the RTA. Due to the significant funding contribution from the RTA, the entire bond allocation for this project was not expended. This

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amendment reduces the bond allocation to match actual bond funds and other funds expended on the project.

DOT-41 – Neighborhood Transportation Improvements

DOT-41 HURF bond funded 16 projects between 2002 and 2015 throughout County Supervisorial District 2. At this time there are no further improvements planned and this amendment reduces the bond allocation to match actual bond funds expended on the projects.

DOT-44- Orange Grove Road, Thornydale Road to Oracle Road

Construction of Orange Grove from Camino de la Tierra to La Canada, the most heavily traveled segment, was completed in July 2014. Additionally, the road was widened to include a two-way left-turn lane from La Canada to Oracle to address safety issues, and construction of this segment was funded with DOT-57 Safety Improvements. In 2013, the ordinance was amended to modify the scope and reduce the bond funding. This amendment reduces the bond funding further to match the actual funds expended.

DOT-50 - Kinney Road, Ajo Way to Bopp Road

Construction of Ajo Way (SR 86) and Kinney is currently in progress and being managed by ADOT. Pima County will begin construction of improvements at Bopp Road and Kinney in the second half of 2018. This amendment reduces the bond funding to align with the current forecasted project budget.

DOT-53 - Old Tucson-Nogales Highway-Summit Neighborhood

This project was completed in November 2015 and included funding from the RTA. This amendment reduces the bond allocation to match actual bond funds expended on the project.

DOT-57 - Safety Improvements

To date DOT-57 has funded 99 projects, with other projects planned. Funds are primarily used as a means to leverage federal funding for safety projects. This amendment reflects a minor reduction to the bond allocation for DOT-57, and would still reserve \$9 million in bond funding for future safety improvement projects.

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

The scope of the Thornydale Road, Cortaro Farms Road to Linda Vista Boulevard is being revised to reflect the changing priorities of Pima County from traffic capacity expansion to pavement repair and preservation. This section of Thornydale Road would no longer be widened to four

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lanes. Instead the project would widen and pave the shoulders, and repair the existing pavement with a mill/overlay. No change in bond funding is recommended, but other funding would be reduced. The project is scheduled to begin this summer and be completed by late 2018.