

Pima County Bond Advisory Committee
Meeting

Friday February 6, 2015
8:00 A.M.

Abrams Public Health Building
3950 S. County Club Road
First Floor Conference Room
Tucson, Arizona

SUMMARY OF MEETING

Committee Members Present

Larry Hecker, Chair
Carolyn Campbell, Vice Chair
Joe Boogaart
Ed Buster (arrived at 8:13 a.m.)
Donald Chatfield
Gary Davidson
Paul Diaz (left at 10:55 a.m.)
Tom Dunn
Brian Flagg
Kelly Gomez (arrived at 8:20 a.m.)
Kelly Gottschalk
Terri Hutts
Michael Lund
David Lyons
Wade McLean
Ted Prezelski
Patty Richardson
Chris Sheafe (arrived at 8:13 a.m.)
Matt Smith (arrived 8:15 a.m.)
John Sundt
James Ward
Tom Warne
Greg Wexler

Committee Members Absent

Rene Gastelum
Dan Sullivan

MOTIONS

MOTION: Paul Diaz moved, seconded by Michael Lund, to approve the January 23, 2015 meeting summary. Motion approved 19-0.

MOTION: Ted Prezelski moved, seconded by James Ward, to move forward with the recommendations of the trio [\$640 million joint recommendations].

SUBSTITUTE MOTION: Tom Warne moved, seconded by Tom Dunn, to go back with these recommendations to the various jurisdictions and then come back with their input.

AMENDMENT TO SUBSTITUTE MOTION BY WADE MCLEAN: Add that jurisdictions would also consider impacts to their operation and maintenance budget and how projects would be phased. Tom Warne and Tom Dunn accepted the amendment.

RESTATEMENT OF THE SUBSTITUTE MOTION BY CHAIRMAN: To tentatively approve this plan subject to receiving input from jurisdictions on their priorities, phasing and operations and maintenance.

RESTATEMENT OF THE SUBSTITUTE MOTION BY TOM WARNE, MAKER OF THE MOTION: To accept the \$640 million, the dollar amount, then go from that \$640 million back to the jurisdictions, see what they requested, how they prioritize, what is really important, let them consider it, everyone has to live within the \$640 million. Then Wade McLean suggested that phasing be involved because they know which they want first or last, and I accepted that.

RESTATEMENT OF THE SUBSTITUTE MOTION BY CHAIRMAN: To send this package to the jurisdictions for feedback on jurisdictional allocation, phasing, project prioritization, and operations and maintenance, and if you add something you have to take it away from something else. Tom Warne, maker of the motion, responded that he agreed 100 percent, with the caveat that if something was allocated to Oro Valley but it is a Marana project then there is good cause to reallocate that project.

RESTATEMENT OF THE SUBSTITUTE MOTION BY THE CHAIRMAN WITH CORRECTIONS FROM TOM WARNE, MAKER OF THE MOTION: To tentatively approve the \$640 million dollars [not the joint recommendations package] and ask that the jurisdictions return to us with their priorities on a project basis, their feelings concerning jurisdictional allocation, and phasing. Motion failed 12-9 with 2 abstentions.

ORIGINAL MOTION AS RESTATED BY THE CHAIRMAN: To tentatively approve this package with the understanding that there will be public meetings, opportunities to hear from jurisdictions and one more Bond Committee meeting. Motion approved 12-11. Note this motion was later reconsidered and failed on reconsideration.

MOTION: Don Chatfield moved, seconded by Paul Diaz, to reconsider the original motion. Motion approved 13-10. Original motion was then restated as moving this package forward to the Board as is. Motion failed 17-6.

MOTION: Tom Warne moved, seconded by Kelly Gottshalk, for the Committee to accept \$640 million as the size of the bond package. Motion approved 15-8.

MOTION: Ed Buster moved, seconded by Chris Sheafe, to adjourn the meeting. Motion approved 22-0.

MEETING SUMMARY

1. Welcome

The meeting began at 8:06 a.m. with a quorum.

2. Approval of the January 23, 2015 meeting summary

MOTION: Paul Diaz moved, seconded by Michael Lund, to approve the January 23, 2015 meeting summary. Motion approved 19-0.

3. Planning for a possible 2015 bond election – upper limit of total bond package

County Supervisor Richard Elias spoke to the Committee.

County Administrator Chuck Huckelberry summarized his memorandum to the Committee concerning the financial ability of the County to support a \$640 million or \$650 million bond authorization within the conservative parameters that the County has typically used to manage bond debt.

Committee discussion:

- \$640 million would not be sold all at once, but in annual increments over a 10 year period.
- The Committee first recommends which projects to include and at what amount, and then later advises the Board of Supervisors on which projects would be built first over that 10 year period.
- Mr. Huckelberry did not redo the multi-colored graph provided in a prior year that showed the level of bond debt compared to other County debt over time, but he could do so.
- Mr. Huckelberry was complimented on the County's fiscal responsibility during the recession.

4. Planning for a possible 2015 bond election – upper limit of total bond package

Chairman Hecker summarized the memorandum and joint project recommendations totaling \$640.7 million developed by himself, Vice-Chair Campbell and Mr. Huckelberry. He stressed that these are preliminary recommendations intended to serve as a starting point for the Committee input, discussion and modification. He then offered the following alternatives to the joint recommendations approach: (i) a subcommittee could be formed to make a recommendation to the full committee, (ii) individual members could develop their own alternative recommendations, (iii) the full committee could go through each project again, or (iv) a decision making computer lab hosted by Pima Association of Government. Other documents provided to the Committee prior to this meeting included possible groupings of projects by ballot question and an analysis of the joint recommendations. Nicole Fyffe summarized the analysis of the joint recommendations, which was one method for assessing geographical equity based on the value of projects and corresponding assessed property values necessary to pay back debt.

Committee discussion:

- The City of Tucson and unincorporated Pima County are so large that it is necessary to review maps to assess geographical balance within the city, or between unincorporated communities, as opposed to just determining that the City or unincorporated Pima County received their fair share overall.
- Information provided is a good first step.

- Support for the joint recommendations overall, while some individual project recommendations could have been different.

MOTION: Ted Prezelski moved, seconded by James Ward, to move forward with the recommendations of the trio [\$640 million joint recommendations].

Committee discussion continued:

- Dismay with some of the project level recommendations within the joint recommendations, but overall support and willingness to compromise.
- The joint recommendations appear to be representative of the interests of Committee members.
- Need to keep in mind that the package needs support from three of the five Board of Supervisors.
- It would be a mistake to not go back to the jurisdictions as they may want to allocate their fair share differently.
- Need 50 percent of the vote plus 1, not just the support of the Board of Supervisors.
- Some of the projects located in the City of Tucson are not a priority for the City Council.
- 150 special interests have attended meetings, but they may not represent the will of the total County population.
- City of Tucson is fiscally challenged, but the County is facilitating the City taking on more operating and maintenance obligations.
- Infrastructure deficiencies need to be addressed first.
- Taxpayers should not invest in failed businesses.
- No documentation of 3rd party commitments to other funding.
- Perhaps the real reason the County is purchasing land is for the water rights.
- Agreement with taking the joint recommendations back to the jurisdictions.
- Disagreement with a couple of project recommendations, but overall the Chairs and Mr. Huckelberry did a pretty good job.

SUBSTITUTE MOTION: Tom Warne moved, seconded by Tom Dunn, to go back with these recommendations to the various jurisdictions and then come back with their input.

Committee discussion continued:

- Already had substantial input from jurisdictions and they each have a representative on this committee.
- In response to a question, Mr. Huckelberry explained that the open space program actually facilitates other bond projects by providing the endangered species mitigation for those project, and it's a multigenerational investment.
- Support for checking in with jurisdictions to see if cuts to their projects impact the feasibility of the projects.
- Objection to the Chairs and Mr. Huckelberry developing recommendations since the Committee never discussed that process.
- Some cuts to projects are inexplicable and never discussed at these meetings.
- Supervisor Valadez was quoted on the radio as stating that this is not the right time for a bond election because people are still concerned about the economy, and that his office hears most about road conditions and need for jobs.
- The joint recommendations continue to ignore some geographical areas.
- We need to address the road issue.

- Rillito race track \$14 million conversion project was unanimously approved by this Committee, yet the Joint Recommendations show a reduction to \$8 million with some of the funds going to the horse racing grandstands. Mr. Huckelberry replied that he was unaware that the grandstands were part of the \$8 million and would not support that. He agrees the project changes need to be discussed. Present operators have made statements that they may seek another referendum in support of horseracing and we need to avoid that if possible.
- Committee has been unable to reduce the package to the amount necessary and therefore these joint recommendations should be supported.
- Do not support going back to the jurisdictions or soliciting more public input as we have heard from so many people already over all these years.
- Appreciate the leadership shown by developing the joint recommendations.
- Support more jurisdictional input and also asking them what phasing they'd like to see so that they can manage budgetary impacts from operation and maintenance costs.

AMENDMENT TO SUBSTITUTE MOTION BY WADE MCLEAN: Add that jurisdictions would also consider impacts to their operation and maintenance budget and how projects would be phased. Tom Warne and Tom Dunn accepted the amendment.

- Tucson Police Department facilities should be considered regional benefit projects and the County's substation was misallocated to the City's share.
- Need consensus of support from jurisdictions.
- Public safety projects were submitted towards the end of the process and alternatives were provided.
- The diversity of support shown in letters for the open space program is impressive.
- John C. Scott recently stated that he thought voters would be willing to vote for a bond issue.
- Supervisor Valadez is pragmatic and wants to see his constituents served.
- In 2004 the economy was a lot different; we've now had 8 years of recession and it could be difficult for organizations to raise matching funds.
- The amount for open space marginalizes other needed projects for today's generations.
- Not in favor of passing the joint recommendations as is.
- Need more public input and open houses.

RESTATEMENT OF THE MOTION BY CHAIRMAN: To tentatively approve this plan subject to receiving input from jurisdictions on their priorities, phasing and operations and maintenance.

Committee discussion continued:

- Would like to have known Chairman Hecker and Vice-Chair Campbell were meeting, and should have included other members.
- Cannot support a total package of more than \$500 million.
- Request for restatement of the motion.

RESTATEMENT OF THE SUBSTITUTE MOTION BY TOM WARNE, MAKER OF THE MOTION: To accept the \$640 million, the dollar amount, then go from that \$640 million back to the jurisdictions, see what they requested, how they prioritize, what is really important, let

them consider it, everyone has to live within the \$640 million. Then Wade McLean suggested that phasing be involved because they know which they want first or last, and I accepted that.

Committee discussion continued:

- Can we get feedback in time before next meeting on February 27 from the City of Tucson? Response was yes from Kelly Gottschalk.
- Does motion mean that the City of Tucson can take project funding from Marana for example? No, said Tom Warne, but if a project was unfairly allocated to the wrong jurisdiction, it needs to be corrected.
- City of Tucson needs to take a look at the \$640 million jointly recommended, and how project funding was allocated, and did the City get its fair share. This can be done by taking the regional projects off the top, then looking at the pro rata share for the City.
- We have considered the jurisdictional requests and input for many years and this additional process is concerning as it could just increase the total amount again.
- Request for restatement of the motion.

RESTATEMENT OF THE SUBSTITUTE MOTION BY CHAIRMAN: To send this package to the jurisdictions for feedback on jurisdictional allocation, phasing, project prioritization, and operations and maintenance, and if you add something you have to take it away from something else. Tom Warne, maker of the motion, responded that he agreed 100 percent, with the caveat that if something was allocated to Oro Valley but it is a Marana project then there is good cause to reallocate that project.

Committee discussion continued:

- Public input has been continuous. Support for original motion.
- Want to strive for jurisdictional consensus.
- Should the Committee ask the Board for direction on whether \$640 million is ok.
- Board has not heard all of the public input that the Committee has heard and therefore the Committee is a better judge at this point.
- Board appoints committee members, as does Oro Valley and the representative for Oro Valley stated support for the joint recommendations.
- Appears the only hold up is the City of Tucson.
- Will City stay within its fair share? Kelly Gottschalk responded, yes, so long as it is in fact the City's fair share.
- Most people have no idea whether a park is in one jurisdiction or another.
- Agree, but there are no projects in Ward 3 and it is bigger than some of the other cities.
- Request to call the motion.
- Need to vote on substitute motion first

RESTATEMENT OF THE SUBSTITUTE MOTION BY THE CHAIRMAN WITH CORRECTIONS FROM TOM WARNE, MAKER OF THE MOTION: To tentatively approve the \$640 million dollars [not the joint recommendations package] and ask that the jurisdictions return to us with their priorities on a project basis, their feelings concerning jurisdictional allocation, and phasing. Motion failed 12-9 with 2 abstentions.

ORIGINAL MOTION AS RESTATED BY THE CHAIRMAN: To tentatively approve this package with the understanding that there will be public meetings, opportunities to hear from jurisdictions and one more Bond Committee meeting. Motion approved 12-11. Note this motion was later reconsidered and failed on reconsideration.

5. Next Meeting

Chairman Hecker stated that the next Committee meeting would be on February 27 and that staff would hold public open houses before then to receive in-put on the package and that the Committee would then have the benefit of that additional input to consider at the February 27 meeting.

Committee discussion:

- Confusion as to whether the last motion forwarded to the Board the \$640 million joint recommendations, and if so whether there is a need to meet again.
- Could discuss project phasing at next meeting.

Ted Prezelski asked if at a future meeting the Committee could receive information on how the election would be conducted since the City conducts mail only elections and the County does not. Mr. Huckelberry replied that the County is prohibited by statute from conducting mail only elections. The County will have precincts open and will direct any city voters to the appropriate office. Mr. Prezelski said he was still concerned and requested a memo with more information.

Chairman Hecker stated that he would oppose the motion to cancel the next meeting as he misunderstood the previous motion forwarding the joint recommendation to the Board, and thought it was to give the Committee time to discussion the joint recommendations, get public input, and jurisdictional input.

Committee discussion included reconsidering the last approved motion or asking the Board for direction concerning the upper limit of bond funding for a bond package. Various motions were made and withdrawn, including a motion to cancel the next meeting. The following motions were the final version of the motions that were actually voted on.

MOTION: Don Chatfield moved, seconded by Paul Diaz, to reconsider the original motion. Motion approved 13-10. Original motion was then restated as moving this package forward to the Board as is. Motion failed 17-6.

MOTION: Tom Warne moved, seconded by Kelly Gottshalk, for the Committee to accept \$640 million as the size of the bond package. Motion approved 15-8.

Patty Richardson noted that the Committee now has 3 weeks before the next meeting to review the joint recommendations and get input.

The next meeting will be held on February 27 and an agenda item will be to continue discussing the \$640 million joint recommendations.

6. Call to the Audience

Dave Devine stated that politics is messy.

Mark Blakeman spoke on behalf of the Symphony and asked for discussion concerning the \$5 million request for a match.

Karla Van Drunen Littoy spoke in support of the Downtown Community Theaters and Cultural Landscape project and stated that it would be hard to deliver that project with a 30 percent cut in funding.

Tom Sheridan spoke in support of the Altar Valley Watershed Restoration project and stated that while the proponents are willing to accept a cut in bond funding, they would like to see at least \$500,000 restored to the project.

Judy Bowser stated that she lives in Oro Valley and supports the Downtown Community Theaters and Cultural Landscape project.

Anne Maley spoke in support of the Old Tucson repurposing project and stated that it would be difficult for her organization to raise the recommended funding through a capital campaign.

Pima County Supervisor Ally Miller spoke about additional tax rate increases that may be necessary, rising sewer fees, road conditions, the preference to receive a project specific package of recommendations from the Committee as opposed to just a number, and questioned the recommendation to delete bond funding for election equipment.

7. Meeting Adjourned

MOTION: Ed Buster moved, seconded by Chris Sheafe, to adjourn the meeting. Motion approved 22-0.

Meeting adjourned at 10:58 a.m.

Note that speaker cards for those members of the audience that selected not to speak or submitted speaker cards but did not speak are attached to this meeting summary.