



APPROVED MINUTES
CITY OF SCOTTSDALE
CITIZENS' BOND OVERSIGHT COMMITTEE
REGULAR MEETING

Meeting held in person

5 p.m., Monday, February 6, 2023
City Hall Kiva
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

SUMMARIZED MEETING MINUTES

PRESENT:

Andrew Armstrong
Janice Eng
Ben Hur
Mary Jane McCart
Brion Neeley
Laraine Rodgers
Absent –
Michael Hinz

STAFF:

Judy Doyle
Gina Kirklin
Tom Shannon
Mya Trivison
Alison Tymkiw
Erin Walsh
Dan Worth

CALL TO ORDER

Chair Eng called the meeting of the Scottsdale Citizens' Bond Oversight Committee to order at 5:02 PM. and called for a roll call.

*Note: These are summary action minutes only. A complete copy of the meeting audio is available on the Citizens' Bond Oversight Committee website at:

<http://www.scottsdaleaz.gov/boards/citizens-bond-oversight-committee>

ROLL CALL

A formal roll call was conducted confirming member attendance as stated above.

1. Approval of December 12, 2022 Summarized Meeting Minutes

Chair Eng opened the meeting by requesting if any members had questions for or corrections to the December 12, 2022 meeting minutes. Seeing none, she asked for a motion.

Motion to approve by Vice Chair Rodgers; Second by Committee Member McCart, which carried 6-0, with Chair Eng, Committee Member Armstrong, Vice Chair Rodgers, Committee Member Hur, Committee Member McCart, and Committee Member Neeley voting in the affirmative; there were no dissenting votes.

2. Nomination and election of Chair and Vice-Chair of the Citizens' Bond Oversight Committee – Erin Walsh, Public Works Communications Supervisor

Under the guidance of staff member Erin Walsh stating that neither committee members Armstrong nor Neeley are able to serve as chair due to their terms ending, the committee voted to reappoint Chair Eng to serve a second term as Chair of the Citizens' Bond Oversight Committee.

Motion by Committee Member McCart to reappoint Chair Eng to a second term as chair. Second by Committee Member Neeley, which carried 5-0, with Vice Chair Rodgers, Committee Member Armstrong, Committee Member Hur, Committee Member McCart, and Committee Member Neeley voting in the affirmative; Chair Eng abstained from voting; there were no dissenting votes.

Motion by Chair Eng to reappoint Vice Chair Rodgers to serve a second term as vice chair. Second by Committee Member Armstrong, which carried 5-0, with Vice Chair Rodgers, Committee Member Armstrong, Committee Member Hur, Committee Member McCart, and Committee Member Neeley voting in the affirmative; Chair Eng abstained from voting; there were no dissenting votes.

3. Presentation, discussion, and approval of the Citizens' Bond Oversight Committee Bylaws - Kim Campbell, Senior City Attorney

A presentation of the bylaws was given to the Committee by Council.

Hearing no questions, a motion to adopt the bylaws as presented was made by Vice Chair Rodgers. Second by Committee Member Armstrong, which carried 6-0, with Chair Eng, Vice Chair Rodgers, Committee Member Armstrong, Committee Member Hur, Committee Member McCart, and Committee Member Neeley voting in the affirmative; there were no dissenting votes.

4. Presentation, discussion and approval of Citizens' Bond Oversight Committee 2022 Annual Report – Erin Walsh, Public Works Communications Supervisor

A presentation of the Citizens' Bond Oversight Committee 2022 Annual Report was given by staff and asked the committee to approve the report as written.

Motion to approve the 2022 Annual Report by Committee Member McCart. Second by Vice Chair Rodgers, which carried 6-0, with Chair Eng, Vice Chair Rodgers, Committee Member Armstrong, Committee Member Hur, Committee Member McCart, and Committee Member Neeley voting in the affirmative; there were no dissenting votes.

After the vote, Chair Eng asked staff and council regarding attendance. Staff advised her and the committee that the bylaws address excessive absences and how to handle such a situation. Chair Eng further asked if the Chair needs to be involved and it was confirmed that the Chair does need to be involved.

5. Presentation, discussion, and possible action on 2023 Citizen's Bond Oversight Committee Meeting Schedule & Capital Improvements Project Process Update – Erin Walsh, Public Works Communications Supervisor & Dan Worth, Public Works Director

A presentation was given to the committee regarding the 2023 Citizens' Bond Oversight Committee Meeting Schedule and Capital Improvements Project Process Update. Currently, the CIP updates are in process and will be provided to City Council. The FY 2023/24 Budget Release to Council will happen in April, while the Budget Adoption will be in June. Staff requests the committee call a special meeting on March 1 to discuss bond projects that will potentially have funds added by City Council and need discussion.

Proposed 2023 CBOC meeting dates are as follows:

February 6, 2023 – Regular Meeting

March 1, 2023 – Special Meeting

May 25, 2023 – Regular Meeting

August 24, 2023 – Regular Meeting

November 30, 2023 – Regular Meeting

Clarifying question by Committee Armstrong regarding the CIP budget release. "Is that not only dollar amounts but also sequencing of the bond projects?"

Staff stated the budget released will be the City Budget for FY 23/24 Council will not be revisiting the sequence of program at this time. The proposed budget release will only affect the projects in this budget year if funding is added.

Question by Committee Armstrong questioned what quorum constituted for the Committee, as he and Committee Member McCart are both unavailable on March 1, 2023.

Motion to approve a special meeting on March 1, 2023 by Vice Chair Rodgers. Second by Committee Member Hur, which carried 6-0, with Chair Eng, Vice Chair Rodgers, Committee Member Armstrong, Committee Member Hur, Committee Member McCart, and Committee Member Neeley voting in the affirmative; there were no dissenting votes.

6. Update on Bond 2019 Program, including Question 1. Parks, Recreation and Senior Services, Question 2. Community Spaces and Infrastructure, and Question 3. Public Safety and Technology – Alison Tymkiw, City Engineer

Question 1. Parks, Recreation and Senior Services

Project 30 – Indian School Park Field 1 Lighting - will be removed from the list as it was completed in January 2023.

Project 42 – Add a Dog Park to Thompson Peak Park - is in design, and we are working through some issues as the park is under a power line corridor.

Project 55 – Build a 17-Acre Park at Ashler Hills Drive & 74th Way (Whisper Rock) - Municipal site plan and DRB we approved at the end of last year and the project is moving forward.

An implementation schedule is included in the slide show of the projects.

Completed projects for question 1:

10 – Replace Tennis Court Surface at Indian School Park and Tennis Court

24 – Install High Efficiency Sports Lighting at 4 Facilities

Question 2. Community Spaces and Infrastructure

Project 1 – Replace Aging Infrastructure and Improve Public Event Spaces on Civic Center Plaza - is partially opened in January. First event was held on January 22, 2023. The entire project will be complete in late March. The City is planning a community celebration in April. Several free and ticketed events will be held throughout the spring.

Project 23 – Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash - Phase 1, GMP 1 Construction Manager At Risk, was awarded at Council January 10, 2023 and construction will proceed.

Project 45 – Renovate Horse Barns to Increase Rentable Space - has the first of the horse barns being installed and scheduled to be complete prior to the opening of the Arabian Horse Show. Built in the 1980's, the barns require renovation to remain useful and rentable. Barn A (critical condition) is currently being replaced. Demolition began on December 12, 2022 and is on track to be completed in time for the Arabian Horse Show. Full replacement was more cost effective than to renovate.

An implementation schedule is included in the slide show of the projects.

Completed projects for question 2:

46- Replace the public Address System at WestWorld

47 – Replace WestWorld Arena Lighting to reduce Operating Costs

50 – Renovate Arena at WestWorld to Provide Flexible Event Space

52 – Expand Restrooms in WestWorld North Hall

Question 3. Public Safety and Technology

Project 5 – Modernize Computer Equipment Rooms to Protect City Servers – Power portions of this project are complete. The next phase is HVAC unit replacement.

Project 28 – Build a New Fire Station near Hayden Road and Loop 101 to Improve Response Times – is in design for a new 12,000 s.f. fire station northwest of the Airpark near the 101 and Hayden Road. Schematic design is complete, the Municipal Use Master Site Plan is forthcoming. The project is scheduled to be complete in Winter 2024. Renderings of the project were shown to the committee.

Projects 26, 27 & 38 are all in the City of Tempe and in construction.

Project 36 will be coming off the list and was complete when part of the Civic Center project was opened in January.

An implementation schedule is included in the slide show of the projects.

Completed projects for Question 3:

4 – Replace Outdated Emergency Response Equipment for Fire Department

6 – Replace Emergency Power Source for Public Safety Radio Network

16 – Replace the City's Obsolete Training Software

44 – Replacement of Fire Utility Truck to be used on Fire Ground Activity and Response to Hazard Materials and technical Rescue Incidents

7. Presentation, discussion, and possible action on the Bond 2019 financial report – Judy Doyle, Budget Director & Gina Kirklin, Enterprise and Finance Director

Staff presented a brief summary of the Bond 2019 Financial Report to the committee.

Question 1: \$112.6 million; 14 projects and \$35 million spent. Project 53 is running over budget, but once purchase orders are released, that over budget status should be resolved.

Question 2: \$112.3 million; 20 projects and \$23.2 million spent.

Question 3: \$94.1 million; 24 projects and \$12.1 million spent. Project 8 has run over budget by \$46,105. We will be looking for additional funding source.

First issuance in January 2021 of the bond has generated \$163,000 interest income to date. Future income collected can go toward a project if there were a need, which would require the Citizens' Bond Oversight Committee recommendation, or we could use it toward paying the debt. Second issuance happened last month. Future issuances in 24/25 and 25/26.

Total for the bond \$319.0 million.

Committee Member Armstrong had a question related to the last meeting and a projected \$94 million shortfall. How does a shortfall get accommodated without a change of projects?

Judy Doyle stated that we have a planned discussion with the City Council on February 21, 2023 on how we plan to cover the shortfall. We are currently seeing one-time additional funding in the General Fund and we may have to use some of that. Potentially delaying projects. Nothing is off the table at this point. The results of that meeting will be shared with the committee at the March 1, 2023 meeting.

Committee Member Armstrong asked how does the interest rate in the macro market play at all into bond issuance or overall costs of projects when 2-3 years ago interest rates and the cost to fund these things was quite a bit less?

Staff advised that the question would be answered in the presentation.

Gina Kirkland presented that the city sold in January 2023 \$73.7 million of general obligation bonds, \$34.2 million as tax exempt series 2023 bonds, \$39.5 million as taxable series 2023 bonds. These are 20 year bonds.

\$132.9 million sold with \$186.1 in remaining authority.

Bonds were sold competitively. We cannot exceed 10% at maturity, but they are written so we cannot exceed 8%.

Vice Chair Rodgers asked if there will be a direct result for residents in their property tax rates or are there more things that have to happen.

Staff explained that the City promised tax payers that their property taxes would not exceed \$.57/\$100 of assessed value due to this 2019 bond program. We are well within that window.

No action taken

8. Presentation, discussion, and possible recommendation to council to transfer \$607,292 in Bond 2019 funds from Question 2, Project 47 – Replace WestWorld Arena Lights to Reduce Operating Costs (DH04) to Question 2, Project 45 – Renovate WestWorld Horse Barns to Increase Rentable Space (DH05) – Alison Tymkiw, City Engineer

Due to a savings of \$607,292, the surplus can be transferred to active project 45 – Renovate WestWorld Horse Barns to Increase Rentable Space. Due to a change from renovation to replacement, not as many barns could be touched with the bond money as originally scoped. This would allow for another barn to be replaced. With the transfer, four more barns will be completed for a total of five of the ten scoped barns.

Committee Member Armstrong asked what the criteria is for choosing what projects get chosen.

Staff reminded the committee that the funds can go only to projects under construction and within the same question. Project 45 is the only currently under construction project in Question 2 that is in need of funding at this time.

Committee Member Armstrong needed clarification on why the funds could not be retained for a future project.

Staff reminded the committee that the bond funds have a three-year limit to spend proceeds and earnings. The limit is December of 2023/January 2024.

Chair Eng wanted clarification on the question from Committee Member Armstrong. What was the criteria? And how long can we hold on to the funds? Do any active projects require another bond issuance to complete them?

Staff clarified this transfer is the best use of the surplus.

Chair Eng asked if 5 barns was the an addition to the scope.

Staff pointed out that the original scope was for ten barns renovated and the scope changed to replacing the barns.

Committee Member Neeley asked if spending the money this year is the best use of the funds. And asked what the rate of return on the rental space for the barns would be?

Committee Member Rodgers recalled that the numbers have been going up and down in terms of supply chain and percentages, is there another piece you will be coming back to us with recommendations on March 1, 2023? Is this just input?

Committee Member Hur stated that he does remember replacing the barns was discussed at previous meetings. But the scope change to replace three barns, and now we want to do four. Is that going to be an issue?

Staff reminded the committee that this scope change to replacing the barns was approved by the committee last year. The number of barns did not change. The initial project based on the need of WestWorld, ten barns need to be addressed. We added \$1 million in the CIP process. We can only order one barn at a time. We still need to do all ten, but with the bond money and CIP money will only allow us to do four, five with this transfer. We will be presenting to Council all the General Fund needs on February 14. The extra barns are on the list.

Vice Chair Rodgers asked if it was within the scope to review what was presented prior to the voter's voting YES by a large percentage to please go forward with this bond, to take a look at the business case behind this, such as the monies that you get from the increased revenue from the new barns because the old ones weren't able to be capitalized properly. That might allow more money to come in in the future. Are we supposed to know that is happening and being done. Or is that going off topic to mention it. Please give some guidance. I don't want to ask questions that are off topic.

Mr. Worth states that he believes the factors the committee should consider when looking at the factors and making recommendations to the Council as to whether the council should allocate additional funding, the factors are what you think are important. And if revenue generation, like this project is one of those factors, then we should take a look at it. When we put together the information packets prior to the elections for each individual project, we did identify in those cases where there was a revenue generation impact because we thought that was important to our citizens. And clearly that is to several of you. So yes, absolutely.

Chair Eng asks if we are getting the biggest bang for the buck by reinvesting the \$607,000 into adding another barn? Or is there another critical factor that that money would have been better spent in one of the other projects that are near term. I don't have enough information to say yes.

Mr. Worth reminded the committee that the list is limited to the few projects in this question that will be completed before the end of the year that has a shortfall.

Motion to recommend the stated transfer of funds by Vice Chair Rodgers. Second By Committee Member McCart, which carried 6-0, with Chair Eng, Vice Chair Rodgers, Committee Member Armstrong, Committee Member Hur, Committee Member McCart, and Committee Member Neeley voting in the affirmative; there were no dissenting votes.

9. **Update on Project 38 – Build a new Fire Department Training Facility, and presentation, discussion, and possible recommendation to council to add funding to Project 38 – Build a new Fire Department Training Facility. – Alison Tymkiw, City Engineer & Tom Shannon, Fire Chief**

Motion by Committee Member Armstrong stating, "At this point in time, we as the Citizens' Bond Oversight Committee do not have enough information to provide guidance to Council on the use of non-bond funds for the advancement of this Project 38." Motion failed for a lack of a second.

Motion by Vice Chair Rodgers and Second by Committee Member Neeley stating, "The Citizens' Bond Oversight Committee is not adequately informed to make a recommendation on the use of non-bond funding at this time on Project 38," which carried 6-0 with Chair Eng, Vice Chair Rodgers, Committee Member Armstrong, Committee Member Hur, Committee Member McCart, and Committee Member Neeley voting in the affirmative; there were no dissenting votes.

Public Comment - No members of the public addressed the Committee.

Adjournment – With no further business to discuss, the Citizens' Bond Oversight Committee Regular Meeting adjourned at 7:05 PM.

Motion to adjourn by Committee Member Armstrong with second by Vice Chair Rodgers, which carried 6-0, with Chair Eng, Vice Chair Rodgers, Committee Member Armstrong, Committee Member Hur, Committee Member McCart, and Committee Member Neeley voting in the affirmative; there were no dissenting votes.