



Draft Minutes City of Scottsdale Citizens' Bond Review Commission Regular Meeting

5:00 p.m., Thursday, February 15, 2007
Human Resources Building, Pinnacle Room
7575 E. Main Street, Scottsdale, AZ 85251

Call to Order

Mr. Roger Klingler, Assistant City Manager, called the meeting to order at 5:05 p.m.

Roll Call

A formal roll call confirmed that all the Commissioners were present.

Present: Donald Adams
Judith Brotman
Judy Frost
Paul Hughes
Charles Kaufman
Don Raiff
Laurel Walsh

STAFF: Tim Barnard
Bryan Bundy
Roger Klingler
Dave Meinhart
Sylvia Romero
Art Rullo
Dan Worth

Mr. Klingler welcomed Ms. Laurel Walsh to the Commission.

New Business

1. Election of Officers

Mr. Klingler stated that the City Attorney's Office advised him that the election of officers should be the first order of business at this meeting since there are currently no officers for the Commission.

COMMISSIONER BROTMAN NOMINATED COMMISSIONER ADAMS FOR CHAIRPERSON.

COMMISSIONER HUGHES NOMINATED COMMISSIONER FROST FOR CHAIRPERSON.

COMMISSIONER FROST WAS ELECTED CHAIRPERSON BY A VOTE OF FIVE (5) TO TWO (2). COMMISSIONERS BROTMAN AND ADAMS VOTED FOR COMMISSIONER ADAMS.

Commissioner Frost chaired the remainder of the meeting.

COMMISSIONER BROTMAN NOMINATED COMMISSIONER ADAMS FOR VICE-CHAIR. NO OTHER NOMINATIONS WERE RECEIVED AND COMMISSIONER ADAMS WAS UNANIMOUSLY ELECTED VICE-CHAIR.

Approval of Minutes – November 2 and December 28, 2006 meetings

VICE-CHAIR ADAMS MADE A MOTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF NOVEMBER 2, 2007. COMMISSIONER HUGHES SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

COMMISSIONER KAUFMAN MADE A MOTION TO APPROVE THE MINUTES OF THE MEETING OF DECEMBER 27, 2006. COMMISSIONER BROTMAN SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Overview of Proposed Changes

- Question 1: Library and Park Improvement Bonds
- Question 2: Neighborhood Flood Control
- Question 3: Scenic Corridor Preservation and Enhancement **(No changes)**
- Question 5: Public Safety Facilities **(No changes)**
- Question 6: Public Safety Helicopter Air Support **(No changes)**
- Question 7: Transportation Improvements

Mr. Klingler presented the changes proposed by staff, noting that this is an annual exercise. The Commission is tasked with reviewing the proposed changes and making recommendations to City Council. He reviewed the changes by question.

Transit and Transportation Planning Director Mr. Dave Meinhart responded to questions regarding the transportation improvements. Noting that he cycles in the Reata Pass area, Commissioner Raiff commented that the road around the existing bridge is hazardous to cyclists. Mr. Meinhart undertook to have the bicycle planner check the area for short-term solutions.

Commissioner Kaufman asked when plans are deferred beyond the five-year plan, is it certain that funds will be spent eventually within the same bond question. Mr. Klingler replied that if and when the traffic volume justifies moving the project back into the CIP plan, it may be funded by another bond issuance, sales tax or other funding source. What is certain is that this project will not be completed within the next five years.

Commissioner Hughes asked whether inflation was the reason funds need to be moved to the Cactus Road corridor.

Mr. Meinhart replied that inflation is a significant factor. This corridor is three miles long so cost increases have a bigger effect on this project than on others.

Commissioner Kaufman asked where the funding for art in public places comes from.

Mr. Klingler explained that the information in the packet shows the complete program. Not all projects are candidates for art. The art in public places is shown as a part of the total budget. Mr. Art Rullo, Budget Director, added that the Joint Task Force for the Arts is revamping the City ordinance.

In response to a follow-up question from Commissioner Kaufman, Mr. Rullo confirmed that the money is part of Bond 2000 funding. The exact amount is determined on a project basis by CPM and Cultural Council staff.

In response to a question from Vice-Chair Adams, Mr. Meinhart explained that the developer of Silverstone is now responsible for finishing the widening of the road from Williams Drive to Pinnacle Peak. This is the source of the savings shown in the packet.

COMMISSIONER HUGHES MADE A MOTION TO APPROVE THE CHANGES TO QUESTION SEVEN, TRANSPORTATION IMPROVEMENTS, PROPOSED BY STAFF. COMMISSIONER KAUFMAN SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Commissioner Kaufman inquired whether the members of the Library Board and the Parks and Recreation Commission see the information provided to the Citizens' Bond Review Commission.

Mr. Tim Barnard, CIP Planning Coordinator, replied that staff make them aware of the movement of this money. This is just formalizing what City Council agreed upon last November and December. Chair Frost added that the Citizens' Bond Review Commission discussed this question at the November meeting. The Parks and Recreation Commission also reviewed these changes and recommended to City Council that all of the changes be made with the exception of Troon North Park. City Council then agreed to the recommendations of the two Commissions. The proposed action tonight is to put these actions into the budget. She recalled that at the November meeting, the Citizens' Bond Review Commission voted to caution City Council against removing projects altogether from the five-year plan.

Commissioner Kaufman asked whether the other bodies receive full information when changes are proposed. Mr. Klingler replied that they receive more information than the Citizens' Bond Review Commission, because they are also provided with information about capital projects. Mr. Barnard added that next month the full CIP will be reviewed. Staff will make presentations to both the Library Board and the Parks and Recreation Commission.

Commissioner Kaufman inquired whether any additional funds are left in what had been originally funded for the DC Ranch park. Staff confirmed that there are not. Mr. Klingler noted that the community did not turn out to the City Council meeting or the meeting of the Parks and Recreation Commission to speak on this item.

Chair Frost noted that the Grayhawk Community Park is short of funding. Mr. Dan Worth, Municipal Services General Manager, stated that at the November meeting, the Citizens' Bond Review Commission recommended taking funds from the three projects and reallocating them to Grayhawk and Vista del Camino and to use \$2 million in bond interest earnings for materials for the Appaloosa Library. City Council approved this recommendation in December with changes which are reflected in tonight's packet.

Noting that \$600,000 grant funding is now not being awarded to Vista del Camino, Commissioner Kaufman asked what happens when a grant is not awarded.

Mr. Worth replied that often it is not possible to match a grant to a specific item in a project. When the grant was lost, the project has to be scaled back or the funding has to be replaced with other money.

COMMISSIONER RAIFF MADE A MOTION TO APPROVE THE CHANGES TO QUESTION ONE, LIBRARY AND PARK IMPROVEMENT, PROPOSED BY STAFF. COMMISSIONER HUGHES SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Mr. Klingler presented the changes proposed to Question 2, neighborhood flood control. Staff are focusing on the highest priority projects. Commissioner Raiff commented that the 86th Street drainage project is important. Mr. Worth agreed that this is an important project, but the others are higher priority. The Indian School Road project can be done while the roadway is under other construction.

COMMISSIONER HUGHES MADE A MOTION TO APPROVE THE CHANGES TO QUESTION TWO, NEIGHBORHOOD FLOOD CONTROL, PROPOSED BY STAFF. COMMISSIONER KAUFMAN SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Mr. Klingler stated that no changes are being recommended to Question 3, Scenic Corridor Preservation and Enhancement. In response to a question by Commissioner Raiff, Mr. Rullo explained how funds are rebudgeted to the next fiscal year.

COMMISSIONER RAIFF MADE A MOTION TO APPROVE THE CHANGES TO QUESTION THREE, SCENIC CORRIDOR PRESERVATION AND ENHANCEMENT, PROPOSED BY STAFF. VICE-CHAIR ADAMS SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Mr. Klingler reported that no changes have been made to public safety facilities projects.

COMMISSIONER BROTMAN MADE A MOTION TO APPROVE THE STAFF RECOMMENDATION FOR QUESTION FIVE TO GO FORWARD TO CITY COUNCIL FOR THE NEXT BUDGET. COMMISSIONER HUGHES SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Mr. Klingler addressed the sheet on bond interest included in the packet. City Council approved the use of \$1.5 million from bond interest to purchase materials for the Appaloosa Library.

Commissioner Kaufman inquired how often the interest figures are updated. Mr. Rullo explained that there are so many variables, that staff are reluctant to forecast future bond interest.

COMMISSIONER KAUFMAN MADE A MOTION TO APPROVE THE ALLOCATION OF BOND INTEREST EARNINGS. COMMISSIONER RAIFF SECONDED THE MOTION, WHICH CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Chair Frost complimented staff on the excellent presentation. The new sheets show all the information in a format that is easy to follow.

Commissioner Raiff asked for an explanation of the square box labeled "Reconciliation" on page 2 of the overall sheet. Mr. Rullo confirmed that the interest is a source of funds outside of the bond issue. Staff aim at full disclosure of the bond authorization. This box shows the additional resources that have been allocated to the bond projects. Discussion ensued. Commissioner Raiff expressed a concern that this could look like a cost overrun.

Commissioner Hughes summarized that the Citizens' Bond Review Commission is approving the issuing of bonds rather than spending. Mr. Rullo confirmed that the measure voters approved did not mention bond interest. Mr. Klingler acknowledged that this box may appear confusing, but without it there would appear to be a discrepancy in the figures. He noted that arbitrage is another concern to them. Mr. Rullo added that they checked with the Bond counsel on the proper use of bond interest. The interest can be used to pay back debt or to supplement cost overruns on projects.

Financial Management Update and Status of Bond 2000 Projects

Mr. Rullo noted that they reviewed these expenditures at the November 2006 meeting. Staff are currently working on a reimbursement resolution to take to City Council for approval in March or April. They expect to report to the Commission at the May meeting.

Commissioner Walsh noted that Question 5 has the largest spread between the committed and expended and bonds issued. She asked whether the time delay factor may expose the City to arbitrage issues. Mr. Rullo agreed that this is probably the greatest potential exposure. Mr. Worth noted that City Council awarded a \$31 million contract last week. Once construction starts, the money will be spent quickly.

Commissioner Kaufman asked why the completed projects do not show dollar figures.

Mr. Rullo explained that the budget does not reflect completed projects. He agreed with Commissioner Kaufman that the dollar figures for the completed projects are shown in the first column. They could show budgets for completed projects. Commissioner Kaufman commented that would provide an apples to apples comparison. Given a recent newspaper article they can expect questions about dollar figures and the status of different projects. He expressed concern that easily understood information be available to present to the public.

Mr. Rullo replied that the spreadsheet contains so much information that it is very hard to read. Commissioner Hughes added that the current format was adopted because the Commission asked staff to remove the completed projects from the spreadsheet so that it is easier to see which of the projects are not yet completed. Mr. Rullo explained that they did not want to include budget information that has expired because this would overstate the budget. After a further exchange, Commissioner Kaufman commented that he can live with the format, but had been concerned about whether the public would be able to readily understand it.

Mr. Klingler commented that it may be said that new bonds should not be issued until the current program is entirely finished, however there may be urgent needs in one area while another area still has ongoing projects. He noted a project may be open for use, but in accounting terms the project appears not to be completed because some outstanding invoices remain to be settled. He agreed that Commissioner Kaufman has a good point. People will ask what was done with Bond 2000 funds.

Commissioner Kaufman asked whether the Commission stops looking at projects once all the bond funds have been expended even if the project is to be completed with other funds.

Mr. Klingler said the project still shows up in the total projects but there would be no further changes in bond funding. Mr. Worth supplied the example of Hayden Road from Cactus to Redfield. It shows as actively under construction but because the bond funding has been spent, this project is now in the completed column.

Commissioner Kaufman asked whether the Commission still has a responsibility to monitor progress on these projects. He gave the example of the \$12 million in Bond 2000 funds for the McDowell Mountain Ranch Aquatic Center.

Mr. Klingler noted that the figures will not change in the future. Mr. Worth assured Commissioner Kaufman that all active projects are shown on the report because the project management database is blind to funding sources.

Vice-Chair Adams opined that the election defined issues by subject matter rather than specific project. Voters allocated funds for such areas as parks, transportation, et cetera. If the Commission believes it has approved the allocation of the bond money and staff advise that the bond money for the project has been completed, he believes that satisfies the Commission's overview of the bond expenditures.

Commissioner Raiff asked why the sheet is entitled Bond 2000. Mr. Worth explained that all of the projects have a Bond 2000 funding component. The project management database has flags on each of these projects for reporting purposes but he stressed that this is not tied to the accounting database. Everything listed is an active project that had some Bond 2000 funding.

Future bond Election

Vice-Chair Adams questioned whether this discussion is appropriate, given that the Commission's charter limits it to Bond 2000. He opined that the Citizens' Bond Review Commission cannot give direction to staff.

Commissioner Hughes countered that when former Chairman West recommended to City Council that the Commission continue to serve, City Councilmembers expressed an interest in hearing Commission feedback on other bonds the City is considering. The Commission may be able to help develop strategies, especially given that the media have linked the question of future bond issues with the Bond 2000 program.

Vice-Chair Adams opined that others should handle this issue; it is beyond the Commission's purview.

Chair Frost stated she asked for this to be on the agenda because the Commissioners know that they already had to move money from one project to another. They are starting to see projects being removed because of insufficient funds. All of the Bond 2000 funds are

allocated except for a small amount for DC Ranch. Commissioner Walsh has shared that the previous Commission saw this happen with the last bond issue. Project management staff are on board to manage the projects. Without funding to continue with projects they are underutilized.

Mr. Rullo reported that staff checked with the League of Cities and Towns. The City's next opportunity to hold a bond election will be with the general election in November 2008.

Vice-Chair Adams thanked everyone for the good comments which clarified the question for him.

Commissioner Walsh remarked that if an election takes place in November 2008, it will be 2009 or 2010 by the time actual activity would commence. By then the Bond 2000 projects will be waning. She inquired whether staff have analyzed the recommended capacity. She served on the committee that recommended the issues that were in the Bond 2000 ballot. She recalled the discussion about allocation of funds, cautioning that the election alone is a huge process.

Mr. Klingler replied that staff have not yet been asked to do this analysis.

Chair Frost commented that other commissions are also looking at this issue. The meeting reviewed various areas for which bond funds might be used.

Commissioner Hughes suggested that one of the Commission's duties is to act as ambassadors to the community. Perhaps they should solicit community input.

Chair Frost shared that she had a conversation with Councilman Littlefield who supports a 2008 Bond election; he told her that the time to start is now. He would appreciate the Commission's input.

Vice-Chair Adams asked Chair Frost whether she would appear before City Council and acknowledge their thoughts about the process and get direction from them. Chair Frost was willing to do that. A discussion on process ensued. Mr. Klingler cautioned that staff are not advocating a position. The first opportunity to address Council would be the CIP discussion on March 8. Chair Frost undertook to attend this meeting and address the Council saying that the Commission agrees with the changes to the plan and adding that now might be the time to start thinking about a new bond election.

May Quarterly Meeting

Mr. Rullo noted that the next meeting is tentatively scheduled for Thursday, May 10 because a Council budget review is scheduled for May 3.

Vice-Chair Adams reminded the meeting that a subcommittee was set up to look at the bylaws. He is the only subcommittee member still on the Commission. He requested staff to bring the proposed revisions to the bylaws so that the Commission can vote on them.

Commissioner Hughes asked whether the Commission wants to respond to the recent newspaper article in order to educate the writer. He opined that stronger communication to the public is needed so that people understand that their bond dollars are at work. This would help build the case that another bond issue is necessary. In general the public is unaware of how much work has been done.

Chair Frost suggested this may be premature. It would be better to wait until after Council declares that they want a bond election. Commissioner Hughes agreed. A discussion ensued. Commissioner Walsh recalled that when the committee reviewed the projects proposed for Bond 2000, meetings were heavily attended by the public. It was a long process that was sometimes difficult to control.

Vice-Chair Adams requested that staff provide the status of the projects currently identified on the website as pending or on hold, such as Phase 2 of the Cross-Cut Canal. Mr. Worth reiterated that the report is generated from the project management database. When no work has yet been done, the project may not be in the database. Mr. Klingler undertook that staff will do what they can, but cautioned that there may not be much information on some of the projects. Mr. Worth offered to add a statement of explanation to each pending project on the website.

Chairman's Comments

None.

Public Comment

None.

Adjournment

With no further business to consider, being duly moved and seconded, the meeting adjourned at 6:44 p.m.

Respectfully submitted,

A/V-Tronics, Inc.