

Meeting Minutes

Resident Bond Exploratory Steering Committee Regular Meeting

January 16, 2025 | 11:30 a.m.
Chandler City Hall
175 S. Arizona Ave., Chandler, AZ



Call to Order

The meeting was called to order by Chair Tibshraeny at 11:42 a.m.

Roll Call

Committee Attendance Present

Chair Jay Tibshraeny
Garry Hays
Kari Zurn
Nina Mullins
Trinity Donovan
Craig Gilbert

Committee Attendance Absent

Rick Heumann

Invited Guest

Zach Sakas, City Bond Counsel, Greenberg Traurig

Staff Attendance

Dawn Lang, Deputy City Manager | CFO
Matt Dunbar, Budget & Policy Director
Tera Scherer, Executive Management Assistant
Matt Burdick, CAPA Director
Mickey Ohland, Community Services Planning Manager
Tawn Koe, Assistant City Attorney
Josh Wright, City Manager
Tadd Wille, Assistant City Manager
Andy Bass, Deputy City Manager
Steven Turner, Sustainability and Performance Officer

Action Agenda

1. Approval of Minutes of January 6, 2025, Resident Bond Exploratory Steering Committee Meeting

COMMITTEE MEMBER GILBERT moved to approve the meeting minutes of the January 6, 2025, Resident Bond Exploratory Steering Committee Meeting.

COMMITTEE MEMBER HAYS seconded. Motion passed unanimously.

2. Review of Proposed Bond Funding of Prioritized Project Listing - Discussion and Potential Action

CHAIR JAY TIBSHRAENY introduced this item and turned the presentation over to Ms. Lang.

DAWN LANG, Deputy City Manager | CFO, stated today the plan is to discuss Chandler's bond election history, a comparison between the 2021 and 2025 bond elections and differences in the economy and assumptions, follow-up requested including grouping projects as 2021 bond election projects with costs updated, in current CIP (capital improvement plan) but new to the 2025 bond, or new to CIP and 2025 bond.

CHAIR TIBSHRAENY asked for clarification on projects and whether the new projects were recommended by city council.

MS. LANG responded that the new projects were not in the approved CIP, but were recommended and approved by the Mayor to include in the 2025 bond discussion. She then continued the presentation, showing the history of Chandler's bond elections, pointing out that the history in Chandler has been to keep the tax rate flat for elections (not increase it), with the reminder that elections were all made in different economic periods and markets, with different state-mandated maximums causing variations in available capacity and amounts requested, and with changes to state laws that changed from full cash value to limited assessed value.

COMMITTEE MEMBER HAYS asked for the figures of previous elections.

MS. LANG responded there is a slide in the presentation with that information that will be shared soon and continued the presentation.

COMMITTEE MEMBER HAYS asked for clarification of figures, referencing the 2021 vs. 2025 Bond Election Comparison "Handout 3" provided.

MS. LANG directed him to the Combined Subcommittee Prioritized Project Recommendations "Handout 1", with \$543 million as the cumulative projected total of all bond projects, after Mr. Dunbar made project shifts outside this bond election after our last meeting, bringing the total down from \$598 million. She pointed out the \$543 million is the same as the cumulative total on Handout 3 in year 2032-33.

Further conversation was held surrounding capacity and existing bond authorization.

COMMITTEE MEMBER MULLINS (*referencing the 2021 vs. 2025 Bond Election Comparison "Handout 3"*), asked if it is on-track to spend the existing \$123 million in FY 2025-26, pointing out the large difference from the previous fiscal year of \$41 million.

MS. LANG responded that we are but per Arizona law, we must have the authorization and funds available in order to enter into a contract, with many projects projected to take two to three years to be completed.

MS. LANG gave an overview of the project process with the first step being to procure the project, then for council to vote to proceed with the project, stating that once the project commences the actual spending of the bond proceeds may take a couple of years, but we would have already had the bond authorization at the time we enter into any contracts.

COMMITTEE MEMBER DONOVAN asked for clarification that the current bond authorization would allow for the past projects (listed on spreadsheet) be completed.

MS. LANG stated that was correct. The projects in process as well as those in FY 2024-25 (\$41 million) and FY 2025-26 (\$123 million).

Further discussion was held surrounding the increase in the cost of labor and commodities in today's market, with a 30 percent plus inflation over the last few years and the impact it has had on projects. The group agreed that this information needs to be part of the education for the residents.

MATT DUNBAR, Budget and Policy Director, continued the presentation (*Handout 3*) with a comparison of 2021 versus 2025, providing information about assessed value projections based on state limits of assessed value growth percentages, but that we are well below the maximums.

COMMITTEE MEMBER DONOVAN asked for verification that we could go out to the voters requesting up to the maximum, but based on our projections, we want to remain comfortable.

MR. DUNBAR responded she is correct.

MR. DUNBAR continued the presentation, outlining the inflation rates for construction up almost 37 percent in total based on national averages of construction, with the city seeing the highest inflation was impacting steel, concrete, and asphalt, the main components of our projects. High labor costs are also a factor in many projects. Mr. Dunbar further stated our new project estimates include a five percent inflation rate in the current year, getting back to more of a normal inflationary rate as we look forward.

MR. STEVEN TURNER, Sustainability and Performance Officer, continued the presentation with results of the Proposition 479 and CUSD by precinct.

Conversation was held around the results maps presented.

COMMITTEE MEMBER HAYS stated that these results will likely not compare with the numbers of voters going to the polls in a non-presidential election year.

MR. TURNER continued the presentation, outlining results of neighboring districts and cities.

MR. DUNBAR continued the presentation, showing each bond category projects grouped as 2021 bond election projects with costs updated, in current CIP (capital improvement plan) but new to the 2025 bond, or new to CIP and 2025 bond.

Discussion

3. Follow-Up on Dr. AJ Chandler Park Renovation Project – Dawn Lang

MS. LANG continued the presentation, and at the direction of Chair Tibshraeny, moved ahead to the discussion and follow-up on Dr. AJ Chandler Park Renovation.

MS. LANG, stated that the following slides summarize all the changes made to each bond category from the original combined subcommittee prioritized project lists to help get to the final recommendations. Beginning with Parks and Recreation, she first provided requested follow-up on AJ Chandler Park Renovation Project.

COMMITTEE MEMBER HAYS asked for verification of the funding for AJ Chandler Park Renovation and if the \$10 million is already budgeted.

MS LANG verified that is correct. The 2021 Bond Election authorized \$12.172 million, although \$10 million is in the CIP using 2021 bond authorization, with an additional \$10 million in the CIP before the bond process started the would use the new 2025 bond authorization.

MS. LANG resumed the presentation, outlining the project and how it has provided value to the downtown area by creating more usable space, as the area is seeing far more activity with the increase of multi-family units, an uptick in tourism, and the expansion of the hotel. Conversation was held among the group about the total figure to complete the park.

MS. LANG resumed the presentation, stating that the 30% plans estimate of \$19 million includes \$13 million needed just to maintain the parks aging infrastructure, as it is 40 years old. \$6 million adds new amenities to the park.

Further conversation was held, with Ms. Mullins reiterating that the Parks and Recreation Subcommittee spent a lot of time prioritizing projects and the park's required updates is what kept it at the top of their prioritization.

CHAIR TIBSHRAENY referring to the Combined Subcommittee Prioritized Project Recommendations, asked what additional adjustments staff is recommending.

MS. LANG continued the presentation, referencing the Combined Subcommittee Prioritized Project Recommendations "Handout 2". Ms. Lang stated the Ocotillo Shared Use Path still has more work needed, so they are recommending shifting that project outside the bond timeframe. Ms. Lang stated there were no recommended changes to Public Safety projects but are recommending changes to the existing city building renovations and repairs project since it is the only project left in the Facilities, Sustainability and Technology category. \$5 million of its projects relate to park and recreation facilities, therefore it was shifted to the Park and Recreation Bond Category with the remaining \$4.955 million to be general fund funded, which brings the total recommended bond projects down from \$543 million to \$519 million.

Discussion was held surrounding the prioritization of projects.

COMMITTEE MEMBER HAYS stated that park projects are typically considered a lower priority for voters to fund, with public safety and roads being the highest achievers for voters. He then asked that the lowest 3 prioritized park projects be shifted out of this election which include Tumbleweed Ranch at \$13.2 million, Tumbleweed Phase II Gym Addition at \$19.5 million and Mesquite Groves Park Site Phase III remaining amount of \$560 thousand.

The consensus of the group is to get the total dollar amount down to \$500 million or less if it makes sense. The committee members requested staff to review this recommendation or other projects, with potential impacts or unintended consequences and bring this analysis back at the next meeting, rather than just removing them.

Further, the committee members asked for talking points regarding the process taken to prioritize projects and specifically how high the dollar amount was when the Steering Committee began reviewing projects.

CHAIR TIBSHRAENY moved the group onto the next agenda item.

4. Bond Counsel to Provide Guidance on Structure of Ballot Questions – Zach Sakas, Greenberg Traurig

MR. ZACH SAKAS, the city's bond counsel, stated he works with many municipalities throughout the valley and is aware of the trends seen throughout Arizona. Further, the inflationary environment is not new, with equipment lead times being increased substantially in the last few years, as well as the shortage of raw materials.

MR. SAKAS continued the presentation, stating that in response to the question of total capacity available, in Arizona, there is a constitutional debt capacity limitation that states a municipality can go up to 26 percent of their full cash value, and Chandler is nowhere near that amount. Through our financial management standards, Chandler chooses to stay within its current tax rate, so voters will see the difference between the available capacity versus the used capacity in the voter pamphlet.

MR. SAKAS explained to the group the general obligation (GO) debt service calculations, stating that Chandler was able to absorb money coming in through the incredible growth into the tax rate and levy that to pay the GO debt service, freeing up more money to complete capital improvement projects.

MR. SAKAS further discussed the dos and don'ts on ballot language, pointing out that flexibility must be considered for changing situations that may occur. He provided sample questions from previous bond elections and traditional and non-traditional options.

Discussion was held among the group concerning ballot questions, with the consensus for Mr. Sakas to begin drafting traditional ballot questions for their review at the next meeting.

CHAIR TIBSHRAENY asked if a motion needs to be made for Mr. Sakas to begin.

MS. LANG responded no, and that Mr. Sakas has the background information needed from attending the meetings that he can begin drafting ballot language and suggested the group simply be in agreement for him to proceed.

CHAIR TIBSHRAENY called for any committee member questions.

COMMITTEE MEMBER DONOVAN asked Mr. Sakas if it was his plan to break out fire and police as separate questions on the ballot.

MR. SAKAS responded that he will always defer to staff, based on their knowledge of the local electorate and local unions, with consideration to what could happen if fire passed, and police did not and vice versa.

A short discussion was held among the members related to grouping public safety together or keeping them separated, with the consensus of the group to keep Fire and Police as separate questions.

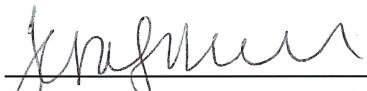
The consensus of the group was to move forward with bond council developing some draft questions for presentation at the next meeting.

Calendar

5. The next Regular Meeting will be held on Friday, January 24, 2025, in City Hall, 175 S. Arizona Ave., Chandler, Arizona.

Adjourn

The meeting was adjourned at 1:06 p.m.



Tera Scherer, Meeting Clerk



Jay Tibshraeny, Chair