

## **Report and Recommendations on Amending Pima County's 2004 Bond Ordinance Pima County Bond Advisory Committee, September 20, 2013**

### **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 and towns, and other County committees.

This round of bond ordinance amendments only affects two projects from the May 18, 2004 General Obligation Bond Program:

#### 2004 GO

4.2 Canoa Ranch Buildings Rehabilitation

4.46 Wilmot Branch Library Replacement or Relocation

### **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, often 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, 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.

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The County Bond Advisory Committee is tasked with reviewing and making recommendations to the Board of Supervisors regarding all proposed bond ordinance amendments. Although not required by the Truth in Bonding Code, the Library District Advisory Board will consider and make a recommendation regarding the proposed changes to Project 4.46 Wilmot Branch Library Replacement or Relocation. They are scheduled to meet on September 9, 2013.

**III. Recommended Amendments Relative to the 2004 General Obligation Bond Program**

The 2004 ordinance is 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 double-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.

**4.2 Canoa Ranch Buildings Rehabilitation**

This project was completed earlier this year. This ordinance amendment would correct the amount listed for other funding to reflect \$150,000 from an ASARCO settlement that was spent for the portion of the project that involved building rehabilitation and restroom construction.

**4.46 Wilmot Branch Library Replacement or Relocation**

The reconstruction of the Wilmot Library was completed in January 2011 for \$4.8 million, \$2.2 million less than the \$7 million of bond funds originally allocated to the project. A bond ordinance amendment was approved in 2010 that resulted in the expenditure of \$112,650 on the acquisition of State Trust land adjacent to Manzanita District Park and Drexel Heights Community Center. Another bond ordinance amendment was approved in 2011 that resulted in the expenditure of \$1,764,459 to expand the Eckstrom-Columbus Library, which has since been completed. These amendments were considered and recommended by the Library District Advisory Board, the Bond Advisory Committee and the Board. An additional \$23,636 was spent in 2012 on developing a children’s interactive center at the Wilmot Library, which did not necessitate a bond ordinance amendment. This leaves \$302,255 in bond authorization available. The Library is requesting one final bond ordinance amendment that would expand the scope of the project to allow for the following improvements with remaining bond funds plus approximately \$38,000 in other funding from the Library District Fund Balance:

- Himmel Library – interior improvements, roof and air conditioning replacement
- Nanini Library – air conditioning replacement
- Woods Memorial Library – chiller replacement