



2020 Citizen Bond Exploratory Finance Subcommittee Minutes

Meetings

October 1, 2020

October 22, 2020

November 5, 2020

November 19, 2020

December 3, 2020

December 17, 2020

January 7, 2021

January 14, 2021

January 21, 2021

These minutes are fully searchable within this year by using the "Find Feature".



CITIZEN BOND EXPLORATORY COMMITTEE

Finance Subcommittee

MEETING MINUTES

Thursday, October 1, 2020

MINUTES OF THE **CITIZEN BOND EXPLORATORY COMMITTEE FINANCE SUBCOMMITTEE** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, Third Floor, Large Conference Room, 175 S. Arizona Avenue, Chandler, Arizona.

The following members answered roll call:

Boyd Dunn	Subcommittee Chairman
Garry Hays	Subcommittee Member
Justin Walseth	Subcommittee Member
Kari Zurn	Subcommittee Member
Matt Eberle	Subcommittee Member
Nate Shinagawa	Subcommittee Member
Tami Butcher	Subcommittee Member

Also in attendance:

Dana DeLong	City Clerk
Dawn Lang	Management Services Director
Kelly Schwab	City Attorney
Marsha Reed	City Manager
Matt Dunbar	Budget Manager
Steven Turner	Assistant to the City Manager
Teresa Canjar	Management Assistant

BRIEFING ITEMS

SUBCOMMITTEE CHAIRMAN DUNN called the meeting to order at 4:03 p.m. and gave the subcommittee members and City staff the opportunity to introduce themselves.

SUBCOMMITTEE CHAIRMAN DUNN gave a brief overview of the information that is contained in the binders that were provided to the subcommittee. He also provided an update from the Steering Committee that was earlier in the day.

CITY ATTORNEY KELLY SCHWAB AND CITY CLERK DANA DELONG presented Open Meeting Law A.R.S. 38-431.09 Training.

BUDGET MANAGER MATT DUNBAR AND MANAGEMENT SERVICES DIRECTOR DAWN LANG presented an overview of the previous Bond Election, and the current Capital Improvement Program and Bond Authorization. When reviewing the existing bond authorization slide, the following questions were asked.

SUBCOMMITTEE MEMBER ZURN asked who we petition to move bond authorization from Museum to Parks & Recreation. Director Lang advised that we work with our Bond Counsel who is Gust Rosenfeld which is an outside firm hired by the City. Gust Rosenfeld will be a great resource to this Subcommittee through this process.

SUBCOMMITTEE MEMBER HAYS asked if the historical information from the previous bond election vote is available. Director Lang replied that information is shared in the binders.

SUBCOMMITTEE CHAIRMAN DUNN stated it is beneficial to put things in separate categories, so the voter would have the right to decide what is important based on their priorities and so they don't have to vote on a whole package, with the potential of essential elements not being approved.

SUBCOMMITTEE MEMBER ZURN asked are Public Safety, Fire and Police bond authorization remaining was low because they had significantly larger funds and went through their funds quicker because their expiration date was sooner? Director Lang replied that bond authorization does not expire. Additionally, the City has been able to accomplish all of the planned public safety projects and this is what remains in their authorization category. We pushed out some of their new projects knowing this process would be kicking off.

SUBCOMMITTEE MEMBER HAYS asked if the authorization stays out there forever, does that have an impact on our bond rating? For example, we ask for \$1 billion and we never use it, does that have an impact from the rating agencies if we have a bunch of authorizations not being used? Director Lang replied this does not have an impact on our bond rating. The rating agencies look at our history of how we manage our finances, how we manage our debt, and how we manage our bond sales.

SUBCOMMITTEE CHAIRMAN DUNN asked Director Lang to speak about the obsolescence of projects. In the history of your tenure here, what percentage of projects end up obsolete? Director Lang replied if a planned project becomes obsolete it is removed from the plan, we don't use the authorization, and we don't sell bonds. We adjust the CIP plan yearly based on the updated needs and priorities. If a planned project becomes obsolete, and the new project does not fit within the existing voter approved language, it may need new voter approval.

SUBCOMMITTEE MEMBER HAYS asked if there are separate questions for each category on the ballot? SUBCOMMITTEE CHAIRMAN DUNN replied it is important to define the categories and list the types of projects to the best of our ability so the voters will feel comfortable that they are approving something that won't have much leeway. We want them to be able to feel they are giving direct authorization to what will really happen.

SUBCOMMITTEE CHAIRMAN DUNN stated he found out today there are 3 bonds going out for election in November from Mesa, Glendale and Tempe. Tempe's says no tax increase in their advertisement. He wondered if Mesa or Glendale was asking for a tax increase? Director Lang said we will do some research on this and report back to the group. It will be interesting to see what others are doing for comparison.

SUBCOMMITTEE MEMBER ZURN asked if we have a triple AAA bond rating, what kind of interest rates do we get? Director Lang replied we get very low rates. The last rate on GO bonds was 1.4% to 2%. It just depends on the market at that time.

SUBCOMMITTEE MEMBER HAYS stated we have had a AAA bond rating for over a decade and it is key that Dawn, her staff, Marsha, and Council have made good decisions to allow us to keep that rating. This shows how well the City is run.

SUBCOMMITTEE CHAIRMAN DUNN said the last time he was involved in this process was 2007. Back then, the theory was to keep the involvement under control, because the more people involved means you are going to get a lot of wish list of items. There is no question, we are going to get more items than we can successfully recommend to Council and these decisions all come down to the Finance Subcommittee. The Finance Subcommittee puts the pencil to the paper and works the numbers to see if this wish list is really feasible.

SUBCOMMITTEE MEMBER ZURN asked are we the ones who whittle down the list, take it to Council and present? How does that process work? SUBCOMMITTEE CHAIRMAN DUNN replied the primary responsibility for decreasing the list falls to the Bond Exploratory Committee. The Bond Exploratory Committee is made up of every chairman of the subcommittees. The Bond Exploratory Committee will have a process in place to keep enough of the key items in each area so that the Council will feel comfortable addressing the needs as a whole and people will have enough of a reason to vote yes or no on each category. We are a part of that process by melding in the financial part of things. The finance subcommittee is unique from all the other committees because we will be looking at the dollar figures. We have a Council that is not going to feel comfortable increasing the property tax rate unless there is a critical need to do so.

Members of the Finance Subcommittee had a discussion to establish future meeting dates and format. The next meeting of the Finance Subcommittee will be held on Thursday, October 22, 2020 at 4:00 p.m. and subsequent meetings were proposed for the following dates:

Thursday, November 5, 2020, at 4:00 p.m.
Thursday, November 19, 2020, at 4:00 p.m.
Thursday, December 3, 2020, at 4:00 p.m.
Thursday, December 10, 2020, at 4:00 p.m.

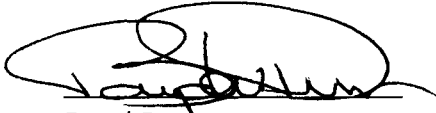
The Steering Committee needs all subcommittee recommendations by December 15. Not sure what our January meetings will look like yet, but the Steering Committee draft report is due January 20.

MEMBER COMMENTS/ANNOUNCEMENTS

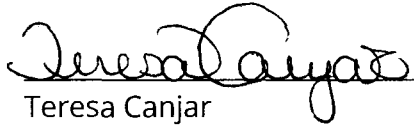
None.

ADJOURNMENT

The meeting was adjourned by SUBCOMMITTEE CHAIRMAN DUNN at 5:35 p.m.



Boyd Dunn
Chairman



Teresa Canjar
Recording Secretary

Approval Date of Minutes: October 22, 2020



CITIZEN BOND EXPLORATORY COMMITTEE
Finance Subcommittee
MEETING MINUTES

Thursday, October 22, 2020

MINUTES OF THE **CITIZEN BOND EXPLORATORY COMMITTEE FINANCE SUBCOMMITTEE** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, Third Floor, Large Conference Room, 175 S. Arizona Avenue, Chandler, Arizona.

The following members answered roll call:

Boyd Dunn	Subcommittee Chairman
Garry Hays	Subcommittee Member
Justin Walseth	Subcommittee Member
Kari Zurn	Subcommittee Member
Matt Eberle	Subcommittee Member
Tami Butcher	Subcommittee Member

The following member was absent:

Nate Shinagawa	Subcommittee Member
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Also in attendance:

Dawn Lang	Management Services Director
Dennis Aust	Development Project Administrator
Keith Hargis	Assistant Fire Chief
Marsha Reed	City Manager
Matt Burdick	CAPA Director
Matt Dunbar	Budget Manager
Sandip Dholakia	Chief Information Officer
Steven Turner	Assistant to the City Manager
Teresa Canjar	Management Assistant
Tom Dwiggins	Fire Chief

SUBCOMMITTEE CHAIRMAN DUNN called the meeting to order at 4:04 p.m. and gave the subcommittee members and City staff the opportunity to explain what brought them to Chandler, Arizona.

APPROVAL OF THE MINUTES

SUBCOMMITTEE CHAIRMAN DUNN moved to approve the minutes of the October 1, 2020, regular meeting of the Citizen Bond Exploratory Committee Finance Subcommittee, seconded by Subcommittee Member Garry Hays, motion carried.

BRIEFING ITEMS

Director Dawn Lang introduced Chief Dwiggins from the Fire Department and Assistant Fire Chief Keith Hargis, who will be talking about Fire Department related projects going through the Public Safety Bond Subcommittee, and Dennis Aust, Telecommunications and Utilities Franchise Administrator, and Sandip Dholakia, CIO from the IT Department, who will be talking about the IT projects going through the IT Bond Subcommittee. She stated that these presentations are to help us get a general overview of what needs are being discussed by other Bond Subcommittees before we have to put together some financial analysis and options.

a. Fire Department Bond Project Overview

CHIEF TOM DWIGGINS presented an overview of the Fire Department Bond projects. The three areas of focus are facilities, emergency equipment, and communication. When reviewing the bond presentation, the following questions were asked:

SUBCOMMITTEE MEMBER ZURN asked by doubling the bay capacity, do you have enough beds to house everyone or is that part of the extension? Chief Dwiggins responded that it is part of the extension. We are going to have to keep the station open and work around the construction.

SUBCOMMITTEE MEMBER WALSETH asked if there is a cost when you outsource to other cities? Chief Dwiggins responded that there is no cost. We have an automatic aid agreement which uses automatic vehicle locators to get the nearest help available.

SUBCOMMITTEE CHAIRMAN DUNN commented that Tempe is building a new station on Rural to meet their needs and this station is also close to Chandler. CHIEF DWIGGINS replied there are a lot of calls in Chandler that are close to that fire station. This is a busy area for both Chandler and Tempe, and their new station will help alleviate some of the high call numbers we get for automatic aide.

SUBCOMMITTEE CHAIRMAN DUNN asked does the \$6,720,000 include equipment or is that just the building? CHIEF DWIGGINS responded that is just the building. The equipment and staff will be moved from another station. SUBCOMMITTEE CHAIRMAN DUNN said this seems to be a good area, there is no opposition to the building from residents, and the land can expand. CHIEF DWIGGINS said yes, there is land to expand to the south which is a retention basin; we won't be going too much into that area.

SUBCOMMITTEE MEMBER BUTCHER asked what is the cost of a fire truck? CHIEF DWIGGINS responded that the cost for one like in the picture is around \$560,000-\$570,000, smaller vehicles run \$200,000-\$300,000, ladder trucks run around \$1.1M, and the command center truck is around \$900,000. This \$4,650,000 is for multiple trucks. He also mentioned that it can take a year to a year and a half at times to get the trucks built as they are custom to our specifications.

SUBCOMMITTEE MEMBER ZURN asked what happens to the trucks when we they are no longer used? CHIEF DWIGGINS said they are initially used as backups for few years, but eventually go to public auction.

SUBCOMMITTEE MEMBER ZURN asked if every fire fighter has their own apparatus? CHIEF DWIGGINS responded yes, in that they have their own mask, but the SCBA gear is assigned to each truck.

SUBCOMMITTEE MEMBER ZURN asked so you don't currently have the masks with the TIC in the goggles? CHIEF DWIGGINS responded, no we actually have one handheld camera right now, but with this newer technology, everyone will have a TIC in these new masks with the \$1,820,000 being requested.

SUBCOMMITTEE CHAIRMAN DUNN asked if we are ok with the specialized equipment for hazardous material or Intel type industries? CHIEF DWIGGINS responded we have what we need for these areas, but what we continue to need is new metering capabilities to determine the chemicals we may encounter in chemical leaks.

SUBCOMMITTEE CHAIRMAN DUNN asked about safety with dealing with batteries, especially since they are getting larger with use in vehicles, homes, etc. Is that an area you are looking at for special equipment? CHIEF DWIGGINS responded there was a large fire in that area in the West Valley and the entire fire service across the country learned from that incident. We are looking at equipment and procedures in that area.

b. IT Department Bond Project Overview

CHIEF INFORMATION OFFICER (CIO) SANDIP DHOLAKIA kicked off the presentation for the IT Department and introduced DENNIS AUST, TELECOMMUNICATIONS AND UTILITIES FRANCHISE ADMINISTRATOR, who presented the IT Department Bond Projects. When reviewing the bond presentation, the following questions were asked:

SUBCOMMITTEE MEMBER BUTCHER asked what is Smart Parking? DENNIS responded that Smart Parking is a system that tracks how many cars are sitting at spots for a long period of time and how many cars are in parking garages. Eventually this information will be shared with Google or MapQuest so you will be able to see where there is parking available in Chandler in real time. We must have the infrastructure in place before this can take place.

SUBCOMMITTEE CHAIRMAN DUNN asked if all fiber is underground? DENNIS responded that all fiber in Chandler is underground. SUBCOMMITTEE CHAIRMAN DUNN asked if it would be more cost effective or eliminate redundancy to have fiber above ground? DENNIS said we don't have a lot of aerial facilities or utility poles to hang it on in the City, and we would also need to lease the use of poles from the utility companies. We have spent a lot of money over the years to help ensure this infrastructure is placed underground for a lot of different reasons.

SUBCOMMITTEE MEMBER HAYS asked what Dennis meant by out of service at Tumbleweed, the traffic signals or the actual Tumbleweed Rec Center? DENNIS clarified that the staff at Tumbleweed Rec Center no longer had the ability to communicate with other City facilities with the fiber out of service. This has now been rectified. SUBCOMMITTEE MEMBER HAYS confirmed that the City can't be an internet service provider to citizens, but we are our own internet service provider.

SUBCOMMITTEE MEMBER WALSETH asked if all cities have this level of fiber network? Dennis said no, Chandler is one of the leaders in the Valley, State and nation. We are one of the most forward thinking in our fiber network system.

SUBCOMMITTEE MEMBER WALSETH asked what is the cost? Dennis said the total cost is \$13.1M to upgrade and add the required redundancies. We need to make sure our infrastructure doesn't age out, keep the services we currently have, and be ready for what's to come in the future.

SUBCOMMITTEE MEMBER HAYS asked is the \$13.1M just the study or does that include all the construction? DENNIS responded that the \$13.1M is for all the construction from today through the next 13 years.

SUBCOMMITTEE MEMBER HAYS asked if the \$13.1M includes upgraded software for City employees? Is this number all of IT's ask or is this just for the fiber network? CIO SANDIP DHOLAKIA said this is only for the fiber network and includes materials, necessary components, and construction. This project is for items that could not be leveraged off of existing projects (i.e. when building a new facility and connecting into the fiber network). There is a separate plan to be off Lotus Notes and using Outlook by the end of the fiscal year. We are also replacing all desktops with laptops to mobilize all City employees through separate means.

SUBCOMMITTEE CHAIRMAN DUNN asked how we are doing on protecting our fiber, and are we doing anything differently to prevent damage from occurring? DENNIS responded that cable damage or breaks could occur with any construction even if we mark them appropriately. We have updated our standards stating that fiber be buried 48 inches, previously it was 24-36 inches. CIO SANDIP DHOLAKIA stated we are also working more closely with our vendors who will follow change management protocols regarding any type of construction, so we know where and when they are doing work.

c. Funding Capital Needs with Debt Capacity

MANAGEMENT SERVICES DIRECTOR DAWN LANG gave a brief overview of the Voter Bond Authorization Project "Needs" slide highlighting Fire and IT projects.

SUBCOMMITTEE CHAIRMAN DUNN moved to table the remainder of the presentation to the next meeting at the request of MANAGEMENT SERVICES DIRECTOR DAWN LANG, motion carried. The following questions were asked:

SUBCOMMITTEE MEMBER ZURN asked if this is our hit list and will we hear from each committee at every meeting? MANAGEMENT SERVICES DIRECTOR DAWN LANG said yes, we will be hearing from each committee and the next one will be Parks and Recreation to include the Library.

SUBCOMMITTEE MEMBER BUTCHER asked about IT not being on the current list of bond authorization. MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that IT is not part of the list because we have never had an IT category with bond authorization. As the City has grown, most of the project costs were built into other categories such as facilities and streets that were built. We will work with our bond council to see how this question may look on the ballot.

SUBCOMMITTEE MEMBER ZURN asked if this information is available to the public. MANAGEMENT SERVICES DIRECTOR DAWN LANG said yes it is posted on our website.

MEMBER COMMENTS/ANNOUNCEMENTS

None.

CALENDAR

The next meeting is November 5, 2020, at 4:00 p.m. – 5:30 p.m. and will include an overview from Community Services on park, recreation, and library bond project needs.

ADJOURNMENT

The meeting was adjourned by SUBCOMMITTEE CHAIRMAN DUNN at 5:34 p.m.



Boyd Dunn
Chairman



Teresa Canjar
Recording Secretary

Approval Date of Minutes: November 5, 2020



CITIZEN BOND EXPLORATORY COMMITTEE
Finance Subcommittee
MEETING MINUTES

Thursday, November 5, 2020

MINUTES OF THE **CITIZEN BOND EXPLORATORY COMMITTEE FINANCE SUBCOMMITTEE** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, Third Floor, Large Conference Room, 175 S. Arizona Avenue, Chandler, Arizona.

The following members answered roll call:

Boyd Dunn	Subcommittee Chairman
Justin Walseth	Subcommittee Member
Kari Zurn	Subcommittee Member
Matt Eberle	Subcommittee Member
Nate Schinagawa	Subcommittee Member
Tami Butcher	Subcommittee Member

The following member was absent:

Garry Hays	Subcommittee Member
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Also in attendance:

Andy Bass	Community Services Director
Dawn Lang	Management Services Director
Matt Burdick	CAPA Director
Matt Dunbar	Budget Manager
Mickey Ohland	Community Services Planning Manager
Steven Turner	Assistant to the City Manager
Teresa Canjar	Management Assistant

SUBCOMMITTEE CHAIRMAN DUNN called the meeting to order at 4:02 p.m.

APPROVAL OF THE MINUTES

SUBCOMMITTEE CHAIRMAN DUNN moved to approve the minutes of the October 22, 2020, regular meeting of the Citizen Bond Exploratory Committee Finance Subcommittee, seconded by SUBCOMMITTEE MEMBER TAMI BUTCHER, motion carried.

BRIEFING ITEMS

SUBCOMMITTEE CHAIRMAN DUNN introduced COMMUNITY SERVICES DIRECTOR ANDY BASS, and PLANNING MANAGER MICKEY OHLAND.

a. Community Services Bond Project Overview

COMMUNITY SERVICES DIRECTOR ANDY BASS stated the project list being presented is the final recommendation by their Subcommittee. These are the projects being submitted to the Steering Committee. He then introduced MICKEY OHLAND who started the presentation. When reviewing the bond presentation, the following questions were asked:

SUBCOMMITTEE CHAIRMAN DUNN asked what is planned to connect the east and west outside the signal light, and are you thinking of incorporating a bridge again? Is there a structure that could be gradual over the street that would be ADA compliant? MICKEY responded that they are still researching this part of the project. The plan right now is to enlarge the crossing. A bridge was considered, but to make the crossing ADA compliant, there would need to be switchbacks on each side that would take up a large chunk of space. This cost is just for enhancing what is currently in place.

SUBCOMMITTEE MEMBER ZURN asked do we have any pickle ball courts at Regional Parks? MICKEY responded that we currently have 9 pickle ball courts at Tumbleweed Regional Park and 8 pickle ball courts at Arrowhead Park. These are very popular right now.

SUBCOMMITTEE CHAIRMAN DUNN expressed three concerns he has with the Tumbleweed Regional park: the railroad museum is hard to find, the park still being compatible with the Ostrich Festival, and the empty lot on Germann and McQueen. MICKEY responded that the railroad museum will eventually have additional parking and a dedicated entrance, parking for the Ostrich Festival will be an issue and the Chamber will have to find offsite parking, and we continue to look for something to fill the corner of Germann and McQueen.

SUBCOMMITTEE MEMBER SHINAGAWA asked if the Folley pool will stay the same and are the costs more related to alterations of the park? MICKEY replied this cost is to renovate the pool and upgrade the amenities. There will be a Phase II with more extensive changes for the pool during the next bond election.

SUBCOMMITTEE MEMBER ZURN asked for clarification on Mesquite Groves Park growth impact fees for Phase I. MANAGEMENT SERVICES DIRECTOR DAWN LANG replied that system development or impact fees are collected through our permitting and help pay for City growth. The Arizona Revised Statutes limit how much we can use for parks to no more than 30 acres. Mesquite Groves Park was identified early in the plan as a need in this area and the City has been collecting these fees for this project for many years. After the development of 30 acres has been completed with impact fees, the additional park phases would have to be bond funded.

SUBCOMMITTEE MEMBER ZURN asked if we have impact fees for parks only? MANAGEMENT SERVICES DIRECTOR DAWN LANG said we have them for other things like arterial streets, libraries, police, fire, public buildings, water, reclaimed water, and wastewater.

SUBCOMMITTEE CHAIRMAN DUNN asked if putting the lake in Mesquite Groves Park will be expensive? MICKEY responded yes, but it is needed for irrigation of the turf. We would like to have fishing like at Veteran's Park. The lake will be lined and the dirt from the construction of the lake will help us develop

land forms. COMMUNITY SERVICES DIRECTOR ANDY BASS said this picture is just a starting point, the park could end up looking totally different based on citizen input.

b. Public Involvement

CAPA DIRECTOR MATT BURDICK started by giving a brief overview of the Bond Election webpage on Chandleraz.gov. He then moved to the presentation on Public Involvement Options. When reviewing the presentation, the following questions were asked:

SUBCOMMITTEE MEMBER ZURN asked if there was any guarantee this will go to a bond election, or is it up to the Mayor and Council? CAPA DIRECTOR MATT BURDICK replied, there is no guarantee and it is up to the Mayor and Council. MANAGEMENT SERVICES DIRECTOR DAWN LANG further explained that the Steering Committee will provide a recommendation to the Mayor and Council for review and they will decide if we will have a bond election and determine what will be on the ballot. CAPA DIRECTOR MATT BURDICK said there may be things that are recommended by the Committee, but Mayor and Council may decide not to bring it forward to the voters at this time.

SUBCOMMITTEE MEMBER ZURN asked if the webpage is sharable to community pages, groups and social media? CAPA DIRECTOR MATT BURDICK replied absolutely. We want to engage the community, so there will be some additional posts on what is a bond, what bonds have been used for in the past, information on the Citizen Bond Exploratory Committee and subcommittees, and point them to the website to submit their comments at www.chandleraz.gov/BondElection.

SUBCOMMITTEE CHAIRMAN DUNN asked if the Council was supplying input to this process? He said it is important they are involved and comfortable with how the information is being shared. He also feels it is important to share why we ask for bond authorizations, why it is necessary in order to get the amenities that we want for our City, and emphasize how careful we are in making sure our asks are reasonable. CAPA DIRECTOR MATT BURDICK replied that the Council is involved in this process.

SUBCOMMITTEE MEMBER ZURN asked if this would be a local election next year? CAPA DIRECTOR MATT BURDICK responded that this would be a special bond election in the fall of 2021.

SUBCOMMITTEE MEMBER SHINAGAWA stated how do we direct those commenting on social media to the website? CAPA DIRECTOR MATT BURDICK responded that we want to hear from our constituents so direct them to the webpage so their comments will be accurately reflected on the record. City staff monitors City social media pages and will often insert information to direct citizens.

c. Funding Capital Needs with Debt Capacity

MANAGEMENT SERVICES DIRECTOR DAWN LANG gave a brief summary of the Finance Subcommittee Update #3 presentation.

MEMBER COMMENTS/ANNOUNCEMENTS

None.

CALENDAR

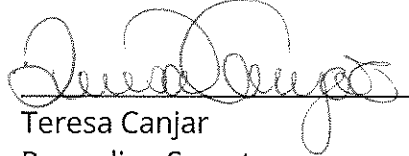
The next meeting is November 19, 2020, at 4:00 p.m. – 5:30 p.m. and will include an overview from Police Public Safety and Airport bond project needs.

ADJOURNMENT

The meeting was adjourned by SUBCOMMITTEE CHAIRMAN DUNN at 5:37 p.m.



Boyd Dunn
Chairman



Teresa Canjar
Recording Secretary

Approval Date of Minutes: November 19, 2020



**CITIZEN BOND EXPLORATORY COMMITTEE
Finance Subcommittee
MEETING MINUTES**

Thursday, November 19, 2020

MINUTES OF THE **CITIZEN BOND EXPLORATORY COMMITTEE FINANCE SUBCOMMITTEE** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, Third Floor, Large Conference Room, 175 S. Arizona Avenue, Chandler, Arizona.

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Kari Zurn	Subcommittee Member
Matt Eberle	Subcommittee Member
Nate Schinagawa	Subcommittee Member
Tami Butcher	Subcommittee Member

Also in attendance:

Dawn Lang	Management Services Director
Joshua Wright	Assistant City Manager
Marsha Reed	City Manager
Matt Burdick	CAPA Director
Matt Dunbar	Budget Manager
Sean Duggan	Police Chief
Steven Turner	Assistant to the City Manager
Teresa Canjar	Management Assistant

SUBCOMMITTEE CHAIRMAN DUNN called the meeting to order at 4:03 p.m.

APPROVAL OF THE MINUTES

SUBCOMMITTEE CHAIRMAN DUNN moved to approve the minutes of the November 5, 2020, regular meeting of the Citizen Bond Exploratory Committee Finance Subcommittee, seconded by SUBCOMMITTEE MEMBER JUSTIN WALSETH, motion carried.

BRIEFING ITEMS

SUBCOMMITTEE CHAIRMAN DUNN introduced POLICE CHIEF SEAN DUGGAN.

a. Police Department Bond Project Overview

POLICE CHIEF SEAN DUGGAN started the presentation. When reviewing the bond project presentation, the following questions were asked:

SUBCOMMITTEE CHAIRMAN DUNN asked about the forensic facility in Scottsdale. POLICE CHIEF SEAN DUGGAN said they had a bond sale in 2000 and built a substation, laboratory, and property and evidence room in 2008-2009 in the southern part of their city. They have always had a lab, but they expanded it and increased their discipline. SUBCOMMITTEE CHAIRMAN DUNN asked if the \$33,200,000 includes the equipment? POLICE CHIEF SEAN DUGGAN responded that the equipment for the new disciplines will be a separate expense, but the cost of upgrading current equipment is included.

SUBCOMMITTEE MEMBER HAYS asked what kind of facilities do the neighboring communities have and are we building ours big enough so we can offer services to those communities and create a revenue stream? POLICE CHIEF SEAN DUGGAN responded by saying yes this lab will be big enough to get us through the next 20 years. There is potential to go into collaboration/partnership with our neighboring communities with a lot of different options.

SUBCOMMITTEE CHAIRMAN DUNN asked, can you explain the needs of the entire building in regards to safety, convenience, or comfort in reference to the Main Station Renovations project. POLICE CHIEF SEAN DUGGAN replied it would be a combination of everything. The building is 21 years old. The footprint needs to be laid out differently with new consoles and carpeting. This renovation would happen through a few different phases.

SUBCOMMITTEE MEMBER ZURN asked how much the Police Department has grown over the last 21 years? POLICE CHIEF SEAN DUGGAN said it has grown some in the last 21 years, but there has been no growth in the last 10 years.

SUBCOMMITTEE MEMBER HAYS asked if the police main station renovation will have a direct impact on how the front line police officers do their jobs especially when the incident center is in a central place? POLICE CHIEF SEAN DUGGAN responded that is a 100% accurate statement. Another thing that will help the police officers will be updating the basic tools that are used daily such as the locker space and showers. The building is 21 years old and definitely needs a face lift.

SUBCOMMITTEE MEMBER HAYS stated in order to help the citizens make a determination when voting, we need to help them understand this renovation will have a direct impact on how they receive services from the front line officers. POLICE CHIEF SEAN DUGGAN said that the direct impact from the expansion of the communications center will be by making it a true real-time crime center that will provide a third tier to manage the workflow of communication and information, so the responder will have all the information available real-time, to make the best possible decisions when responding to a call.

SUBCOMMITTEE CHAIRMAN DUNN asked if there have been any outside studies of the needs of this renovation or have plans been worked up in the department as to how this will make things work more effectively? Is there something we can look at that will help us make this argument more effective for the voters? POLICE CHIEF SEAN DUGGAN replied we can show the difference between the technology we currently have and upgraded technology and what this would mean for the citizen calling 911.

SUBCOMMITTEE MEMBER ZURN asked how large a detention facility would be needed? POLICE CHIEF SEAN DUGGAN replied around 11,000 square feet. SUBCOMMITTEE MEMBER ZURN asked what does that

equate to in number of cells? POLICE CHIEF SEAN DUGGAN responded it is cells, booking area, processing area, holding cells male/female areas and a separate area for juveniles. We need the facility to be in the downtown area close to the courthouse.

SUBCOMMITTEE MEMBER HAYS asked do we have a time frame for this project? POLICE CHIEF SEAN DUGGAN replied there is no time frame yet, but when the numbers are analyzed and as Gilbert increases it's population, we are probably looking at about 5 years.

SUBCOMMITTEE CHAIRMAN DUNN asked if this cost includes the planning, architectural design, and all the professional help you would need? POLICE CHIEF SEAN DUGAN replied this is all included in the cost.

SUBCOMMITTEE MEMBER HAYS asked if this cost included the land or are we looking at land owned by the City? POLICE CHIEF SEAN DUGGAN said it does not include the purchase of land; we want to use City owned land. SUBCOMMITTEE MEMBER HAYS asked wouldn't it be better to include a request for land because of the way downtown Chandler is growing? POLICE CHIEF SEAN DUGGAN said the location we are looking at is City owned land adjacent to the railroad. It would be an odd configuration, but the location would be ideal.

SUBCOMMITTEE MEMBERS EBERLE asked if the armored vehicle came from a grant a few years ago? POLICE CHIEF SEAN DUGGAN replied that the armored vehicle came from a federal grant 15 years ago.

b. Airport Bond Project Overview

ASSISTANT CITY MANAGER JOSHUA WRIGHT started the presentation. When reviewing the bond project presentation, the following questions were asked:

SUBCOMMITTEE MEMBER BUTCHER was surprised this is the 12th busiest airport in US; she asked if the traffic is mostly business travelers? ASSISTANT CITY MANAGER JOSHUA WRIGHT responded that the traffic is primarily multi-flight training.

SUBCOMMITTEE CHAIRMAN DUNN asked if businesses build in the area because of the airport or because of the location? ASSISTANT CITY MANAGER JOSHUA WRIGHT said they select our site based on the location. SUBCOMMITTEE CHAIRMAN DUNN asked why is that the case? ASSISTANT CITY MANAGER JOSHUA WRIGHT responded those customers who need actual aviation facilities would select one of the other airports in the vicinity because the runway at Chandler is less than 5,000 feet.

SUBCOMMITTEE CHAIRMAN DUNN asked what kind of wildlife is at the airport to require a perimeter fence? ASSISTANT CITY MANAGER JOSHUA WRIGHT replied there are issues with coyotes, rabbits and other animals getting on the runway and the fence would go below grade to prevent them from burrowing under it.

SUBCOMMITTEE CHAIRMAN DUNN asked with the connect through for Cooper Road there has been a transportation study that supports this change, so there won't be any concerns from the neighborhoods that this is going to present an alternative route for traffic to avoid other traffic or things of that nature?

ASSISTANT CITY MANAGER JOSHUA WRIGHT replied that a study has been done and the Queen Creek improvements are now complete, so this will be a timely project. This will open up a new area for development.

SUBCOMMITTEE CHAIRMAN DUNN asked for a history on why the airport is mostly pilot training and are we expanding on pilot training? ASSISTANT CITY MANAGER JOSHUA WRIGHT explained that pilot training is the overwhelming share of the business at the airport. It is a tough time to gauge if it is expanding right now because of COVID-19; but it is still very busy. SUBCOMMITTEE CHAIRMAN DUNN replied that it is unfortunate that we haven't partnered with a school to bring credence to the importance of continued development.

SUBCOMMITTEE CHAIRMAN DUNN asked if a study has been done about extending the runway and what types of new businesses that would bring? ASSISTANT CITY MANAGER JOSHUA WRIGHT stated that a formal study hasn't been completed, but by going to 5,500 feet it won't change much in regard to noise. This change will bring in new types of business developments. There is also an insurance requirement with a number of insurance carriers regarding commercial operations that say unless you have a 5,000 foot runway, they don't feel it is the right size airport for your aircraft. The runway extension is not included in the bond projects at this time; we are concentrating on the next steps for business growth at the airport.

SUBCOMMITTEE MEMBER WALSETH asked if there are any fixed based operators (FBO's)? ASSISTANT CITY MANAGER JOSHUA WRIGHT responded that there is Chandler Air Service and a member of their staff was on the subcommittee and they fully support this decision to move forward with just the identified projects.

SUBCOMMITTEE CHAIRMAN DUNN asked if not having upgraded equipment in the tower is a safety issue? ASSISTANT CITY MANAGER JOSHUA WRIGHT responded it is not an issue today, but it could be over long-term. We are conducting an assessment of the equipment right now, but it needs to be an investment no matter what. SUBCOMMITTEE MEMBER HAYS asked according to the slide, the local funding is \$911,500 for the bond; I thought you said the \$911,500 was General Fund? ASSISTANT CITY MANAGER JOSHUA WRIGHT said that is correct, it is a \$911,500 request for bond funding.

SUBCOMMITTEE CHAIRMAN DUNN asked if there was a lot of outside funding available to remove fuel tanks? ASSISTANT CITY MANAGER JOSHUA WRIGHT replied no there isn't, that has been researched.

SUBCOMMITTEE MEMBER HAYS asked for clarification on the total Airport request, the recommendation is going to be \$2.1M not \$1.2M is that right? ASSISTANT CITY MANAGER JOSHUA WRIGHT said the actual number is less than \$2.1M; they voted this morning and the number is approximately \$1.6M. This is minus the \$7.6M for the Cooper Road project because that request will come from Public Works.

SUBCOMMITTEE MEMBER SHINAGAWA asked has Council been historically supportive of these kinds of projects and what is the history? SUBCOMMITTEE CHAIRMAN DUNN responded this would take some careful analysis to answer. Historically, there is more Council support for Police and Fire projects. The subcommittee is saying if more businesses come on board that means more tax dollars for Chandler and we need to allow that growth to continue. CITY MANAGER MARSH REED said some of the bigger things have come about in the last 4 to 5 years. We had an Airport Master Plan that showed a runway of 6,700

feet, which isn't doable now and Council didn't know what to do with the runway issue. We had just come off another bond election where it failed; so we took a step back to take a realistic look. About 4 or 5 years ago, we completed another airport layout plan which is part of the Master Plan to get clarification on the runway placement and got the 5,550 ft limit.

Council approved the new airport layout plan. There has been a shift over the last few years and there is definite Council support for the airport now.

c. Bond Financing Assumptions and State Law

MANAGEMENT SERVICES DIRECTOR DAWN LANG gave a brief overview of the Voter Bond Authorization Project "Needs" slide highlighting Police and Airport projects.

SUBCOMMITTEE CHAIRMAN DUNN moved to table the remainder of the presentation to the next meeting at the request of MANAGEMENT SERVICES DIRECTOR DAWN LANG, motion carried.

MEMBER COMMENTS/ANNOUNCEMENTS

None.

CALENDAR

The next meeting is December 3, 2020, at 4:00 p.m. – 5:30 p.m. and will include an overview of Public Works and Utilities bond project needs.

SUBCOMMITTEE CHAIRMAN DUNN moved to have the December 10, 2020, meeting moved to December 17, 2020, due to a conflict, motion carried.

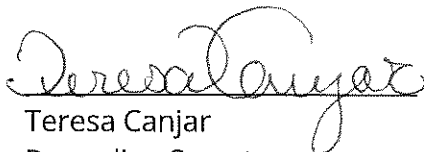
SUBCOMMITTEE CHAIRMAN DUNN would like to schedule some tours of the facilities. MANAGEMENT SERVICES DIRECTOR DAWN LANG said we can see who is interested and schedule some dates.

ADJOURNMENT

The meeting was adjourned by SUBCOMMITTEE CHAIRMAN DUNN at 5:44 p.m.



Boyd Dunn
Chairman



Teresa Canjar
Recording Secretary

Approval Date of Minutes: December 3, 2020



CITIZEN BOND EXPLORATORY COMMITTEE
Finance Subcommittee
MEETING MINUTES

Thursday, December 3, 2020

MINUTES OF THE **CITIZEN BOND EXPLORATORY COMMITTEE FINANCE SUBCOMMITTEE** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, Third Floor, Large Conference Room, 175 S. Arizona Avenue, Chandler, Arizona.

The following members answered roll call:

Boyd Dunn	Subcommittee Chairman
Garry Hays	Subcommittee Member
Justin Walseth	Subcommittee Member
Kari Zurn	Subcommittee Member
Matt Eberle	Subcommittee Member
Nate Schinagawa	Subcommittee Member
Tami Butcher	Subcommittee Member

Also in attendance:

Dawn Lang	Management Services Director
John Knudson	Public Works and Utilities Director
Matt Dunbar	Budget Manager
Ryan Peters	Governmental Relations and Policy Manager
Steven Turner	Assistant to the City Manager
Teresa Canjar	Management Assistant

SUBCOMMITTEE CHAIRMAN DUNN called the meeting to order at 4:02 p.m.

APPROVAL OF THE MINUTES

SUBCOMMITTEE CHAIRMAN DUNN moved to approve the minutes of the November 19, 2020, regular meeting of the Citizen Bond Exploratory Committee Finance Subcommittee, seconded by SUBCOMMITTEE MEMBER GARRY HAYS, motion carried.

MANAGEMENT SERVICES DIRECTOR DAWN LANG said Public Works and Utilities is a big part of the bond election and she is looking forward to everyone hearing this presentation. The only other group we have not heard from is the Facilities Subcommittee and they will not be presenting to our subcommittee because of our timeline. A brief overview will be provided later in this meeting. All the recommendations will be presented to our group for discussion at the next meeting.

There is a Police Administration tour planned on Friday, December 11, 2020, from 3:30 p.m. to 4:30 p.m. at 250 East Chicago Street, Chandler, Arizona.

BRIEFING ITEMS

SUBCOMMITTEE CHAIRMAN DUNN introduced PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON and GOVERNMENTAL RELATIONS AND POLICY MANAGER RYAN PETERS.

a. Public Works and Utilities Bond Project Overview

PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON started the presentation. When reviewing the bond project presentation, the following questions were asked:

SUBCOMMITTEE CHAIRMAN DUNN asked about the 101/202 Highway Interchange Water Transmission Line Rehabilitation/Replacement project cost of \$6.075M. He asked if the cost could go lower once we receive the State's portion of the repair? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded the project will probably be more around \$8M which would be \$4M from the State and \$4M from the City. He said we are just now working with consultants in the design phase.

SUBCOMMITTEE MEMBER EBERLE verified that the City has 19-2 million gallon tanks and 2-4 million gallon tanks for 46 million gallons in reserve and we use 58 million gallons a day. PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON said yes, we are talking about reducing some of the tank volume. SUBCOMMITTEE MEMBER EBERLE asked so we have less than a day's worth on hand? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON said yes that is correct, but these tanks are used for peak usage. When peak exceeds capacity, the tanks are utilized and refilled off peak. SUBCOMMITTEE CHAIRMAN DUNN asked if having this volume in storage with the booster system helps control your water pressure? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON said yes it does by keeping it more distributed.

SUBCOMMITTEE MEMBER ZURN asked if we were still going to do a field trip to one of these reclamation facilities? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded we did talk about it, but not sure if we will have enough time to get one scheduled. We can see line one up and see who is interested. SUBCOMMITTEE MEMBER ZURN said it would be very interesting to see what is going on behind the scenes.

SUBCOMMITTEE MEMBER ZURN asked how we decided on the location of the treatment plants because there is a lot of farm land? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON said the location of a treatment plant is based on available land and ground elevation. They need to be built in the lower part of town for flow when possible.

When discussing Ocotillo Water Reclamation and Airport Water Reclamation facilities, SUBCOMMITTEE MEMBER HAYS asked if we were talking about Ocotillo Management Group or City reclaimed water? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON said we provide water to Ocotillo Management Group. We have an agreement with them for 7.1 million gallons a day.

SUBCOMMITTEE MEMBER ZURN asked if PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON was piloting one of the Automated Meter Information (AMI) systems? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded that what he is piloting is similar to what the AMI system meters

will provide, and that brought to light that he had a leak. This is a taste of what the AMI system could do for the City, allowing for leaks to be detected early and ultimately saving water with this process. We just need to set up the infrastructure and software for \$3M.

SUBCOMMITTEE CHAIRMAN DUNN asked about the \$9.5 million Meter Replacement Program cost; do we have that many underperforming meters in town? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded that we have a scheduled meter replacement program in the CIP and we replace our meters on a regular basis.

SUBCOMMITTEE MEMBER HAYS asked that the \$9.5M for the project cost isn't for just the first year; this is spread out over several years? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded yes. SUBCOMMITTEE CHAIRMAN DUNN asked how do we answer the consumer when they ask about this extra cost when they think their monthly payment should cover this expense? SUBCOMMITTEE MEMBER HAYS said we respond this is part of your bill, but remember your meter is much more expensive. This will save money in the long run with the advanced technology. He suggested we combine the meter replacement program and the AMI System for more impact. BUDGET MANAGER MATT DUNBAR said something to keep in mind with these projects, especially from a bond election standpoint, is that we don't go into detail on these projects; this is just to change the current funding source from ETRO bonds to GO bonds which are a cheaper debt for us. The meter replacement is already planned in the CIP. SUBCOMMITTEE CHAIRMAN DUNN when we list these things there are questions. When we promote this we need to tell them it is a benefit for the citizens. SUBCOMMITTEE MEMBER HAYS replied this not just about a voter information guide, but when we present this to Council. That is when citizens will be watching. We have to make sure we explain it in a way that they understand.

SUBCOMMITTEE MEMBER ZURN asked how was the picture taken for the 66" Sewer Rehabilitation Project? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded they send sonar devices and cameras with wraps into the pipe. SUBCOMMITTEE CHAIRMAN DUNN asked if this was the line we have a lot of pumping stations on? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded no this is the biggest gravity line that feeds the Ocotillo facility. SUBCOMMITTEE MEMBER ZURN asked if this pipe goes right under Price? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON said no it sits directly under the median. SUBCOMMITTEE MEMBER ZURN asked if the road will be torn up to complete this? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded no it is done in-place. This is completed in sections. The water is pumped up and a bypass area is set up then we go into the pipe, dry it, and put in a new lining. SUBCOMMITTEE MEMBER HAYS asked basically you are recreating a sewer line above ground the entire length while you are working underground? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON said we do this in a couple hundred yard segments; the manholes are about 500 feet apart and we have to accommodate several man holes, so we can pump out of one and pump into another and work on the sections in-between. SUBCOMMITTEE MEMBER HAYS asked so if you are going to put a piece of pipe above ground every hundred feet, it is going to stink real bad, is that fair? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON replied that we have done this before and we can mitigate odors.

SUBCOMMITTEE MEMBER ZURN asked if the people who work on these types projects work for the City of Chandler in your department or are they contracted out through ADOT or somewhere else? Does this help our local economy? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON said we have a

tremendous amount of great local contractors who bid on our projects. We oversee them and we hire local consultants to help oversee the projects as well. We do not pick low bid, we do something called construction manager at risk which is qualification based.

SUBCOMMITTEE CHAIRMAN DUNN asked what is the capacity of the Ocotillo Plant and is it at capacity? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON replied it is not at capacity. It was built for 5 million gallons per day (MGD) and expanded to 10 MGD and the new facility was built for 5 MGD additional for a total of 15 MGD. We were re-rated with DEQ for 3 MGD more so now up to 18 MGD.

SUBCOMMITTEE MEMBER ZURN asked where is the Airport Water Reclamation Plant located? SUBCOMMITTEE CHAIRMAN DUNN replied it is right next to the transfer station at Queen Creek and McQueen.

SUBCOMMITTEE MEMBER HAYS asked before we move away from the airport plant, how much did we spend on the airport from the last bond election? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON replied are we talking airport water reclamation or airport? SUBCOMMITTEE MEMBER HAYS asked what was the last big project at the airport water reclamation facility? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON replied we did the expansion for Intel, Fab 42.

SUBCOMMITTEE MEMBER HAYS asked on the pressure reducing valves, what is our average pressure? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded it depends on where you are in town. We try to keep it no lower than 40 and no higher than 90.

SUBCOMMITTEE MEMBER HAYS asked if we are just trying to add the SRP well we are not talking recharge wells or anything right? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON replied we are actually taking water out of the canal and processing it at a small treatment system at the Airport Water Reclamation Facility and instead of recharging the water at a far off facility where we don't get any benefit, we are going to bring that water home and recharge it here in Chandler. SUBCOMMITTEE MEMBER HAYS asked so we are going to build a recharge well here? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON said no the recharge wells already exist. We have 20 recharge wells in town already. This will be better/increased utilization of Veteran's Oasis Park and the recharge basins that reside there. SUBCOMMITTEE MEMBER HAYS replied so when you are treating to A+, is it fair to say we are at a spot in our lifespan where we need to be looking at getting back our water from OMG or someone else since they are selling it? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded we have a standing agreement with them until 2024 and recovering that water doesn't help the demand. This would just become another system we would own and operate, so there would be no benefit to go in that direction.

GOVERNMENTAL RELATIONS AND POLICY MANAGER RYAN PETERS started the Transportation portion of the presentation. When reviewing the bond project presentation, the following questions were asked:

SUBCOMMITTEE MEMBER EBERLE asked if the Highway User Revenue Fund was a State fund or Federal fund? GOVERNMENTAL RELATIONS AND POLICY MANAGER RYAN PETERS replied it is a State fund.

SUBCOMMITTEE MEMBER EBERLE asked if the \$90 billion request to MAG was through 2025? GOVERNMENTAL RELATIONS AND POLICY MANAGER RYAN PETERS replied it is for 2026 through 2050, about a 25 year span.

SUBCOMMITTEE MEMBER EBERLE said we bring in about \$44.5 million a year in transportation revenue, and in 2021 the figure was \$32.3 million from the bond, is that the normal mix for transportation year after year? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded on the transportation side we depend a lot on grants and we bond for the larger projects. Transportation is an area with many other revenue streams available instead of depending mainly on bonds. SUBCOMMITTEE MEMBER EBERLE asked if 2021 is just a bigger number to work with? MANAGEMENT SERVICES DIRECTOR DAWN LANG said yes, but it fluctuates based on the planned capital projects from year to year.

SUBCOMMITTEE MEMBER ZURN asked how many people were surveyed for the Transportation survey? GOVERNMENTAL RELATIONS AND POLICY MANAGER RYAN PETERS responded about 1,100 with standard advertising.

SUBCOMMITTEE MEMBER ZURN asked is Gilbert Road the true cut off between Chandler and Gilbert? GOVERNMENTAL RELATIONS AND POLICY MANAGER RYAN PETERS responded yes at parts. SUBCOMMITTEE MEMBER ZURN said so we don't really have an accurate Chandler boundary? PUBLIC WORKS AND UTILITIES DIRECTOR JOHN KNUDSON responded the boundary really jogs all the way along the south line and at some points it is mid mile, so it is interesting how the border lays out.

SUBCOMMITTEE MEMBER HAYS commented on the Paseo Trail Crossing Improvements, he feels it should be on the A list instead of the B list because it is a safety issue.

b. Overview of Bond Financing Assumptions and State Law

MANAGEMENT SERVICES DIRECTOR DAWN LANG gave a brief overview of the Voter Bond Authorization Project "Needs" slide highlighting Public Works, and Utilities and Facilities aging infrastructure bond needs.

SUBCOMMITTEE MEMBER ZURN asked for clarification on utilities vs. facilities. MANAGEMENT SERVICES DIRECTOR DAWN LANG replied utilities cover assets such as water plants, wastewater plants, and pump stations; and facilities are for pretty much everything else such as fire stations, senior center, libraries, recreation centers, etc.

SUBCOMMITTEE CHAIRMAN DUNN moved to table the remainder of the presentation to the next meeting at the request of MANAGEMENT SERVICES DIRECTOR DAWN LANG, motion carried.

MEMBER COMMENTS/ANNOUNCEMENTS

None.

CALENDAR

The next meeting is December 17, 2020, at 4:00 p.m. – 5:30 p.m. and will include tonight's carried forward item of overview of bond financing assumptions and State law, as well as subcommittee priority recommendations and Debt Capacity analysis by Bill Davis of Piper Sandler.

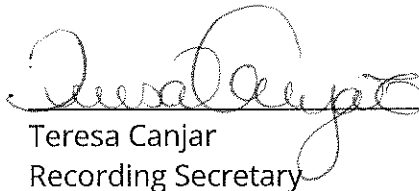
SUBCOMMITTEE CHAIRMAN DUNN moved to schedule meetings every Thursday in January at the request of MANAGEMENT SERVICES DIRECTOR DAWN LANG, motion carried.

ADJOURNMENT

The meeting was adjourned by SUBCOMMITTEE CHAIRMAN DUNN at 5:48 p.m.



Boyd Dunn
Chairman



Teresa Canjar
Recording Secretary

Approval Date of Minutes: December 17, 2020



CITIZEN BOND EXPLORATORY COMMITTEE
Finance Subcommittee
MEETING MINUTES
Thursday, December 17, 2020

MINUTES OF THE **CITIZEN BOND EXPLORATORY COMMITTEE FINANCE SUBCOMMITTEE** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, Third Floor, Large Conference Room, 175 S. Arizona Avenue, Chandler, Arizona.

The following members answered roll call:

Boyd Dunn	Subcommittee Chairman
Garry Hays	Subcommittee Member
Justin Walseth	Subcommittee Member
Kari Zurn	Subcommittee Member
Matt Eberle	Subcommittee Member
Nate Shinagawa	Subcommittee Member
Tami Butcher	Subcommittee Member

Also in attendance:

Bill Davis	Financial Advisor, Piper Sandler
Dawn Lang	Management Services Director
Marsha Reed	City Manager
Matt Burdick	CAPA Director
Matt Dunbar	Budget Manager
Steven Turner	Assistant to the City Manager
Teresa Canjar	Management Assistant

SUBCOMMITTEE CHAIRMAN DUNN called the meeting to order at 4:08 p.m.

APPROVAL OF THE MINUTES

SUBCOMMITTEE CHAIRMAN DUNN moved to approve the minutes of the December 3, 2020, regular meeting of the Citizen Bond Exploratory Finance Subcommittee, seconded by SUBCOMMITTEE MEMBER HAYS, motion carried.

BRIEFING ITEMS

a. Overview of Bond Financing Assumptions and State Law

BUDGET MANAGER MATT DUNBAR started the presentation and highlighted the agenda for tonight's meeting. He reminded the subcommittee what their role was in this process. He introduced Bill Davis our Financial Advisor from Piper Sandler.

b. Subcommittee Project Priority Recommendations

MANAGEMENT SERVICES DIRECTOR DAWN LANG continued the presentation and provided an overview of the Combined Subcommittee Prioritized Recommendations #1 Initial and #2 Adjusted spreadsheets. When reviewing the presentation, the following questions were asked:

SUBCOMMITTEE MEMBER HAYS asked about the last time we did this process and everything was broken out by questions, will the colors on this sheet connect with a question or are we doing it differently this time? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded it could, because each color represents a different category of spending so it could potentially be a question. For example Fire and all their related projects could be one question. Additionally, there could be a large project that may have uncertainty on how it will be received by the public, and a decision might be made to pull it out and make it a separate question so the other projects in that category don't fail under that same question. That is still to be determined.

SUBCOMMITTEE CHAIRMAN DUNN asked if the Proposition 400 extension is planned to go on the ballot in 2025 or is it sooner? SUBCOMMITTEE MEMBER HAYS responded that it expires in 2025 so they are trying to get it on the ballot in 2022. SUBCOMMITTEE CHAIRMAN DUNN asked if this could cause confusion with the public when they vote in 2021 on proposals under the ½ cent sales tax and they will think these projects should be covered under that instead? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that it could. When preparing the ballot we would talk more on specific projects that would be covered under a lump sum versus getting into the potential of a grant. We don't want to put unreasonable expectations out there, but list the potential projects under a category that could be possibly completed with bonds. Street projects and transit projects have a need for additional bond authorization overall. SUBCOMMITTEE CHAIRMAN DUNN asked if there is a need later on the ½ cent sales tax then that need can be taken out and modified? MANAGEMENT SERVICES DIRECTOR DAWN LANG said yes those funds can be shifted to another project in that category.

SUBCOMMITTEE MEMBER HAYS asked about the A, B, and C's in the criteria column. He said this column is confusing. MANAGEMENT SERVICES DIRECTOR DAWN LANG said this level of detail would not be submitted in the final recommendation; these letters were used to help Subcommittees prioritize. SUBCOMMITTEE CHAIRMAN DUNN asked where is the definition of the A, B, and C's? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied the legend is in the top right hand corner. SUBCOMMITTEE MEMBER HAYS said he is concerned it could get misinterpreted; then we would have to take time to explain what it doesn't mean. SUBCOMMITTEE MEMBER EBERLE said so what he has heard from all these meetings so far is bond authorization, actual debt used, and projects completed could all be very different numbers over the course of ten years which is a very long time span. MANAGEMENT SERVICES DIRECTOR DAWN LANG this is really a point in time where we look into the future and what could potentially happen. As our community changes, and our decision makers come and go; it could change, so we do our best at this point to project what our community needs are for bond authorization. She said the criteria column will be removed as it doesn't add any value now.

SUBCOMMITTEE MEMBER HAYS asked what is our capacity? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied our initial projection shows that over the next ten years we can sell up to \$452M without a tax rate change and using all of the Impact Fee loan repayments due.

SUBCOMMITTEE MEMBER EBERLE asked what is considered short term? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied that we are considering years 2-6 short term.

SUBCOMMITTEE MEMBER ZURN asked if we suggest a tax increase, could the bond request be rejected? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied not necessarily. SUBCOMMITTEE MEMBER ZURN asked does a tax increase make everybody automatically say no? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied it can, but looking at the political side of things versus how a citizen might look at a bond ballot may be very different. Our current Council wants to keep the tax rate low and steady, so we are working within those boundaries when making this recommendation. If it comes forward in a lump sum with a question that has multiple projects versus if we have a project we are unsure of and we separate it out in its own question in the ballot, State law requires us to say what the property tax impact is of doing that project and it shows on that project. We must be factual on the ballot. It all depends on how far a citizen reads into the ballot, understand needs and interpret it in their lives. SUBCOMMITTEE MEMBER ZURN said we don't have a chance with this unless people have a better understanding. SUBCOMMITTEE CHAIRMAN DUNN said we need to encourage as much reading as we can, lay it out as clearly as we possibly can by letting people know what the projects are and what the financial impact will be. If it comes out as a booklet, we help people get through it. That is part of the campaign; explaining what exactly it is.

SUBCOMMITTEE MEMBER HAYS said in the City of Chandler we have had a lot of success with our citizens supporting the things that Council has put in front of them for vote. We have been successful because the Council doesn't ask for anything that is not expected. We have to make sure the citizens have enough information to vote so we can continue to be the great City that we are.

SUBCOMMITTEE MEMBER ZURN asked if there have been recent bond elections in other cities? SUBCOMMITTEE CHAIRMAN DUNN responded that Tempe and Mesa both had recent successful bond elections, and Glendale didn't have anything pass on their bond election. The City of Tempe's main message for their bond election was "No new taxes." Mesa and Tempe had multiple categories with a lot of the similar areas and they were approved at 60%. You are right; it does come down to citizens trusting the Council.

SUBCOMMITTEE MEMBER SHINAGAWA asked a question regarding the no taxes statement. Is this an accurate statement even if assessed values go down? BILL DAVIS, FINANCIAL ADVISOR responded it is, but you have to be careful whether you say no new taxes, or no new tax rate increases because there is a couple sides to that statement. As with an 87 cent tax rate, if your property value keeps going up, your taxes are going to go up and when they get their tax bill and it is higher than last year that is an increase. You have to be careful on how you message this. On the flip side, if values really fall, you can have a situation where your annual debt service principal and interest on your bonds are set at a certain level with certain assumptions at 87 cents of debt service it can be a challenge not to pay that rate to meet that debt service. There are some tools we can use and other cash as has been done in the past, in addition to refinancing to stay within the commitment.

SUBCOMMITTEE MEMBER ZURN asked how do we educate the public on the use of impact fees? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied they are complicated and I don't know how in

depth we need to get on the ballot. It is revenue that is being paid back, replacing the secondary tax levy we used in the past. We are simply using our Debt Service fund secondary property taxes currently collected and those being repaid.

c. Debt Capacity Analysis – Bill Davis, Financial Advisor Piper Sandler

BILL DAVIS, FINANCIAL ADVISOR continued the presentation. When reviewing the presentation, the following questions were asked:

MANAGEMENT SERVICES DIRECTOR DAWN LANG asked that Bill explain what are we using for our interest rate. BILL DAVIS FINANCIAL ADVISOR responded we start with a 2% and 3% which then changes to a 4% thereafter, because 7 to 10 years out we don't know what the rate will be. We use a rate that is high and relative to current markets not to exceed rate, but we try to be conservative and realistic. We use our best estimate.

SUBCOMMITTEE MEMBER ZURN asked how the interest rate for the bonds are determined? BILL DAVIS, FINANCIAL ADVISOR responded there are several ways the City can sale bonds. We typically go to capital markets and sale the bonds to mutual funds, insurance companies and home investors. There are a couple of mechanisms you can use to get there, but we help decide what the best way to access the capital markets is. Because of the City's AAA bond rating, these bonds are in high demand with the lowest possible interest rate on the market. For our analysis, we look at how much can we borrow and not exceed our 87 cents, interest rate, dollar amount we are going to borrow, when we are going to borrow it, but also what assumptions we are using for the assessed value. The tax rate times the assessed value divided by 100 generates the annual debt service, which is how much we can afford to pay. We have our existing debt amortizing out and layer in the new debt for value assumptions. State law is pretty restrictive. There is about a 2 year lag on numbers from the assessor's office. That's why we see those decreases in 2009/2010. State law requires that we use a 10 year average and there was a big loss in there which makes it very hard to get a high percentage change. Realistically, these last few years have been 5, 6, 7 percent growth (Chandler has been at 7% and 8% growth), and we know the next two years will be fairly large. We will take the 10 year average from the first 5 years then 20% of that number after that, which keeps our assessed value growth restrained or artificially low. The next two years we will see growth and after that we will see the impact of any big recession if one happens. So what we have to do for the pamphlet is think about the project needs and the numbers, think about what we can realistically do in that five year period, think about realistic assessed value assumptions, and try to condense it down into State law requirements. We don't have to show a lot of detail but the problem is what you put in the pamphlet with regards to the tax rate is not a legal contract per say, but you have Council saying we are not going to raise the tax rate so you have to do everything in your power not to do that. The voters are going to say we are going to authorize you to sale whatever the number is worth of bonds being requested and you could go out the next day and sale all the bonds and take the tax rate up to \$5. You could do that legally, but the next time you go to the voters they will have lost trust in you. You need to do the best you can based on your project needs, assessed value growth, and interest rate assumptions at that time.

MANAGEMENT SERVICES DIRECTOR DAWN LANG said when we looked back at our assessed growth rate for the last 10 years, that 10th year going back was a drop of 20.7% because it was part of the recession.

Our bond counsel advised us to get an estimate from the county instead of picking up that 10th year and we reached out to them, but we won't receive the actual assessed values until February 2021. They gave us a very preliminary estimate of Assessed Value change of 3.1%, which we believe is artificially low based on what has been happening in our community and 0.6% with the 20% State restriction. BILL DAVIS, FINANCIAL ADVISOR said we will know more after February and before we get ready to put the pamphlet together, but generally speaking those could be our numbers.

BILL DAVIS, FINANCIAL ADVISOR said the maximum capacity is driven by the tax limits set by the Council. State statute says you can borrow for most public safety, parks, and open space projects up to 20% of your net full cash assessed value and for all other purposes you have another 6% combined which is around \$1 Billion as of today. So that doesn't assume any future growth, but the reality is that you could not sale that kind of capacity under an 87 cent cap, so it comes back to local policy, tax rates, and targets. Keep in mind these numbers are based on assumptions.

BILL DAVIS, FINANCIAL ADVISOR talked about source of repayment which is generally property taxes. That secondary property tax rate the City has been collecting and the impact fee loan repayments to the debt service fund is huge. We can use these dollars in place of tax dollars and that helps us keep to that 87 cents.

The estimated issuance cost varies by size of the issue and Chandler builds the issue up over a couple years to sale less frequently. There are legal fees, rating agency fees, costs of printing and publishing the official statement, financial advisor fees, underwriter fees, and bond council fees. Since the City has a good bond rating, this brings the interest rate down. Interest on bonds are exempt from State and Federal Income Tax, and the biggest expense of selling bonds is the interest expense.

Estimated tax impact on different property classifications is governed by State law. They determine how property is assessed, and try and bring commercial property down closer to a residential assessment value. Property values fluctuate and it is different by type of structure and location. A flat tax rate affects things differently.

Timing of projects is not required in the pamphlet. Staff works really hard with the committees and then with Council to determine priorities on projects and timeliness for various reasons, and this does not need to be included in the pamphlet.

BILL DAVIS, FINANCIAL ADVISOR reiterated the capacity is governed by the tax rate. Impact fee loan repayments increases capacity significantly and basically allows you to borrow more upfront and pay it off quicker which reduces your interest expense. It is huge being able to have that flexibility. We talked about anticipating bond sales every other year to mitigate expense.

MANAGEMENT SERVICES DIRECTOR DAWN LANG talked about the bond analysis that is completed every other year. The City plans bond sales every other year to support the capital plan that is in place. Tonight we talked through all the financing assumptions, , but we do have other things to consider. BUDGET MANAGER MATT DUNBAR said first off we talked about the statutory debt capacity which is around \$850M and this is not an issue with the projects we are bringing forward as we are well under the Statutory Debt Limit amount. When you look at the property tax rate, we are close to the 87 cents tax

rate and we can maintain this rate with a bond sale of about \$452M. Keep in mind a 1 cent tax rate equals \$337,000 of tax levy, so if the tax rate goes up by 1 cent, the City would receive an additional \$337,000 based on the current property tax rate. SUBCOMMITTEE MEMBER ZURN asked why it is so hard for people to accept a 1 penny increase? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied it just is because people are watching every dollar, and increasing taxes, no matter what the amount is a sensitive topic to many.

BUDGET MANAGER MATT DUNBAR said our biggest constraint is impact of ongoing on the operating budget. As we go through future meetings, we will be talking about the operating impact of some of the projects and that the Council is focused on not adding additional projects that will add ongoing operational needs before the City can afford it. Some of these projects have significant operating needs. A one-time financial request is much easier than an ongoing operating need. Where do we get the additional ongoing component? We can't ask for bond funds for operational needs. We have to look at what we can actually afford to build, staff, support, and maintain on an ongoing basis. We don't bond for ongoing expenses.

SUBCOMMITTEE CHAIRMAN DUNN said that is one of the basic financial principles that the City has followed is that any ongoing expense must have a dedicated revenue source to pay for those operating expenses. A lot of Cities go out build something and don't think about maintenance then it closes because they can't staff it. We have never had that issue because we know that principle up front. What I'm hearing is this may affect some of the rankings of the proposed projects if we feel they don't have a dedicated revenue source to pay for this lifetime operational expense. BUDGET MANAGER MATT DUNBAR said that is correct.

BILL DAVIS, FINANCIAL ADVISOR added how important the discipline this City Council has had and that is why they are triple AAA rated because of that kind of budget planning which has really made a difference.

BUDGET MANAGER MATT DUNBAR said the other consideration is not only do we have to look at the ongoing expenses, but we have to look at the ability to complete the project. So if we were to stack too many projects in years 2, 3, and 4; there may not be enough staff to manage the projects themselves. If we are bonding things too early, there is no sense paying the interest if we can't actually get the project completed. We want to make sure they are in a timely order and we can complete the projects with adequate staffing.

BUDGET MANAGER MATT DUNBAR reiterated the funding capacity analysis, project timing needs to be realistic (ability to complete and affordability of ongoing operating), the 10 year plan, current assessed value growth at a realistic pace compared to what the State requires, whether the project is short-term or long-term, then on the flip side, we are going to look at how much we are going to sale, adding in State assumptions and working with Bill on how we get things aligned with the State requirements and keep that tax rate in check. We will roll all this together in the pamphlet with principal and interest, with no tax increase, and specify the timeframe comparison. We need to state our goal is for no tax increase and we will meet that goal as best as we can by shifting projects through the timeline.

d. Utility Authorization Discussion

MANAGEMENT SERVICES DIRECTOR DAWN LANG started the discussion by stating the total of short-term and long-term water/wastewater is \$363,609,200. Discussion followed regarding the positives (limited savings) and negatives (risks) of adding utility authorization to the election.

SUBCOMMITTEE CHAIRMAN DUNN made a motion that the Citizen Bond Exploratory Committee Finance Subcommittee make a recommendation to not include any utility bond authorization for funding on the ballot, seconded by SUBCOMMITTEE MEMBER ZURN, motion carried.

MEMBER COMMENTS/ANNOUNCEMENTS

None.

CALENDAR

The next meetings will be each Thursday - January 7, 14, 21, and 28, 2021, 4 p.m. - 5:30 p.m., if needed. We will review funding proposals for the Steering Committee and provide potential policy questions with the bond authorization funding options.

ADJOURNMENT

The meeting was adjourned by SUBCOMMITTEE CHAIRMAN DUNN at 5:47 p.m.



Boyd Dunn
Chairman



Teresa Canjar
Recording Secretary

Approval Date of Minutes: January 7, 2021



CITIZEN BOND EXPLORATORY COMMITTEE

Finance Subcommittee

MEETING MINUTES

Thursday, January 7, 2021

MINUTES OF THE **CITIZEN BOND EXPLORATORY COMMITTEE FINANCE SUBCOMMITTEE** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, Third Floor, Large Conference Room, 175 S. Arizona Avenue, Chandler, Arizona.

The following members answered roll call:

Boyd Dunn	Subcommittee Chairman
Garry Hays	Subcommittee Member
Kari Zurn	Subcommittee Member
Matt Eberle	Subcommittee Member
Tami Butcher	Subcommittee Member

Absent:	Justin Walseth	Subcommittee Member
	Nate Shinagawa	Subcommittee Member

Also in attendance:

Dawn Lang	Management Services Director
Marsha Reed	City Manager
Matt Burdick	CAPA Director
Matt Dunbar	Budget Manager
Steven Turner	Assistant to the City Manager
Teresa Canjar	Management Assistant

SUBCOMMITTEE CHAIRMAN DUNN called the meeting to order at 4:02 p.m.

APPROVAL OF THE MINUTES

SUBCOMMITTEE CHAIRMAN DUNN moved to approve the minutes of the December 17, 2020, regular meeting of the Citizen Bond Exploratory Finance Subcommittee, seconded by SUBCOMMITTEE MEMBER BUTCHER, motion carried.

BRIEFING ITEMS

- a. Review adjustments to Combined Subcommittee Project listing that aligns with maximum bond capacity

MANAGEMENT SERVICES DIRECTOR DAWN LANG provided an overview of the Combined Subcommittee Projects listing. She explained two areas that were considered when working through the Financing Scenarios on what to fund through additional bond authorization with no tax increase. 1- Ensure projects

that were part of the 2007 bond election are funded. 2- Review Operations & Maintenance (O&M) impacts are not causing a property tax increase as well as capital. The following questions were asked:

- SUBCOMMITTEE CHAIRMAN DUNN asked what are the years for short-term? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded FY 2021-22 through FY 2026-27 is considered short-term (and 3 additional years to FY 2029-30, are considered long-term).
- SUBCOMMITTEE MEMBER ZURN asked what is O&M? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded it is operations and maintenance.
- SUBCOMMITTEE MEMBER ZURN said we obviously don't want to propose a tax increase now, but in the future after the bond election can Council just pass a tax increase without going to the citizens in an election? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that the Council can increase taxes at any time. Typically this type of discussion would come during the budget process.
- SUBCOMMITTEE MEMBER ZURN asked if we have ever found a short coming in the past after a bond election? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that the 2007 bond election was based on assumptions that Assessed Values would continue to increase and the recession hit soon after. SUBCOMMITTEE CHAIRMAN DUNN responded this process is not a perfect science but we can't control the economy like in 2008.
- SUBCOMMITTEE MEMBER HAYS said his understanding is that the GO Bond Capacity Needed for Projects is the most we can bond, but we are asking for \$426,500,000? MANAGEMENT SERVICES DIRECTOR DAWN LANG mentioned that that amount is the maximum we can sell in bonds and still maintain a \$0.87 secondary tax rate based on our assumptions. The GO Bond Capacity needed for projects is less since we would not plan on selling the maximum.
- SUBCOMMITTEE MEMBER HAYS said we shouldn't ask for something because we don't think it will pass, we need to figure out necessities and find a way to explain to the citizens here is what is needed and why. CITY MANAGER MARSHA REED responded that the Finance Subcommittee was tasked to submit recommendations that would not raise taxes and this is what we are reviewing. This will just be an authorization amount (if approved by the voters) and the City Council will make decisions year by year on timing of actual bond funded projects. SUBCOMMITTEE MEMBER HAYS responded he just wants to make sure we ask for what we need. MANAGEMENT SERVICES DIRECTOR DAWN LANG said this is why there was a process with all the subcommittees reviewing projects. They looked at projects that have been vetted by the budget process plus information from the numerous master plans, assessments, and conversations with the public. We feel this is a good solid list of those needs and we are working from that list to fit in as much as possible. SUBCOMMITTEE CHAIRMAN DUNN said because of this system and having the subcommittees come to us and talk about their needs; every department is going to say they have needs and it is up to a higher authority to prioritize those needs all together. Tying this to the last bond election is saying to the citizens we are extending what you approved in 2007, so there is a connection to that vote and he likes this approach.

b. Discuss recommendations to Steering Committee by category

MANAGEMENT SERVICES DIRECTOR DAWN LANG started the overview of the Combined Subcommittee Recommendations. BUDGET MANAGER MATT DUNBAR started by discussing the Airport projects. The following questions were asked:

- SUBCOMMITTEE CHAIRMAN DUNN asked about the completion time frame of cash funding. Is it better, worse or the same? BUDGET MANAGER MATT DUNBAR responded that it can be better as the bond market could cause the project to shift out if rates increase so there is more flexibility with cash funding especially in the current climate with revenues that came in stronger than anticipated last year. SUBCOMMITTEE CHAIRMAN DUNN asked if we can ask Council to dedicate those funds now to the Airport projects or is this something we can decide in the future? BUDGET MANAGER MATT DUNBAR said these projects would be incorporated into our Capital Plan as cash funded capital projects and we are working through that right now.
- SUBCOMMITTEE MEMBER HAYS said he heard BUDGET MANAGER MATT DUNBAR say there is \$494,000 left in bond authorization; he doesn't remember there being a bond election for the airport? BUDGET MANAGER MATT DUNBAR said this is the remaining bond authorization from an election in 1993 and the language was very general. SUBCOMMITTEE CHAIRMAN DUNN affirmed we won't have any new bond needs for the airport.
- SUBCOMMITTEE MEMBER ZURN asked if the Cooper Road Collector Improvements have been taken off the list? BUDGET MANAGER MATT DUNBAR responded that it had been moved to the Public Works section given the nature of the project, but remains a benefit to the Airport.
- SUBCOMMITTEE CHAIRMAN DUNN said did we move out a public safety project to cash fund fiber? BUDGET MANAGER MATT DUNBAR said we included all public safety projects on the bond election and will be using cash for fiber because the fiber project is less bondable (more public education needed). SUBCOMMITTEE CHAIRMAN DUNN said so in terms of timing, we are going to be doing \$5M of fiber before we build a fire station? BUDGET MANAGER MATT DUNBAR clarified that by bond funding the Fire Station, the cash is freed up to use towards fiber
- SUBCOMMITTEE MEMBER HAYS said I know we have come leaps and bounds in the last 3-4 years in technology in Chandler, and I see short-term and long-term columns empty. Are we comfortable staff have the right tools they need to do their jobs with what is provided here? BUDGET MANAGER MATT DUNBAR responded that the subcommittee talked about all these issues with their current technology plans and funding sources, and their sole recommendation for bond authorization was this fiber network. CITY MANAGER MARSHA REED said when we are looking at bond authorization; we are looking for projects that last for the bondable period of time, projects that are 10 or more years. Software programs and those types of things are important and they are in our Capital Plan or Decision packages, but they may not last for more than 5 years so one of the reasons they only brought forward the fiber project.

- SUBCOMMITTEE CHAIRMAN DUNN asked are we putting off any safety concern for our citizens by putting off the next two phases of the fiber project to a later time? BUDGET MANAGER MATT DUNBAR replied no, all those safety concerns are incorporated into the cash funded first phase of the Fiber ask. It is the Fiber expansion and things like that which will be shifted outside of this bond election. SUBCOMMITTEE CHAIRMAN DUNN felt this one would be something we could sell the voter on regarding safety and quality of life issues. CITY MANAGER MARSHA REED said the public may see fiber and think we are competing with the private sector (i.e. cable company), and removing it from the ballot takes away the confusion.
- SUBCOMMITTEE MEMBER ZURN asked if we can sell buildings to the private sector? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied yes we can.
- SUBCOMMITTEE MEMBER HAYS said we talked about O&M earlier, we know what it stands for, and that we shouldn't bond for O&M. There needs to be more detail from Facilities in regard to their maintenance costs request. CITY MANAGER MARSHA REED said we can provide a listing of buildings and what the maintenance costs are for each at the next meeting. MANAGEMENT SERVICES DIRECTOR DAWN LANG said we will word this differently so the voter will understand it is more critical infrastructure improvements that extend the useful life of facilities.
- SUBCOMMITTEE CHAIRMAN DUNN asked from the bonding standpoint, we are reducing the request down to \$28M for facility maintenance? MANAGEMENT SERVICES DIRECTOR DAWN LANG said yes, we are reducing it to \$28M, in current year dollars. This amount will be escalated based on estimated timing and the remainder will be cash funded or shifted to the next bond election.
- SUBCOMMITTEE MEMBER ZURN asked you mentioned the Community Center and the Senior Center has been removed; so what other facilities are they requesting maintenance? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded she would get the list of building examples included and have that for the next meeting.
- SUBCOMMITTEE CHAIRMAN DUNN asked what are we doing at Mesquite Groves Park that is different? Are we pushing up total development? Is this the Regional Park Development Item? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied that the Regional Park is Tumbleweed, but it could also be enhancements to Snedigar, which is yet to be decided. SUBCOMMITTEE CHAIRMAN DUNN asked what is the park that is by Basha High School? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied Mesquite Groves. SUBCOMMITTEE CHAIRMAN DUNN said so we have decided we want to do that earlier instead of later? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded this is for Phase 2 and 3, the current CIP has the first 30 acres (Phase 1) funded with system development fees. There is potential to save money if we could do Phase 1 and Phase 2 together. SUBCOMMITTEE MEMBER ZURN asked, so nothing has been done since the last bond election? Did they run out of money or something else? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that it was a project planned in the 2007 bond election plan and had assessed values going up. Then in 2008, assessed values took a nose dive, so if we would have proceeded with this plan it would have generated a tax increase. SUBCOMMITTEE MEMBER HAYS asked if Phase 1 was already completed? There is a pool and golf course already there. MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that the pool was paid for in

conjunction with the school being built and was not considered Phase 1. Phase 1 is the first 30 acres yet to be developed. SUBCOMMITTEE MEMBER HAYS asked about the largest number for a parks project is \$16,834,200 (Regional Park Development); we need to know what it is going to be used for. CITY MANAGER MARSHA REED responded that the \$16.8M is for a diamond complex, multi-use fields or a combination of both. We went to a more general title because we were unsure about where these would be built. MANAGEMENT SERVICES DIRECTOR DAWN LANG said this does include a splash pad, pickle ball courts and other improvements for Tumbleweed as well.

- SUBCOMMITTEE MEMBER HAYS inquired about the vacant corner at McQueen and Germann. Is this included in the Regional Park improvements? CITY MANAGER MARSHA REED responded no and that the vacant corner is still being talked about as an economic development purpose. This is all about the right timing and whatever is decided will tie into sports of some sort.
- SUBCOMMITTEE MEMBER ZURN asked about the O&M for the Forensic Services Facility. MANAGEMENT SERVICES DIRECTOR DAWN LANG responded this was \$2M O&M costs is a concern, but we have the Police Department looking at phasing O&M in and we would try and get that into our forecast gradually, thereby avoiding a tax increase.
- SUBCOMMITTEE CHAIRMAN DUNN asked if we are doing part of the Police Department Administration building renovations earlier and some of them later? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded yes. Completing the forensic facility first would free up the communications and Criminal Investigation Bureau areas, which would be the first to be renovated.
- SUBCOMMITTEE CHAIRMAN DUNN then asked about the Detention Center. BUDGET MANAGER MATT DUNBAR said the Detention Center will probably need to be pushed out to the next bond election because of the O&M costs. MANAGEMENT SERVICES DIRECTOR DAWN LANG said there are options and research will continue on building a brand new facility or if we need to be more creative with partnerships. SUBCOMMITTEE MEMBER ZURN asked if the \$3.3M is an annual number? MANAGEMENT SERVICES DIRECTOR DAWN LANG said yes they will need 26 new people to sustain operations 24/7. CITY MANAGER MARSHA REED responded that we have a five year agreement with Gilbert, so we have time to look at our options.
- SUBCOMMITTEE CHAIRMAN DUNN asked for clarifications about the transit items. Where it says shared use path, that means bike lane not bus right? We have Ocotillo in short-term and long-term. What is the length of the path? BUDGET MANAGER MATT DUNBAR responded that the shared use paths are for bikes and the Ocotillo project is unique. \$13.9M is the full cost of the project, but there may be some other funding sources such as grant funding available, but we want to make sure everything was included because this is the number 1 project from that subcommittee. After talking with them, this doesn't have to be done all at once; it can be done in three phases. SUBCOMMITTEE CHAIRMAN DUNN asked what is included in that cost? Is it land acquisition and is it really \$13M? CITY MANAGER MARSHA REED replied that typically on these types of projects they have to rebuild all curb and gutters, outside lanes, and land. It is a host of things. It just takes more than you think. SUBCOMMITTEE CHAIRMAN DUNN said we should have

included these types of things in road design to save on these costs in the past. SUBCOMMITTEE MEMBER HAYS said he has spoken with Ryan Peters about developing shared use paths on the Price corridor. He said Price Road is our crown jewel and the big companies want amenities like this. SUBCOMMITTEE CHAIRMAN DUNN said there is a lot of potential on Price Road. It would be a major attribute to tie in all those businesses with a bike path especially when comparing the cost to other bike lane projects. Putting bikes on your roads is becoming more of a challenge and a safety issue. SUBCOMMITTEE MEMBER ZURN asked if this was a high priority? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded there is a large community of bicyclists who are pushing for more multi-modal options. SUBCOMMITTEE CHAIRMAN DUNN said we need to have more places for families and seniors to ride safely. SUBCOMMITTEE MEMBER HAYS said we have done a good job with Paseo Trail and some of the others we have done over the years. We need to make sure we are doing this in a way that makes sense. SUBCOMMITTEE MEMBER ZURN asked how long/far is this Ocotillo path? CITY MANAGER MARSHA REED responded it goes from Paseo to Price (3 miles). SUBCOMMITTEE CHAIRMAN DUNN said the paths from the canals need to tie in as well.

MANAGEMENT SERVICES DIRECTOR DAWN LANG went back to the Finance Subcommittee Update #7 PowerPoint presentation. The following questions were asked:

- SUBCOMMITTEE CHAIRMAN DUNN asked how large was Tempe's last bond authorization request? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded around \$349M. SUBCOMMITTEE MEMBER ZURN asked if ours is \$420M? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that our identified needs are \$420M, but subtracting authorization remaining in those categories, we would go to the voters for potentially \$290M. SUBCOMMITTEE CHAIRMAN DUNN asked if they had a tax increase in their request? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied they did not.
- SUBCOMMITTEE MEMBER EBERLE asked with all the new information we have, can you share with us how much debt we retire during this period of time, obviously we have debt that matures as we take on more debt. MANAGEMENT SERVICES DIRECTOR DAWN LANG said she doesn't have that number off hand, but will provide it at the next meeting.
- SUBCOMMITTEE MEMBER ZURN asked who is on the Steering Committee? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that it is made up of the Chairs from all the subcommittees.

ACTION ITEMS

a. Motion 1: Recommend removal of Airport from the bond election as all Subcommittee recommendations are met with other resources.

SUBCOMMITTEE MEMBER HAYS made a motion that the Citizen Bond Exploratory Committee Finance Subcommittee make a recommendation to remove Airport from the bond election as all Airport Subcommittee recommendations are met with other resources, seconded by SUBCOMMITTEE MEMBER BUTCHER, motion carried.

b. Motion 2: Recommend removal of Technology from the bond election as all short-term Subcommittee recommendations are met with other resources.

SUBCOMMITTEE MEMBER ZURN made a motion that the Citizen Bond Exploratory Committee Finance Subcommittee make a recommendation to remove Technology from the bond election as all short-term Technology Subcommittee recommendations are met with other resources, seconded by SUBCOMMITTEE CHAIRMAN DUNN, motion carried.

c. Motion 3: Recommend accepting changes to the prioritized Facilities Subcommittee recommendation to remain within bond capacity.

SUBCOMMITTEE CHAIRMAN DUNN made a motion that the Citizen Bond Exploratory Committee Finance Subcommittee make a recommendation to accept changes to prioritized Facilities Subcommittee recommendations to remain within bond capacity, seconded by SUBCOMMITTEE MEMBER EBERLE, motion carried.

MEMBER COMMENTS/ANNOUNCEMENTS

None.

CALENDAR

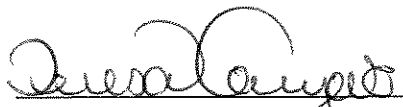
The next meetings will be each Thursday - January 14, 21, and 28, 2021, 4 p.m. – 5:30 p.m.

ADJOURNMENT

The meeting was adjourned by SUBCOMMITTEE CHAIRMAN DUNN at 5:47 p.m.



Boyd Dunn
Chairman



Teresa Canjar
Recording Secretary

Approval Date of Minutes: January 14, 2021



**CITIZEN BOND EXPLORATORY COMMITTEE
Finance Subcommittee
MEETING MINUTES**

Thursday, January 14, 2021

MINUTES OF THE **CITIZEN BOND EXPLORATORY COMMITTEE FINANCE SUBCOMMITTEE** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, Third Floor, Large Conference Room, 175 S. Arizona Avenue, Chandler, Arizona.

The following members answered roll call:

Boyd Dunn	Subcommittee Chairman
Kari Zurn	Subcommittee Member
Matt Eberle	Subcommittee Member
Nate Shinagawa	Subcommittee Member
Tami Butcher	Subcommittee Member

Absent:	Garry Hays	Subcommittee Member
	Justin Walseth	Subcommittee Member

Also in attendance:

Dawn Lang	Management Services Director
Matt Burdick	CAPA Director
Matt Dunbar	Budget Manager
Steven Turner	Assistant to the City Manager
Teresa Canjar	Management Assistant

SUBCOMMITTEE CHAIRMAN DUNN called the meeting to order at 4:12 p.m.

APPROVAL OF THE MINUTES

SUBCOMMITTEE CHAIRMAN DUNN moved to approve the minutes of the January 7, 2021, regular meeting of the Citizen Bond Exploratory Finance Subcommittee, seconded by SUBCOMMITTEE MEMBER ZURN, motion carried.

BRIEFING ITEMS

- a. Follow-up on combined Subcommittee Project listing that aligns with maximum bond capacity

MANAGEMENT SERVICES DIRECTOR DAWN LANG provided a follow-up on combined Subcommittee Project listing. She explained the Steering Committee received a thorough update with a lot of great discussions around the recommendations. The goal of their meeting was to provide feedback for us, so we could work out any issues or scenarios. No changes were made to our recommendations regarding Airport and Technology. SUBCOMMITTEE CHAIRMAN DUNN felt the Airport and Technology chairs were

receptive to the recommendations that were proposed for their projects and understood why these decisions were made.

MANAGEMENT SERVICES DIRECTOR DAWN LANG continued with facilities. A list of facilities that would be maintained/improved with facilities authorization was requested by the Steering Committee and created based on those in the facilities study with the highest dollar amount of maintenance identified. It was felt that this list of example facilities would be helpful when we are educating the public on the benefits of these projects.

SUBCOMMITTEE CHAIRMAN DUNN said there was a good discussion around the wording that will be used for all of these Facilities needs when presented to the voters. Maintenance/Improvements to facilities is new to a Chandler ballot, and would be one of those items that could be confusing, so we need to explain that this is more repair of critical infrastructure in those facilities to keep them running well and safely for employees and citizens. The other thing mentioned was we have to be careful how things are worded and not be too specific because the Council could change timing of the priorities after the bond election has been approved. We need to make the language so the voter will understand the importance of the Facilities category. He asked if it was correct that Tempe had a significant question on their recent bond election dealing with facilities and that made him feel more comfortable asking the voters about Facilities projects.

MANAGEMENT SERVICES DIRECTOR DAWN LANG replied yes that is correct. Tempe asked the voters for \$68M in approval and it was fully approved. Then, for Parks, the Steering Committee liked the approach we took looking back to the 2007 bond election and making sure we made the connection with what did not get completed and to ensure all the phases of the larger projects for the regional parks were included.

SUBCOMMITTEE CHAIRMAN DUNN said it will be interesting to see what the discussion is on Parks tomorrow especially for Mesquite Groves. The discussion will be focused on whether we feel these recommendations will take care of any concerns the Council might have about covering all neighborhoods and regional parks sufficiently, and that all these projects fit within the best short-term or long-term scenario as possible, especially from a financial standpoint. From a financial standpoint, we feel comfortable as a committee that this recommendation will assure we can do as many projects as possible without a secondary tax rate increase.

MANAGEMENT SERVICES DIRECTOR DAWN LANG said the Public Safety area had the most conversation. In Fire, the recommended decision for the dual band radios to be funded with cash was understood, but since we had moved the Shared Mobile Command to long-term, the conversation centered around this being an important piece of equipment, and was there any way to get it into short-term. We explained that timing is not mentioned in the bond proposal to the public. The financial scenario lays out the projects to show these projects could be done without increasing the tax rate. The description, when it goes out to voters, will be one long list of projects with no mention of timing. If this Mobile Command Unit is vital to operations, it will probably get funded sooner rather than later and we will adjust accordingly. We recommended leaving it long-term, and Mayor and Council will determine actual timing.

SUBCOMMITTEE MEMBER ZURN asked if there was any part of our maximum capacity that was not used that could help move this up? MANAGEMENT SERVICES DIRECTOR DAWN LANG said we looked at our maximum ability to sale bonds and what was leftover was in year 9 and 10. There was about \$6M left. There was no additional capacity in the short term, given all the other priorities. The need to move the Detention Center project to the next bond election to avoid a primary property tax increase from the new Operations & Maintenance (O&M) was then discussed.

SUBCOMMITTEE CHAIRMAN DUNN said I think PUBLIC SAFETY SUBCOMMITTEE CHAIRMAN TRINITY DONOVAN understood the need to move the Detention Center out to a future bond election because of the O&M costs and how that could affect the primary tax rate? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded you are correct, she did confirm that she understood the need to shift the Detention Facility out of this request and put it in the next bond election.

SUBCOMMITTEE CHAIRMAN DUNN said it was also mentioned that when it comes to the Forensic Facility, the O&M will have to be phased in after it is built to allow it to come within budget limits, and all the lab services will have to be phased in as well. MANAGEMENT SERVICES DIRECTOR DAWN LANG replied this is correct. There are four specialties and they have come up with a plan to phase them in to address the O&M impact.

SUBCOMMITTEE MEMBER EBERLE asked if the Detention Facility would be a tax increase? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied by shifting the detention facility to the next bond election this avoids a 10 cent primary property tax increase. SUBCOMMITTEE CHAIRMAN DUNN said this is on the primary tax side which would cause concern for the Council as they would have to find money in the budget for this if it moved forward. We have been trying to keep the secondary tax at a level amount and if we brought in the primary property tax at an increase that would be a problem with the Council. The City Manager made it clear that a tax increase would be an issue. I talked with the PARKS SUBCOMMITTEE CHAIRMAN TED HUNTINGDON and he would like to see the Public Safety Mobile Command moved to short-term instead of long-term because of the public safety need from his personal experience. I told him we would need to switch one project for another in order to do that and he realized the other items were equally important. These are tough decisions. Did Fire feel that the items in short-term including the fire emergency vehicles were a higher priority than the public safety mobile command? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that both Police and Fire Chiefs would like to get the Mobile Command Unit sooner instead of later and this could be moved up during the bond process. This will be the first time this has been presented to Mayor and Council, and they will have the final say on the timing of this purchase. SUBCOMMITTEE CHAIRMAN DUNN said he understands they will have the final call on the timing of this listing, but if we did move that up wouldn't something else have to be moved to a later time period? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded yes, but for the purpose of what we are doing by laying this out for the 10 year capital plan that is exactly what you need to do to get it to balance in the bond sale capacity and we cannot exceed the capacity in that year and generate a tax increase. Reference to short-term and long-term will be eliminated in the report presented to the Council. These projects need to be addressed as just projects that are included in our bond authorization request. Our proposal does not cause a tax increase in either primary or secondary. The two Public Works Transit project shifts were then discussed to avoid a primary property tax increase. No questions came from the Steering Committee on this.

MANAGEMENT SERVICES DIRECTOR DAWN LANG said the Steering Committee discussed presenting more than one scenario, but kept coming back to presenting only one. There was a request for an 80% use of capacity scenario to see what that would mean to how many projects could be completed. We worked up two scenarios; 95% and 80%. Under a 95% capacity, some fiber projects and facility maintenance, as well as the police detention facility, and north and central Chandler flexible transit would be moved to the next bond election. If we used 80% capacity, fiber, facility maintenance, police detention facility, north and central Chandler flexible transit, Folley pool/parks renovations, Mountain View Park renovations, Mesquite Groves Park Phase III, Fire Station 284 reconstruction, and Ray/Dobson intersection would need to be shifted to the next bond election. There is quite a difference between the two scenarios. SUBCOMMITTEE CHAIRMAN DUNN thought the ask was for a second alternative of having a slight or moderate increase in the tax rate for their consideration? MANAGEMENT SERVICES DIRECTOR DAWN LANG replied that they understood the need for no tax increase, but they wanted to know how much of the projects we could complete under an 80% scenario. MATT BURDICK also confirmed the interpretation of the request to be the same as what Dawn explained. MANAGEMENT SERVICES DAWN LANG said for example, if we were to go into a recession and all of a sudden assessed values dropped and we could only sell about 80% of our capacity because it is not generating as much secondary property tax, what that might look like. SUBCOMMITTEE CHAIRMAN DUNN said that is what happened in 2008, there was less revenue so we just decreased our projects without increasing taxes. This is an important listing of the things we would have to give up or would take longer to complete and could help the Steering Committee decide to bring forward one without a tax increase as long as the economy remains the same.

SUBCOMMITTEE MEMBER ZURN asked what was Tempe asking for when reviewing the summary of how much would be requested by category. MANAGEMENT SERVICES DIRECTOR DAWN LANG responded Tempe asked for \$350M and Mesa was below us at \$100M for streets. SUBCOMMITTEE CHAIRMAN DUNN asked for an explanation of why Tempe asked for more projects without a tax increase. MANAGEMENT SERVICES DIRECTOR DAWN LANG replied they could have projected out further and their secondary tax rate is significantly higher than Chandler. They also have more outstanding debt. SUBCOMMITTEE CHAIRMAN DUNN said every city has different factors involved which make it hard for comparisons. SUBCOMMITTEE EBERLE said we have mechanisms in place that if our revenue starts to go off a little bit or if we hit a recession, everything adjusts accordingly. MANAGEMENT SERVICES DIRECTOR DAWN LANG replied yes, the capital plan will slow down significantly unless there is a big push from constituents to Council to do something which would be a discussion at that time. BUDGET MANAGER MATT DUNBAR said projects adjust over time depending on the market conditions all the time. MANAGEMENT SERVICES DIRECTOR DAWN LANG said on a positive note, we are going to refinance some debt this year, which will bring our debt costs down even more.

b. Discuss recommendations to Steering Committee by category

MANAGEMENT SERVICES DIRECTOR DAWN LANG provided an overview of the recommendations to the Steering Committee by category. The recommendations for Parks, Public Safety and Public Works were discussed.

ACTION ITEMS

SUBCOMMITTEE CHAIRMAN DUNN introduced each motion:

a. Motion 1: Accept changes to the prioritized Park Subcommittee recommendation to remain within bond capacity.

SUBCOMMITTEE MEMBER EBERLE made a motion that the Citizen Bond Exploratory Committee Finance Subcommittee make a recommendation to accept changes to the prioritized Park Subcommittee recommendation to remain within bond capacity, seconded by SUBCOMMITTEE MEMBER ZURN, motion carried.

b. Motion 2: Accept changes to the prioritized Public Safety - Fire Subcommittee recommendation to remain within bond capacity.

SUBCOMMITTEE MEMBER BUTCHER made a motion that the Citizen Bond Exploratory Committee Finance Subcommittee make a recommendation to accept changes to the prioritized Public Safety - Fire Subcommittee recommendation to remain within bond capacity, seconded by SUBCOMMITTEE MEMBER ZURN, motion carried.

c. Motion 3: Accept changes to the prioritized Public Safety - Police Subcommittee recommendation to remain within bond capacity.

SUBCOMMITTEE MEMBER ZURN made a motion that the Citizen Bond Exploratory Committee Finance Subcommittee make a recommendation to accept changes to the prioritized Public Safety - Police Subcommittee recommendation to remain within bond capacity, seconded by SUBCOMMITTEE CHAIRMAN DUNN, motion carried.

d. Motion 4: accept changes to the prioritized Public Works Subcommittee recommendation to remain within bond capacity.

SUBCOMMITTEE CHAIRMAN DUNN made a motion that the Citizen Bond Exploratory Committee Finance Subcommittee make a recommendation to accept changes to the prioritized Public Works Subcommittee recommendation to remain within bond capacity, seconded by SUBCOMMITTEE MEMBER EBERLE, motion carried.

MEMBER COMMENTS/ANNOUNCEMENTS

None.

CALENDAR

The next meetings will be Thursday - January 21 and 28, 2021, 4 p.m. – 5:30 p.m.

ADJOURNMENT

The meeting was adjourned by SUBCOMMITTEE CHAIRMAN DUNN at 5:09 p.m.



Boyd Dunn
Chairman



Teresa Canjar
Recording Secretary

Approval Date of Minutes: January 21, 2021



**CITIZEN BOND EXPLORATORY STEERING COMMITTEE
and Finance Subcommittee
MEETING MINUTES**

Thursday, January 21, 2021

MINUTES OF THE **CITIZEN BOND EXPLORATORY STEERING COMMITTEE AND FINANCE SUBCOMMITTEE** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, 2nd Floor Training Room, 175 S. Arizona Avenue, Chandler, Arizona.

The following Steering Committee members answered roll call:

David Sperling	Airport Subcommittee Chairman
Mark Gildersleeve	IT Subcommittee Chairman
Trinity Donovan	Public Safety Subcommittee Chairman

The following Finance Committee members answered roll call:

Boyd Dunn	Subcommittee Chairman
Garry Hays	Subcommittee Member
Justin Walseth	Subcommittee Member
Kari Zurn	Subcommittee Member
Matt Eberle	Subcommittee Member
Nate Shinagawa	Subcommittee Member
Tami Butcher	Subcommittee Member

Also in attendance:

Dana DeLong	City Clerk
Dawn Lang	Management Services Director
Jason Crampton	Senior Transportation Planner
John Knudson	Public Works & Utilities Director
Kelly Schwab	City Attorney
Kim Moyers	Cultural Development Director
Matt Burdick	CAPA Director
Matt Dunbar	Budget Manager
Mickey Ohland	Community Services Planning Manager
Mike Hollingsworth	Facilities & Fleet Manager
Ryan Peters	Government Relations & Policy Manager
Steven Turner	Assistant to the City Manager
Teresa Canjar	Management Assistant
Tim Stratton	Bond Counsel, Gust Rosenfeld PCL

SUBCOMMITTEE CHAIRMAN DUNN called the meeting to order at 4:05 p.m.

APPROVAL OF THE MINUTES

SUBCOMMITTEE MEMBER HAYS moved to approve the minutes of the January 14, 2021, regular meeting of the Citizen Bond Exploratory Finance Subcommittee, seconded by SUBCOMMITTEE MEMBER ZURN, motion carried.

BRIEFING ITEMS

a. Follow-up on Steering Committee Actions from January 15, 2021

MANAGEMENT SERVICES DIRECTOR DAWN LANG introduced Mark Gildersleeve, IT Subcommittee Chairman; Trinity Donovan, Public Safety Subcommittee Chairman; David Sperling, Airport Subcommittee Chairman; and Tim Stratton, Bond Counsel from Gust Rosenfeld.

She started the presentation and highlighted the agenda for tonight's meeting. She reported out on the last Steering Committee meeting in which the Finance recommendations were presented, and total authorization to request in the bond election was voted on for each category. There was an extensive discussion on the Police Detention Facility and the operations and maintenance (O&M) impact on our primary tax rate. The Finance recommendation to shift this to the next bond election, given the impact on O&M impact on the primary tax rate and the unknowns around regional opportunities, was supported by the Steering Committee. Two Public Works Transit projects were also removed from the election request, due to the O&M impact and additional Council policy decisions needed. The final authorization request for Police that would be included in the bond election would be \$55,190,000 and Public works would be \$85,780,000. Once the Steering Committee takes action on those last two actions, the revised total authorization request to voters is \$272,685,000. This will be our final Finance Subcommittee meeting. Since we were not part of the 2007 process, this was our first Bond Committee process and it was amazing. Thanks to everyone for all their hard work! SUBCOMMITTEE CHAIRMAN DUNN will be making his report to Council on Thursday, February 25 at 6 p.m. and there will be an appreciation reception for all subcommittee members in March.

b. Draft Ballot Questions and State Requirements – Tim Stratton, City Bond Counsel, Gust Rosenfeld PLC

TIM STRATTON, CITY BOND COUNSEL gave the Committee a legal briefing on the legal requirements to take a bond question to the voters. The scope of the presentation included background on Arizona laws and process, voter information pamphlets, overview of General Obligation Bond questions, and influencing the outcome of an election. During the presentation, the following questions were asked:

SUBCOMMITTEE MEMBER SHINAGAWA asked about the following language that must be included on the ballot form, "the issuance of these bonds will result in a property tax increase...." Does it have to say tax and can you use the word levy or something else instead? TIM STRATTON, CITY BOND COUNSEL responded unfortunately no because this phrase is in quotations in the statute and it says it shall be on the ballot, although the Voter Information Pamphlet can be used to tell the actual impact of no tax increase resulting from approval of this authorization.

SUBCOMMITTEE MEMBER ZURN asked about the change to the Department of Justice (DOJ) consent degree and why we don't have to submit the ballot materials to the DOJ for approval before the election now and what was the reason for the change? TIM STRATTON, CITY BOND COUNSEL responded that it changed a couple years ago and he feels the DOJ believes we have made certain progress with some of the voting rights issues alleged against the State many, many years ago, so the pre-clearance requirement was dropped.

SUBCOMMITTEE MEMBER HAYS asked about the pro/con arguments, are we going to charge a fee and have any of the dates been decided yet? TIM STRATTON, CITY BOND COUNSEL responded this is all statutorily driven; it will be the exact date the Council approves/denies the bond resolution. The resolution will call for an election and state the various dates. MANAGEMENT SERVICES DIRECTOR DAWN LANG said the date the Council would vote on the resolution is May 27, 2021 and the deadline for filing pro/con arguments is August 4, 2021 (the fee is \$150 per argument). TIM STRATTON, CITY BOND COUNSEL said all committee members will be encouraged to submit a pro argument to line up as much community support as possible. A City employee who lives in Chandler can submit an argument as a citizen; making sure it is not affiliated with the City. It is fairly common to not have any con arguments in the bond pamphlet unless there is a hot button issue. If you charge a fee for the pro/con argument, there is an opportunity for the City to recoup some of the costs associated with doing so.

SUBCOMMITTEE MEMBER ZURN asked if there is a statutory minimum amount of time prior to the November election that this must be sent to every citizen? TIM STRATTON, CITY BOND COUNSEL responded, yes 35 days. MANAGEMENT SERVICES DIRECTOR DAWN LANG responded based on our timeline, the pamphlet could be mailed the week of September 20 for the November election. TIM STRATTON, CITY BOND COUNSEL added there are specialized companies that compile the information, and handle the printing and mailing of the pamphlets. There has to be coordination with the County Clerk's Office.

SUBCOMMITTEE CHAIRMAN DUNN asked if there were any requirements to have the pamphlet reviewed by Attorney General's office or the County Attorney's office? TIM STRATTON, CITY BOND COUNSEL, responded no, but the Department of Revenue requires us to submit a copy of the report 30 days after the election, no matter the outcome.

SUBCOMMITTEE MEMBER ZURN asked if the Steering Committee is responsible for formulating these Ballot questions or is that the Finance Subcommittee? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded that the Steering Committee will hear recommendations from the Finance Subcommittee and then make the final recommendation for the report to City Council, and TIM STRATTON, CITY BOND COUNSEL has drafted the questions that we will be going through here in a minute.

SUBCOMMITTEE MEMBER BUTCHER asked, in regards to further details on projects, would we put in the FAQs more details about the projects, facilities like, Chandler Arts for the Facilities question, to make it more exciting and meaningful? MANAGEMENT SERVICES DIRECTOR DAWN LANG responded yes, the voter information pamphlet is where we can give examples of those types of things in the FAQ, another section, or both. TIM STRATTON, CITY BOND COUNSEL responded if the City prepares a final report outlining these projects, like the City's 10-year Capital Improvement Plan, it can be linked in the pamphlet. SUBCOMMITTEE CHAIRMAN DUNN said this is why the pamphlet and campaign is so important. We want

to educate the voters on the benefits before they actually go to vote. We want them to see these items and vote for them and not be concerned about the last paragraph of a tax increase, which is required by State Law, but not true in our case. TIM STRATTON, CITY BOND COUNSEL said that is why it is important to keep the questions short and use general language.

SUBCOMMITTEE MEMBER ZURN said perhaps we could combine Public Safety, so it looks closer to Parks and Recreation's ask. We don't want the citizens to think we are putting Parks and Recreation over Public Safety. After some discussion, other subcommittee members could see the pros and cons of doing this.

SUBCOMMITTEE CHAIRMAN DUNN asked if we should mention "highways" in Public Works and Street and Transit Bond Improvements purposes? TIM STRATTON, CITY BOND COUNSEL said this is language that was used before, but that could cause confusion with ADOT.

SUBCOMMITTEE CHAIRMAN DUNN asked if there is any concern with an elected official being an employee in regard to government resources influencing the outcome of an election? TIM STRATTON, CITY BOND COUNSEL replied we get this question from time-to-time and it can become an issue. Advise them to be judicious and urge them to not use City letterhead, a City issued phone, or Chandleraz.gov email when campaigning for the bond election. They also need to be cautious when asked to speak to groups. Materials/handouts should be reviewed by Bond Counsel beforehand and make sure you provide only factual information.

ACTION ITEMS

Authorizing the Chair to approve the final meeting minutes of January 21, 2021.

SUBCOMMITTEE MEMBER ZURN made a motion authorizing the Chair to approve the final meeting minutes of January 21, 2021, seconded by SUBCOMMITTEE MEMBER SHINAGAWA, motion carried.

MEMBER COMMENTS/ANNOUNCEMENTS

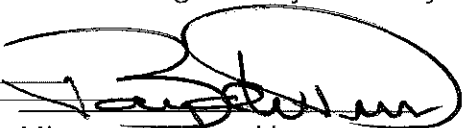
None.

CALENDAR

No additional Finance Subcommittee meetings. February 25, 2021, Thursday at 6 p.m. – presentation to City Council of Citizen Bond Exploratory Committee Report.

ADJOURNMENT

The meeting was adjourned by SUBCOMMITTEE CHAIRMAN DUNN at 5:41 p.m.



Minutes reviewed by
Boyd Dunn, Chairman



Teresa Canjar
Recording Secretary

Approval Date of Minutes: January 29, 2021