

DRAFT



**MINUTES
BOND COMMITTEE
CITY HALL, CONFERENCE ROOM B3
5850 W. GLENDALE AVE.
GLENDALE, ARIZONA 85301
DECEMBER 9, 2019
5:00 P.M.**

1. **CALL TO ORDER**
2. **ROLL CALL**

Present: Lisa Baker, Committee Member
Michael Boule, Committee Member
John Geurs, Committee Member
Gary Hirsch, Committee Member
Michael Socaciu, Committee Member

Absent: Jon Froke, Committee Member

Also Present: Vicki Rios, Assistant City Manager
Lisette Camacho, Budget and Finance Director
Julie Bower, City Clerk
James Gruber, Chief Deputy City Attorney
Renee Molina, Management Assistant
Julie Patterson, Management Assistant

Attendees: Bill DeHaan

3. **CITIZEN COMMENTS**

If citizens wish to speak on a matter concerning the Citizen Bond Election Committee that is not on the printed agenda, please complete a Citizen Comments Card and provide it to the designated staff person prior to the beginning of the meeting. Once your name is called by the Chairperson, please proceed to the podium and state your name and address for the record. Please limit your comments to a period of three minutes or less.

4. **APPROVAL OF THE MINUTES**

- a. Citizen Bond Election Committee Minutes of November 19th, 2019
Presented by: Lisette Camacho, Interim Director, Budget and Finance

A motion was made by Committee Member John Geurs, motion was seconded by Committee Member Michael Socaciu to approve the minutes.

AYE: Committee Member Lisa Baker
Committee Member Michael Boule
Committee Member John Geurs
Committee Member Gary Hirsch
Committee Member Michael Socaciu
Other: Committee Member Jon Froke (ABSENT)

5. **DISCUSSION ON ELECTION PROCESS**

Presented by: James Gruber, Chief Deputy City Attorney
Presented by: Julie Bower, City Clerk
Guest Presenter: Bill DeHaan, Greenberg Traurig

Ms. Bower distributed and presented information on the timing of the election process, which included the following:

- Arizona Revised Statute 35-452 indicates that elections regarding indebtedness shall be held on the first Tuesday, following the first Monday in November. The specific wording was presented.
- Information on Bond Elections from the Arizona 2019-2020 Municipal Election Manual was presented.
- Bond Election Calendars: the November 3, 2020 calendar will be used, as opposed to the August 4, 2020 calendar, which was the original timeline.

Ms. Rios stated that initially, it was believed the election could be held in August, however, based on Ms. Bower's research, it must be held in November. Ms. Rios stated that the Committee meeting calendar could be slowed down a bit since the election will be in November. Discussion was held regarding the scheduling of meetings. Ms. Rios confirmed, based on feedback, there would be two meetings planned for January and going forward, to continue meeting on an expeditious pace, especially due to the potential challenge with summer vacations.

Committee Member Hirsch asked who would construct the actual ballot language. Ms. Rios replied that Mr. DeHaan will construct the initial language; however, the Committee will review and provide input. Mr. DeHaan explained that he will draft the skeleton and the Committee will add the meat.

Mr. Gruber announced that once the Committee's work is done, it is the Committee members' right to advocate regarding the election, but as private

citizens, not on behalf of the Committee.

[Ms. Bower excused herself from the meeting.]

6. **PRESENTATION ON CAPITAL IMPROVEMENT PLAN**

Presented by: Vicki Rios, Assistant City Manager

Presented by: Lisette Camacho, Interim Director, Budget and Finance

Ms. Camacho gave a presentation on the CIP. Ms. Camacho distributed and explained various CIP reports, including the CIP Summary by Project Type, All Project Types - Summary for All Fund Sources, and Summary by Project. Also, Ms. Camacho provided a review of the G.O. Bond Project Summary Worksheet.

Comments and questions were taken during and after the above presentation and are summarized below:

Ms. Rios' commented that a five-year budget is adopted; however only the first year is appropriated, which allows for needed changes the year after.

Committee Member Geurs asked if Council could change what the bond funds would be spent on. Ms. Rios explained that once the bonds are issued, the bonds cannot be used for anything other than the initial purpose and if Council changed its mind, the bond authority would remain open without the funds being used. Committee Member Geurs inquired if the term "transportation use" should be used for the bond language. Ms. Rios replied that the language is a balancing act between being very narrow and too broad.

Committee Member Hirsch stated that he felt on a previous Bond Committee pressure to make the language as broad as possible.

Vice Chair Baker understood the need to be specific however stated that if Council needed to adjust priorities, the bonds might then sit as authorized but unused.

Committee Member Socaciu agreed with being specific to assure voters what the bonds will be spent on.

Mr. DeHaan explained that there will be a ballot proposition for different categories, such as Parks and also Transportation. Mr. DeHaan stated that, for example, language for Transportation could be written as "...for street projects, including but not limited to..." which provides some flexibility.

Ms. Rios noted that once bonds are issued, the funds need to be spent and interest will be charged.

Committee Member Geurs asked if the interest payment came from the General Fund. Ms. Rios replied that payments for the bond for this election will come from the Secondary Property Tax.

Committee Member Boule inquired if operating and maintenance (O&M) costs were included in the CIP. Ms. Camacho replied in the positive and explained that O&M costs are on their own line item on the CIP by project detailed reports. Ms. Camacho relayed that for projects already built or completed, the O&M is included in the operating budget. Ms. Rios stated that O&M must be considered prior to approval and construction.

Ms. Camacho announced that different departments will present their CIP at future Committee meetings.

Committee Member Socaciu inquired about project prioritization. Ms. Rios explained that the CIP in a way is its own prioritization, because if Council does not want to do a project, it is not in the CIP or is in the out-years.

Committee Member Boule asked if the creators of the CIP projects run the projects through the scoring process. Ms. Camacho explained that the departments propose the projects, which are scored using the matrix and reviewed by a scoring panel.

Committee Member Socaciu inquired if Council gets involved in the CIP scoring and if they may re-order the scoring. Ms. Camacho replied in the positive.

Committee Member Boule commented that some people think their taxes will increase if a bond passes, but noted that Council wants to keep taxes flat. Committee Member Boule asked how soon would citizens see a tax savings if the bond failed. Ms. Rios estimated that within two years the citizens would see taxation reduced.

Committee Member Geurs asked for the total amount of bonds that have not been used. Ms. Rios estimated the figure to be \$328 million less \$15 million. Committee Member Geurs inquired as to what was left over in the project spreadsheet that still needs to be funded. Ms. Rios explained that these details would be provided at upcoming meetings, as the intent of this meeting was to provide a whole picture of the CIP process.

Committee Member Hirsch asked if the interest was a separate line item in the General Fund. Ms. Rios explained that the principal and interest is paid by the Secondary Property Tax, which is kept separate from the General Fund.

Committee Member Geurs asked if staff was taking a cautious approach in case the economy, property values, and property taxes decrease. Ms. Rios stated that if property values decline, the tax rate could be increased, supplemental funding could be found, or the issuance of bonds could be delayed. Committee Member Geurs asked if employees would be hired to complete the projects or if independent contractors would be used. Ms. Rios relayed that an analysis is done to determine if additional employees are needed or if it would be better to outsource. Ms. Camacho noted that even though the CIP is a five to ten year plan, the budget is only set for the first year so there is flexibility in reacting to the economy. Ms. Rios agreed that corrections can be made pretty quickly if something drastic happens.

7. **NEXT MEETING**

The next regular meeting of the Citizen Bond Election Committee will be held on January 7th and 21st at 5:00 p.m., located at 5850 West Glendale Avenue, Glendale, Arizona, 85301.

8. **COMMITTEE COMMENTS AND SUGGESTIONS**

Committee Member Boule thanked staff for its work on the topic.

Committee Member Socaciu requested the CIP reports in electronic format. Ms. Camacho explained that the reports are on the City website, and she will send the link to the Committee members.

9. **ADJOURNMENT**

The meeting was adjourned at 6:16 p.m.

The Bond Committee meeting minutes of December 9th, 2019 were submitted and approved this 7th day of January, 2020.

Renee Molina
Management Assistant