



MEMORANDUM

Date: December 11, 2017

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

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

Re: **Resolutions Relating to Debt Issues for December 19, 2017 Board Meeting**

There are three resolutions that will be on the Board of Supervisors December 19, 2017 Agenda relating to several debt issuances:

- \$12,000,000 of Street & Highway (Highway User Revenue Fund; HURF) Revenue Bonds.
- \$46,000,000 of Sewer System Revenue Obligations.
- \$64,000,000 of Certificates of Participation.

Street & Highway (HURF) Revenues Bonds. This resolution would authorize staff to sell additional Street & Highway Revenue Bonds not to exceed \$12,000,000. The proceeds of the debt will be used to fund street and highway projects listed within Transportation's Capital Improvement Program in the FY 2017/18 Adopted Budget. These projects include Broadway Boulevard, Euclid Avenue to Campbell; Houghton Road, I-10 to Golf Links; and Kolb Road, Sabino Canyon to Sunrise. These bonds will be repaid within 15 years by Transportation Fund Revenues.

Sewer System Revenue Obligations. This resolution would authorize staff to sell additional sewer system revenue obligations not to exceed \$46,000,000. The proceeds of the debt will be used to fund treatment and conveyance projects listed within the Regional Wastewater Reclamation Fund's Capital Improvement Program in the FY 2017/18 Adopted Budget. Pima County routinely pays for the capital costs of its sewer system by financing them over time. In this way, the costs of the capital assets are better spread throughout the period of time the assets are providing benefits to the system's users. When adopting the fiscal year 2017-18 budget, the Board of Supervisors approved the Regional Wastewater Reclamation Department capital improvement program for \$49 million this year. These obligations will be repaid within 15 years from Wastewater revenues.

Certificates of Participation (COPs). The County cannot do major capital projects using a pay as you go funding methodology because of expenditure limitations restricting the use of cash reserves. We are therefore required to fund projects through issuing debt, such as

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certificates of participation. The resolution for the COPs authorizes staff to sell additional certificate of participation not to exceed \$64,000,000. The proceeds of the debt will be used to fund the Local Road Repair Program and the re-purposing of the Historic Courthouse. Unlike other County debt, which is always repaid within 15 years or less, the Certificates of Participation are general repaid much more quickly. This particular issue is scheduled to be fully repaid in just three years, with final payment in December 2020.

While these three issues represent \$112 million of new debt, more than \$63 million of it will be repaid by the end of 2020. In addition to that repayment, Pima County's repayment of existing debt this fiscal year totals \$148,399,000 and, by the end of Fiscal Year 2019/20, the County will have repaid \$489,246,000. Pima County has historically repaid its debt on a very short term basis compared to most jurisdictions that issue debt for 25, 30 or even 40 year terms.

CHH/mp

c: Tom Burke, Deputy County Administrator for Administration
Keith Dommer, Director Finance Department