



MEMORANDUM

Date: October 26, 2007

To: Chair and Committee Members
Pima County Bond Advisory Committee

From: 
Nicole Fyffe
Executive Assistant to the
County Administrator

Re: **Public Works Bond Subcommittee Recommendations**

Background

The Public Works Bond Subcommittee, made up of Chairman Greg Wexler and Subcommittee members Chris Sheafe and Carolyn Campbell, met 6 times since first meeting on February 7, 2007. The Subcommittee heard presentations on proposed bond projects from Suzanne Shields, Director of the Regional Flood Control District, Ursula Kramer, Director of the Department of Environmental Quality, Priscilla Cornelio, Director of Transportation, and Mike Gritzuk, Director of Wastewater Management.

The Subcommittee used the following priorities for project selection:

Regional Flood Control District:

1. Protecting existing community infrastructure
2. Balance community investment by area
3. Enhanced collateral investments (demonstrates matching funds)
4. Safety and increased capacity

Transportation:

1. Protecting existing infrastructure
2. Capacity enhancement with balanced community benefit by area not covered by RTA
3. Safety with balanced benefit by area

Solid Waste:

1. Required timeline commitment i.e. landfill closing or regulatory requirement
2. Additional capacity
3. Cooperative opportunity with cost or capacity efficiency
4. Long term capacity enhancement

Wastewater Management:

1. Meet regulatory requirements
2. Capacity expansion to meet current and near term demand expansion
3. Enhance long term capacity
4. Complimentary investment benefit and overall water use/supply benefit

Flood Control

Suzanne Shields reduced the initial list of proposed projects to 11 projects totaling \$73,150,000, in priority order. Ms. Shield's priorities focus first on the major rivers, and second on neighborhood urban drainage issues. The Subcommittee supports these recommended projects totaling \$73.15 million.

Major Rivers: The Pantano Wash was proposed as highest priority because of its vulnerability to severe bank erosion that could threaten private development valued at more than \$150 million. Particular sections are in need of repair and stabilization after the 2006 flood events. This project would also provide further river park development. The confluence of the CDO Wash and Rillito River at the Santa Cruz River, was deemed second highest priority due to the risk of massive erosion damage should the east bank of the sand and gravel pit fail, and also due to the opportunities for environmental restoration.

Urban Drainage: Funding for the Black Wash Drainage Basin would be combined with private funding to encourage smart growth in areas outside of the County's Conservation Lands System. The remainder would address existing urban/neighborhood flooding issues and provide for urban infill opportunities. High priority projects from other jurisdictions were either included in this category as stand alone projects, or would be eligible for funding under the Neighborhood/Access Drainage Improvements program.

Many of these projects provide for value added amenities such as parks and recreational facilities. Other funding sources will be used to complete the projects in addition to the requested bond funds, and multiple jurisdictions benefit from the projects.

Subcommittee Recommended Flood Control Projects

<u>Priority</u>	<u>Project</u>	<u>Bonds</u>
1	Pantano Wash - Speedway to Tanque Verde Rd, Rillito to Tanque Verde Rd	\$ 12,950,000
2	Santa Cruz River - Rillito and CDO Confluence	\$ 15,000,000
3	Black Wash Detention Basin	\$ 6,000,000
4	Green Valley Drainage Ways 3,6,9,13,17	\$ 3,000,000
5	Neighborhood/Access Drainage Improvements	\$ 10,000,000
6	Twin Peaks Drainage	\$ 1,000,000
7	Pascua Yaqui Storm Water Improvements	\$ 6,000,000
8	CDO Wash Floodplain and Open Space	\$ 5,000,000
9	Columbus Wash	\$ 10,700,000
10	Chalk Wash	\$ 1,000,000
11	South Tucson - S. 7th Ave (28th to 29th St.)	\$ 2,500,000
Total		\$ 73,150,000

Solid Waste

With the exception of a minor edit, the Subcommittee supports the projects recommended by Ursula Kramer, Director of Department of Environmental Quality (DEQ), totaling \$17.3 million. Pima County's Solid Waste Management operates four landfills (Sahuarita, Tangerine, Ina, and Ajo) and two transfer stations (Catalina and Ryan Field). Further

expansion of the Sahuarita Landfill is the highest priority request from DEQ. Closure of the Tangerine Landfill with need to occur shortly. The Ina Road and Ajo Landfills are also in need of expansion, but are a lower priority.

Subcommittee Recommended Solid Waste Projects

<u>Priority</u>	<u>Project</u>	<u>Bonds</u>
1	Sahuarita Landfill Development	\$ 4,800,000
2	Tangerine Closure	\$ 6,000,000
4	Ina Road landfill	\$ 6,000,000
5	Ajo Landfill	\$ 500,000
Total		\$ 17,300,000

Transportation Safety Program

Priscilla Cornelio, Director for the Department of Transportation, recommended \$50 million for continuation of the Transportation Safety Program. Improvements constructed as part of the Transportation Safety Program, originally funded at \$19 million through the 1997 HURF Bond Program, have demonstrated significant safety benefits, decreasing accident rates an average of 25 percent. Forty-five improvement projects were constructed under this program. Funding for this program is almost fully expended. The Department of Transportation is requesting \$50 million in bond funds from a 2008 bond election in order to continue this program. Improvements under this program include traffic signals, intersection improvements, left-turn lanes, street lighting, school crossings, and other safety projects.

Because this program is run as an ongoing program without a predetermined list of projects, safety improvements can be made in a manner that is responsive to the needs of the community as they arise. As a result, this program has been popular with the public.

It is proposed that the bond funding for this program be allocated based on each jurisdictions contribution in residential secondary assessed valuation. If funded at \$50 million, the table below shows the allocation to each jurisdiction based on this formula. The cities and towns have expressed support for this program and the allocations. The Subcommittee supports \$50 million for this program, with allocations based on each jurisdictions contribution in residential secondary assessed valuation.

Subcommittee Recommended Transportation Safety Program

<u>Jurisdiction</u>	<u>Percent of County*</u>	<u>Bond Funds</u>
City of Tucson	38.8%	\$19,400,000
City of South Tucson	0.1%	50,000
Town of Oro Valley	8.1%	4,050,000
Town of Marana	3.9%	1,950,000
Town of Sahuarita	1.9%	950,000
Unincorporated Pima County	47.2%	23,600,000
Total Pima County	100.0%	\$50,000,000

*Based on residential secondary net assessed value.

Wastewater

Mike Gritzuk, Director of Wastewater Management, recommended projects totaling \$565 million, the majority of which are mandated. Sewer revenue bonds are used by Pima County to fund wastewater infrastructure improvements. The debt on Sewer Revenue bonds is paid back from user fees and connection fees. Even if the Bond Advisory Committee recommends and voters approve Sewer Revenue bonds, bonds cannot be sold until or unless the Board of Supervisors approves adequate user and connection fees to repay the debt.

After recent studies and consultations with numerous experts and stakeholders, significant capital improvement needs have been identified in the areas of regulatory compliance, rehabilitation and repair, capacity expansion, and odor abatement. The majority of these needs, financially, fall under regulatory compliance associated with a mandate to reduce ammonia/nitrogen concentrations in effluent discharge. Under an agreement with the Arizona Department of Environmental Quality, Pima County is mandated to be in compliance by 2015. Pima County is the only major municipality in Arizona to have not yet met the required reduction in nitrogen concentrations. Other municipalities that have failed to meet these regulatory requirements have been heavily fined and placed under additional regulatory mandates such as consent decrees.

The capital improvements associated with the regulatory mandate to reduce nitrogen concentrations are proposed as part of the Regional Optimization Master Plan (ROMP) program. To this end, the program includes:

- Expanding Ina Road WWTP to 50 mgd (additional 12.5 mgd)
- Constructing a new 32 mgd water reclamation campus south of the existing Roger WWTP
- Constructing a plant interconnect at 28 mgd average capacity
- Decommissioning of Roger Road WWTP
- Odor control at Ina and the existing Roger Road WWTPs
- Laboratory upgrade, power upgrade and various rehabilitation upgrades

The total cost of the ROMP program is currently estimated at \$536 million and projected to exceed \$1 billion taking into account inflation and debt service costs over the 15 year implementation period. Sewer revenue bond authorization requested from the 2008 bond election assumes significant additional authorization in future bond elections beyond 2008. Proposed 2008 bond-funding requests for projects associated with the ROMP program (mandated projects) total \$445 million.

In addition to the bond projects proposed under the ROMP program, capacity improvements system-wide are needed, as well as expansions to the Marana WWTF, Green Valley WWTF, and the southeast interceptor (Park & 18th) due to continued residential development in areas served by these facilities. These proposed expansion projects total \$95 million in possible 2008 bond funds requests.

Ongoing repair, rehabilitation and replacement of existing infrastructure are also needed and are proposed for \$25 million in possible 2008 bond funds, which means the total request for Sewer Revenue Bonds is \$565 million.

Subcommittee Recommended Wastewater Projects

<u>Project</u>	<u>Bonds</u>
Ina and Roger WWTPs Nitrogen Reduction Processes	\$315,000,000
Ina Laboratory Expansion/Upgrade	\$ 15,000,000
Ina Biosolids Improvements	\$ 40,000,000
Ina Electrical Rehab/Upgrade	\$ 35,000,000
Odor Control at Ina and Roger WWTPs	\$ 40,000,000
System wide Conveyance Capacity and Rehabilitation	\$ 35,000,000
Park & 18th Interceptor	\$ 35,000,000
Green Valley WWTF Expansion	\$ 30,000,000
Marana WWTF	\$ 20,000,000
Total	\$565,000,000

This Subcommittee supports Wastewater Management’s request for \$565 million in sewer revenue bond projects. Sewer revenue bond elections are not restricted to November elections. The Subcommittee would like to see discussions in the future between the County and the City of Tucson regarding the appropriate election date for a sewer revenue bond election.

Summary of Recommendations

The Public Works Bond Subcommittee recommends that the Bond Advisory Committee consider including the general obligation bond projects described above in a possible 2008 bond election:

Flood Control Projects	\$73,150,000
Solid Waste Projects	\$17,300,000
Transportation Safety Program	<u>\$50,000,000</u>
Total GO Bonds	\$140,450,000

Furthermore, the Public Works Bond Subcommittee recommends the Bond Advisory Committee consider funding sewer revenue bond projects, the majority of which are mandated, totaling \$565,000,000.

Summaries of the meetings are available on the County bond web site at www.bonds.pima.gov, or upon request. Individual project description sheets for these recommended projects are not attached due to the large number of projects. A link will be set up on the County’s bond web site in order to provide access to the descriptions. Hard copies are available upon request and will be provided prior to the full meeting dedicated to this topic early next year.

Chair and Members, Pima County Bond Advisory Committee
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- c: The Honorable Chairman and Members, Pima County Board of Supervisors
Greg Wexler, Chair, Public Works Bond Sub-Committee
C.H. Huckelberry, County Administrator
John Bernal, Deputy County Administrator - Public Works
Priscilla Cornelio, Director, Transportation Department
Mike Gritzuk, Director, Wastewater Management
Ursula Kramer, Director, Environmental Quality
Suzanne Shields, Director, Flood Control District
Nancy Cole, Program Coordinator for CIP Project Delivery Group