



MEMORANDUM

Date: May 22, 2018

To: Chair and Members
Pima County Bond Advisory Committee

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Pima County's Long-term Debt Profile**

At the Bond Advisory Committee's last meeting, there was a request for an update regarding Pima County's debt profile, including categories of debt, debt repayment schedules and related information as provided to the Committee in previous years. A copy of this memorandum is also being provided to the County's Transportation Advisory Committee as they recently asked about the remaining debt associated with the Highway User Revenue Fund (HURF) bond program.

Note that general obligation bond debt is voter-approved, as is the HURF bond debt. Sewer revenue debt is a debt incurred due to Federal regulatory water quality standards and necessary system improvements. Certificates of Participation (COPs) vary widely in purpose and a significant component of COPs are repaid quickly, in less than three years. However, some COPs carry a typical County 15-year debt profile.

The first set of graphs attached show the outstanding principle associated with Pima County's long-term debt obligations for our four types of debt: General obligation bonds, HURF bonds, sewer revenue debt and COPs. The graphs also show how this outstanding debt is reduced overtime based on planned debt service payments. This first set of graphs assume no new debt is issued.

Pima County's combined debt currently totals \$1.08 billion and will be reduced by 70 percent in five years. Pima County's outstanding general obligation bond debt totals \$276 million. It will be reduced by 75 percent within five years, within 10 years will decrease to \$985,000, and will be completely paid off within 11 years. Pima County sold the remainder of the voter-authorized general obligation bonds in early 2017, so this graph shows all that has been authorized.

The second set of graphs provide a historical perspective dating back to 1997, and show past and future issuances of debt, as well as debt service payments. Pima County's combined outstanding debt was at a high in 2013, and has dropped about \$300 million since then. Even with future planned issuances of the remaining HURF bonds, sewer revenue

Chair and Members, Pima County Bond Advisory Committee

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bonds, and COPs, it will be reduced by 56 percent within five years. For the general obligation bonds, you can see the final issuance occurred in 2017 and the planned payments end in 2029. The payments will increase over the next two years and then drop off dramatically with no more voter-authorized bonds to sell.

Similar graphs are available for the HURF bonds, COPs and sewer revenue debt. The second HURF graph shows the planned sales of the remaining voter-approved bonds necessary to complete the program, and include three large City of Tucson projects that are also reliant on Regional Transportation Authority funding and scheduling (Broadway Boulevard., Houghton Road. and 22nd Street). The COPs graph assumes the sale of \$35 million next Fiscal Year for Valencia Road improvements that will be paid back by developer impact fees, and improvements to Kino Sports Complex that will be paid back with hotel/motel bed tax revenues. The second sewer debt graph assumes future sales of debt for continued system improvements.

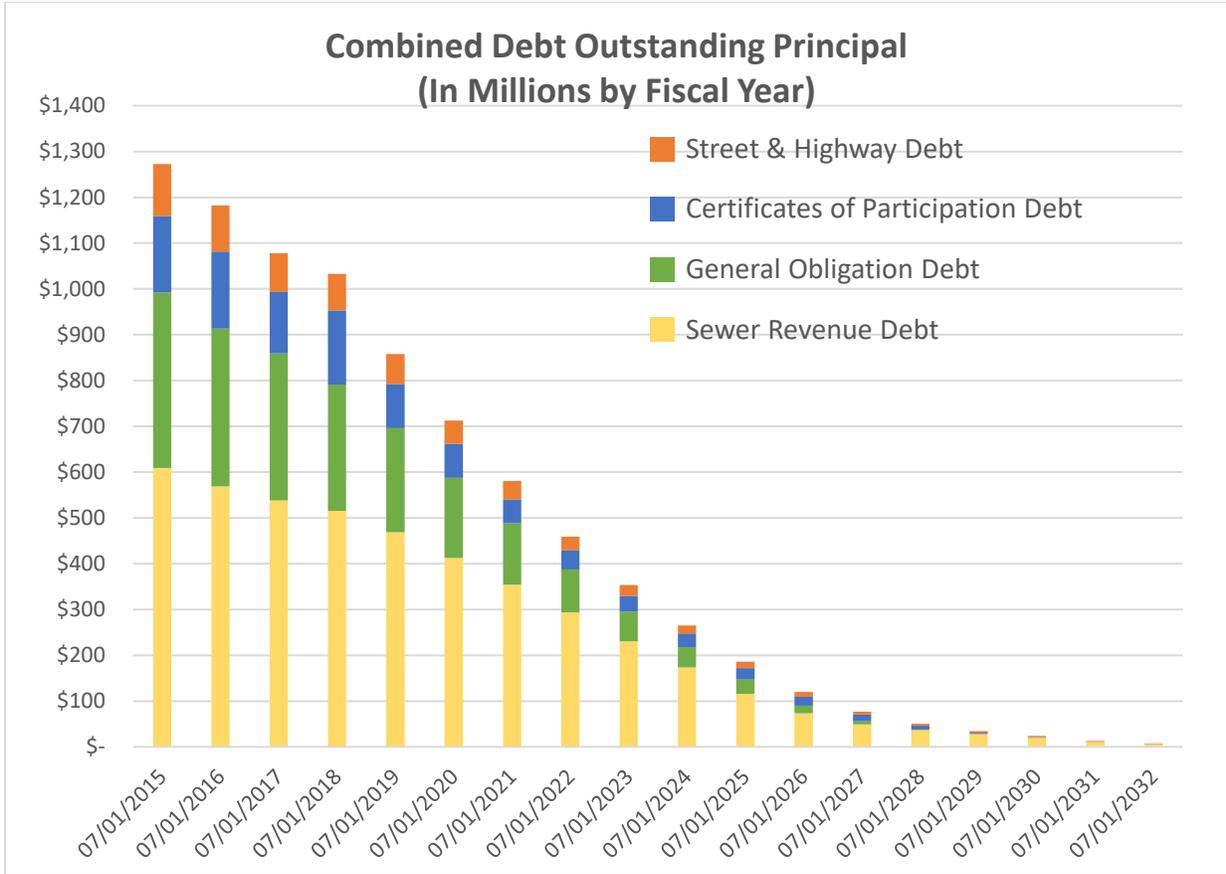
CHH/dr

Attachments

- c: The Honorable Chair and Members, Pima County Board of Supervisors
Chair and Members, Pima County Transportation Advisory Committee
Jan Leshar, Chief Deputy County Administrator
Carmine DeBonis, Deputy County Administrator for Public Works
Tom Burke, Deputy County Administrator for Administration
Keith Dommer, Director, Finance and Risk Management
Michelle Campagne, Interim Director, Finance and Risk Management
Robert Johnson, Budget Manager, Finance and Risk Management
Nicole Fyffe, Executive Assistant to the County Administrator
Diana Durazo, Special Projects Manager

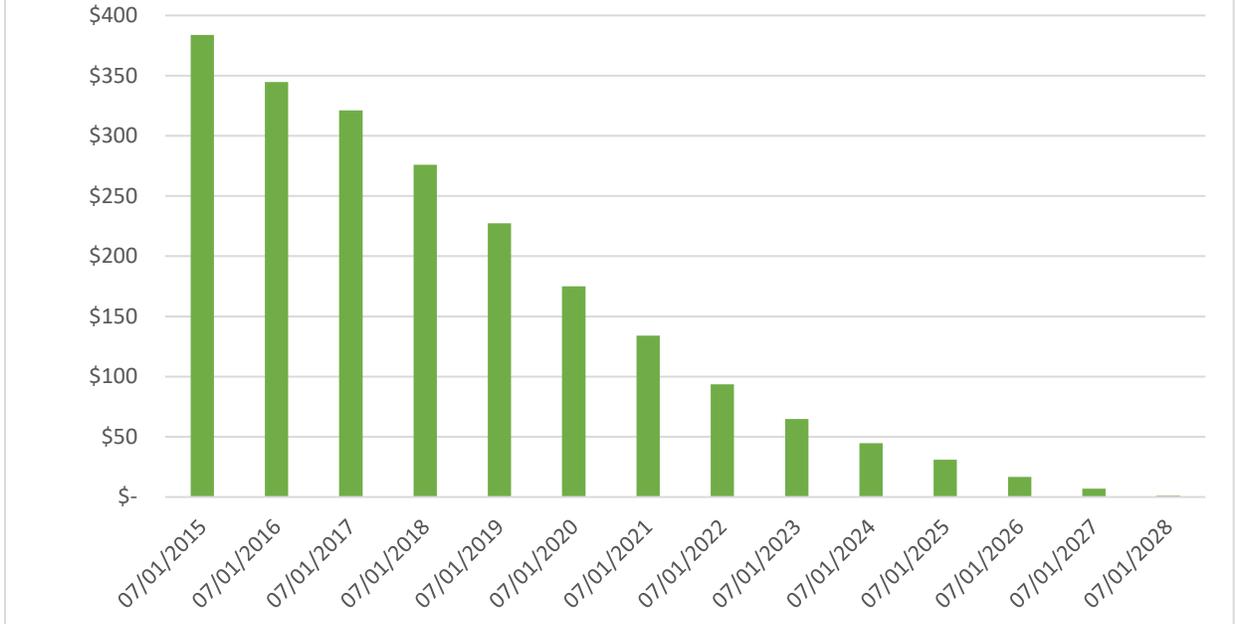
**Pima County's Long Term Debt Profile
May 2018**

A. Outstanding Debt Assuming No New Issuances



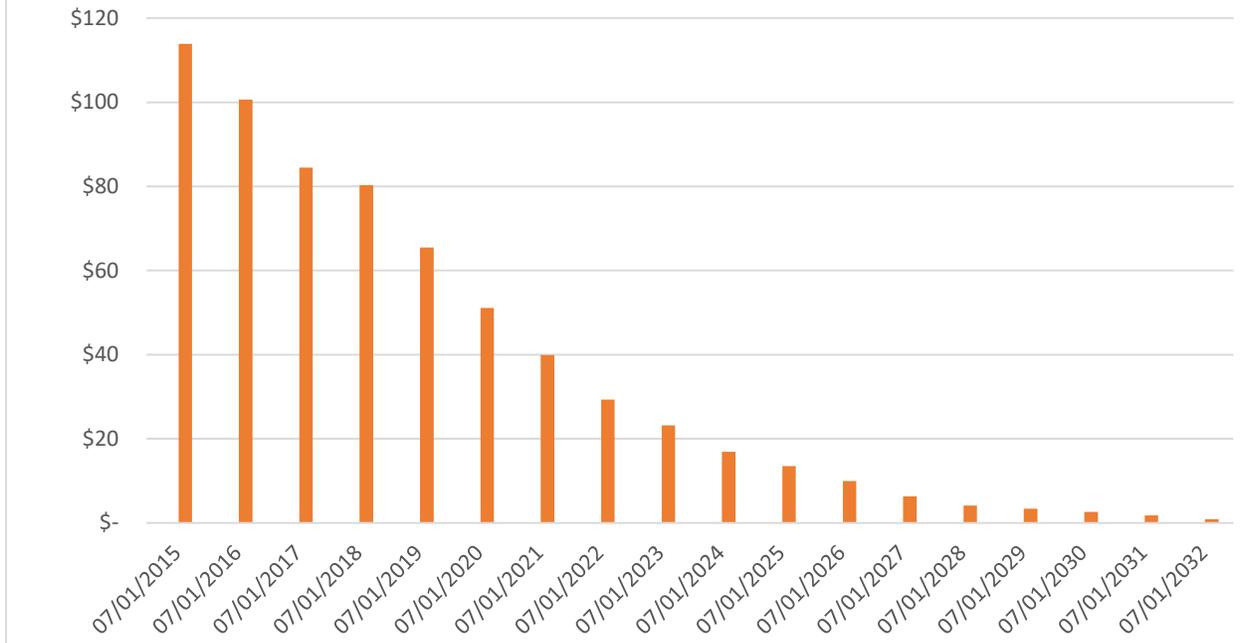
As of July 1, 2018, Pima County's combined long term debt will total \$1.08 billion. This is down \$200 million from July 1, 2015. The debt will be reduced by 70 percent within five years, and within 10 years will decrease to \$50 million.

General Obligation Bonds Outstanding Principal (In Millions by Fiscal Year)



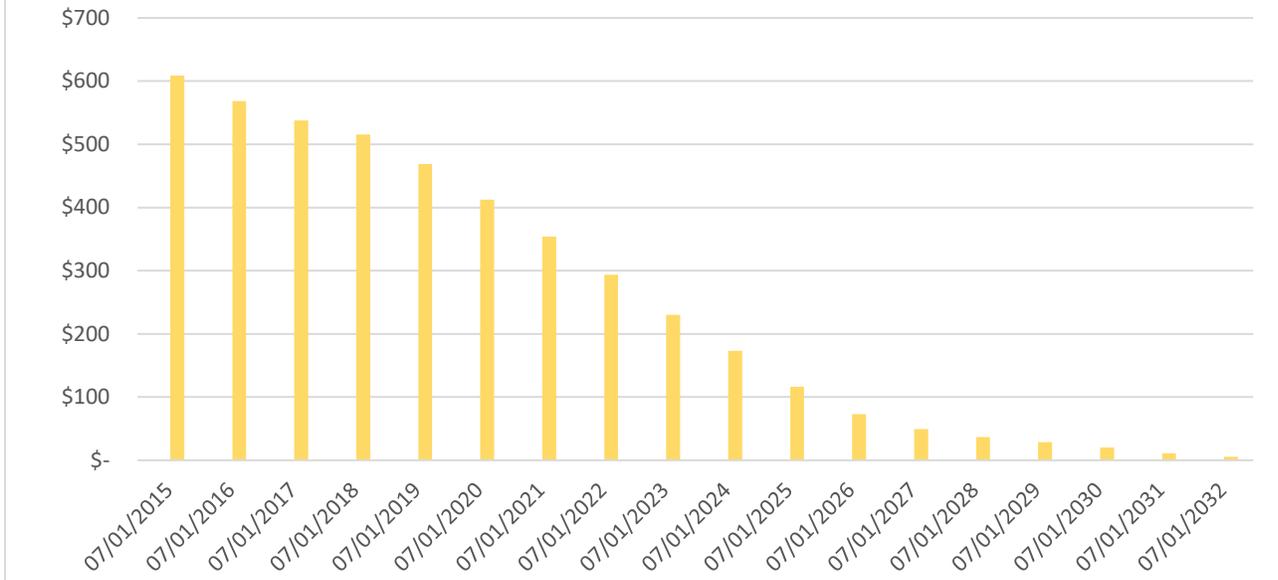
Pima County sold the remainder of the voter-authorized general obligation bonds in early 2017. As of July 1, 2018, Pima County's outstanding general obligation bond debt will total \$276 million. This is down \$108 million from July 1, 2015. The debt will be reduced by 75 percent within five years, within 10 years will decrease to \$985,000, and will be completely paid off within 11 years.

Street & Highway Bonds Outstanding Principal (In Millions by Fiscal Year)



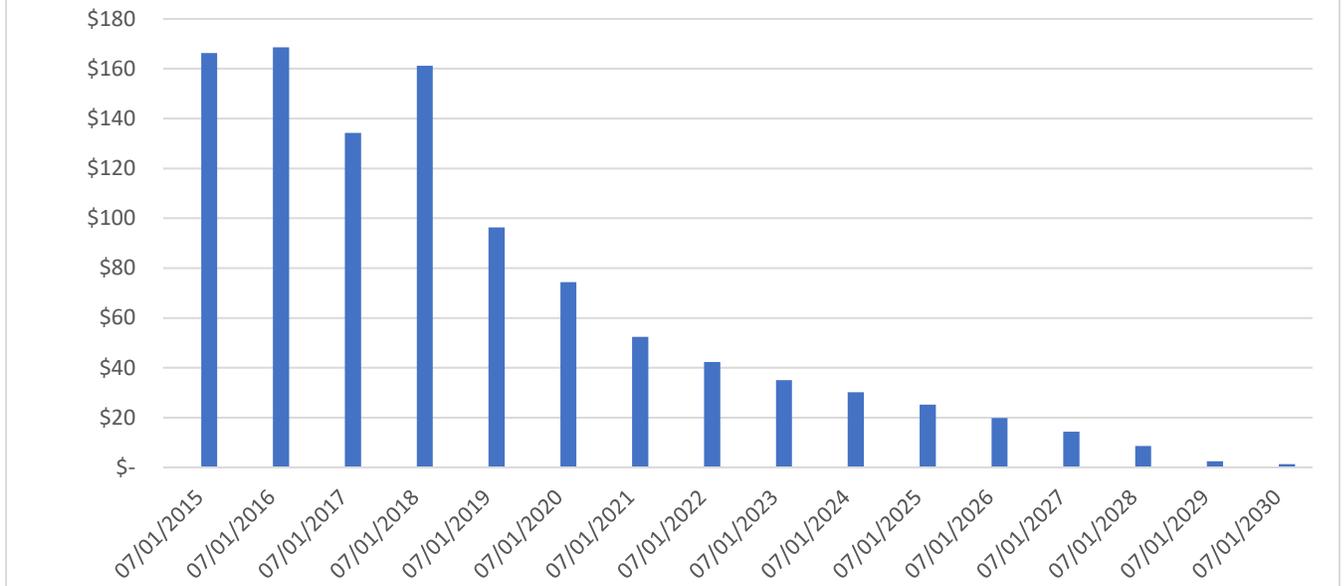
As of July 1, 2018, Pima County's outstanding HURF bond debt will total \$80 million. This is down \$34 million from July 1, 2015. The debt will be reduced by 70 percent within five years, within 10 years will decrease to \$4 million, and will be completely paid off within 15 years.

Sewer Revenue Debt Outstanding Principal (In Millions by Fiscal Year)



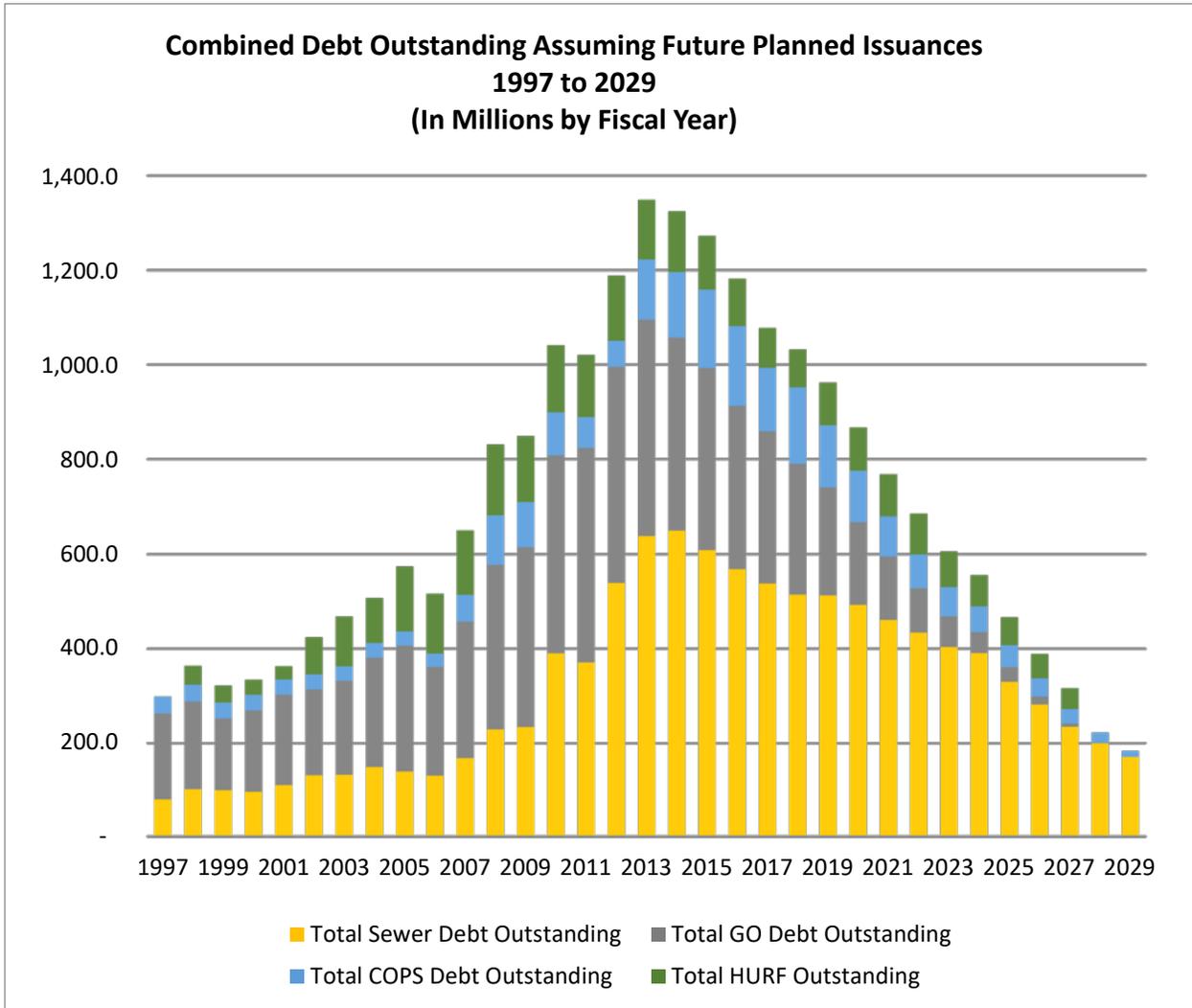
As of July 1, 2018, Pima County's outstanding sewer revenue debt will total \$515 million. This is down \$94 million from July 1, 2015. The debt will be reduced by 55 percent within five years, within 10 years will decrease to \$37 million, and will be completely paid off within 15 years.

Certificates of Participation Outstanding Principal (In Millions by Fiscal Year)

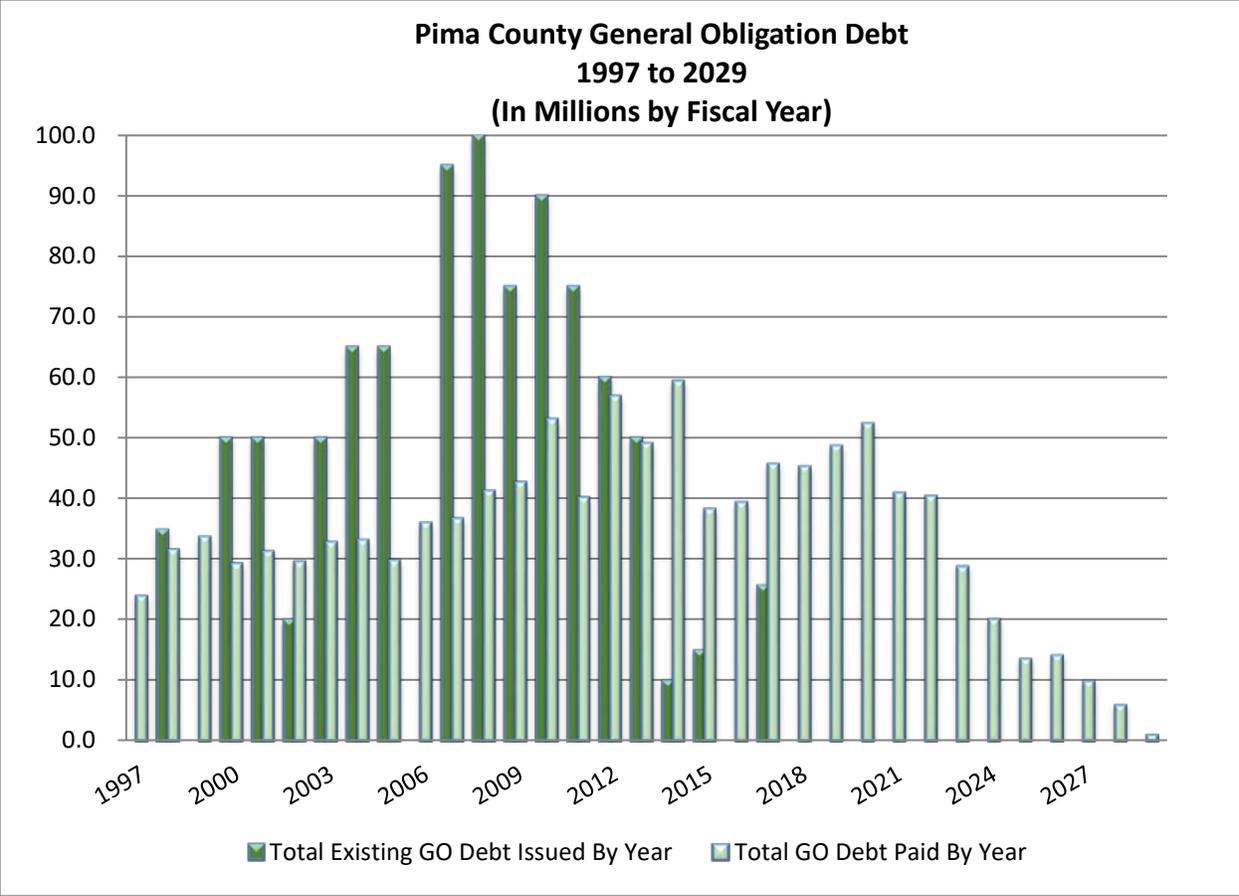


As of July 1, 2018, Pima County's outstanding certificates of participation debt will total \$161 million. This is down \$5 million from July 1, 2015. The debt will be reduced by 80 percent within five years, within 10 years will decrease to \$9 million, and will be completely paid off within 13 years.

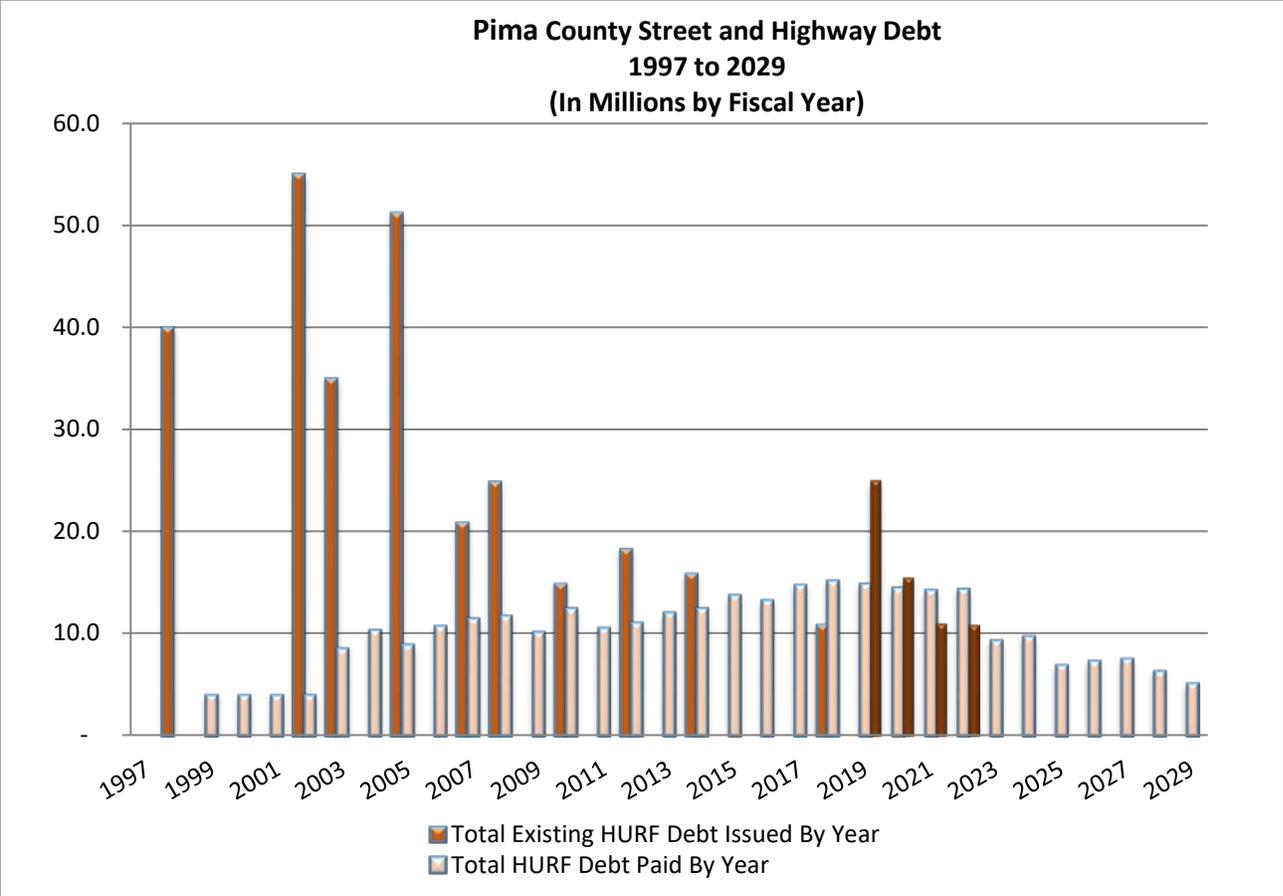
B. Historical and Future Debt Issuances and Payments



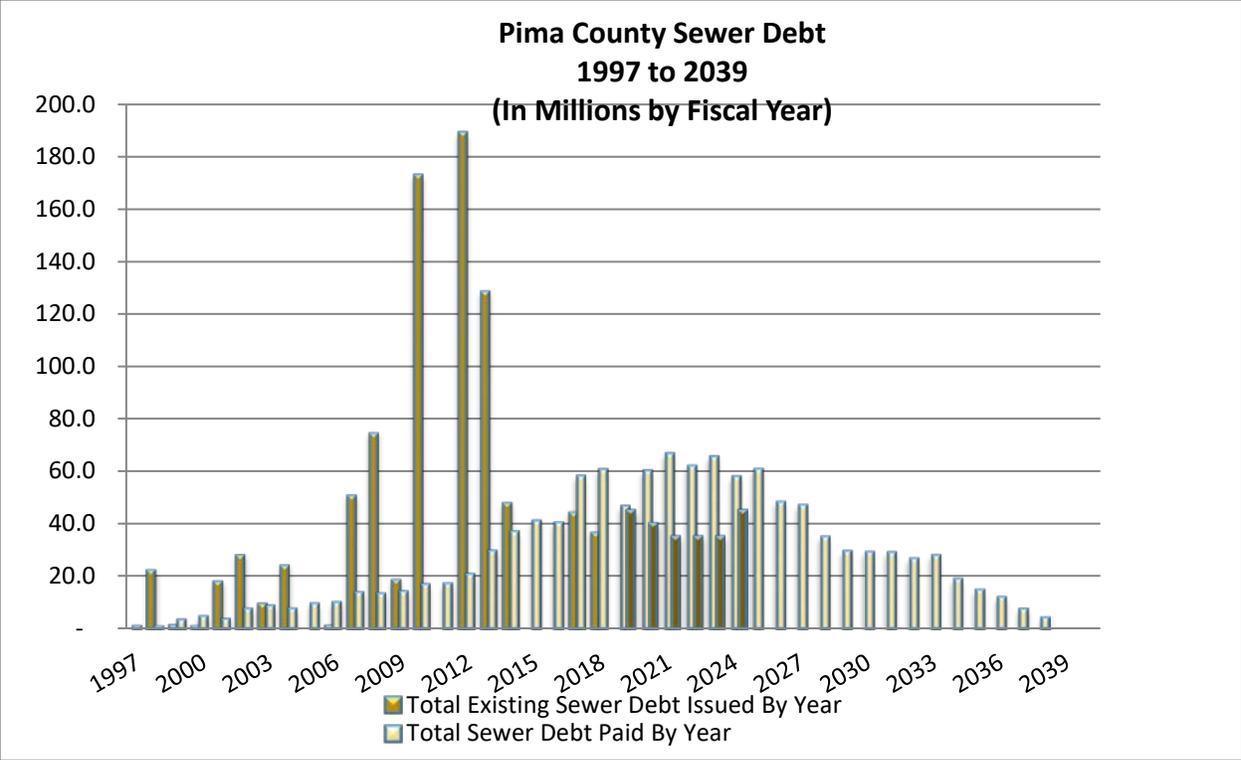
Assumes future planned issuances of remaining HURF bond authorization, sewer revenue debt, and COPS, as described below the following graphs.



The above graph assumes no new issuances of general obligation bonds as the final voter-authorized bonds from the 1997, 2004 and 2014 elections were sold in early 2017.

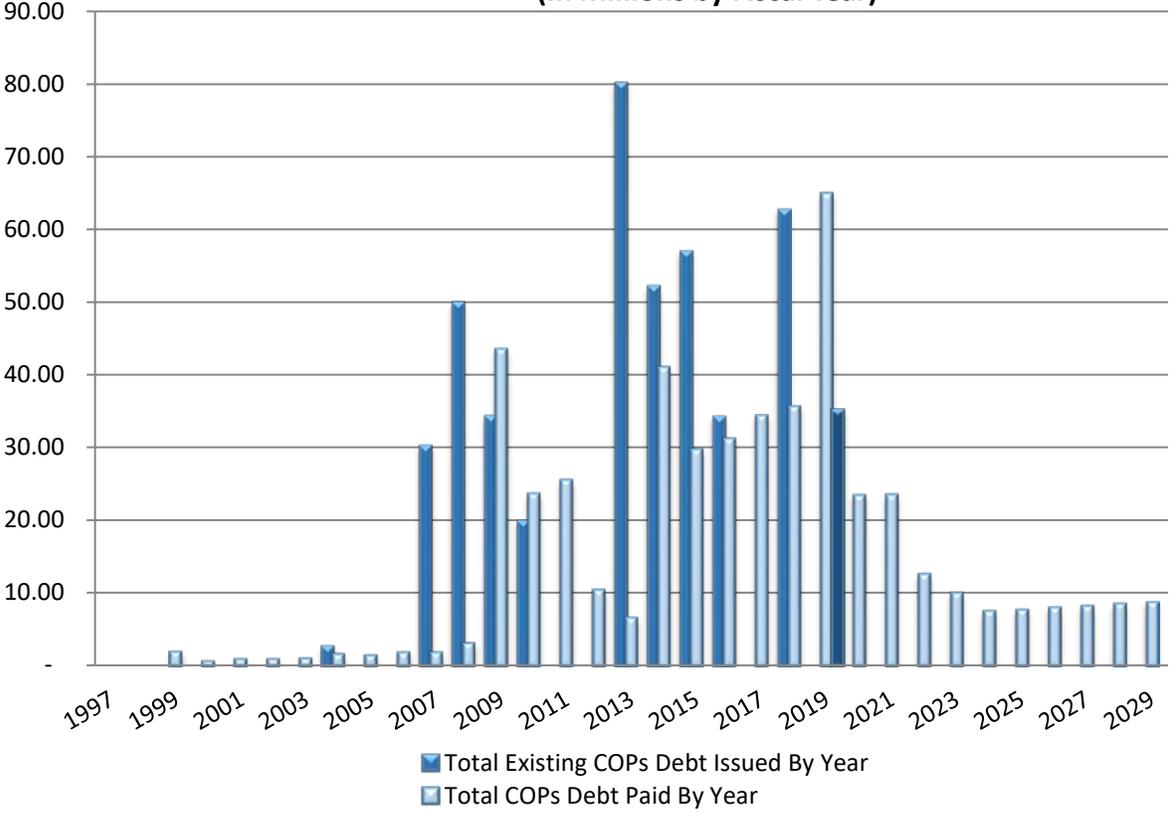


The above graph assumes the sale of \$25 million in HURF bonds in 2019, \$15.5 million in 2020, \$11 million in 2021 and the final \$11 million in 2022, which will then exhaust all of the 1997 HURF bond authorization.



The above graph assumes the sale of \$45 million of sewer revenue debt in 2019, \$40 million in 2020, \$35 million in 2021, \$35 million in 2022, \$35 million in 2023, and \$45 million in 2024.

**Pima County Certificates of Participation Debt
1997 to 2029
(In Millions by Fiscal Year)**



The above graph assumes the sale of \$35 million of certificates of participation in 2019.