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 valorum 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
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 Moody's, 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 Exploratory Committee
1 Committee Chair
6 Committee Member

Finance Subcommittee
1 Committee Member
6 Subcommittee Members

Parks Subcommittee
1 Committee Member
6 Subcommittee Members

Public Works Subcommittee
1 Committee Member
6 Subcommittee Members

Public Safety Subcommittee
1 Committee Member
6 Subcommittee Members

Facilities Subcommittee
1 Committee Member
6 Subcommittee Members

Airport Subcommittee
1 Committee Member
6 Subcommittee Members

Information Technology Subcommittee
1 Committee Member
6 Subcommittee Members
## Bond Election Estimated Calendar

<table>
<thead>
<tr>
<th>Schedule Date</th>
<th>Description</th>
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<tbody>
<tr>
<td>August 20, 2020</td>
<td>Bond Election Committee Kickoff</td>
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<tr>
<td>September 1, 2020</td>
<td>Bond Election Committee Chairs meeting</td>
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<tr>
<td>September 8, 2020 - December 15, 2020</td>
<td>Bond Election Subcommittee Meetings begin</td>
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<tr>
<td>December 15, 2020</td>
<td>Subcommittee recommendations due to CBEC</td>
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<tr>
<td>January 20, 2021 - January 27, 2021</td>
<td>Bond Election Committee meeting to form consensus on all subcommittee recommendations</td>
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<tr>
<td>February 11, 2021</td>
<td>Bond Election Committee recommendations report finalized. Briefing to Council by Chairman of Bond Election Committee's recommendations at Work Session</td>
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## Bond Election Estimated Calendar (cont'd)

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