



City of Phoenix
OFFICE OF THE CITY MANAGER

To: General Obligation Bond Executive Committee **Date:** October 12, 2022

From: Jeff Barton ^{js}
City Manager

Subject: SUBCOMMITTEE RESULTS AND RECOMMENDED ALLOCATIONS FOR FUNDING

The City Council appointed the Citizen’s General Obligation (GO) Bond Committee on June 1, 2022 to recommend proposed projects, representing the highest priority needs of the community, for a potential 2023 GO Bond Election. Eight Subcommittees held several meetings open to the public over the past two months and have identified a priority list of projects for your consideration. To assist with the difficult task of selecting projects totaling the City Council approved \$500M scope, this memo includes recommended funding allocations by program area for your consideration.

Additionally, engaging the community in the GO Bond Program development process is a priority of the City Council. Residents and stakeholders have participated in a variety of ways including online using the GOPHX tool, by contacting the Budget & Research Department directly via email and phone, and by attending meetings in person and virtually. All feedback from the community is compiled by staff every two weeks and made available on the website at phoenix.gov/bond and in committee agenda packets. The most recent community feedback report is attached for your review.

GO Bond Subcommittee Recommendations

Recommendations by subcommittee program area will be presented to the Executive Committee at the first two meetings on October 17th and 24th (see below table). Subcommittee reports for the October 17th meeting are attached for your review. The remaining reports will be included in the agenda packet for the October 24th meeting.

October 17	October 24
Streets & Storm Drainage	Economic Development & Education
Neighborhoods & City Services	Environment & Sustainability
Housing, Human Services & Homelessness	Arts & Culture
Public Safety	Parks & Recreation

GO Bond Program Scope and Project Identification

The total GO Bond program scope of \$500M was recommended by the Fiscal Capacity Committee and approved by the City Council on June 7, 2022 after taking into account the following considerations:

- Size of the bond program should not adversely impact the City's credit ratings
- Financial models indicate routine bond programs of \$500M every five years will continue to be sustainable without material increases to secondary property tax rates, assuming no significant legislative or economic changes
- Due to limited General Fund resources, minimize impacts to ongoing operating costs
- Focus on renovation, replacement, and modification of existing City infrastructure given the last bond program occurred in 2006 and significant needs exist

The Capital Needs Study prepared by City Staff included \$647M in priority project needs, and \$505M in future capital needs that in staff's assessment can reasonably be deferred to a future bond program. In formulating staff recommendations of projects several factors were taken into account including:

- Facility condition assessments on existing City infrastructure
- Age, maintenance requirements and service levels of existing facilities
- Facilities that are in poor condition or that pose a safety/liability risk to the City of Phoenix
- Existing comprehensive plans approved by the City Council
- Projects should be completed during the time period of July 1, 2024 through June 30, 2029
- Impacts to ongoing operating costs

Additionally, throughout the GO Bond Subcommittee process additional projects have been proposed by the community. Each Subcommittee has advanced to the Executive Committee a list of projects in priority order. This will serve as the starting point for the Executive Committee.

GO Bond Executive Committee Schedule

The Executive Committee has up to six meetings to evaluate recommended projects, consider additional public comment, and make decisions by program area no later than the last scheduled committee meeting. The Executive Committee's final recommendations are tentatively scheduled to be presented to the City Council in mid-December. The schedule of Executive Committee meetings is listed below:

- Oct. 17, 2022 9:00 AM – 12:00 PM
- Oct. 24, 2022 9:00 AM – 12:00 PM
- Oct. 31, 2022 9:00 AM – 12:00 PM
- Nov. 7, 2022 9:00 AM – 12:00 PM
- Nov. 14, 2022 9:00 AM – 12:00 PM
- Nov. 17, 2022 9:00 AM – 12:00 PM

Proposed Allocation by Program Area

To assist the Executive Committee, I am recommending targets by program area totaling \$500M as a starting point for your consideration. To develop this recommended allocation, I took into account the following:

- the prioritized list of projects in the Capital Needs Study;
- subcommittee prioritization;
- public comments received from residents during the subcommittee process;
- equitable distribution of projects throughout the city;
- City department's ability to execute projects over the next five years;
- and ensuring future affordability by minimizing impacts to ongoing operating expenses.

The recommended allocation is not mandatory and the Executive Committee is free to make changes as needed in order to fulfill your charge. Staff is happy to assist as needed.

Program Area	Allocation %	\$ Target
Arts & Culture	10%	\$50,000,000
Economic Development & Education	7%	38,000,000
Environment & Sustainability	5%	26,000,000
Housing, Human Services & Homelessness	13%	63,000,000
Neighborhoods & City Services	9%	45,000,000
Parks & Recreation	13%	64,000,000
Public Safety	27%	132,500,000
Streets & Storm Drainage	16%	81,500,000
Total	100%	\$500,000,000