



CHANDLER
arizona
Community of Innovation

Citizen Bond Exploratory Committee Executive Summary

February 25, 2021





Mayor & City Council

Mayor Kevin Hartke
Vice Mayor Mark Stewart
Councilmember Christine Ellis
Councilmember O.D. Harris
Councilmember René Lopez
Councilmember Matt Orlando
Councilmember Terry Roe

Citizen Bond Exploratory Steering Committee

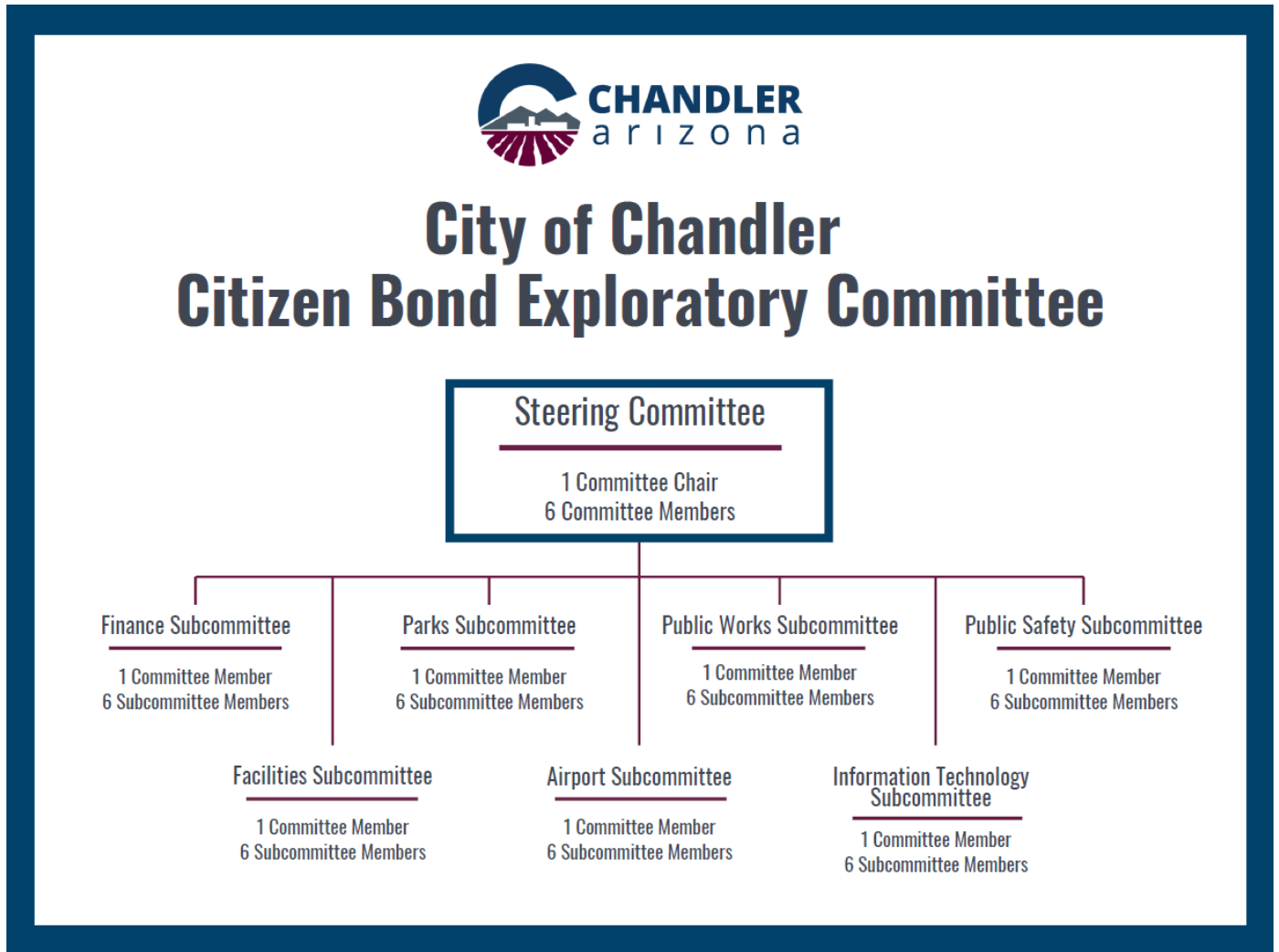
Boyd Dunn, Chair, Finance Subcommittee
Trinity Donovan, Public Safety Subcommittee
Mark Gildersleeve, Information Technology Subcommittee
Ron Hardin, Public Works Subcommittee
Ted Huntington, Parks Subcommittee
Nina Mullins, Facilities Subcommittee
David Sperling, Airport Subcommittee

City Manager's Office

Marsha Reed, City Manager
Debra Stapleton, Assistant City Manager
Joshua Wright, Assistant City Manager
Steven Turner, Assistant to the City Manager

Citizen Bond Exploratory Committee

The Citizen Bond Exploratory Committee consisted of a seven member Steering Committee along with seven Subcommittees each with seven members. The total number of Chandler citizens involved in the process was 49. Each member of the Steering Committee served as the Chair of a Subcommittee. The seven Subcommittees were: Airport, Facilities, Finance, Information Technology, Parks, Public Safety, and Public Works. Each Subcommittee was supported by City Staff to learn about department needs, potential projects, and master plans/assessments.

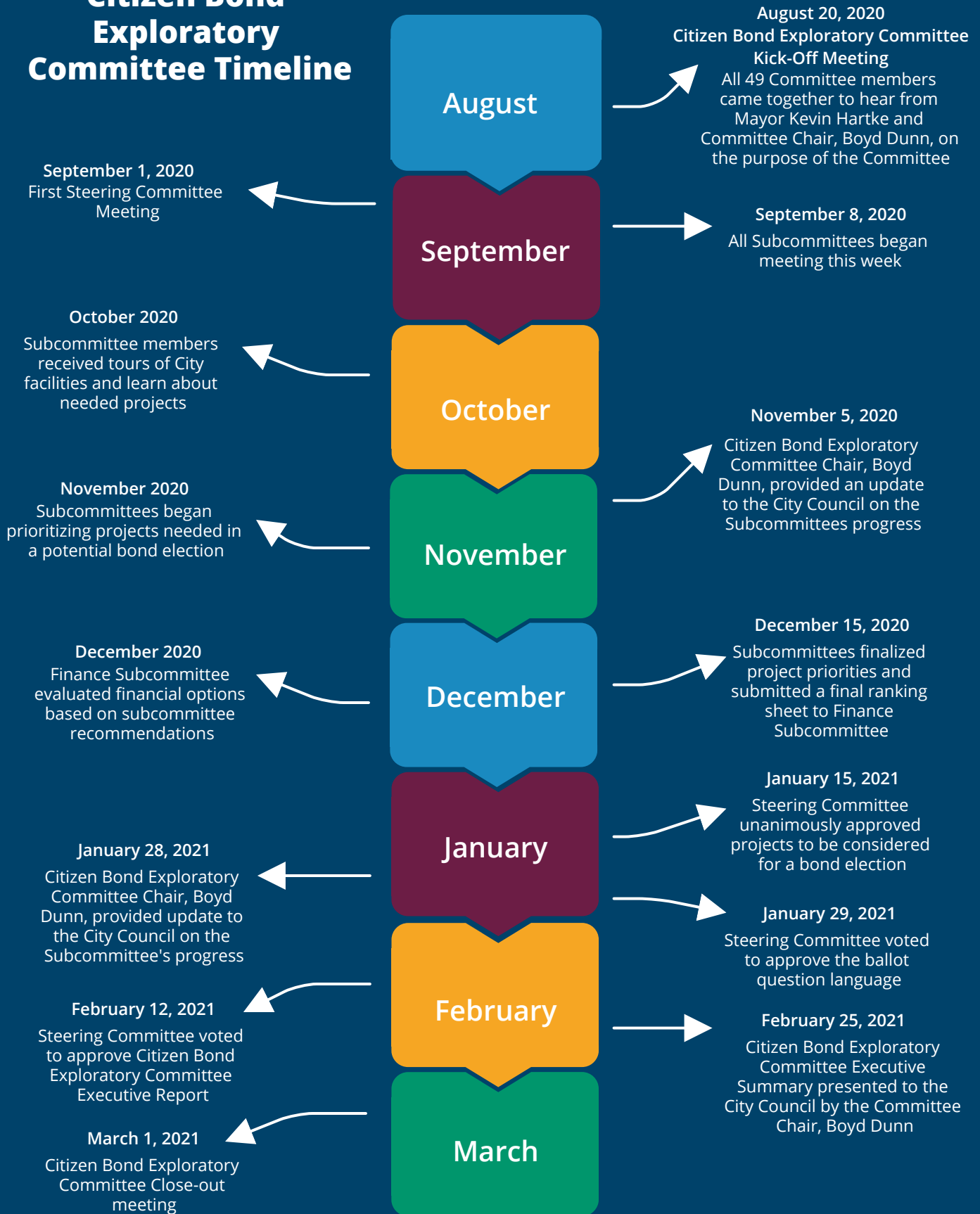


The Steering Committee and subcommittees met nearly 60 times between August 2020 and February 2021. After each subcommittee received tours of City facilities, Open Meeting Law training, and a briefing on the City's need for bonds, they were tasked to develop a prioritized list of capital projects and submit them to the Finance Subcommittee to produce a capital financing plan to try to include as many projects as possible without increasing the primary or secondary property tax rate. To do this, City staff presented projects and known community needs. The Subcommittees then prioritized projects using an "A" or "B" list as short term and long term needs. The Subcommittee members had opportunities to add additional projects they felt were important for the community. Each Subcommittee also discussed the need for additional public comment.

Once the Subcommittees submitted their priorities to the Finance Subcommittee and a capital financing plan was developed, the Steering Committee was tasked to develop the final list of projects recommended to be included in the planned November 2021 bond election. Along with the prioritization of the projects, the Steering Committee worked with the City's bond counsel, Gust Rosenfeld P.L.C., to develop the questions that will appear on the November 2021 bond election ballot.

On January 29, 2021, the Steering Committee voted unanimously to approve the questions on pages 21 and 22 of this Executive Summary to be included on the November 2021 bond election ballot.

Citizen Bond Exploratory Committee Timeline



Communication

With the formation of the Citizen Bond Exploratory Committee in August 2020, the City of Chandler assigned public information staff to the Steering Committee and each Subcommittee. Staff presented public information options in September and October to the Steering Committee and Subcommittees. The input gathered helped to create a public information campaign regarding the work of the Citizen Bond Exploratory Committee that launched in November 2020.

A new section of the City website at chandleraz.gov/bondelection was created as the central source for citizen information. The site explains the purpose for a bond election, timeline for a bond election and improvements that have been completed through past use of bonds by the City of Chandler. The site outlines the formation and structure and lists the names of Chandler residents serving on the Steering Committee and Subcommittees. Copies of all meeting agendas, meeting minutes and presentations made to the Steering Committee and Subcommittees are available on the site. A comment form was also made available for ideas and suggestions to be submitted to the Steering Committee and Subcommittees.

A series of social media posts and articles were released in November to educate residents about the Citizen Bond Exploratory Committee, explain past use of bonds in Chandler and participate by submitting ideas and comments. The call to action was to visit the City website to follow the progress of the Committee and use the online comment form to submit ideas for consideration.

Additional public information activities will occur as the City Council receives the recommendations from the Citizen Bond Exploratory Committee and determines whether to proceed with a bond election. Below is a snap shot of the Bond Election website that was established and will continue to exist.



EXPLORE RESIDENTS BUSINESS GOVERNMENT

Bond Election

Home | Government | Boards, Commissions and Committees | Citizen Bond Exploratory Committee | **Bond Election**

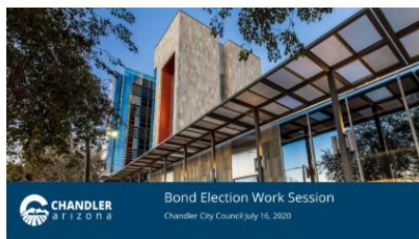
Bond Elections are held in order for a community to sell ad valorem debt or debt that is based on property assessed value, commonly referred to as General Obligation Bonds. It is required by State law for a City to obtain voter approval through "bond authorization".

This process ensures transparency with the public and allows taxpayers to decide what community enhancements or infrastructure they are willing to pay for through property taxes. When a City draws down its bond authorization by selling bonds, it can pay the debt over the life of the capital asset, minimizing the impact on taxpayers today.

Would you like to share your thoughts and ideas?

Comments will be reviewed and considered as part of the process to provide a recommendation to the City Council.

Submit Feedback



Bond Election Work Session
July 16, 2020



Bond Election Kickoff
Aug. 16, 2020

+ Bond Election Calendar

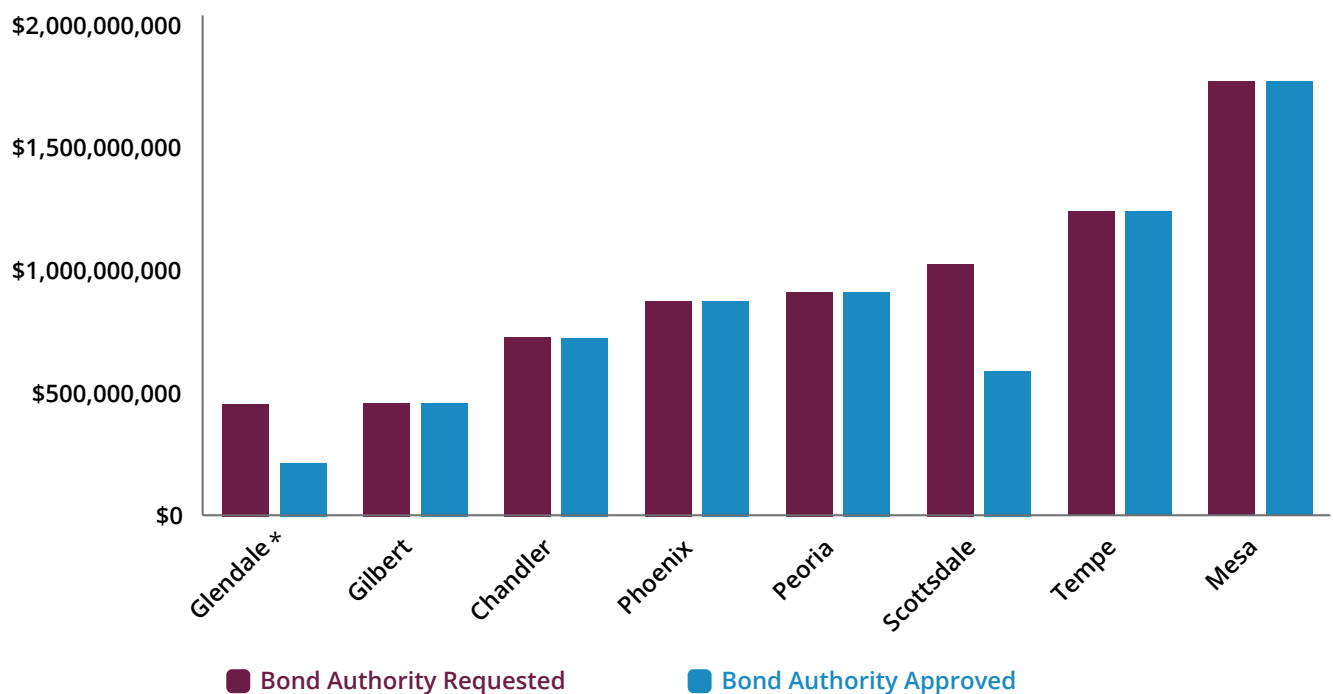
Chandler Bond History

The City of Chandler has had great success with residents voting to approve bond authorization. Since 2000 the City has held three bond elections. The table below shows the bond authorization amounts approved in each category since 2000.

Bond Category	2000 Election	2004 Election	2007 Election	Total
Parks and Recreation	\$34,935,000	\$40,600,000	\$81,350,000	\$156,885,000
Fire	\$4,655,000	\$4,580,000	\$14,265,000	\$23,500,000
Police	\$3,800,000	\$4,360,000	\$15,745,000	\$23,905,000
Art Center			\$4,200,000	\$4,200,000
Museum		\$8,500,000	\$4,500,000	\$13,000,000
Streets	\$23,795,000	\$59,095,000	\$202,310,000	\$285,200,000
Effluent Reuse	\$24,410,000			\$24,410,000
Water and Sewer	\$29,745,000	\$36,580,000	\$107,850,000	\$174,175,000
Public Buildings			\$9,960,000	\$9,960,000
Library			\$11,255,000	\$11,255,000
Total	\$121,340,000	\$153,715,000	\$451,435,000	\$726,490,000

The graph below compares the City of Chandler with other large Valley cities on the use of voter approved General Obligation (GO) Bonds since 2000, a year before the City's last bond election.

Valley Bond Elections Since 2000



* City of Glendale's data only represents bond election information since 2007



2021 General Obligation Bond Election

Citizen Bond Exploratory Committee Recommendation of **\$272,685,000**



Parks

\$72,985,000



Fire

\$25,160,000



Police

\$55,190,000



Facilities

\$33,570,000



Streets

\$85,780,000

Citizen Bond Exploratory Committee Recommendations

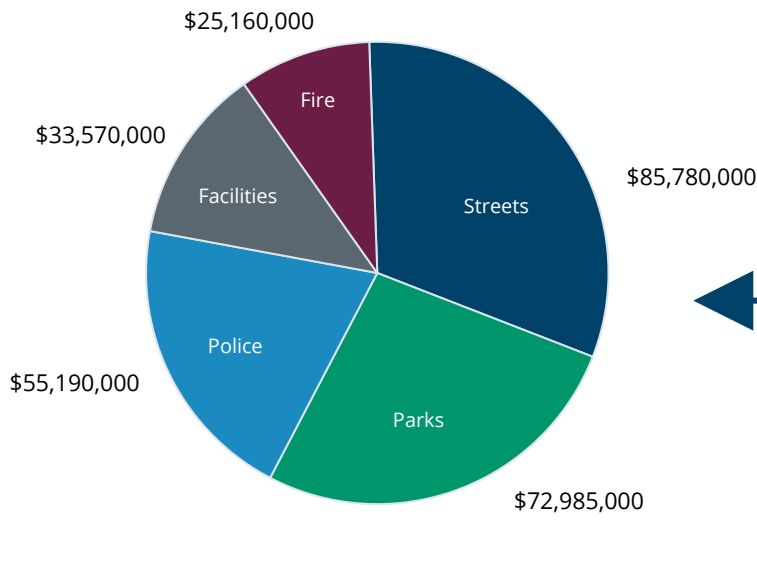
The City of Chandler Citizen Bond Exploratory Committee has completed its recommendations for a General Obligation (GO) Bond Election for consideration by the City Council. The exercise was completed in February 2021 in anticipation for a planned bond election in November 2021.

The recommendations are based on the City Council's commitment to maintain existing infrastructure, finish planned construction of streets and parks, limit new projects that add ongoing operations and maintenance, and address public needs all while not negatively impacting property taxes.

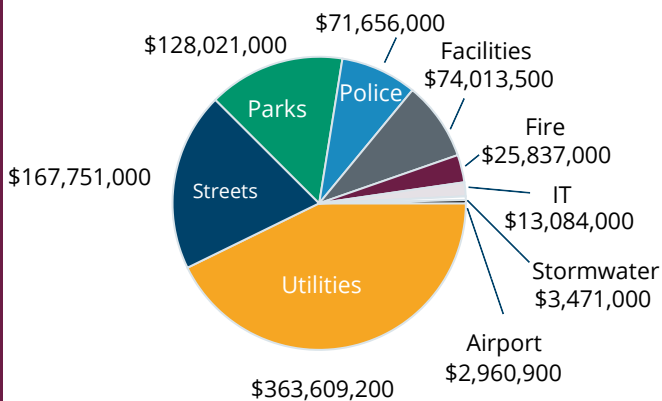
Over a period of seven months, the Citizen Bond Exploratory Committee reviewed and evaluated 80 possible bond projects with an estimated total cost of \$851,973,600. The Citizen Bond Exploratory Committee is pleased to provide the City Council with a recommendation of 52 projects with a \$403,747,000 bond need in the areas of Parks, Fire, Police, Streets and Transportation, Library, Stormwater, Airport and Facilities. After utilizing the remaining authorization, the City has \$272,685,000 in authorization needed in Parks, Fire, Police, Facilities and Streets and Transportation for approval in the November 2021 bond election.

If approved, this recommendation to City Council would not increase primary or secondary property tax rates using current projections.

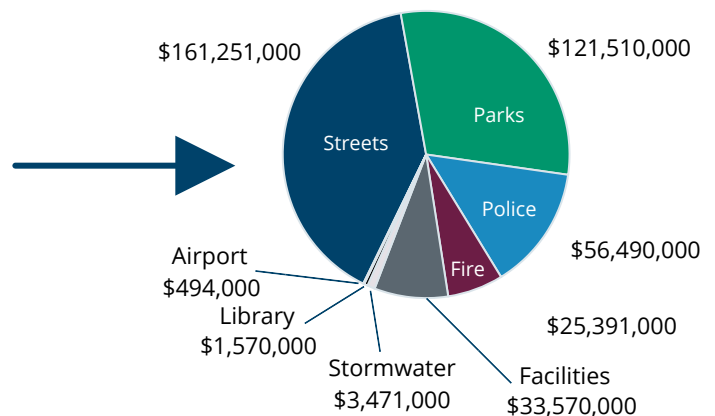
New Authorization Needed



All Capital Projects Reviewed



Projects Recommended Using GO Bonds



Committee Recommendations

Parks Subcommittee

The Subcommittee met several times between September and November which included tours of City facilities like the Library and AJ Chandler Park. The group developed consensus focusing on maintaining existing City parks, completing



construction on regional parks and putting a higher priority on the AJ Chandler Park renovation. They made an effort to include both phases of Mesquite Groves, since these projects were part of the 2007 bond election, and they discussed the needs at Folley Park, which resulted in a reduced scope on the overall project to include highest priorities.

The Finance Subcommittee evaluated financial options and recommended to the Steering Committee to include all prioritized projects which are listed below. All projects fit within the current and future financial constraints without increasing the primary or secondary property tax rates.

Parks and Recreation Projects

Project Name	Bond Projected Amounts	Other Funding Source or Future Bond Election Projected Amounts
Existing Neighborhood Park Improvements	\$5,253,000	
Existing Community Park Improvements	\$8,743,000	
Existing Recreation Facility Improvements	\$5,267,000	
Dr. AJ Chandler Park Renovation - Phase 1	\$12,172,000	
Mesquite Groves Park - Phase 2	\$19,557,000	
Regional Park Development	\$18,074,000	
Mountain View Park Renovation	\$5,828,000	
Brooks Crossing Park Renovation	\$2,314,000	
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Committee Recommendations

Parks Subcommittee

Project Name	Bond Projected Amounts	Other Funding Source or Future Bond Election Projected Amounts
Pine Shadows Park Renovation	\$1,638,000	
Lantana Ranch Park - Phase 2	\$4,703,000	
Mesquite Groves Park - Phase 3	\$21,371,000	
Folley Pool/Park Renovation	\$16,590,000	\$6,511,000
Total	\$121,510,000	\$6,511,000
Remaining Authorization	\$48,525,000	
2021 Bond Authorization Needed	\$72,985,000	

Library Projects

The Subcommittee is recommending no additional authorization in this category.

Project Name	Bond Projected Amounts	Other Funding Source or Future Bond Election Projected Amounts
Library Facility Improvements	\$1,570,000	
Total	\$1,570,000	
Remaining Authorization	\$5,245,000	
2021 Bond Authorization Needed	\$0	

Committee Recommendations

Public Safety Subcommittee

Fire Projects

The Subcommittee met several times between September and December which included tours related to Fire needs: Fire Stations 282 and 281, Public Safety Training Center, and several public safety response vehicles. The group developed consensus on the priority of the projects.



Most of the conversation centered around rebuilding Fire Station 284 versus doing a renovation. Ultimately, the group decided to recommend a rebuild of Fire Station 284 because the needed maintenance costs along with the renovation resulted in costing more long-term than demolishing the facility and rebuilding the station on the same footprint.

The Finance Subcommittee evaluated financial options and then recommended to the Steering Committee to include all prioritized projects which are listed below, with the exception of shifting one project to be cash funded. All projects fit within the current and future financial constraints without increasing the primary or secondary property tax rates.

Project Name	Bond Projected Amounts	Other Funding Sources or Future Bond Election
Rebuild Fire Station 282	\$6,955,000	
Fire Emergency Vehicles	\$4,550,000	
Fire Station Emergency Dispatch Equipment	\$1,155,000	
Rebuild Fire Station 284	\$8,715,000	
Self-Contained Breathing Apparatus (SCBA)/ Thermal Imaging Camera (TIC) Replacement	\$2,171,000	
Public Safety Mobile Command	\$1,845,000	
Dual Band Radios		\$446,000
Total	\$25,391,000	\$446,000
Remaining Authorization	\$231,000	
2021 Bond Authorization Needed	\$25,160,000	

Committee Recommendations

Public Safety Subcommittee

Police Projects

The Subcommittee also toured related Police needs: Public Safety Training Center, Police Main Station, and several public safety response vehicles. The group developed consensus on the priority of the Police projects. Most of the conversation centered around the need for additional space and services to be provided from a new Forensic Services Facility. The current small Forensic Services Section is housed within the Police Main Station and does not fit the growing needs of the Department. A new facility will allow for new specialties to be developed along with the potential



to develop regional partnerships to help offset costs of the facility. If the Forensic Services Section moves into a new facility, this will then allow for expansion of the Communication and Investigations Bureau (CIB) Section along with other areas to help with growth in the Department. The need for a Detention Facility was also discussed given concerns with the longevity of utilizing the existing shared Gilbert facility, but the Forensic Facility was deemed to be a higher priority.

The Finance Subcommittee evaluated financial options and then completed additional analysis (see pages 19-20) regarding the Operations & Maintenance (O&M) needs of the new facilities. Police was agreeable to phase in Forensic Facility specialties over a 3 year period, but the Detention Facility O&M caused the need for a higher primary tax rate. The Finance Subcommittee then recommended to the Steering Committee to include all prioritized projects which are listed below, with the exception of the Detention facility by shifting this out of this bond election request. All remaining projects fit within the current and future financial constraints without increasing the primary or secondary property tax rates.

Project Name	Bond Projected Amounts	Other Funding Source or Future Bond Election
Forensic Services Facility	\$38,325,000	
CIB, Communications Renovations	\$6,361,000	
Police Emergency Vehicles	\$1,623,000	
Wellness Center	\$495,000	
Main Station Remaining Renovations	\$9,686,000	
Detention Facility		\$15,166,000
Total	\$56,490,000	\$15,166,000
Remaining Authorization	\$1,300,000	
2021 Bond Authorization Needed	\$55,190,000	

Committee Recommendations

Facilities Subcommittee

The Subcommittee met several times between September and November which included tours of aging facilities. As this is a category previously not seen on a Chandler bond election question, the task of this Subcommittee was a little different than the other Subcommittees as specific projects were not evaluated. but instead a recently completed facility assessment on 47 City facilities was their main focus. Their discussion centered around those facilities which had the greatest needs, as well as a prioritization of the items that made up those needs. As part of their review, a list of the top seven facilities needing improvements were included as their highest recommendation.

The Finance Subcommittee evaluated financial options and then recommended to the Steering Committee to include the most critical infrastructure maintenance and improvements that would extend the useful life for multiple facilities, and shifting some to cash funding for a balanced approach to aging infrastructure. When reviewing all projects combined, the Steering committee ensured there was not duplication, should another bond category include rebuilds or similar improvements. They also requested that the Voter Information Pamphlet include examples of some of the facilities that would be improved. Facility improvements recommended for bond funding will fit within the current and future financial constraints without increasing the primary or secondary property tax rates.



The ability to sell bonds by using authorization from the 2021 bond election would help maintain critical infrastructure to extend the useful life on facilities. The following are examples of facilities needing improvements:

- Center for the Arts
- Libraries
- Public Safety Facilities
- Court
- City Hall
- Parking Garage
- Boys & Girls Club
- Fleet
- Transportation & Development
- Information Technology

Project Name	Bond Projected Amounts	Other Funding Source or Future Bond Election
Critical infrastructure maintenance/improvements on facilities to extend useful life	\$33,570,000	
Remaining infrastructure maintenance/improvements on facilities		\$40,443,500
Total	\$33,570,000	\$40,443,500
Remaining Authorization	\$0	
2021 Bond Authorization Needed	\$33,570,000	

Committee Recommendations

Public Works Subcommittee

Streets, Including Transit and Active Transit Projects

The Subcommittee met several times between September and November which included tours of current road construction projects, transit, and viewing of an actual micro-transit vehicle. As this Subcommittee had such a large number of projects to review, they took a different approach. The City's current Capital Improvement Plan (CIP) is updated annually based on the Transportation Master Plan (recently updated in 2019 after receiving significant input from the community), a Regional Transportation Plan approved by Maricopa Association of Governments (MAG), and Surface Transportation Funds (STF) approved at the Federal level. Because of the significant planning efforts already completed with the programmed identified bond projects in the CIP, those projects were included in total as part of the priorities. Then the Subcommittee focused on the recently completed Transportation Master Plan and the number of Transit, Active Transit, and Street projects identified within that were not yet included in the CIP or included as grant funded, but not yet approved through the State/Federal process. After significant discussion, many of those projects were then prioritized and submitted for needed bond authorization.

The Finance Subcommittee evaluated financial options and then completed additional analysis (see pages 19-20) regarding the Operations & Maintenance (O&M) needs of the new projects. With the high cost of operations of the three transit



projects, only one was able to fit within the estimated budget as the other two caused the need for a higher primary tax rate. The Finance Subcommittee then recommended to the Steering Committee to include all prioritized projects which are listed below, with the exception of the North and Central Flexible Transit Fleet projects by shifting them out of this bond election request. All other projects were also adjusted to account for some future grant funding, but allowed for flexibility to shift between projects depending on final State/Federal process. The final approved projects fit within the current and future financial constraints without increasing the primary or secondary property tax rates. The Committee also recommended to cash fund the ADA Improvements projects as was planned in the current Adopted CIP.

Project Name	Bond Projected Amounts	Other Funding Source or Future Bond Election
Transit		
Price Road Flexible Transit Fleet	\$676,000	
North Chandler Flexible Transit Fleet		\$750,000
Central Chandler Flexible Transit Fleet		\$450,000
Active Transit		
Ocotillo Road Shared Use Path	\$16,342,000	
Kyrene Branch Canal Shared Use Path	\$419,000	
Paseo Trail Crossing Improvements	\$453,100	
Ashley/Paseo Trail Connection	\$113,000	
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Committee Recommendations

Public Works Subcommittee

Streets, Including Transit and Active Transit Projects

Project Name	Bond Projected Amounts	Other Funding Source or Future Bond Election
Active Transit		
Highline Canal Shared Use Path	\$208,000	
Americans With Disability Act (ADA) Improvements		\$5,300,000
Price Road Shared Use Path	\$2,119,000	
Streets		
Alma School Road (Germann to Queen Creek)	\$2,620,000	
Alma School Road (Chandler to Pecos)	\$2,251,000	
Cooper Road (Queen Creek to Insight) - Shifted from Airport Subcommittee	\$8,316,000	
El Monte Street Collector at Cherri Lynn	\$749,000	
Willis Road Collector at Vine Street	\$2,441,000	
Ray and Dobson Roads Intersection	\$11,737,000	
Kyrene Road (SR-202 to Chandler Blvd)	\$11,954,000	
Other Streets projects in current Capital Improvement Plan (CIP)	\$100,852,900	
Total	\$161,251,000	\$6,500,000
Remaining Authorization	\$75,471,000	
2021 Bond Authorization Needed	\$85,780,000	

Stormwater Projects

The Subcommittee is recommending no additional authorization in this category.

Project Name	Bond Projected Amounts	Other Funding Source or Future Bond Election
Miscellaneous Storm Drain Improvements	\$550,000	
Detroit Basin Storm Drain Improvements	\$2,921,000	
Total	\$3,471,000	
Remaining Authorization	\$4,019,000	
2021 Bond Authorization Needed	\$0	

Committee Recommendations

Public Works Subcommittee

Water and Wastewater Utility Projects

The Public Works Subcommittee toured the City's Ocotillo Water Reclamation Facility (OWRF) and Pecos Water Treatment Plant, to get a better understanding of utility operations and capital needs. Chandler's Water and Wastewater utilities are Enterprise Funds that are self-supporting. This means they charge user rates which generate revenue based on how much water is consumed or wastewater is processed. The user rate revenue must be sufficient to fully fund its operations, capital needs and related debt service, and reserves. Capital needs are often funded by issuing bonds, to allow large infrastructure to be put in place for immediate use (i.e. water or wastewater plant), but debt cost spread to the rate payers over time. This keeps the user rates at a manageable level, and spreads the cost of these assets over time, allowing for the current and future users of these systems to assist in paying for them. Since Enterprise funds have their own revenue streams, other financing tools besides General Obligation (GO) Bonds are also available such as Revenue Obligations and Excise Tax Revenue Obligations (ETROs). State law allows both of these types of financing tools to be used without voter

authorization. Chandler has used ETROs over the last few years to fund utility infrastructure projects with very low interest rates given the strong financial position of the utilities.



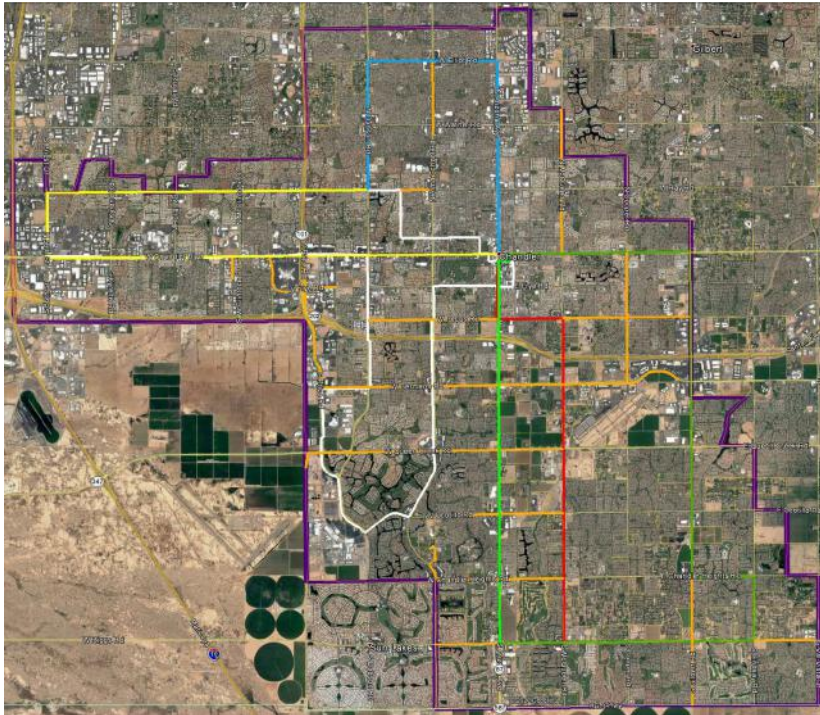
In December 2020, the Finance Subcommittee worked with the City's financial advisor to review the costs of these different financing tools in the open market, and found that the difference in rates was minimal, and therefore would not generate cost savings sufficient to warrant utilizing additional GO bond capacity. The Finance Subcommittee made a recommendation to the Steering Committee to remove the Utility projects from consideration, as the other available financing tools were able to meet their needs and were comparable in cost. Chandler will fund future utility project needs with Revenue Obligations or ETRO financing tools. The Steering Committee approved this recommendation on December 18, 2020.

Project Name	Revenue Obligations or ETROs
Main & Valve Replacements	\$31,471,000
Well Construction/Rehabilitation	\$13,540,000
Water System Upgrades with Street Projects	\$5,375,000
Water Treatment Plant Improvements	\$164,073,000
Water Production Facility Improvements	\$39,962,500
Joint Water Treatment Plant	\$4,000,000
Water Meter Replacements	\$3,000,000
Effluent Reuse - Transmission Mains	\$700,000
Water Reclamation Facility Improvements	\$101,487,700
Total	\$363,609,200

Committee Recommendations

Information Technology Subcommittee

The Subcommittee met several times between September and November which included a tour of the Traffic Management Center. As this is a category previously not seen on a Chandler bond election question, the task of this Subcommittee was



different than the other Subcommittees as the main focus was a singular project. A recently completed Fiber Assessment was their main discussion topic and centered around the plan laid out in the document, which included recommended time frames.

The Finance Subcommittee evaluated financial options and then recommended to the Steering Committee to shift the entire Fiber project to cash funding, which was freed up by the inclusion of the previously cash funded Fire Station #282 in the bond request. Using cash allows for flexibility and considers that some of the elements contained in this project have short term lives and may be operational in nature, therefore not typically included in a bond sale. As there were no Information Technology projects recommended for bond funding, this category was removed from the bond election request as all Technology Subcommittee recommendations will be met with other resources.

Project Name	Other Funding Source or Future Bond Election
Fiber: Complete remaining inventory & outside plant (OSP) database updates , and replace and improve aged equipment and core hardware (Years 0-7)	\$5,694,000
Fiber: Modify existing network to create reliability and path diversity (Years 8-13)	\$3,930,000
Fiber: Update assets and improve the network stability and performance (Years 13+)	\$3,460,000
Total	\$13,084,000

Committee Recommendations

Airport Subcommittee

The Subcommittee met several times between September and November which included a tour of Airport facilities and grounds. After learning about the history of the Chandler Airport, the Subcommittee discussed multiple mandatory and non-mandatory projects and their split funding available (i.e. Federal and State grants). Of all the projects on the list, four moved forward as highest priorities. Additionally, the Airport Runway Extension and the Cooper Road Collector Improvements were further discussed. The Subcommittee was unanimous that their highest priority project would be the Cooper Road Collector Improvements, due to the positive economic impacts to both the Airport and the adjacent private property.



Finally, the Subcommittee determined that the timing may be premature to recommend a bond project to extend Runway 4R-22L. The Subcommittee believes additional analysis, such as community, environmental, and economic impact studies of a potential runway extension, should be undertaken before further decisions are made regarding the project.

The Finance Subcommittee evaluated financial options and then recommended to the Steering Committee to shift the Cooper Road Collector Improvements to the Public Works Streets category, use the remaining bond authorization for one project, and shift the other prioritized projects to cash. As there were no Airport projects recommended for bond funding, this category was removed from the bond election request as all Airport Subcommittee recommendations will be met with other resources.

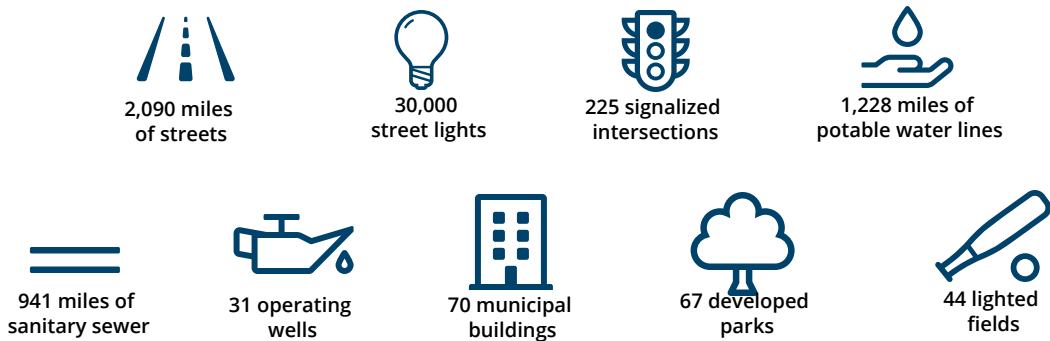
Project Name	Bond Projected Amounts	Local Match on Grants / Cash
Cooper Road Collector Improvements (Included in Public Works Bond Request)	\$0	
Replace Air Traffic Control Tower Transceivers	\$494,000	\$417,500
Wildlife Exclusion Perimeter Fence		\$114,000
Relocate 100LL Underground Fuel Tank		\$608,200
Airport Runway 4R-22L Extension		\$280,600
North Terminal Apron Reconstruction - Phase 2		\$98,500
San Tan Apron Environmental Assessment		\$11,200
Rehab Armory Apron Pavement		\$171,700
Rehab Hangar Area Pavement		\$154,300
San Tan Apron Reconstruction		\$467,700
Rehab North Terminal Apron Access		\$18,200
Heliport Apron Reconstruction		\$125,000
Total	\$494,000	\$2,466,900
Remaining Authorization	\$494,000	
2021 Bond Authorization Needed	\$0	

Financial Considerations

Fiscally Sound Through Time

The City of Chandler continues its tradition of fiscal strength through time, has strong debt management, and maintains a AAA bond rating from all 3 rating agencies, Moodys, Fitch, and S&P. This results in low-cost borrowing which helps complete capital projects at the lowest cost possible. A higher bond rating correlates to lower taxes and utility rates for residents.

The City of Chandler has experienced remarkable growth over the past 40 years, increasing from an estimated 23,500 in 1980 to more than 266,000 residents in 2020. Current and past Councils have built a strong financial foundation and created a great quality of life for our citizens. Although we have come a long way from our days of farm fields, our community of innovation is aging and there are many needs as it has changed over time. As the City grew, bond elections were held more frequently. As the City ages and gets closer to build-out, much of the infrastructure shown below must be maintained or replaced to continue to provide a great quality of life for our citizens. The use of bonds helps the City maintain that existing infrastructure as well as build new projects, allowing for expanded and new programs and services.



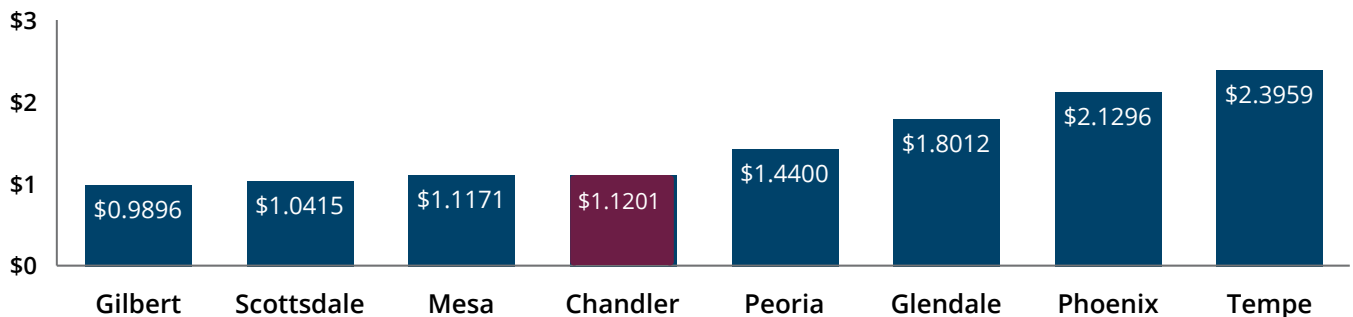
Need for a Bond Election

Selling bonds is a common practice to fund capital/infrastructure needs in a community. In order for a community to sell ad valorem debt or debt that is based on property assessed value, commonly referred to as General Obligation (GO) bonds, State Law requires a City to obtain voter approval through bond authorization. This process ensures transparency with the public and allows tax payers to decide what community enhancements or infrastructure they are willing to pay for through property taxes. The last bond election was in 2007, prior to the great recession, and assessed values dropped 38% in the years following. This resulted in the bond authorization lasting longer than anticipated. To avoid a property tax increase, the capital project timeline slowed, since a tax increase would have been needed to continue paying existing principle and interest on bonds, as well as add new debt to complete projects on the prior timeline.

The following table shows how Chandler has been able to maintain a low property tax rate compared to other valley cities.

Property Tax Rate Comparison

FY 2020-21



* Mesa and Gilbert do not have a primary property tax.

Financial Considerations

Need for a Bond Election

A bond election is needed in 2021 as our community capital/infrastructure needs exceed the remaining bond authorization from previous elections. GO bond authorization is obtained by category (i.e. Streets, Parks, Fire, Police) and generally cannot shift between categories. For example, approved bond authorizations for streets cannot be used to build new parks. Bond authorization is not new debt nor does it raise the tax rate, it simply authorizes the City to sell bonds for projects in specific categories. Bond authorization is like a credit limit to pull from when needed. To achieve a no tax increase, it requires a balance between assessed values and tax rates. This formula generates the revenue required to pay the debt service on the GO Bonds. As debt is paid down, new debt can be added leaving taxes neutral.

Bonds are important financing tools because capital projects are typically large expenses which can use cash reserves very quickly, and having other financing tools is critical for communities. Issuing bonds provides funds for needed capital projects and allows the City to fund land acquisitions, capital construction, equipment, and other items. The City collects primary (\$0.2501) and secondary (\$0.87) property tax through a citizen's property tax bill, per \$100 of assessed value. The secondary property taxes collected are the dedicated revenue stream that funds the principle and interest on the City's GO bonds. The City of Chandler develops a 10-year Capital Improvement Plan (CIP) through use of master plans/assessments and public input, and this plan is designed to help maintain and enhance public infrastructure to continue moving forward and improving the community. Projects in the CIP may be delayed or accelerated depending on changes to assessed values. The debt cost is paid by existing and new taxpayers that enjoy use of the capital assets over time providing better equity.

Cents from Every Property Tax Dollar

	\$0.675	\$0.227	\$0.098
Public Schools & Community College Districts		Maricopa County & Special Districts	City of Chandler

Council Guidelines for Capital Planning

When creating our 10-year CIP for the City of Chandler, City Council provides the following guidelines:

- 1) Minimize increase in property taxes
- 2) Maintain existing infrastructure
- 3) Finish planned construction of streets and parks
- 4) Limit new projects adding ongoing operations & maintenance
- 5) Address public needs

The Citizen Bond Exploratory Committee was also provided these guidelines to help them as they identified priorities. The Finance Subcommittee completed additional analyses to ensure the current property tax rates were not increased based on the proposed bond election projects.

Secondary Property Tax Rate - Capital Debt Capacity Analysis

Statutory Debt Capacity

As mentioned previously, the secondary tax rate levy pays the principle and interest on GO bonds. The GO bond debt is backed by the full faith and credit of the City, and with this funding opportunity also come specific limitations set by State statute. Under the Arizona Constitution, the City is limited to having outstanding GO debt not in excess of 20% of the secondary assessed value for most bond categories including parks, public safety, transportation facilities, streets, etc. There is also another category for special purpose bonds, like airports and museums, which has a 6% of secondary assessed value limit.

The City currently has \$584,839,557 (68%) remaining in the 20% capacity classification, and \$251,720,204 (97%) in the 6% classification. With the current needs in authorization, the City is still well below the capacity limitations set by the State Constitution.

Financial Considerations

Secondary Property Tax Rate - Capital Debt Capacity Analysis

Debt Service Fund Capacity

The analysis then reviewed the amount of secondary property tax revenue that would be collected annually to pay the principal and interest, or debt service on the additional GO bonds. To achieve a no tax rate increase, it requires a balance between assessed values and tax rates. This formula (assessed value/100 x secondary tax rate = secondary tax levy) generates the tax levy or revenue required to pay the debt service on the GO bonds. Assessed value assumptions included an estimated 4% increase annually for 3 years, then 2.5% annually. Since the City is still adding new property and trends have exceeded this for many years, these estimates were agreed to be conservative.

With the secondary property tax levy set at a certain level, in order to gain more capacity in the Debt Service Fund to sell new bonds for new projects, revenue must increase or debt must be paid down. The City is paying down debt throughout the projection, but an additional revenue source to pay the new debt was identified; System Development Fees (SDFs) or Impact fees.

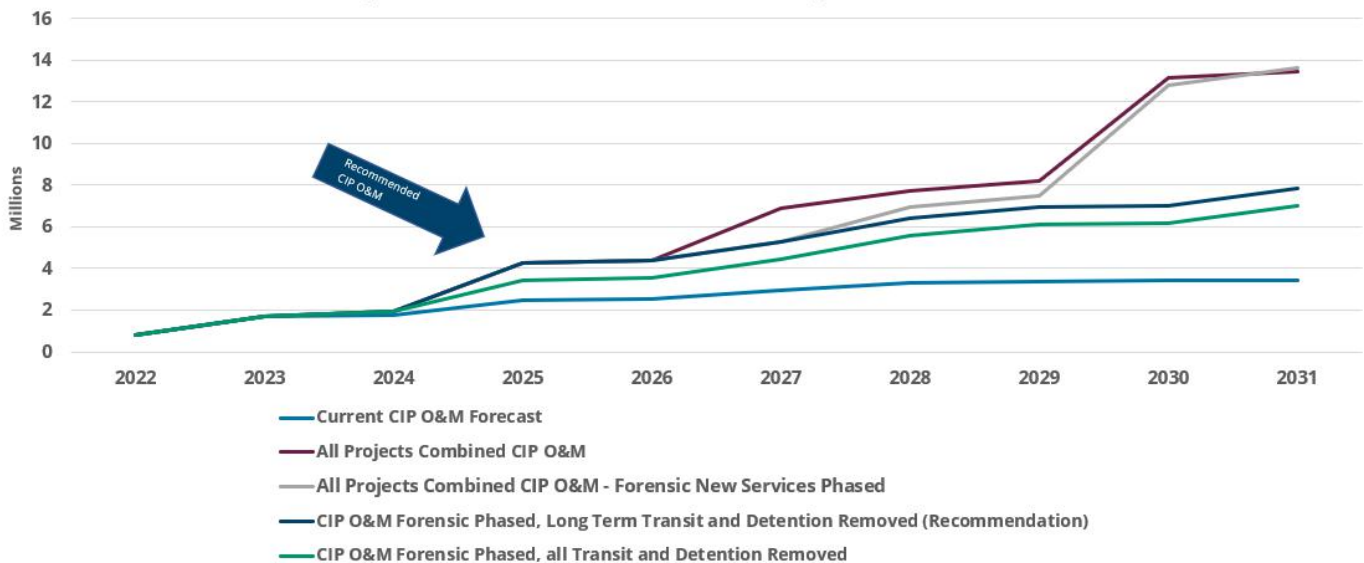
Chandler was one of the first municipalities to implement Impact fees in the 1990s. These fees are charged as building permits are pulled in Chandler to help offset the cost of growth-related capital projects. As capital or infrastructure was needed prior to the growth actually happening, the City utilized GO bond funds to build the projects and Impact fees will pay back the Debt Service Fund in the future when revenues have come in from the growth. Chandler is at a point in its lifecycle that many growth projects have been built, Impact fee revenues have been received, and they can now pay back the Debt Service Fund. By adding \$50 million of loan repayments into the Debt Service Fund, the City can maximize the number of projects being requested without increasing the tax rate.

Primary Property Tax Rate - Operations & Maintenance Analysis

Besides reviewing the ability to bond fund capital projects and pay the related debt service with no increase to the secondary property tax rate, an analysis was also completed on the related operations and maintenance (O&M) costs and potential impact on the primary property tax rate. The City has been very careful over the years to not construct new facilities or projects unless there was dedicated ongoing revenues to staff and maintain them. This forecasting and planning has served the City well and allowed for financially sustainable decisions based on projections.

In looking at the additional General Funded ongoing O&M needs that would be required for the proposed capital projects, the committee reviewed projections of those O&M impacts over the next ten years. Below is a chart that shows a variety of options that were presented to the Bond Steering Committee from the Bond Finance Subcommittee, indicating what the impact would be to the City's General Funded ongoing requirements over the 10 years of these capital projects. Based on the goal of presenting a bond request that would not increase the secondary nor the primary property tax rates, the recommendation of the middle dark blue line was ultimately determined to fit within those boundaries:

Operations & Maintenance Comparisons

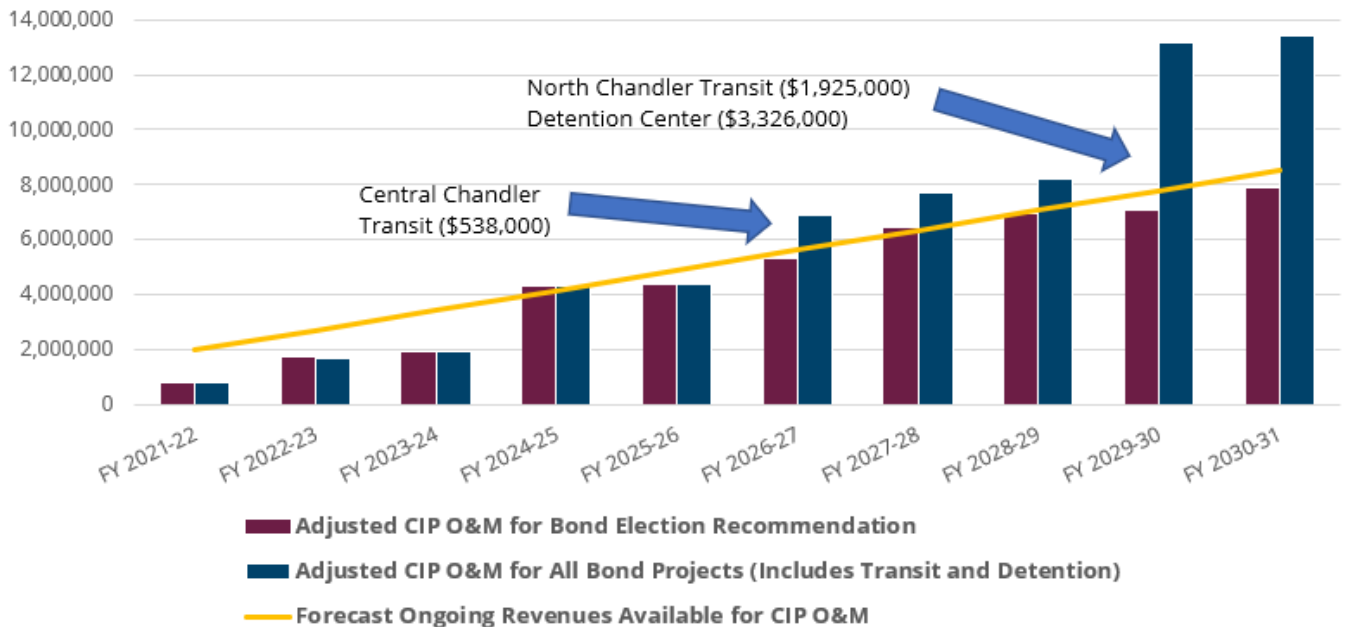


Financial Considerations

Primary Property Tax Rate - Operations & Maintenance Analysis

The next chart shows the Capital Improvement Plan (CIP) O&M forecast by plotting the General Fund revenue available for CIP O&M in a gold colored line and the O&M increases needed based on all the reviewed capital projects (blue bars) and the recommended bond funded capital projects (maroon bars). Each year the City carefully evaluates that ongoing revenues are available for not only Capital O&M increases, but also employee salary adjustments and O&M to maintain service levels based on existing revenues. With the anticipated other operating needs taken into consideration, the level of ongoing available for CIP O&M was determined as indicated below. The chart reflects why certain projects were removed from the final recommendation, due to the need to permanently increase the level of ongoing General Fund revenues above what is reasonable based on current rates.

CIP Operations & Maintenance Forecast



In Summary

The capital projects included in the bond election authorization recommendation, based on current assumptions, will not cause primary or secondary property tax rates to increase.

Proposed Ballot Questions

The Steering Committee met with the City's bond counsel on January 22, 2021 to review the questions they drafted for the ballot and why they were written as presented. Tim Stratton, from Gust Rosenfeld P.L.C., provided a history of bonds in Arizona and rules set by State statute that must be followed during the bond election process. The Steering Committee had an in depth discussion about keeping the verbiage general as to not limit future City Council's ability to perform and complete projects. Most of the Steering Committee's discussion centered around combining Public Safety - Fire and Public Safety - Police into one question. Historically, the City has not combined those two questions so the Steering Committee chose to keep them separated. On January 29, 2021, the Steering Committee voted unanimously to approve the five questions below to be included on the November 2, 2021 bond election.

QUESTION 1

PURPOSE: MUNICIPAL FACILITIES BONDS

AMOUNT: \$33,570,000

Shall the Mayor and Council of the City of Chandler, Arizona, be authorized to issue and sell the following bonds of the City:

Purposes: To construct, improve, renovate, replace and remodel municipal buildings and critical infrastructure related thereto; to furnish and equip such facilities and improve the grounds thereof.

Payment of Bonds: Each series of these bonds will be issued at the option of the Mayor and Council as general obligation bonds of the City pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes, payable from the levy of an ad valorem tax against the taxable property located within the City and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service of the bonds, unless the Mayor and Council provide for payment from other sources.

QUESTION 2

PURPOSE: PARK AND RECREATION IMPROVEMENTS/COMMUNITY SERVICES BONDS

AMOUNT: \$72,985,000

Shall the Mayor and Council of the City of Chandler, Arizona, be authorized to issue and sell the following bonds of the City:

Purposes: To construct, improve and acquire community, neighborhood, regional and aquatic parks, including recreational facilities, buildings and improvements; to acquire land for parks, recreational facilities, buildings and open spaces; to make improvements, additions and replacements to existing parks and recreational facilities and buildings; to landscape, furnish and equip existing and new parks and recreational facilities and buildings.

Payment of Bonds: Each series of these bonds will be issued at the option of the Mayor and Council as general obligation bonds of the City pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes, payable from the levy of an ad valorem tax against the taxable property located within the City, and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service of the bonds, unless the Mayor and Council provide for payment from other sources.

Proposed Ballot Questions

QUESTION 3

PURPOSE: PUBLIC SAFETY/FIRE BONDS

AMOUNT: \$25,160,000

Shall the Mayor and Council of the City of Chandler, Arizona, be authorized to issue and sell the following bonds of the City:

Purposes: To construct, improve, renovate and remodel fire stations and other fire safety related facilities; to furnish, equip and improve fire stations, fire safety related facilities and radio infrastructure; and to acquire vehicles and land for fire and public safety purposes.

Payment of Bonds: Each series of these bonds will be issued at the option of the Mayor and Council as general obligation bonds of the City pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes, payable from the levy of an ad valorem tax against the taxable property located within the City, and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service of the bonds, unless the Mayor and Council provide for payment from other sources.

QUESTION 4

PURPOSE: PUBLIC SAFETY/POLICE BONDS

AMOUNT: \$55,190,000

Shall the Mayor and Council of the City of Chandler, Arizona, be authorized to issue and sell the following bonds of the City:

Purposes: To construct, improve, renovate and remodel police stations and other police related facilities; to furnish, equip and improve police stations, police related facilities and radio infrastructure; and to acquire vehicles and land for police and public safety purposes.

Payment of Bonds: Each series of these bonds will be issued at the option of the Mayor and Council as general obligation bonds of the City pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes, payable from the levy of an ad valorem tax against the taxable property located within the City, and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service of the bonds, unless the Mayor and Council provide for payment from other sources.

QUESTION 5

PURPOSE: PUBLIC WORKS AND STREET AND TRANSIT IMPROVEMENTS BONDS

AMOUNT: \$85,780,000

Shall the Mayor and Council of the City of Chandler, Arizona, be authorized to issue and sell the following bonds of the City:

Purposes: To design, acquire, improve, construct, reconstruct and rehabilitate the streets, avenues, alleys and highways of or within the City; to design, acquire, install, construct and reconstruct street lighting, traffic signal/control systems, underground utility lines, landscape improvements and transit/bicycle program improvements, including shared use paths and trails; to acquire land and interests in land for transportation purposes.

Payment of Bonds: Each series of these bonds will be issued at the option of the Mayor and Council as general obligation bonds of the City pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes, payable from the levy of an ad valorem tax against the taxable property located within the City, and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service of the bonds, unless the Mayor and Council provide for payment from other sources.

Next Steps

Now that the Citizen Bond Exploratory Committee Executive Summary has been presented to City Council there are certain deadlines that must be met in order for an election to occur on November 2, 2021 as dictated by State statute. The City Council will be reviewing the proposal submitted by the Steering Committee until April 30, 2021. If the City Council accepts the proposal submitted by the Steering Committee then they must call for an election by resolution no later than May 27, 2021. The official ballot language must then be submitted to Maricopa County by June 18, 2021.

Once the ballot language has been submitted, the general public will have the opportunity to write an argument for or against the questions on the ballot. Those pro/con arguments must be filed with the City Clerk no later than August 4, 2021. The City then must mail a sample ballot with the informational pamphlet to all registered Chandler voters by September 20, 2021. If all these deadlines are met, then the election will proceed as planned on November 2, 2021.

Date	Description
February 25, 2021	Bond Steering Committee recommendations report finalized. Briefing to City Council by Steering Committee Chair at Work Session
February 25 - April 30, 2021	City Council discussion of recommendations
May 27, 2021	By resolution the City Council Calls for an Election and approves ballot language
June 18, 2021	Ballot language submitted 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
October 4, 2021	Last day for voters to register for election
October 6, 2021	First day to mail out ballot
November 2, 2021	Election Day
November 22, 2021	Deadline for City Council to canvas the election

Frequently Asked Questions

What are General Obligation Bonds?

General Obligation bonds are funds borrowed by the city for specific public purposes. Bonds enable a city to complete larger projects that would otherwise be unaffordable or unachievable. Authorization to borrow must be approved by voters and are repaid with property tax revenue. The amount of money borrowed, plus interest, is then repaid over a period of time (usually 20 years) using the debt service portion of the City's property tax rate. The last time the City of Chandler held a bond election was in 2007.

If the bonds are approved, will property tax rates go up?

No. In order to achieve a no tax rate increase, it requires a balance between assessed values and property tax rates. Projects may be delayed or accelerated depending on changes to assessed values. As debt is paid down, new debt can be added, leaving taxes neutral.

How were the projects selected?

A 49 person Citizen Committee was appointed by the Mayor and City Council to review, prioritize, suggest, and recommend bond projects going before the voters. The 49 volunteers met for four to eight months obtaining feedback from the community and recommendations from City staff.

If the bonds are approved, how soon will construction begin?

Construction could begin as soon as one year after the election for some projects. Others projects may not be built until five to ten years after the election.

What will happen if the bond questions do not pass?

These projects may remain unfunded and may not be built. Some of the projects may continue forward with a different revenue source.

What if all the bond authorization is not used?

Bond authorization never expires. If there is authorization remaining after all the projects are completed, then the City Council can consider other similar projects.

What will be the date of the bond election if called by the City Council?

Election day is on November 2, 2021.

Thank you to all our Citizens who volunteered their time and talents to this process

Steering Committee

Boyd Dunn - Committee Chair
Trinity Donovan
Mark Gildersleeve
Ron Hardin
Ted Huntington
Nina Mullins
David Sperling
Marsha Reed - Staff Liaison
Steven Turner - Staff Liaison

Airport Subcommittee

David Sperling - Subcommittee Chair
Bob Dalpe
Ed Hines
Schuyler McCorkle
Jane Poston
Steve Smith
Dave Waltzer
Joshua Wright - Staff Liaison
Chris Andres - Staff Liaison

Facilities Subcommittee

Nina Mullins - Subcommittee Chair
Beth Brizel
Craig Gilbert
David Gonzalez
Victor Hardy
O.D. Harris
Dave Rose
Debra Stapleton - Staff Liaison
Mike Hollingsworth - Staff Liaison

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Justin Walseth
Kari Zurn
Dawn Lang - Staff Liaison
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Bill Serrano
Thiru Thangarathiniam
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Dennis Aust - Staff Liaison

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Percy Knox
Pat McDermott
Larry Rother
Michael Spangenberg
Andy Bass - Staff Liaison
Mickey Ohland - Staff Liaison

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Aaron Harris
Rick Heumann
Bill Kalaf
Holly Mesnard
Chief Sean Duggan - Staff Liaison
Chief Tom Duggins - Staff Liaison

Public Works Subcommittee

Ron Hardin - Subcommittee Chair
Kevin Biesty
Christine Ellis
Erik Morgan
Ernie Serrano
Doug Toy
Peng Zhang
John Knudson - Staff Liaison
Andy Goh - Staff Liaison
Ryan Peters - Staff Liaison
Jason Crampton - Staff Liaison