



Bond Election Committee Kickoff

City Council Chambers
Thursday, Aug. 20, 2020



Agenda

- Overview of the Bond Election and the process
- Citizen Bond Exploratory Committee purpose and responsibilities
- Review of Committee structure and calendar



Overview of the Bond Election and the Process

Purpose and Need for a Bond Election



PURPOSE

- State law requires property tax payers to authorize selling ad valorem debt or General Obligation (GO) Bonds
- Ensures transparency with the public
- Allows tax payers to decide what they are willing to pay for through property taxes

NEED

- Community capital/infrastructure needs exceed remaining bond authorization

Why Bonds are Important as a Financing Tool



Issuing Bonds provide funds for needed capital projects

- Allows funding of land acquisitions, capital construction, equipment and other items
- Allows a community need to be constructed immediately, spreading cost over time
- Provides capital financing options when other funding sources are limited
- Provides annual repayment using secondary property taxes or other dedicated revenue stream

Why Obtaining Bond Authorization is Important



- Bond Authorization can be utilized through the sale of bonds over time as large capital community needs are identified
- Allows cost of debt to be spread over the life of the capital asset, minimizing tax impact now
- Allows debt cost to be paid by existing and new taxpayers that enjoy use of the capital asset over time

Chandler Continues Tradition of Fiscal Strength

- Current and past Councils have built a strong financial foundation and
- Created a great quality of life

But...

- It has been 13 years since our last bond election
- There are many needs as our community which have changed over time
- Therefore, it is time for our Citizen Bond Committee to review those needs and make a recommendation to City Council

We need to keep our community moving forward



Diverse economy



Strong financial position



Strong reserves



Dedication to lean organization



Emphasis on great infrastructure



Excellent public safety



Strong quality of life

Citizen Bond Exploratory Committee

Purpose and Responsibilities

Citizen Bond Exploratory Committee Purpose

To provide recommendation to City Council of bond authorization needed to support important public capital/infrastructure based on highest priorities

Citizen Bond Exploratory Committee Overview



- **Phase 1** - Committee education and expectation setting
- **Phase 2** - Subcommittee meetings to discuss and cost project estimates, gauge public support for projects identified, and prioritize recommended projects
- **Phase 3** - Subcommittee presents and discusses findings with committee
- **Phase 4** - Committee reviews, discusses, and obtains financial analysis of recommended projects
- **Phase 5** - Committee prepares final recommendations including any alternatives for Council consideration
- **Phase 6** - Committee Chair presents final report and recommendations to Mayor and Council

What is Property Tax Impact?

- Additional bond authorization does not mean taxes will increase
- Bond authorization is like a credit limit to pull from when needed
- To achieve no tax increase, it requires a balance between.....

Assessed Value



Tax Rates

- This formula generates the revenue (tax levy) required to pay the debt service on GO Bonds
- As debt is paid down, new debt can be added, leaving taxes neutral



Subcommittee Recommendation Options

Capital Needs May Exceed Tax Capacity

- Finance Subcommittee determines prioritized projects funding
- Existing Bond Authorization applied and gaps identified



Funding Options for Capital Needs

- Multiple projects can be grouped into once ballot question
- A large capital project may require a separate ballot question
- Funding capacity may extend project timing outside of this timeframe



General Voter Bond Authorization Remaining

Last Bond Election was 2007 (pre-recession)

Projected no property tax increase based on assumptions

Use of authorization extended as assessed values began to rebound post-recession

Minimal Bond Authorization remains for Public Safety, zero for Water or Wastewater, and needs exceed remaining authorization in other categories

Numerous projects have been completed since last election as follows....

Actual Projects Built

from Prior Bond Election

Street Projects Built from Prior Bond Election



- South Arizona Ave. Corridor Improvements
- Southeast Arterial Streets widened
- Various Intersection Improvements
- Street Repaving and Maintenance

Park and Cultural Projects Built from Prior Bond Election



- Tumbleweed Park Development
- Tumbleweed Recreation Center
- Paseo Trail System
- Paseo Vista Recreational Area
- Various Neighborhood and Community Parks
- Museum

Police and Fire Projects Built from Prior Bond Election



- 2 Fire Stations added, 1 expanded, & 1 rebuilt
- Fire Administration Building
- Fire Training Center Expansion
- Police Records Management System
- Public Safety Training Facility

Water and Wastewater Projects Built from Prior Bond Election



- Water/Wastewater Facility Improvements
- Main Replacements
- Well Construction/Rehabilitation
- Sewer Collection System Upgrades and Replacements

**Importance of
Debt Management Financial Policy

and Bond Ratings**



Debt Management Financial Policy

- Provides guidelines for issuance of bonds and other debt, and ongoing annual care of debt
- Provides flexibility to finance future capital programs and requirements
- Sets limitations on City indebtedness such as
 - Use of Voter Authorization
 - Debt coverage goals
 - No variable rate debt allowed
 - Debt cannot exceed life of asset
- Provides framework for improving bond or "credit" ratings

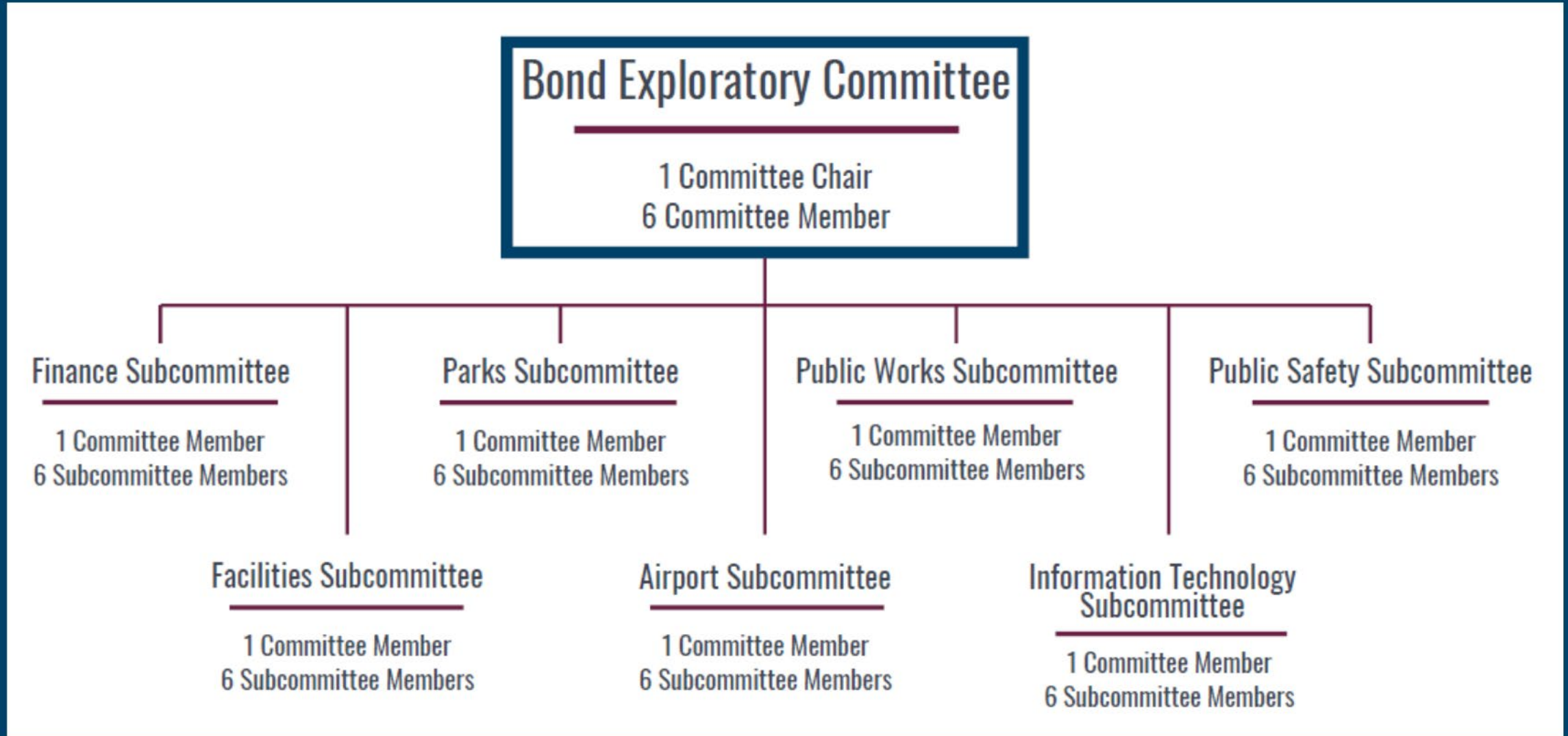


Importance of Bond Ratings

- City maintains AAA Bond Ratings from Moodys, Fitch and S&P rating agencies
- Reflects strong financial position of City as a low risk investment
- Results in low-cost of borrowing to fund needed community capital
- Correlates to lower taxes and utility rates (revenue streams paying debt service)

Review of Committee Structure and Calendar

Citizen Bond Exploratory Committee Structure



Bond Election Estimated Calendar

Schedule Date	Description
August 20, 2020	Bond Election Committee Kickoff
September 1, 2020	Bond Election Committee Chairs meeting
September 8, 2020 - December 15, 2020	Bond Election Subcommittee Meetings begin
December 15, 2020	Subcommittee recommendations due to CBEC
January 20, 2021 - January 27, 2021	Bond Election Committee meeting to form consensus on all subcommittee recommendations
February 11, 2021	Bond Election Committee recommendations report finalized. Briefing to Council by Chairman of Bond Election Committee's recommendations at Work Session

Bond Election Estimated Calendar (cont'd)

Schedule Date	Description
February 25, 2021 - April 30, 2021	City Council discussion of recommendations and the call for election
May 13, 2021	Use City Council Meeting to announce Call for Election
June 5, 2021	At City Council Meeting, Council receives: Call of Election by resolution by City Council
June 18, 2021	Ballot language given to Maricopa County
August 4, 2021	Arguments Pro/Con filed with City Clerk
September 20, 2021	Sample Ballot/Informational Pamphlet mailed to voters before election
November 2, 2021	Election Day



Questions?