

SCOTTSDALE CITY COUNCIL
WORK STUDY SESSION MINUTES
MONDAY, MARCH 2, 2015



CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Work Study Session of the Scottsdale City Council at 5:04 P.M. on Monday, March 2, 2015 in the City Hall Kiva.

ROLL CALL

Present: Mayor W.J. "Jim" Lane
Vice Mayor Linda Milhaven
Councilmembers Suzanne Klapp, Virginia L. Korte, Kathleen S. Littlefield,
Guy Phillips, and David N. Smith

Also Present: Deputy City Attorney Steve Bennett, City Auditor Sharron Walker, and City Clerk Carolyn Jagger

MAYOR'S REPORT

Mayor Lane welcomed the World Champion San Francisco Giants' return to Cactus League spring training.

PUBLIC COMMENT – None

1. **General Obligation Bond Program**

Request: Presentation, discussion, and possible direction to staff regarding a General Obligation Bond Program for the City of Scottsdale.

Presenter(s): Derek Earle, City Engineer

Staff Contact(s): Daniel Worth, Public Works Director, 480-312-5555,
dworth@scottsdaleaz.gov

City Engineer Derek Earle gave a PowerPoint presentation (attached) on the proposed bond program and considerations for a bond election.

There was general consensus to: (1) pursue a General Obligation Bond Program, (2) continue to work towards a 2015 election date, and (3) direct staff to provide Council with additional detail and descriptions of proposed projects to be considered at a future Study Session.

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

MAYOR AND COUNCIL ITEMS – None

ADJOURNMENT

The Work Study Session adjourned at 6:56 P.M.

SUBMITTED BY:



Carolyn Jagger
City Clerk

Officially approved by the City Council on March 17, 2015

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Work Study Session of the City Council of Scottsdale, Arizona held on the 2nd day of March 2015.

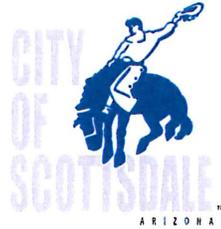
I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 17th day of March 2015.



Carolyn Jagger, City Clerk

General Obligation Bond Program



City Council Work-Study Session

March 2, 2015

Tonight's Presentation

- Overview of City's Capital Assets
- Review of proposed bond program
- Update on City's debt structure
- Considerations for a bond election
- Discussion and direction to staff

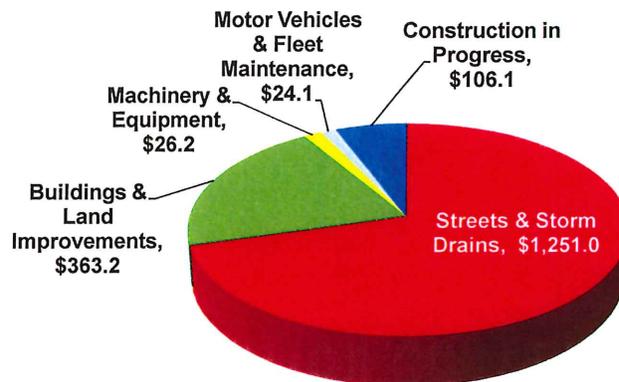


Capital Assets



City Assets by Type*

Total FY 2013/14 Government Assets \$1,770.6 (in millions)

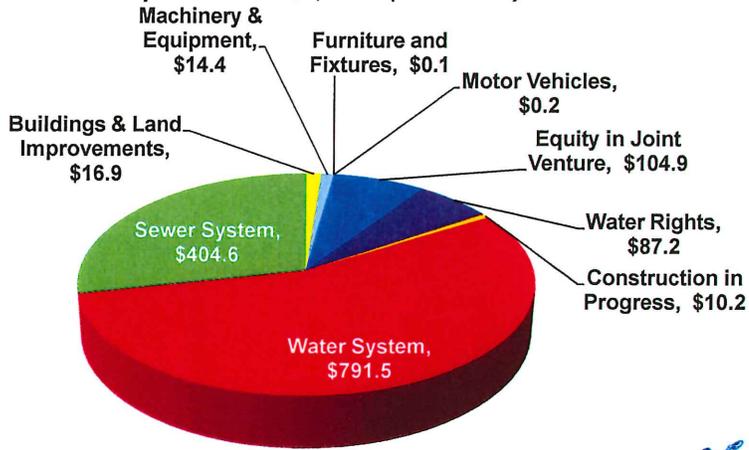


*Net of Depreciation



City Assets by Type*

Total FY 2013/14 Enterprise Assets \$1,430.0 (in millions)

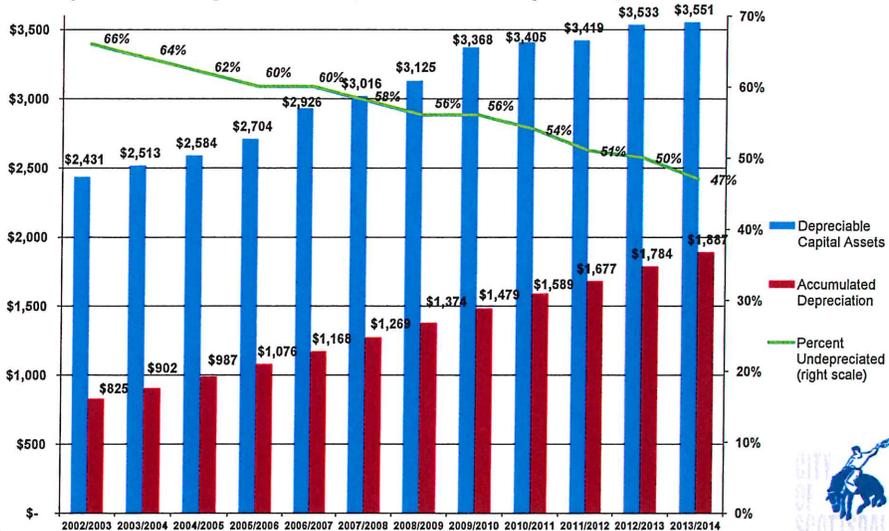


*Net of depreciation



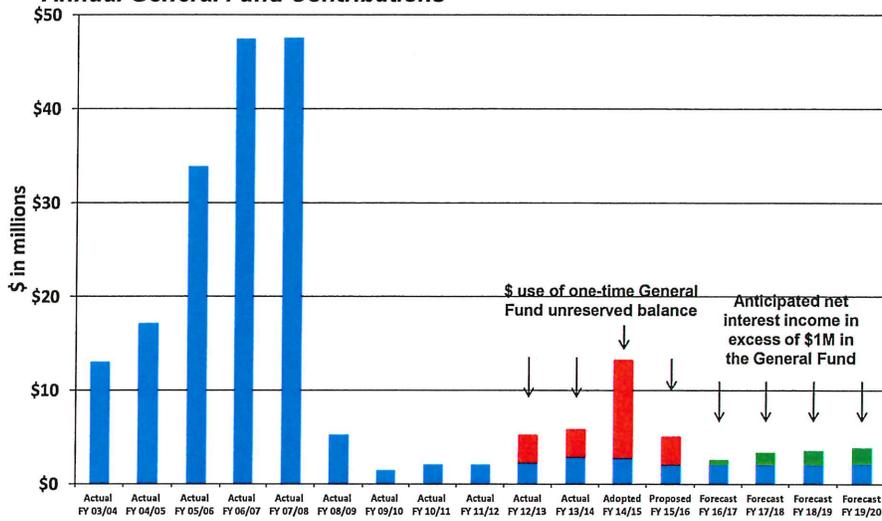
Condition of Capital Assets

Depreciable Capital Assets (in millions and percent)



Contributions to CIP

Annual General Fund Contributions



7 Note: Forecast contributions to CIP may be greater in years when General Fund operating surpluses develop additional transfers to the CIP fund in accordance with adopted Financial Policy #17.

Proposed Bond Program



Program Development

Project Review Process

- Initial project list developed by Bond Task Force in 2013
 - 45 projects reviewed for accurate scope of work, budget and applicability for funding through G.O. bonds
 - 24 projects dropped due to alternate funding through other sources, change in priorities or for other reasons
 - Remaining projects reviewed for accurate budgets, descriptions and readiness for bond financing and updated with current information
- FY 14/15 and FY 15/16 CIP updates
 - Annual Division submittals considered for inclusion in the bond program (General Fund and Transportation Fund projects)
 - Projects reviewed and prioritized by multiple staff committees
 - Highest priority projects considered for the bond program
 - Some Transportation projects considered for bonding include only the city share of the project in the bond amount



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Proposed Projects

Listed by Category/Possible Question

#	Description	Budget	Source	Type
Category 1: Parks and Recreation				
1	Indian Bend Wash: Park and Lake Rehabilitation	\$ 18,500,000	BTF	Renovation
2	Pool Chemical Safety Improvement	\$ 3,500,000	BTF	Renovation
3	Ballfield Lighting Efficiency Upgrades	\$ 4,600,000	BTF	Renovation
4	Aging Park Building Replacement	\$ 3,400,000	CIP	Renovation
5	Water Conservation Irrigation Upgrades	\$ 1,900,000	CIP	Renovation
6	Grayhawk Park Off-Leash Area	\$ 4,800,000	CIP	Expansion
Category 1 Total		\$ 36,700,000		
Category 2: Street Pavement Repair				
	Deteriorated Pavement Replacement	\$ 12,500,000	BTF	Renovation
Category 2 Total		\$ 12,500,000		
Category 3: Public Safety - Fire				
8	Fire Station 605 Renovation	\$ 800,000	BTF	Renovation
9	Fire Station 613 Design and Construction	\$ 5,100,000	BTF	Renovation
10	Fire Station 616 Design and Construction	\$ 3,700,000	BTF	Renovation
11	Fire Station 603 Relocation	\$ 6,750,000	CIP	Renovation
Category 3 Total		\$ 16,350,000		

BTf: Bond Task Force
CIP: Annual CIP Update



Proposed Projects

Listed by Category/Possible Question

#	Description	Budget	Source	Type
Category 4: Public Safety - Police				
12	Police Civic Center Jail and Station Renovation	\$ 10,100,000	BTF	Renovation
13	Police District 4 Facility Improvements	\$ 510,000	CIP	Renovation
14	Police Vehicle Training Track Resurfacing	\$ <u>1,700,000</u>	CIP	Renovation
Category 4 Total		\$ 12,310,000		
Category 5: Downtown Parking				
15	Northeast Downtown Parking Structure	\$ <u>13,800,000</u>	BTF	Expansion
Category 5 Total		\$ 13,800,000		
Category 6: Flood Control				
16	Crossroads East Regional Flood Control Improvements	\$ 13,500,000	BTF	Expansion
17	Indian Bend Rd/Lincoln Dr Flood Hazard Reduction	\$ <u>2,700,000</u>	BTF	Expansion
Category 6 Total		\$ 16,200,000		

BTF: Bond Task Force
CIP: Annual CIP Update



Proposed Projects

Listed by Category/Possible Question

#	Description	Budget	Source	Type
Category 7: Transportation				
18	Street Intersection Improvements: Hayden Rd/Chaparral Rd	\$ 2,510,000	BTF	Expansion
19	Airpark Area Roadway Improvements	\$ 12,900,000	BTF	Expansion
20	Thompson Peak Parkway Bridge	\$ 5,200,000	BTF	Expansion
21	Happy Valley Rd Improvements: Pima Rd to Alma School Rd	\$ 4,830,000	CIP	Expansion
22	Miller Rd Improvements: Pinnacle Pk Rd to Happy Valley Rd	\$ 8,900,000	CIP	Expansion
23	Alma School Rd and Jomax Rd Improvements	\$ 5,900,000	CIP	Expansion
24	98th St Improvements: North of McDowell Mntn Ranch Rd	\$ 1,700,000	CIP	Expansion
25	Street Intersection Improvements: Pinnacle Vista Dr & 56th	\$ 700,000	CIP	Expansion
26	Highland Ave Improvements: Scottsdale Rd to Goldwater Rd	\$ <u>2,100,000</u>	CIP	Expansion
Category 7 Total		\$ 44,740,000		

BTF: Bond Task Force
CIP: Annual CIP Update



Proposed Projects

Listed by Category/Possible Question

#	Description	Budget	Source	Type
Category 8: Multiuse Paths and Trails				
27	Downtown Pedestrian Improvements	\$ 4,000,000	BTF	Renovation
28	Path and Trail Connections: North of CAP	\$ 2,630,000	BTF	Expansion
29	McDowell Rd Bicycle Lane Improvements	\$ 3,100,000	CIP	Expansion
30	Shea Multiuse Path Underpass at 124th St	\$ 600,000	CIP	Expansion
31	CAP Canal Multiuse Path: Horizon Park to Stonegate Park	\$ 3,100,000	CIP	Expansion
Category 8 Total		\$ 13,430,000		
Category 9: Citywide Technology				
32	Public Building Energy Efficiency Upgrades	\$ 1,500,000	CIP	Renovation
33	Technology: Public Building Wireless Improvements	\$ 470,000	CIP	Renovation
34	Technology: Disaster Recovery Infrastructure	\$ 4,900,000	CIP	Renovation
Category 9 Total		\$ 6,870,000		

13 BTF: Bond Task Force
CIP: Annual CIP Update



Proposed Project List

Program Summary

- 34 Projects/\$172,900,000 total budget
- 9 categories of projects/possible breakdown for questions
- 21 from Bond Task Force recommendations (only 16 listed due to combining former BTF projects)
- 17 projects considered "Renovation" of existing facilities
- 17 projects considered "Expansion" of existing facilities

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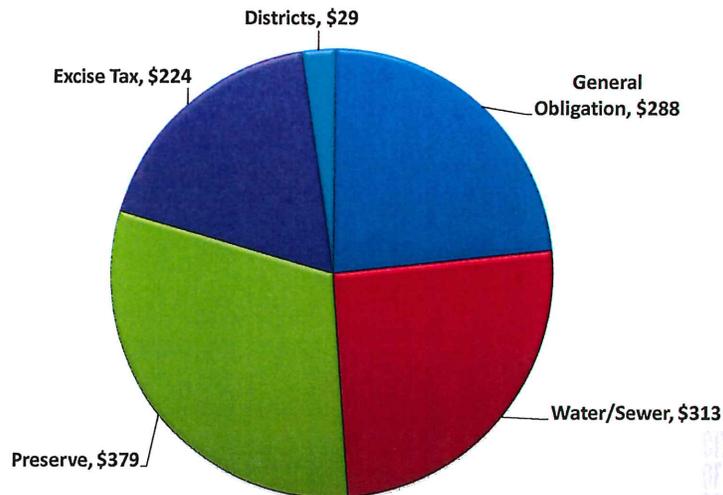


City Debt Structure



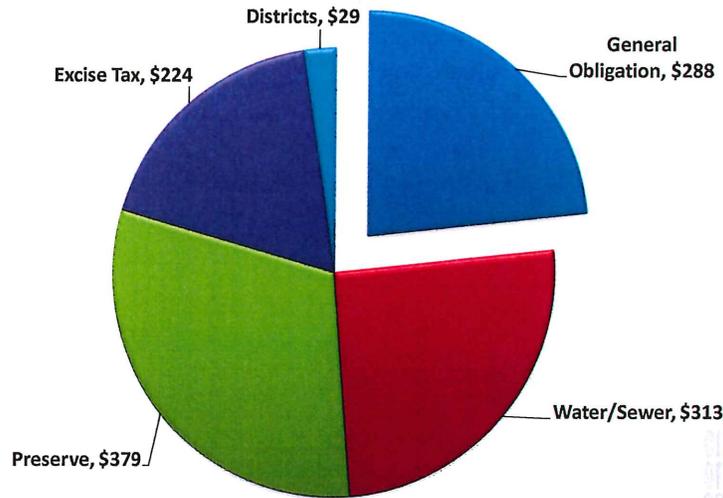
Outstanding City Debt

\$1,233M Debt Outstanding June 30, 2014 (amounts in millions)



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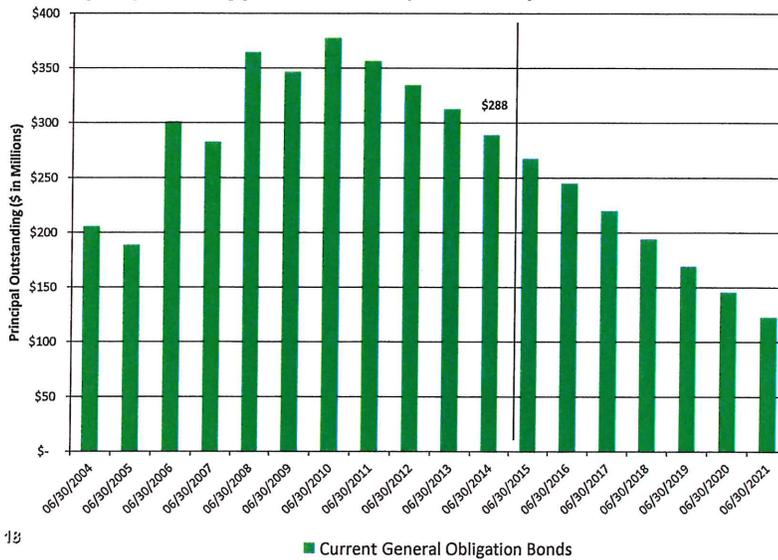


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G.O. Bonds Outstanding

Property Tax Supported Bonds (in millions)

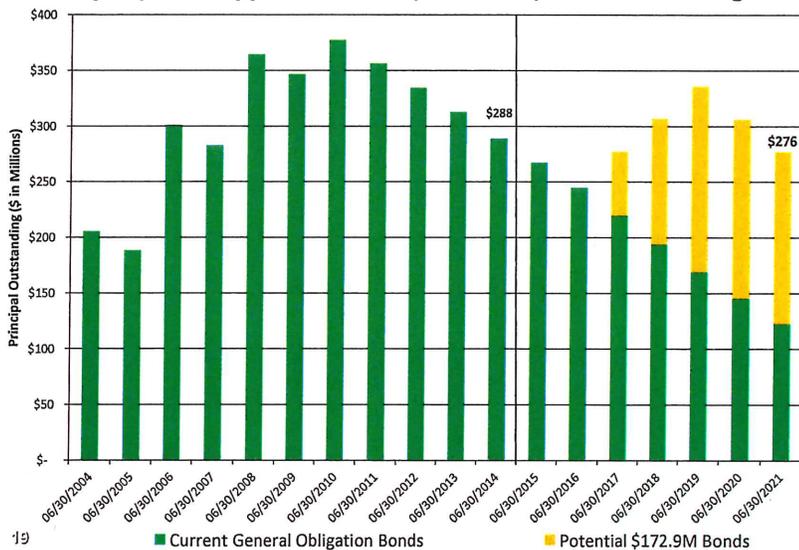


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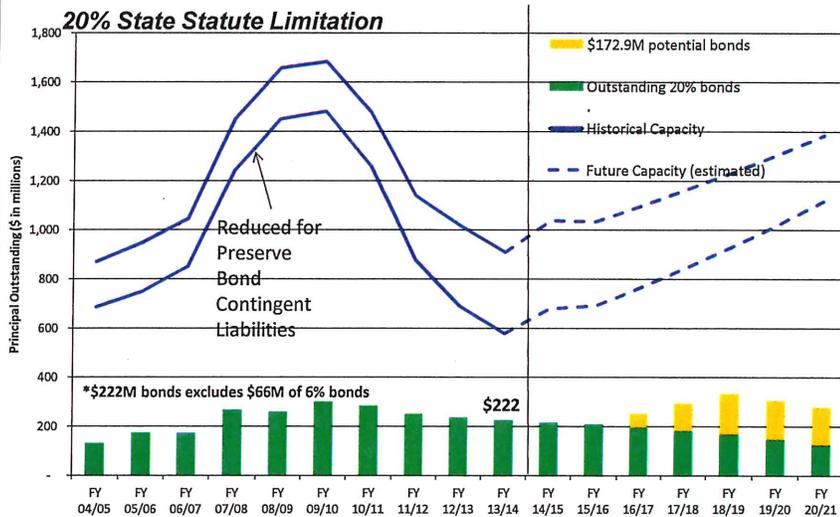
G.O. Bonds Outstanding

Property Tax Supported Bonds (in millions) – with Bond Program



Statutory Debt Limitations

20% State Statute Limitation



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City Bond Ratings

- The City maintains a strong AAA general obligation bond rating.

Moody's	Aaa
Standard & Poor's	AAA
Fitch Ratings	AAA

- A new bond authorization is not expected to deteriorate this rating as it is based on the following:

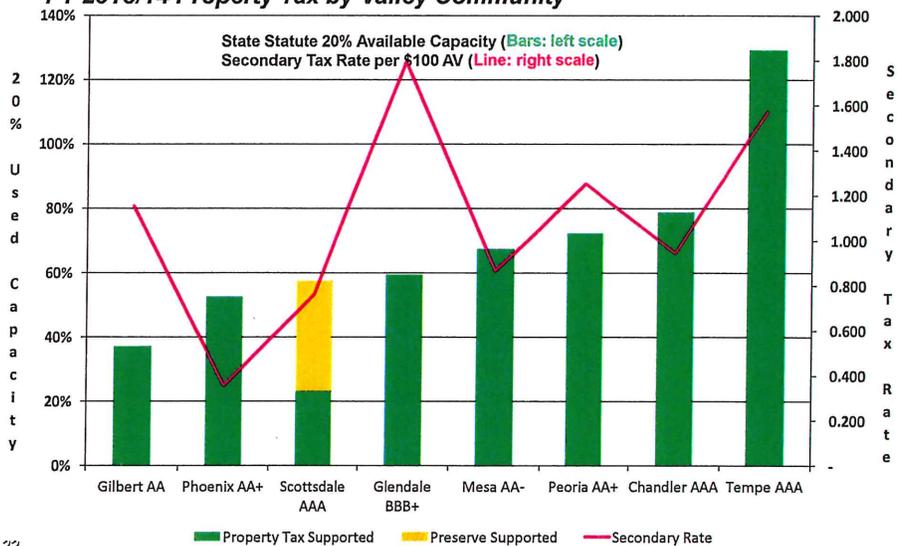
- Strong management practices
- Sound fiscal operations
- Strong general fund reserve levels
- Favorable debt structure and ratios
- Deep and diverse economic base



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Comparative Tax Burden

FY 2013/14 Property Tax by Valley Community



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Impact on Residents

	<u>\$172.9M</u>
Incremental annual debt service (after final phased issuance)	\$12.53M
Portion paid by residential class	<u>x 68.3%</u>
Debt Service paid by residential class	\$8.56M
Estimated residential units	<u>÷ 129,300</u>
Cost Per Residential Unit (Average):	
• Annual	\$66.20
• Monthly	\$5.52
• Daily	\$0.18
Burden Per Residential Unit:	
• Average Residential Value	\$337,000
• Annual Debt Service as a % of Residential Value	0.02%
Per \$100,000 of Assessor's Market Value	\$19.64/year or \$1.64/mo

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Election Considerations



Election Considerations

- Bond elections must be held in November
Per Arizona Revised Statutes 16-204 B.1 (d)
- If held during 2015 or 2017 cost is estimated at \$500,000
- If held in 2016 or 2018, in conjunction with the City's regular general election, there will be minimal additional cost

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Next Steps

If Direction is for a 2015 Election:

April, 2015: Additional Work-Study or Regular meeting(s) if requested

Mid May, 2015: Council to consider action to call election

November 3, 2015: Election Day

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2013 Bond Election Review

#	Program	Amount	% Yes	% No
1	Parks, Libraries and Community Facilities	\$50.4 M	42.0%	58.0%
2	Public Safety	\$43.7 M	45.0%	55.0%
3	Neighborhood Flood Control	\$19.0 M	39.1%	60.9%
4	Transportation, Streets and Trails	\$99.0 M	38.6%	61.4%
Total Proposed 2013 Bond Questions		\$212.1 M		

2013 Election Statistics:

Registered voters – 147,414

Ballots cast – 44,483 (30.9% turnout)

Early ballots – 39,640 (89.1%)

2014 General Election Comparison:

Registered voters – 146,058

Ballots cast – 78,500 (53.8% turnout)

Early ballots – 62,269 (79.3%)

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Program Oversight

Likely Future Council Actions

- Annual CIP approval process for new projects
- OR**
- Special approval of new projects
- Citizen Oversight – staff will recommend creation of a Bond Review Commission
- Issuance of bonds
- Site Plan/Land Use approvals (if required)
- Design contract awards
- Construction contract awards



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Discussion and Direction to Staff



Questions to consider

1. Should the city consider holding a General Obligation Bond Election? (Yes/No)
2. If so, when should the election be held (November of 2015, 2016, later)?
3. What is the optimum size of the program (total dollar value)?
4. What projects should be included in the program?

