

City of Phoenix

*Meeting Location:
City Council Chambers
200 W. Jefferson St.
Phoenix, Arizona 85003*



City of Phoenix

Agenda

Tuesday, October 13, 2026

2:30 PM

phoenix.gov

City Council Policy Session

If viewing this packet electronically in PDF, open and use bookmarks to navigate easily from one item to another.

OPTIONS TO ACCESS THIS MEETING

Virtual Request to speak at a meeting:

- Register online by visiting the City Council Meetings page on phoenix.gov at least 2 hours prior to the start of this meeting. Then, click on this link at the time of the meeting and join the Webex to speak:

<https://phoenixcitycouncil.webex.com/phoenixcitycouncil/j.php?MTID=m4b8ceb1c6f6b1e488a7a48fcdffc41e4>

- Register via telephone at 602-262-6001 at least 2 hours prior to the start of this meeting, noting the item number. Then, use the Call-in phone number and Meeting ID listed below at the time of the meeting to call-in and speak.

In-Person Requests to speak at a meeting:

- Register in person at a kiosk located at the City Council Chambers, 200 W. Jefferson St., Phoenix, Arizona, 85003. Arrive 1 hour prior to the start of this meeting. Depending on seating availability, residents will attend and speak from the Upper Chambers, Lower Chambers or City Hall location.
- Individuals should arrive early, 1 hour prior to the start of the meeting to submit an in-person request to speak before the item is called. After the item is called, requests to speak for that item will not be accepted.

At the time of the meeting:

- Watch the meeting live streamed on phoenix.gov or Phoenix Channel 11 on Cox Cable, or using the Webex link provided above.
- Call-in to listen to the meeting. Dial 602-666-0783 and Enter Meeting ID 2556 755 4851 # (for English) or 2553 960 6481# (for Spanish). Press # again when prompted for attendee ID.

- Watch the meeting in-person from the Upper Chambers, Lower Chambers or City Hall depending on seating availability.
- Members of the public may attend this meeting in person. Physical access to the meeting location will be available starting 1 hour prior to the meeting.

Para nuestros residentes de habla hispana:

- Para registrarse para hablar en español, llame al 602-262-6001 al menos 2 horas antes del inicio de esta reunión e indique el número del tema. El día de la reunión, llame al 602-666-0783 e ingrese el número de identificación de la reunión 2553 960 6481#. El intérprete le indicará cuando sea su turno de hablar.
- Para solamente escuchar la reunión en español, llame a este mismo número el día de la reunión (602-666-0783; ingrese el número de identificación de la reunión 2553 960 6481#). Se proporciona interpretación simultánea para nuestros residentes durante todas las reuniones.
- Para asistir a la reunión en persona, vaya a las Cámaras del Concejo Municipal de Phoenix ubicadas en 200 W. Jefferson Street, Phoenix, AZ 85003. Llegue 1 hora antes del comienzo de la reunión. Si desea hablar, regístrese electrónicamente en uno de los quioscos, antes de que comience el tema. Una vez que se comience a discutir el tema, no se aceptarán nuevas solicitudes para hablar. Dependiendo de cuantos asientos haya disponibles, usted podría ser sentado en la parte superior de las cámaras, en el piso de abajo de las cámaras, o en el edificio municipal.
- Miembros del público pueden asistir a esta reunión en persona. El acceso físico al lugar de la reunión estará disponible comenzando una hora antes de la reunión.

CALL TO ORDER

COUNCIL INFORMATION AND FOLLOW-UP REQUESTS

This item is scheduled to give City Council members an opportunity to publicly request information or follow up on issues of interest to the community. If the information is available, staff will immediately provide it to the City Council member. No decisions will be made or action taken.

CONSENT ACTION

This item is scheduled to allow the City Council to act on the Mayor's recommendations on the Consent Agenda. There is no Consent Agenda for this meeting.

CALL FOR AN EXECUTIVE SESSION

A vote may be held to call an Executive Session for a future date.

REPORTS AND BUDGET UPDATES BY THE CITY MANAGER

This item is scheduled to allow the City Manager to provide brief informational reports on topics of interest to the City Council. The City Council may discuss these reports but no action will be taken.

DISCUSSION AND POSSIBLE ACTION (ITEMS 1-2)**1 2025-26 Year-End General Fund Budget Results and
Adoption of the 2027-28 Budget Calendar - Citywide**

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This report provides an overview of the 2025-26 General Fund (GF) budget results and information on future budget challenges. Overall, actual GF resources of \$2,208.4 million exceeded estimates by \$17.7 million, representing a variance of just 0.8 percent. Total actual GF expenditures of \$1,942 million were \$10.5 million more than the estimate, representing a variance of just 0.5 percent. As a result, the GF ending balance of \$266.4 million was approximately \$7.2 million more than estimated.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.**Responsible Department**

This item is submitted by City Manager Ed Zuercher and the Budget and Research Department.

[Attachment A.pdf](#)[Attachment B.pdf](#)[Attachment C.pdf](#)[Attachment D.pdf](#)

2 **2028 General Obligation Bond Program Development
and Report of the Fiscal Capacity Committee - Citywide**

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This report provides information regarding a potential 2028 General Obligation (GO) bond program, documents the findings of the Mayor and City Council-appointed Fiscal Capacity Committee, requests approval of the size of the GO bond program, and proposes requirements for non-profit partners requesting consideration in the GO bond program.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Responsible Department

This item is submitted by City Manager Ed Zuercher, Assistant City Manager Ginger Spencer, Deputy City Managers Cynthia Aguilar and Frank McCune, the Budget and Research and Finance departments and the City Engineer.

Attachments

[Attachment A - Appointment of the Fiscal Capacity Committee.pdf](#)

[Attachment B - Fiscal Capacity Committee Meeting Minutes and Presentations.pdf](#)

[Attachment C - Non-Profit Requirements.pdf](#)

ADJOURN



2025-26 Year-End General Fund Budget Results and Adoption of the 2027-28 Budget Calendar - Citywide

This report provides an overview of the 2025-26 General Fund (GF) budget results and information on future budget challenges. Overall, actual GF resources of \$2,208.4 million exceeded estimates by \$17.7 million, representing a variance of just 0.8 percent. Total actual GF expenditures of \$1,942 million were \$10.5 million more than the estimate, representing a variance of just 0.5 percent. As a result, the GF ending balance of \$266.4 million was approximately \$7.2 million more than estimated.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Summary

The GF ending balance of \$266.4 million exceeded the estimate of \$259.2 million by \$7.2 million, primarily due to higher than anticipated revenues discussed further in this report. The fund balance carries forward to the current fiscal year and will be factored into the development of the 2027-28 GF Budget Status. While this is good news, a range of budgetary challenges exist for 2027-28 and beyond.

The GF ending balance reflects two components: resources and expenditures. GF 2025-26 actual resources were \$2,208.4 million and exceeded the estimate of \$2,190.7 million by \$17.7 million, a variance of just 0.8 percent. GF revenues were \$1,937.6 million, representing a variance to the revised revenue estimate of \$14 million or just 0.7 percent. GF expenditures were \$1,942 million, or \$10.5 million more than the revised estimate of \$1,931.5 million for a variance of just 0.5 percent. These narrow variances reflect staff's continued efforts to develop accurate revenue forecasts and to control costs. **Attachment A** provides graphical illustrations of the GF budget results. **Attachment B** provides a department by department comparison of 2025-26 GF operating expenditures to the revised estimate.

Over the coming months, staff will develop revised resource and expenditure forecasts to prepare a 2027-28 GF Budget Status and Multi-Year Forecast, scheduled to be presented to the City Council on February 23, 2027.

2025-26 General Fund Results

Resources

Total resources include:

- Beginning fund balance.
- Annual revenue.
- Recoveries of prior year encumbrances that were not spent.
- Interfund transfers to/from other City funds.

As mentioned above, GF resources were \$2,208.4 million for the 2025-26 fiscal year and include a beginning balance of \$221.8 million, revenues of \$1,937.6 million, recoveries of \$10.2 million, and net transfers in of \$38.8 million. Total GF resources exceeded estimates by \$17.7 million, a variance of only 0.8 percent. The primary reason for the variance was higher than anticipated City and state-shared sales tax collections, as well as slightly higher than anticipated recoveries.

Revenue collections for 2025-26 totaled \$1,937.6 million, representing a variance to the revised estimate of 0.7 percent and growth over the prior year of 5 percent. The revenue growth compared to 2024-25 is primarily due to higher-than-expected city and state sales tax collections, which include the impact of the 0.5 percentage point increase in the City Transaction Privilege Tax (TPT) and Use Tax rates. Budget and Research Department (BRD) staff work diligently to analyze revenue data and economic conditions throughout the fiscal year. Sales tax is forecasted using our econometric model developed in partnership with the University of Arizona's Economic and Business Research Center. Additionally, staff closely follow information provided by our trusted economic sources, which are taken into account when projecting revenues. It is for these reasons that, year after year, revenues end the fiscal year close to what was estimated. Staff has taken a cautious approach to estimating revenue and will continue to do so to ensure projections are not too aggressive. The 2025-26 Year End GF Revenue Report is available online at phoenix.gov/budget and provides further details on revenue collections.

Expenditures

Total GF expenditures were estimated at \$1,931.5 million, and actual expenditures were \$1,942 million, or \$10.5 million (0.5 percent) more than estimated. The variance primarily reflects slightly higher than estimated costs for personal services. This is mostly attributable to slightly lower than forecasted salary savings. The City continues to experience overall higher costs for employee wages and benefits, particularly health insurance and public safety pension, along with increased costs for various commodities and contractuals. The City Council-approved Classification and

Compensation Study, which was a necessary investment in employees to ensure the City is competitive and can attract and retain a top quality workforce to serve residents, has also increased operating expenditures. Additionally, the City continues to contend with inflationary pressures. **Attachment B** provides a department by department comparison of 2025-26 GF operating expenditures to the revised estimate.

Looking Forward

Staff has already begun the annual 3+9 technical review process to evaluate spending at the line item level. This deep dive into department budgets enables staff to identify savings and establish realistic estimates to continue existing service levels. This process will be followed by central expenditure reviews in December, in which Citywide costs are estimated for various commodities, such as fuel and electricity, and personal services line items, such as pension. Revenue estimates will also be updated during this time, including City sales tax and state shared revenues. These budget processes are critical steps in the development of the GF Budget Status and Multi-Year Forecast, set to be presented to City Council in February 2027.

The 2025-26 GF ending fund balance variance of \$7.2 million will carry forward and remain in "reserve" until the budget status for 2027-28 is developed over the next several months. The higher than anticipated ending fund balance is good news and a helpful starting point in the budget development process. However, the City continues to face challenges that will require strategic and difficult decisions to ensure the budget remains balanced and sustainable. These challenges include economic uncertainty, potential impacts from federal and/or state legislation, operating cost pressures, and needed resources for City Council and community priorities, as specified below.

Significant budget challenges include:

- The continued impact of the Class and Comp Study and negotiated labor increases;
- Rising employee benefit costs, particularly for public safety pension and health care;
- Deferred maintenance and aging infrastructure, requiring additional investment in vehicles, equipment, and City facilities;
- New ongoing operating costs from the voter-approved 2023 General Obligation Bond Program, which were estimated in last year's Multi-Year Forecast at \$8.7 million in ongoing costs in 2027-28 and \$19.7 million in ongoing costs in 2028-29;
- Challenging revenue projections in an environment of state and federal policy uncertainty, higher interest rates, and potentially slower economic growth; and
- Demands from residents for new or expanded GF services

The items above add significant pressure and uncertainty to the GF budget and create

challenges estimating revenues and expenditures. Staff will be working over the next several months to study data trends, gather updated economic information, and complete necessary budget development steps to construct the GF 2027-28 Budget Status and Multi-Year Forecast.

It is important to mention that Phoenix's public safety pension costs will continue to increase for the foreseeable future based on the most recent information received from the Public Safety Personnel Retirement System (PSPRS) actuary. Updated pension rates from the June 30, 2026, actuarial valuation will be provided to the City in December and used to develop the GF 2027-28 Budget Status and Multi-Year Forecast. **Attachment C** includes historical and forecasted GF public safety pension costs based on the most recent estimates from the PSPRS actuary.

2027-28 Budget Calendar

The City Charter and Code include legal deadlines and actions that must be followed in adopting the budget. In cases where the deadlines conflict, the City meets the earlier of the two dates or a date designated by the City Council. Adoption of the budget calendar ensures compliance with the City Charter and Code, and also allows staff to properly plan the budget development process and all legally required advertising.

Staff requests City Council approval of the 2027-28 budget calendar reflected in **Attachment D**.

Responsible Department

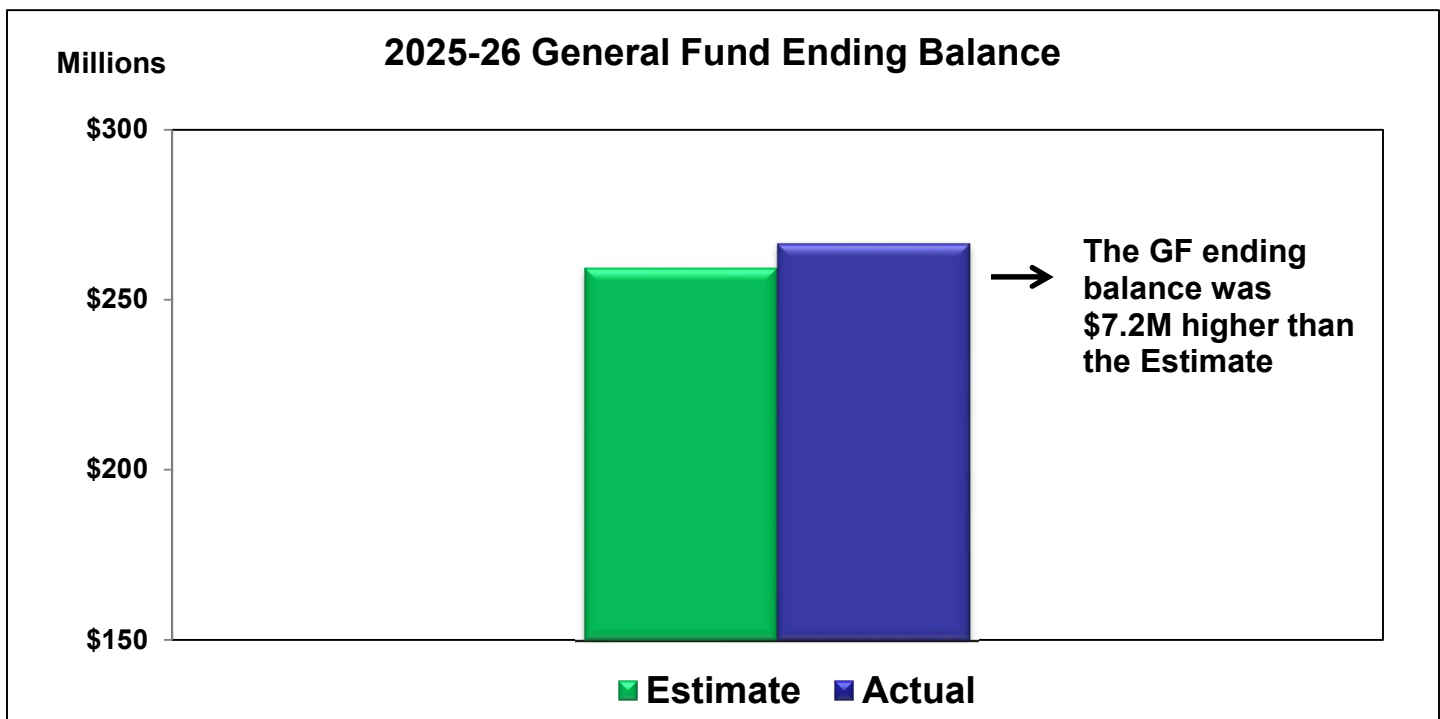
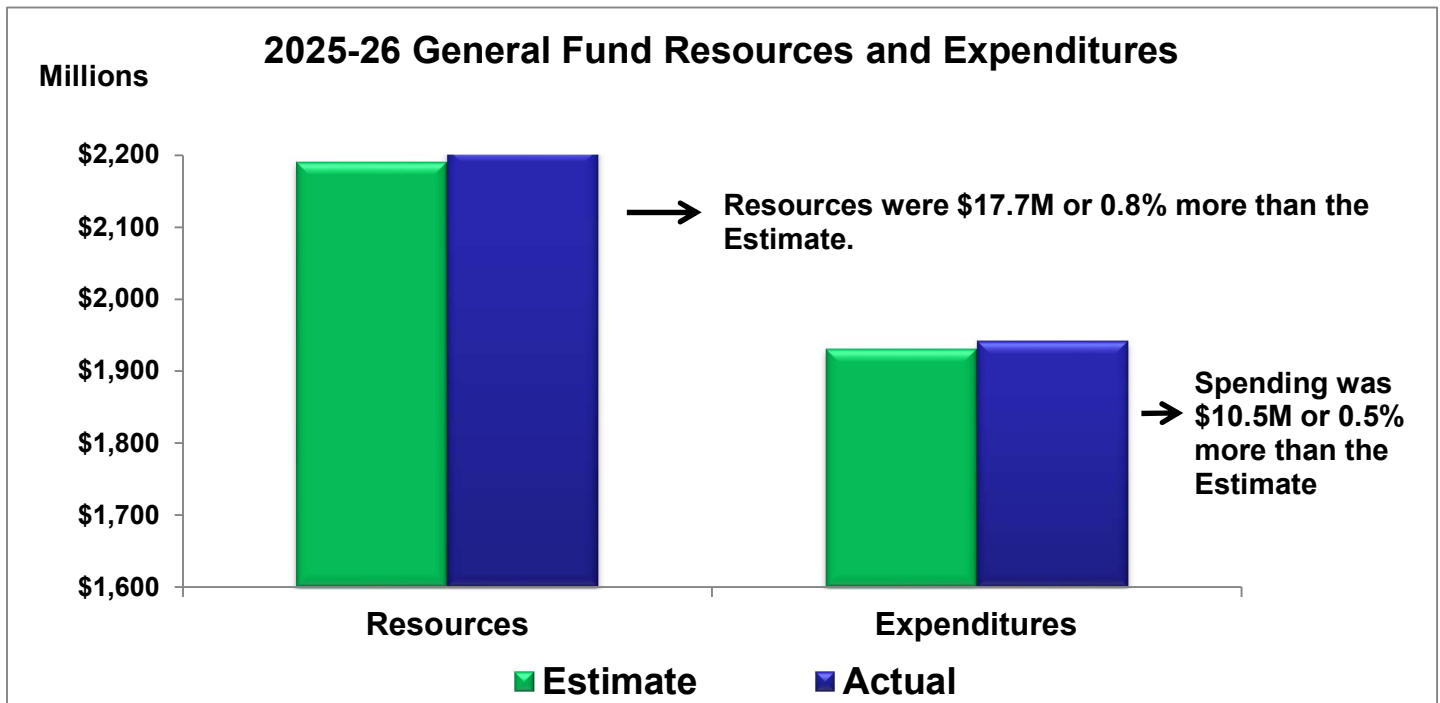
This item is submitted by City Manager Ed Zuercher and the Budget and Research Department.

ATTACHMENT A

2025-26 General Fund Budget Results

Total 2025-26 General Fund (GF) resources were \$2,208.4 million and \$17.7 million more than estimated, representing a variance of 0.8%. GF spending was \$1,942.0 million and \$10.5 million more than estimated, representing a variance of 0.5%. As a result, the year-end fund balance was \$266.4 million and \$7.2 million more than estimated.

	Actual	Estimate	Variance Amount	Variance Percent
GF Resources	2,208.4	2,190.7	17.7	0.8%
GF Revenues	1,937.6	1,923.6	14.0	0.7%
GF Expenditures	1,942.0	1,931.5	10.5	0.5%
GF Ending Balance	266.4	259.2	7.2	2.8%



ATTACHMENT B
2025-26 COMPARISON OF GENERAL FUND OPERATING EXPENDITURES
REVISED ESTIMATE TO PRE-AUDIT ACTUALS
(In Thousands of Dollars)

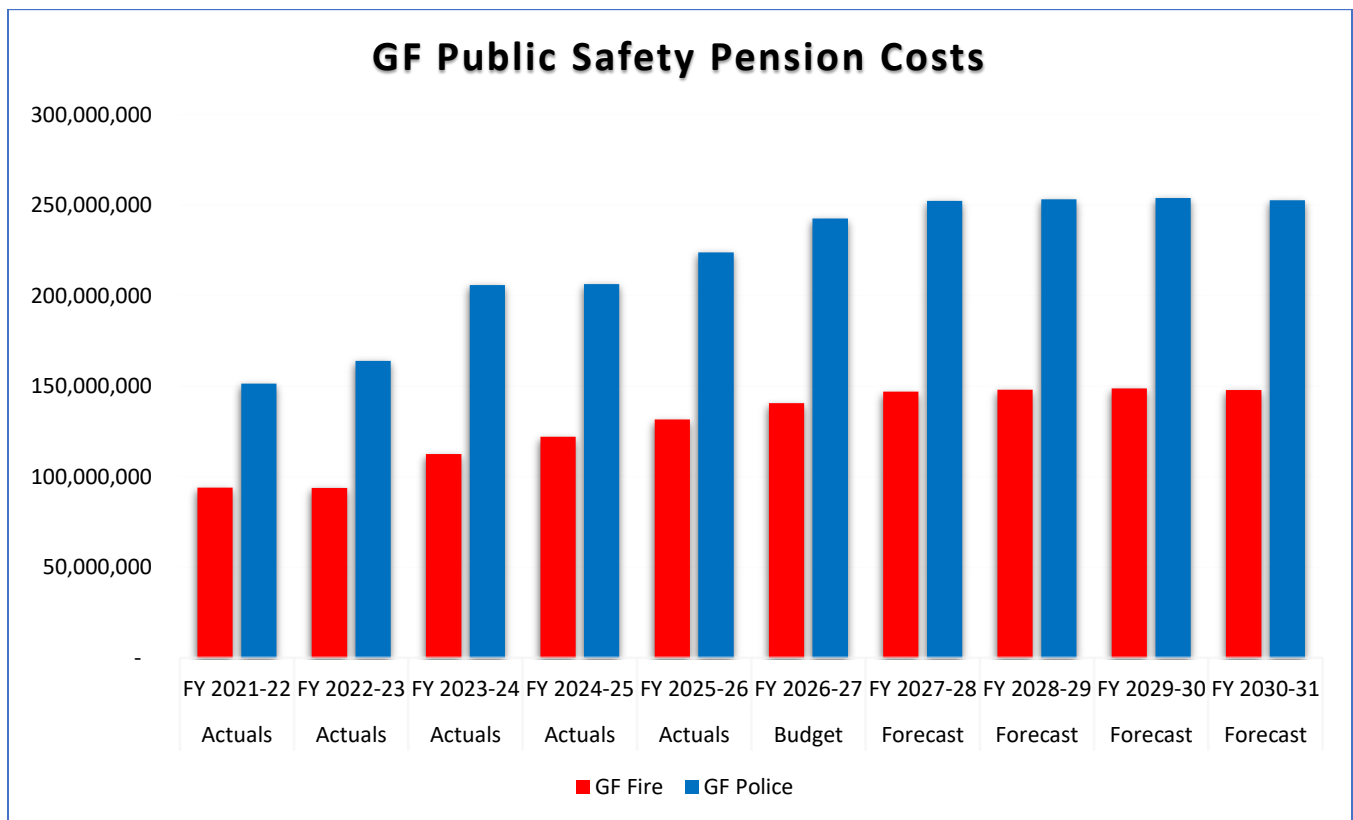
Program	Estimate	Pre-Audit Actuals	Variance	
			Amount	Percentage
General Government				
Mayor	\$ 2,727	\$ 2,689	\$ (38)	-1.4%
City Council	7,136	6,968	(168)	-2.4%
City Manager	12,478	10,528	(1,950)	-15.6%
Government Relations	1,810	1,743	(67)	-3.7%
Communications Office	5,559	5,361	(198)	-3.6%
City Auditor	3,695	3,574	(121)	-3.3%
Equal Opportunity	3,701	3,308	(393)	-10.6%
Human Resources	29,619	27,325	(2,294)	-7.7%
Phoenix Employment Relations Board	133	124	(9)	-6.8%
Law	12,677	10,744	(1,933)	-15.2%
Information Technology	99,961	96,033	(3,928)	-3.9%
City Clerk and Elections	5,792	5,339	(453)	-7.8%
Finance	30,499	29,157	(1,342)	-4.4%
Budget and Research	4,182	4,006	(176)	-4.2%
Total General Government	\$ 219,969	\$ 206,899	\$ (13,070)	-5.9%
Public Safety				
Police	\$ 799,627	\$ 791,603	\$ (8,024)	-1.0%
Fire	496,839	489,259	(7,580)	-1.5%
Total Public Safety	\$ 1,296,466	\$ 1,280,862	\$ (15,604)	-1.2%
Criminal Justice				
Municipal Court	\$ 39,237	\$ 37,842	\$ (1,395)	-3.6%
City Prosecutor	22,091	21,040	(1,051)	-4.8%
Public Defender	6,918	6,850	(68)	-1.0%
Total Criminal Justice	\$ 68,246	\$ 65,732	\$ (2,514)	-3.7%
Transportation				
Street Transportation	\$ 1,902	\$ 1,227	\$ (675)	-35.5%
Total Transportation	\$ 1,902	\$ 1,227	\$ (675)	-35.5%

ATTACHMENT B
2025-26 COMPARISON OF GENERAL FUND OPERATING EXPENDITURES
REVISED ESTIMATE TO PRE-AUDIT ACTUALS
(In Thousands of Dollars)

Program	Estimate	Pre-Audit Actuals	Variance		
			Amount	Percentage	
Community Development					
Planning and Development Services	\$ 7,072	\$ 6,543	\$ (529)	-7.5%	
Housing	2,669	2,567	(102)	-3.8%	
Community and Economic Development	10,911	9,865	(1,046)	-9.6%	
Neighborhood Services	19,689	19,067	(622)	-3.2%	
Total Community Development	\$ 40,341	\$ 38,042	\$ (2,299)	-5.7%	
Community Enrichment					
Parks and Recreation	\$ 132,991	\$ 129,707	\$ (3,284)	-2.5%	
Library	51,045	50,960	(85)	-0.2%	
Phoenix Convention Center	3,881	3,552	(329)	-8.5%	
Human Services	39,058	37,214	(1,844)	-4.7%	
Office of Arts and Culture	8,596	8,544	(52)	-0.6%	
Total Community Enrichment	\$ 235,571	\$ 229,977	\$ (5,594)	-2.4%	
Environmental Services					
Public Works	\$ 33,653	\$ 29,816	\$ (3,837)	-11.4%	
Environmental Programs	2,330	2,244	(86)	-3.7%	
Office of Sustainability	724	714	(10)	-1.4%	
Total Environmental Services	\$ 36,707	\$ 32,774	\$ (3,933)	-10.7%	
Non-Departmental Operating					
Unassigned Vacancy Savings/Pension True-up to Budget	\$ (14,006)	\$ 40,604	\$ 54,610	+100.0%	
Total Non-Departmental Operating	\$ (14,006)	\$ 40,604	\$ 54,610	+100.0%	
GRAND TOTAL	\$ 1,885,196	\$ 1,896,117	\$ 10,921	0.6%	

ATTACHMENT C

The below chart illustrates the rise in General Fund (GF) costs for public safety pension. The forecast for fiscal years 2027-28 through 2030-31 is based on information from the Public Safety Personnel Retirement System (PSPRS) Actuary based on the valuation dated June 30, 2025, and included in the most recent GF Multi-Year Forecast presented to City Council on February 24, 2026. Projected amounts account for changes made by the PSPRS Board to lower the payroll growth assumption from 1.5% to 0.75%, which causes upward pressure on employer contribution rates. Actual amounts may differ from the forecast. The forecast will be updated based on the June 30, 2026 valuation to be issued in December 2026 and will be included in the 2027-28 GF Budget Status and Multi-Year Forecast scheduled to be presented to City Council on February 23, 2027.



ATTACHMENT D

2027-28 BUDGET ADOPTION CALENDAR

Date	Budget Items
November 2026	Inventory of Programs
February 23, 2027	Preliminary 2027-28 Budget Status and Multi-Year General Fund Forecast
March 23, 2027	City Manager's Trial Budget and Preliminary CIP
April 2027	Community Budget Hearings
May 4, 2027	City Manager's Proposed Budget
May 18, 2027	Council Budget Decision
June 2, 2027	2027-28 Tentative Budget Ordinance Adoption
June 16, 2027	2027-28 Funding Plan and Final Budget Ordinance Adoption
July 1, 2027	2027-28 Property Tax Levy Ordinance Adoption



2028 General Obligation Bond Program Development and Report of the Fiscal Capacity Committee - Citywide

This report provides information regarding a potential 2028 General Obligation (GO) bond program, documents the findings of the Mayor and City Council-appointed Fiscal Capacity Committee, requests approval of the size of the GO bond program, and proposes requirements for non-profit partners requesting consideration in the GO bond program.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

SUMMARY

GO bond programs are funded through secondary property tax assessments and provide a mechanism to fund construction and rehabilitation of City facilities and infrastructure such as parks, libraries, fire stations, streets, senior centers, and storm drains. They require voter approval and cannot be used to fund operating costs like staff salaries or to fund assets that are not owned by the City. Since 1957, the City's approved GO bond programs have totaled \$5.1 billion. The most recent GO bond program for \$500 million was approved by voters in 2023.

In approving that 2023 GO bond program, Mayor and Council laid the foundation for future programs of similar sizes, in approximately five to seven-year increments. The 2023 GO bond program is well underway, with approximately 24 percent of funds spent through August 2026. Significant projects already completed or under construction include Fire Station 15 Replacement, Mountain View Community Center Sports Complex Improvements, Rio Reimagined Land Acquisition, and Affordable Housing Property Preservation. Project status updates are published regularly at phoenix.gov/bond. The success of the 2023 program underscores the importance and benefit of regular GO bond programs and sets a backdrop for the Fiscal Capacity Committee's recommendations on a 2028 program.

REPORT OF THE FISCAL CAPACITY COMMITTEE

In May 2026, Mayor and Council appointed a GO Bond Fiscal Capacity Committee

(Committee) in preparation for a 2028 GO bond program (**Attachment A**):

- Ron Butler, Chair
- Tanya Amezquita
- Toni Maccarone
- Joseph Palomino
- Steve Zabilski

Mayor and Council charged the Committee with making recommendations on the financial parameters of the bond program, including program size and cost considerations for operations and maintenance. Mayor and Council asked the Committee to base their recommendations on an assessed valuation forecast, forecasted debt service, and constitutional debt limits. Four Committee meetings were held:

- August 11, 2026
- August 18, 2026
- August 25, 2026
- September 1, 2026

This report summarizes the information presented to the Committee by staff and the Committee's recommendations. Meeting materials and minutes are transmitted as **Attachment B**.

Summary of Considerations

The principal and interest payments for the proposed GO bond program would be paid by secondary property taxes. Operations of GO bond-funded City facilities are primarily funded by the General Fund.

The City's ability to implement a bond program is dependent upon whether:

- Secondary property tax revenue will be sufficient to fund principal and interest payments.
- Capacity exists within constitutional debt limits.
- The City's credit ratings can be maintained.
- The City can fund additional operations and maintenance costs associated with new systems and facilities.
- Projects can be completed within an approximate five-year timeframe.

Bond Program Capacity

Having reviewed property tax revenue models, interest rate assumptions, and remaining debt service on existing general obligation bonds, the Fiscal Capacity Committee recommends that the City Council develop a \$575 million bond program for a November 2028 election.

Absent unanticipated Legislative changes, or severe economic changes, the Committee advises that this bond program can be supported without any increases to the current secondary property tax rate of \$0.7745 per \$100 of net assessed valuation, even under modeled property valuation stress scenarios.

Peak debt service is not anticipated to rise substantially beyond the current maximum annual debt service of \$145 million. A bond program of this magnitude is not expected to adversely impact the City's credit ratings, and outstanding debt would remain below constitutional debt limits.

Further, the Committee advises this approach strategically positions the City for subsequent bond elections every five to seven years. The Committee reviewed models indicating that the City could also reasonably support a 2033 bond program valued at \$625 million, and a 2038 bond program valued at \$675 million. However, recommending values of hypothetical future bond programs is beyond the Committee's scope of work, and future program sizes would be evaluated at that time.

Property Tax Implications

The City levies a primary and a secondary property tax.

The primary property tax is a revenue source to the General Fund, the Parks Fund, and the Library Fund. The State Constitution allows primary property taxes to grow by no more than two percent annually, plus the growth associated with new construction. The City's primary property tax is currently at its maximum legally allowable rate and levy. The 2026-27 primary property tax rate is \$1.2652 per \$100 net assessed value, generating a primary property tax levy of \$236 million. Staff's property tax model assumes that the primary property tax levy will continue to be maximized to fund existing programs and services.

The secondary property tax is a revenue source to pay principal and interest on GO bond debt. The City's 2026-27 secondary property tax rate is \$0.7745 per \$100 net assessed value, generating a secondary property tax levy of \$144 million. State statute prohibits the City from levying a secondary property tax over its annual principal and interest payments on GO bond debt, except the City can maintain a reserve of up to ten percent of its annual principal and interest.

The amount of secondary property tax generated each year for a given tax rate is a function of:

1. Annual appreciation on existing property.
2. New construction.
3. Assessment ratios established by the state legislature.

The taxable value of existing real property is the lesser of its full cash value determined by the County Assessor, or an amount five percent greater than the prior year's taxable value - this taxable value is referred to as limited property value. Citywide, full cash value is approximately 90 percent higher than limited property value. For valuation forecasts, this gap provides an important buffer against an economic downturn, making property tax forecasts relatively predictable.

The Committee endorses the following baseline property valuation model assumptions:

1. Annual net appreciation on existing property of 2.0 percent through 2027-28, recognizing reductions to commercial property assessment ratios approved by the Legislature.
2. Annual net appreciation on existing property of 3.0 percent thereafter.
3. Annual year-over-year growth on new construction of 2.0 percent.
4. No change to legislatively-determined assessment ratios after 2027-28.

The resulting model was used to determine projected secondary property tax rates for various bond program scenarios.

The Committee reviewed stress-test scenarios in addition to this baseline model.

State Statute places restrictions on assumptions conveyed in materials distributed to voters. For the first five years, growth assumptions in voter materials cannot exceed the average appreciation in the prior 10 years; thereafter, growth assumptions in voter materials cannot exceed 20 percent of the average appreciation in the prior 10 years. Modeled growth assumptions endorsed by the Committee for the first five years are similar to those required by statute, while statutorily-required assumptions thereafter are substantially lower. As a result, projected tax rates conveyed to voters in later years will be higher than those the Committee believes are likely.

The Committee additionally reviewed a hypothetical scenario similar to the 2008 financial crisis.

The Committee advises that the recommended bond program can be executed without

increasing the secondary property tax rate above the current level in any of the scenarios that the Committee reviewed.

Project Delivery

Voter expectations and regulatory requirements demand timely delivery of GO bond projects. Many GO bond program projects can be funded through tax-exempt debt, offering a lower borrowing cost than taxable debt. Tax-exempt bond proceeds must be 85 percent expended within three years of issuance to meet Internal Revenue Service regulations. Project delivery capacity is limited by project management, procurement, consultant, and contractor resources.

The Committee confirms that a \$575 million bond program aligns with the City's project delivery capacity.

Operations and Maintenance

Certain GO bond projects can result in ongoing savings to the City or can be operated at zero or negligible cost. Street transportation and flood control projects typically have minimal operating costs. Like-for-like replacement of an aging police precinct, library, or other facility can generate savings associated with more energy efficient building systems.

Projects that result in the construction of new facilities or expansion of existing facilities, however, require ongoing General Fund resources to cover new operations and maintenance costs. Operating new or expanded fire stations, libraries, senior centers, and parks, for example, often involves the hiring of new staff and higher costs associated with utilities and maintenance.

The Committee reviewed City staff's General Fund multi-year forecast to assess the City's ability to absorb such costs. In 2029-30 - the first year of the 2028 bond program - the multi-year forecast shows a mid-point General Fund surplus of \$38 million.

However, long-range forecasting is unpredictable. The forecast is subject to economic variables, as well as budget variables including vehicle replacement, information technology, and major maintenance needs; City Council and community demands for new programs and services; and resource demands from future labor negotiation processes. If future year available resources are lower than forecasted, or reflect deficits, difficult tradeoffs may be required to ensure the General Fund remains balanced.

The multi-year forecast illustrates that the City anticipates being able to absorb the ongoing operating costs generated by the 2023 GO bond program. The projects in that \$500 million program had original estimated operating costs of \$27 million.

The Committee recommends that the 2028 GO bond program limit any new ongoing operating costs to a similar level as the 2023 GO bond program, with appropriate inflationary adjustments.

GUIDANCE FOR NON-PROFIT ENTITIES

The City has historically leveraged non-profit partners to operate projects constructed through its GO Bond programs. GO Bond funds have also been used to reconstruct or modify existing City facilities operated by non-profit partners.

In prior bond cycles, non-profit partnered projects have emerged through multiple channels, including identification by staff, proposals arising during GO Bond committee meetings, and formal requests submitted by non-profit organizations.

For Council consideration, staff have identified requirements for non-profit partners wishing to propose projects (**Attachment C**). Proposals meeting these requirements would be subject to review and prioritization by the future GO Bond Committee.

Among the key requirements proposed for Council to consider:

- Limit of one project proposal per organization.
- Organization is responsible for fully funding costs of operating and maintaining the project.
- Funding amounts ultimately included in the Council-approved 2028 GO Bond program represent the maximum City funding. Cost overruns will result in a reduced project scope, increased funding requirement for the project partner, or project cancellation.
- Funding is subject to negotiation and execution of required funding/operating agreements.
- Organization must indicate the amount of funding they plan to provide for the capital project, and if cash is not already in hand to contribute, must provide evidence of past fundraising efforts on a similar scale. Although the proposed guidelines do not specify a minimum cost share, this may be considered by the future GO Bond Committee.
- Letter of interest deadline of January 4, 2027, and project submittal deadline of March 1, 2027. City staff plan to hold an informational workshop in late January for organizations submitting letters of interest.

RECOMMENDED ACTION

Staff recommends that the City Council:

- Approve the recommendations of the Fiscal Capacity Committee, including a 2028 GO bond program of \$575 million, with total project operating costs at a level similar to the 2023 GO bond program, adjusted for inflation.
- Approve the proposed requirements for non-profit entities.
- Direct staff to identify prioritized and future capital needs for evaluation by a 2028 GO Bond Committee, to be appointed by Mayor and Council in the future.

Responsible Department

This item is submitted by City Manager Ed Zuercher, Assistant City Manager Ginger Spencer, Deputy City Managers Cynthia Aguilar and Frank McCune, the Budget and Research and Finance departments and the City Engineer.

ATTACHMENT A



City of Phoenix

To: City Council
From: Mayor Kate Gallego

Date: May 20, 2026

Subject: BOARDS AND COMMISSIONS – APPOINTEES

The purpose of this memo is to provide recommendations for appointments to the following Boards and Commissions:

Board of Adjustment

I recommend the following for appointment:

Jeff Lothner

Mr. Lothner is a Senior Associate at Dig Studio and is a resident of District 4. He fills a vacancy for a term to expire May 20, 2030.

Environmental Quality and Sustainability Commission

I recommend the following for appointment:

Chris Erickson

Mr. Erickson is a Partner at Pangaea Ventures US Inc. and is a resident of District 6. He fills a vacancy for a term to expire May 20, 2029.

General Obligation Bond Fiscal Capacity Committee

Following the success of the 2023 General Obligation Bond Program, the City of Phoenix is preparing for a 2028 General Obligation Bond Program.

A Fiscal Capacity Committee will be established to make recommendations to the Mayor and Council on the financial parameters of the bond program, including program size and cost considerations for operations and maintenance. The Fiscal Capacity Committee will review the City of Phoenix's financial, operating, and debt capacity and recommend an appropriately sized bond program. The committee's analysis will be based on the assessed valuation forecast, as well as forecasted debt service and constitutional debt limits.

The Fiscal Capacity Committee should begin meeting as soon as possible with the goal of delivering a recommendation to the City Council on financial capacity and parameters in Fall 2026. The committee shall be composed of five members.

I recommend the following for appointment:

Ron Butler

Mr. Butler is a retired Managing Partner at EY and will serve as Chair.

Tanya Amezcuita

Ms. Amezcuita is the Chair of the Arizona Hispanic Chamber of Commerce.

Toni Maccarone

Ms. Maccarone is a retired City of Phoenix Deputy City Manager.

Joseph Palomino

Mr. Palomino is the Director of the Arizona Center for Economic Progress.

Steve Zabilski

Mr. Zabilski is the President and Chief Executive Officer of the Virginia G. Piper Charitable Trust.

Historic Preservation Commission and Heritage Commission

I recommend the following for appointment:

Christa Severns

Ms. Severns is the Founder and CEO of Severns & Clark LLC and is a resident of District 4. She fills a vacancy for a term to expire May 20, 2029.

Human Services Commission

Councilwoman Anna Hernandez recommends the following for appointment:

Enjolie Lafaurie

Dr. Lafaurie is the Co-Founder and Chief of Community Wellness & Development at Cihuapactli Collective and is a resident of District 4. She fills a vacancy for a term to expire June 30, 2029.

Mayor's Commission on Disability Issues

I recommend the following for appointment:

Berenice Bautista

Ms. Bautista is the Associate Vice President of Cornerstone Public Affairs and is a resident of District 3. She fills a vacancy for a term to expire May 20, 2029.

Phoenix Women's Commission

I recommend the following for appointment as Chair:

Sharise Erby

Dr. Erby will replace Dr. Heather Ross as Chair for a term to expire May 20, 2027.

**City of Phoenix
Fiscal Capacity Committee
Summary Minutes
Tuesday, August 11, 2026**

12 Central Conference Room
Phoenix City Hall, 12th Floor
200 West Washington Street
Phoenix, Arizona 85003

Committee Members Present

Ron Butler, Chair
Joseph Palomino
Toni Maccarone
Tanya Amezcuita

Committee Members Absent

Steve Zabalski

1. CALL TO ORDER

Chair Ron Butler called the Fiscal Capacity Committee to order at 9:09 a.m. with committee members Ron Butler, Joseph Palomino, Toni Maccarone, and Tanya Amezcuita present. Chair Butler shared his experience serving on previous Fiscal Capacity and General Obligation Bond committees.

2. OPEN MEETING LAW

Council Support Supervisor Davvid Welch explained the Arizona Open Meeting Law (OML) and discussed its application to all public bodies and all public meetings, including the Fiscal Capacity Committee. He shared various examples of allowable and prohibited actions to ensure the members understood OML's applicability to the Committee.

3. ETHICS

Assistant City Attorney Samuel Arrowsmith explained the City's Ethics, Gifts, and Conflicts of Interest policies which apply to all members of the Fiscal Capacity Committee. He reviewed the language of the policies and provided examples of allowable and prohibited actions to ensure the members understood the City's various ethics policies.

4. INTRODUCTION OF MEMBERS AND CHARGE OF COMMITTEE

Committee members introduced themselves and briefly shared their backgrounds.

Chair Butler discussed the charge of the Fiscal Capacity Committee as an advisory body meant to evaluate how much debt the City can responsibly incur for major initiatives like the General Obligation bond program, without raising the secondary property tax rate.

5. GENERAL OBLIGATION BOND PROGRAM BACKGROUND

Budget and Research Director Aaron Mertz provided additional history about the City's previous General Obligation bond programs in 2001, 2006, and 2023. He explained that the large gap between the 2006 and 2023 bond programs was due to the severe impacts of the Great Recession on property values.

Mr. Mertz shared that the Mayor and Council affirmed their desire for a regular cadence of GO Bond programs approximately every five years. He noted that this desire would need to be balanced by the Committee with various constraints including debt capacity, project delivery capacity, bond ratings, and operations and maintenance costs. He also reviewed the planned timeline for the 2028 GO Bond Program.

6. PROPERTY TAX OVERVIEW AND VALUATION FORECAST

Deputy Budget and Research Director Chris Fazio explained that General Obligation debt is backed by secondary property tax revenue and provided an overview of the property tax system in Arizona. He shared a sample property tax bill from a median single family residential property in Phoenix and provided a comparison of tax rates and tax bills to other peer cities.

Chair Butler noted the importance of evaluating the City's assumptions in the forecasts and information being provided to the Committee.

Mr. Fazio shared three different scenarios for the Property Tax Assessed Valuation Forecast: Baseline, Informational Pamphlet, and Stress. He explained the key assumptions being made and shared the results of each scenario.

Ms. Amezcuita asked if the appreciation percentages being used in the models netted out personal property depreciation. Mr. Fazio confirmed that this was correct.

7. FUTURE AGENDA ITEMS

Chair Butler asked if any committee members had requests for future agenda items. No additional agenda items were requested.

8. ADJOURNMENT

Chair Butler adjourned the meeting at 10:09am.

A recording of this meeting has been posted to the following URL:

<https://youtu.be/dUPD12y3N3Q>

THE ARIZONA OPEN MEETING LAW (OML)

City of Phoenix

City of Phoenix



Arizona Open Meeting Law

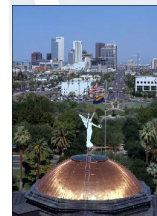
The business of the public should be conducted in public.

Arizona Revised Statutes (A.R.S)

- A.R.S. § 38-431 through 38-431.09

Purpose

- Open deliberations & proceedings
- Decisions made in public
- Public access to governmental process



2



Applicability

Applies to All Public Bodies

- All multimember governing boards of all political subdivisions
- All committees & advisory bodies appointed by those bodies
 - City Council & Subcommittees
 - City Boards, Commissions, Committees
 - Advisory Committees and Subcommittees

A.R.S. § 38-431(6)

3



Applicability

Applies to All “Meetings”

- A gathering, in person or through technological devices, of a *quorum* of members of a public body at which they *discuss, propose or take legal action, including any deliberations by a quorum with respect to that action*

Quorum

- Majority of appointed members OR
- As specified by the ordinance, charter, bylaws

Note: Executive Sessions for specific purposes are not “open”

A.R.S. § § 38-431(3), 38-431(4)



4



“Meeting” Electronic Communications

1. An exchange of electronic communication among a quorum is a meeting if:
 - exchange involves discussion, deliberation, or taking action by the body concerning a matter likely to come before the body
 - includes an exchange between two members if a quorum is copied, even if no other members respond
2. A one-way electronic communication is a meeting if:
 - sent by one member to quorum of public body
 - and communication proposes legal action

A.R.S. § 38-431(4)(b)

5



“Legal Action”

- Includes discussions, deliberations, consultations among a majority of the members of the public body on matters that may require final action or decision

A.R.S. § 38-431(3)



6



What Must a Public Body Do?

- Provide notice
- Have an agenda
- Meet in public
- Permit public to attend
(Exception: authorized executive sessions)
- Take all action in public
- Create/prepare meeting minutes or a recording

7



Meeting Notices & Agendas

Posting

- Must be posted at least *24 hours in advance* of meeting time
- On official posting board (legal) (City Hall on 3rd Ave)
- Also required to post on website
- If notice not posted – meeting cannot be held

Notice

- Name of body, date, time, place
- Include specific agenda items to be discussed, considered, or decided, or where to get copy of agenda
- Reasonable description to inform public of what will be discussed



A.R.S. § 38-431.02

8



Communication & Discussion

Discussion at the Meeting

- Allowed
 - Discussion of an item listed on the agenda
 - Action on an item that was listed for action on the posted agenda
- Prohibited
 - Discussion or action on matters not listed on the agenda
 - Discussion or action without a quorum present
 - Cannot conduct a meeting without a quorum
 - Note: Quorum can be lost during meeting

9



Public Comments

Agenda Items

- OML does not give the public the right to speak on agenda items – but public may expect it

Non-Agenda Items – “Call to the Public”

- The public may comment on non-agenda items
- The Body cannot discuss or respond, but can:
 - Have speaker fill out a card
 - Impose time restrictions
 - Ask staff to follow up or place on future agenda
 - Respond to personal attacks
- Public comment is allowed at Phoenix City Council meetings – therefore public may expect at other meetings

10



Communication & Discussion

Communication Outside the Meeting

- OML intended to make discussions among members on board business occur in public meetings, not privately
- Allowed:
 - Communication with staff for clarification or information about an agenda item (other members should not be included)
- Prohibited:
 - Communication among members of the Body on current or potential action items
 - Requesting staff to poll other members for opinions
 - Separate or serial discussions with a majority of the members of the body on a potential action item

11



Protocol for Board Members to Relay & Transmit Information

- A member who wishes to share information with others should send it to the board liaison
 - The information must not be a member's position on a matter or a proposal for action
- The liaison will distribute information to other board members as appropriate
- Conflict of Interests (actual or potential) must be disclosed to board liaisons and forms submitted
 - They must be declared at the meeting
 - A member with a conflict may not discuss or vote on the item
 - A member with a conflict is not counted towards quorum on that item

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Record of Meetings

- A statement describing legal actions, minutes or a recording must be posted to Web and available to the public within 3 working days after the meeting
- Minutes are required of every meeting even if only discussion occurred on items with no action taken
 - If quorum lost then minutes must reflect up to that point
- All public meetings require minutes that include:
 - date, time, place, members present and absent
 - a general description of matters considered
 - names of persons making statements
 - description of legal actions taken (including motions and votes,) as well as a presentation/discussion only
 - conflict of interest if declared
- Approved minutes must be posted to Web within 2 working days after approval

A.R.S. § 38-431.01(B)

13



Violations of Open Meeting Law

- Individual members who *knowingly* violate and any persons who aid, attempt, or agree to aid
- Penalties may include:
 - Rescind actions taken at the meeting
 - Civil penalty up to \$2,500 (3rd offense)
 - Attorney fees
 - Removal from office
- Monetary penalties cannot be paid by the City

A.R.S. § 38-431.07(A)

14



Attending Other Meetings



- Official vs. Individual Capacity
 - Official Duties
 - Personal Opinions
- Things to remember when acting in individual capacity
 - Usually best not to identify as board member
 - Not speaking on behalf of board
 - Vital to note when your position is in conflict with board decision

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Resources

- [Arizona Revised Statutes – Title 38](#)
- [Arizona Open Meeting Law Handbook](#)
- [City of Phoenix Public Meeting Notices](#)

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For questions or to post meeting
Notices, Agendas, Results or Minutes,
email: OML@phoenix.gov

Questions?

City of Phoenix



City of Phoenix Ethics, Gifts & Conflicts of Interest

A Presentation to the City's Boards and Commissions

City of Phoenix Law Department
August 2026

1



Overview

This presentation covers:

- City's Ethics Policy (P.C.C. Section 2-52)
 - Ethics Policy and Principles
- City's Gift Policy (P.C.C. Section 2-52)
 - Examples of Gifts
- Conflicts of Interest
 - Conflicts of Interest Examples
- Reporting Concerns
- Questions

2



City's Ethics and Gift Policies Background

In February 2017, the Phoenix City Council clarified the City's ethics policy and adopted a new gift policy

- Clarified Ethics Policy Applies to All
- Adopted Single Gift Policy
 - Prohibits gifts that create the appearance of undue influence or a conflict of interest
 - Waiver for "special occasions" (as defined by the Code)

3

3



City's Ethics and Gift Policies Background

- Created City of Phoenix Ethics Commission
 - Investigates alleged ethics violations by elected officials and board members
 - Make recommendations to Council for action, if warranted
- Effective Date
 - January 1, 2018 (*elected officials and board members*)

4

4



City's Ethics Policy

Phoenix City Code § 2-52(B): Ethics Policy

"It is the policy of the City of Phoenix to uphold, promote and demand the highest standards of ethics from all of its elected officials, employees, **board members**, and volunteers. Accordingly, all City elected officials, employees, **board members**, and volunteers **must** maintain the utmost standards of personal integrity, truthfulness, honesty, and fairness in carrying out their public duties, avoid any improprieties in their roles as public servants, and never use the City position or power for improper personal gain"

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Ethics Policy and Principles

To uphold the public's trust and promote transparency in City government, a committee member should:

- conduct all aspects of City business in an honest, professional, and legal manner;
- avoid situations that create an actual or perceived conflict between the board member's personal interest and those of the City; and
- ask for help 3-5 business days **before** action is required if a committee member is uncertain if an action or circumstance violates City policies

6

6



City's Gift Policy

What is a "gift"?

- Phoenix City Code § 2-52(A)(7): a gift is direct or indirect compensation, other than as provided by law, for services, duties, or responsibilities rendered or to be rendered by a person in their capacity as an elected official, employee, board member, or volunteer
- A tangible thing of value given to a board member in the course and scope of one's duties as a board member

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City's Gift Policy

Prohibited Gifts. A gift in any amount received or accepted by a board or committee member is prohibited if the gift ***creates the appearance of undue influence*** or if the gift ***creates a conflict of interest***

Permissible Gifts. A gift is permissible ***if*** the gift is not otherwise prohibited by law

Disclosure Not Required. Board or Committee members are not required to disclose a permissible gift

8

8



City's Gift Policy

"Gift" does **not** mean:

- Political campaign contributions permitted by law;
- Compensation received from the person's relative or partner;
- A personalized plaque or similar personalized award received for the person's service to the City;
- Admission, food, beverages, transportation, or accommodations received in one's capacity as a City representative and related to City business; or
- Admission, food, or beverages received to attend a "community event" (as defined by the Code)

9

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City's Gift Policy

Special Occasion Waiver (Phoenix City Code § 2-52(C)(5)) "Special Occasion" means an ***engagement, wedding, or birth or adoption of a child*** that involves a board or commission member, a board/commission member's relative, partner, or relative of a partner; or the ***death*** of a relative, partner, or relative of a partner

- "Relative" means spouse, child, grandchild, parent, brother, sister, and their spouse, and the child of a spouse
- "Partner" means a person in a domestic partnership as defined in P.C.C. § 18-401

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City's Gift Policy

- Before accepting a special occasion gift, a board or committee member may request a waiver from the Ethics Commission to accept a gift that may otherwise violate the gift or ethics policies
- A board or committee member is not required to obtain a waiver to accept **normal and customary gifts** such as flowers, food, or donations to charitable organizations made by others to recognize a special occasion

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Examples of Gifts

Tickets or Admission to Entertainment, Cultural, or Sports/Athletic Events

- May accept as a representative of the City if attendance is within the course and scope of one's City duties
- May accept if the tickets have no monetary value or were made available to a large group of City representatives (not exclusively members of the board or commission)
- Otherwise may **not** accept, even if: (1) purchase the tickets from the donor; (2) reimburse the donor; or (3) make a charitable donation for value of the tickets

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Examples of Gifts

Refreshments

- Committee members may accept food or refreshments that are generally available to meeting attendees during meetings where a board member properly serves as a City representative

Business Meals and Expenses

- Board or Commission members may participate in periodic or rotating business functions hosted by other agencies at which a meal is served and the meal is generally available to all attendees
- Board or Commission members should **not** accept a “one-on-one” meal from a person who has or soon will have business or action before the Board or Commission, regardless of the cost, when the occasion is related to City business or action

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Examples of Gifts

Meals and Refreshments (cont.)

- Board or Commission members may **not** accept meals, refreshments, or event attendance from a vendor that contracts with the City or is looking to contract with the City if the committee member is involved in the procurement, administration, or management of the contract, vendor, or related goods and services

Board or Commission Member Participation in Conferences, Events, or Activities

- Board or Commission members may accept travel, conferences, or training related to City business at a reduced cost or at no-cost to the member *only* if the Board or Commission member's sponsor does not have or will not soon have any action before the Board or Commission
- Board or Commission members may participate in all events associated with the conference or training if all attendees have a similar opportunity to do so and it would not create a conflict of interest

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Examples of Gifts

Board or Commission Member Participation in Conferences, Events, or Activities

- Board or Commission members should not accept payment or other honoraria when they speak or give a presentation as a City representative
- Incidental items, such as coffee mugs, t-shirts, or hats that are available to all conference attendees, may be accepted

15

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Conflicts of Interest

Conflicts of Interest The City has adopted Arizona's conflict of interest laws under Phoenix City Charter, Ch. XI, § 1. Board/Commission members must be constantly on guard against conflicts of interest. In short, Board/Commission members should not participate in any decision or contract that may result in a direct or indirect monetary benefit to the Board/Commission member or the member's relative or partner

Declaring a Conflict of Interest If a Board/Commission member believes the member has a conflict of interest (or even a possible conflict) on a matter before the Board/Commission, the member should immediately make the conflict known and work with the Board/Commission's liaison and their chairperson to file a conflict form with the City Clerk, declare the conflict on the record at the committee meeting, and refrain from voting or otherwise participating in the matter

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Conflicts of Interest Examples

Worked Previously for Firm The committee member has done work in the past and anticipates doing further work in the future for a firm that seeks a City contract. A potential conflict exists regardless of whether the work involves the matter that is the subject of the contract. Mere past association does not constitute a conflict if the business relationship is not a continuing one

Contract of Relative The relative of a committee member is in business with a person or entity whose request is being considered by the committee

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Reporting Concerns

Report Improper Conduct to the Integrity Line

- Board/Commission members have a duty to prevent any improper acts or failure to act in government
- Report suspected wrongdoing, illegal or unethical behavior call the Integrity Line at (602) 261-8999 or 534-5500 (TTY)
- Unethical behavior includes, but is not limited to, contract fraud, vendor kickbacks, loss or waste of City money or property, falsified documents, or even incidents of danger to public health or safety

18

18



Questions ?

Fiscal Capacity Committee

August 11, 2026



Agenda Topics

- Open Meeting Law Presentation
- Ethics Presentation
- Introductions & Charge of Committee
- GO Bond Program Background
- Property Tax Overview & Valuation Forecast



2



Planned 2028 Bond Program

- August 2026 - Fiscal Capacity Committee
- October 2026 - Committee Report to Council
- November 2026 - Capital Needs Study Submittals
- Spring 2027 - Appoint Bond Committee
- Summer/Fall 2027 - Bond Committee Work
- Winter 2027 - Bond Committee Recommendations
- November 2028 - Election

3



Property Tax Overview



4



Property Tax Overview

Ad Valorem tax on real & personal property

Property valued by County Assessor & DOR

Primary & secondary rates established

Assessed and collected by County Treasurer

Distributed to taxing jurisdictions

5



Tax Levy Formula

$$\begin{array}{|c|} \hline \text{Property} \\ \text{Tax} \\ \text{Levy} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Net} \\ \text{Assessed} \\ \text{Value / 100} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Property} \\ \text{Tax} \\ \text{Rate} \\ \hline \end{array}$$

City assumes 1% of levy is uncollected

6



Net Assessed Valuation

For secondary, historically based on Full Cash Value

November 2012: Proposition 117

Now based on Limited Property Value

Change first reflected in 2015-16

7



NAV = LPV x Ratio

**Limited
Property
Value**

**lesser
of**

**Full Cash
(Market)
Value**

or

**Prior Year
Limited
Property
Value**

+ 5%

Phoenix's current FCV > LPV by 91%

Median single family FCV = \$336,500

Median single family LPV = \$167,964

8



NAV = LPV x Ratio

Assessment ratio established by State Statute

Residential: 10%

Commercial: 15.5% => 15.0%

Agricultural/Vacant: 15.0%

Baseline forecast assumes no legislative changes to these ratios

9



Ratio Change Impact

	2026-27	2027-28	% Δ
Full Cash Value	\$500,000	\$510,000	+2.0%
Limited Property Value	\$250,000	\$262,500	+5.0%
Assessment Ratio	15.5%	15.0%	-3.2%
Net Assessed Value	\$38,750	\$39,375	+1.6%

**Approximately 40% of property at 1.6% max LPV growth vs. 5.0%.
(40% * 1.6%) + (60% * 5.0%) = 3.6%, less offset for depreciation, etc.**

10



Levy = NAV x Rate

Established by taxing jurisdictions

Governed by legal limits

11



City of Phoenix Taxes

**Primary
Rate
\$1.2652**

\$236 million

**Secondary
Rate
\$0.7745**

\$144 million

12



Primary Property Tax

General Fund source

Subject to Constitutional 2% Levy Limit

Current Rate: \$1.2652

Current Constitutional Limit: \$1.2652

Limit/rate will drop whenever property value appreciation > 2%

13



Secondary Property Tax

Debt service for general obligation bonds

Cannot exceed annual debt service

Allowance for reserve up to 10%

14



Sample Tax Bill

Your 2025 Property Tax Summary for Parcel #				149-39-110		
	2024	RATIO	ASSESSED	2025	RATIO	ASSESSED
Limited Property Value	157,279	.100	15,727	165,143	.100	16,514
Full Cash Value	351,700		0	330,000		0
Previous Year Total	\$1,769.22			Total 2025 Assessed Taxes		\$1,840.88

+5%

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Sample Tax Bill

WHO IS TAXING ME?	2024 AMOUNT	2025 AMOUNT	CHANGE
WASHINGTON ELEMENTARY	285.52	286.66	+4%
WASHINGTON ELEMENTARY BONDS	142.83	151.51	+6.1%
WASHINGTON ELEMENTARY OVERRIDES	193.63	199.07	+2.8%
WASHINGTON ELEMENTARY DESEGREGATION	46.56	47.20	
GLENDALE HIGH SCHOOL	257.11	267.43	+4.0%
GLENDALE HIGH SCHOOL OVERRIDES	89.95	90.61	+0.7%
GLENDALE HIGH SCHOOL DESEGREGATION	45.62	46.14	+1.1%
COMMUNITY COLLEGE DIST	175.05	175.05	+0.0%
COMMUNITY COLLEGE DIST BONDS	3.77	3.77	-0.0%
WEST-MEC	28.70	29.98	+4.5%
STATE AID	-250.52	-257.72	-2.8%
TOTALS FOR SCHOOLS/EDUCATION	1,164.12	1,202.30	+3.3%
CITY OF PHOENIX	199.07	209.03	+5.0%
CITY OF PHOENIX BONDS	128.03	134.44	+5.0%
TOTALS FOR CITY OF PHOENIX	327.10	343.47	+5.0%
GENERAL COUNTY FUND	182.29	191.41	+5.0%
TOTALS FOR GENERAL COUNTY	182.29	191.41	+5.0%
FLOOD CONTROL OF MARICOPA CTY	23.12	23.58	+2.0%
CENTRAL AVENUE	1.26	1.26	+0.0%
FIRE DISTRICT ASSISTANCE TAX	7.40	7.62	+3.0%
LIBRARY DISTRICT	14.41	16.28	+13.0%
MARICOPA SPECIAL HEALTH DIST.	95.71	103.70	+8.4%
MARICOPA SPECIAL HEALTH DIST. BONDS			
TOTALS FOR SPECIAL DISTRICTS			
	1,769.22	1,840.88	+4.1%

City Portion (this taxpayer):

$(\$343)/(\$1,841) = 19\%$

City Portion (average for all taxpayers):

18% in 2025-26

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2026-27 Tax Rates

	Primary	Secondary	Combined
Tempe	0.8851	1.6775	2.5626
Phoenix	1.2652	0.7745	2.0397
Glendale	0.3096	1.0787	1.3883
Chandler	0.2118	0.8700	1.0818
Gilbert	-	0.9800	0.9800
Scottsdale	0.4801	0.4267	0.9068
Mesa	-	0.8500	0.8500

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2026-27 Tax Bills

	Median SFR (City Share Only)
Tempe	\$572
Scottsdale	\$401
Phoenix	\$343
Chandler	\$292
Gilbert	\$284
Glendale	\$230
Mesa	\$175

Average: \$328

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Assessed Valuation Forecast



Assumptions: Baseline Model

Assessment ratios held constant after 2027-28

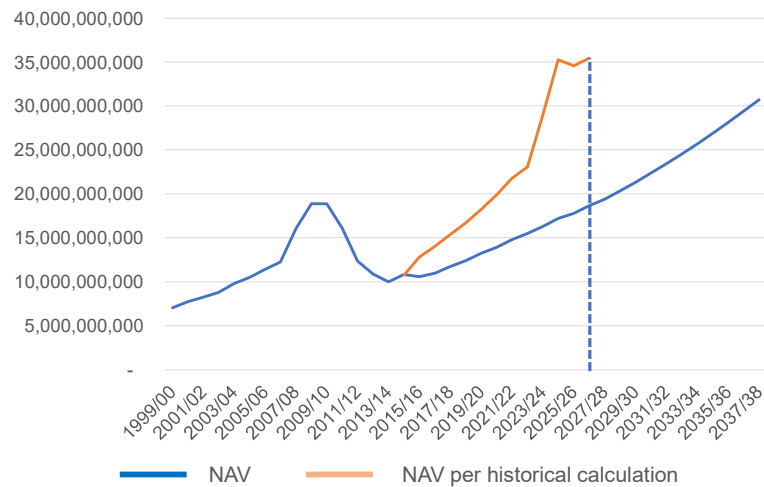
2.0% appreciation through 2027-28

3.0% appreciation thereafter

Annual new construction growth of 2.0%



Baseline NAV Model



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Forecast Accuracy

**2026-27
Projected
NAV in 2021**

**\$18.28
billion**

**2026-27
Actual NAV
Feb. 2026**

**\$18.63
billion
(+1.9%)**

21



Informational Pamphlet Model

Required by statute

Growth years 1-5 $\leq$ prior 10-year average (~5%)

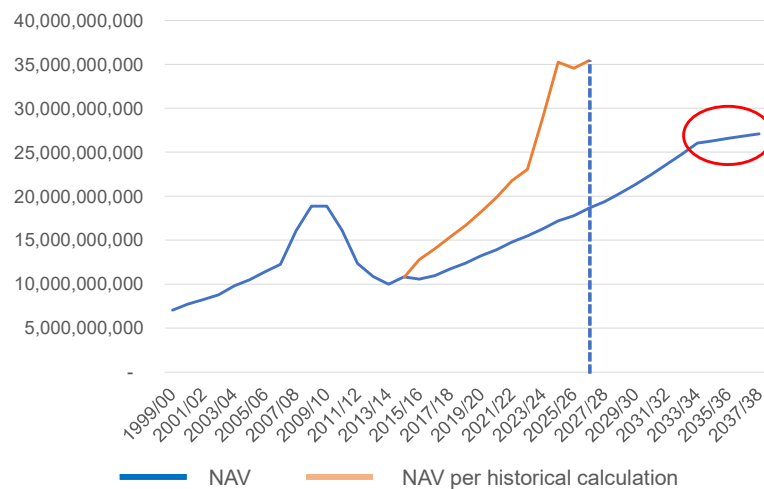
Growth years 6+ $\leq$ 20% of prior 10-year average (~1%)

Must reflect long range assumptions that staff considers unlikely

22



Pamphlet NAV Model



23



Stress Scenario

Legislature continues commercial ratio reductions down to 10%

Property values collapse in CY 2029: FCV intersects with LPV

New construction collapse in CY 2029-2031: reduced to 31% of 2028

Market does not rebound following crisis

Despite severity, FY 2060 NAV still 50% higher than pamphlet

24

Questions?



City of Phoenix

Fiscal Capacity Committee

August 11, 2026



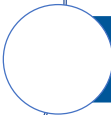
Next Meeting: August 18, 9:00



Summary of Outstanding GO Debt Service



2023 GO Bond Program Status



**2028 GO Bond Program Constraints/
Considerations**



2028 GO Bond Program Scenarios



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**City of Phoenix
Fiscal Capacity Committee
Summary Minutes Tuesday,
August 18, 2026**

12 Central Conference Room
Phoenix City Hall, 12th Floor
200 West Washington Street
Phoenix, Arizona 85003

Committee Members Present

Ron Butler, Chair
Joseph Palomino
Toni Maccarone
Tanya Amezcuita
Steve Zabalski

Committee Members Absent

1. CALL TO ORDER

Chair Ron Butler called the Fiscal Capacity Committee to order at 9:05 a.m. with committee members Joseph Palomino, Toni Maccarone, Tanya Amezcuita, and Steve Zabalski present.

2. REVIEW AND APPROVAL OF AUGUST 11, 2026, MEETING MINUTES

Ms. Maccarone made a motion to approve the minutes of the August 11, 2026, meeting. Ms. Amezcuita seconded the motion, which passed unanimously, 5-0.

3. FISCAL CAPACITY ANALYSIS

Chief Financial Officer Kathryn Gregory shared background information about the City's previous General Obligation (GO) bond programs and the City's current GO bond ratings.

Chair Butler emphasized the importance of having high credit ratings for the City to be able to raise capital from financial markets.

Ms. Gregory reviewed the 2023 GO bond program including project highlights as well as current and forecasted debt service and program expenditure amounts.

Chair Butler noted 2023 GO bond expenditures would overlap with the timeline of the proposed 2028 GO bond program and that could impact voter sentiment.

Ms. Gregory explained that there were lessons learned from the 2023 GO bond program regarding the timing and amount of the bond issuances that would be implemented moving forward.

Ms. Amezquita asked if there was any concern about overlapping between implementation of the 2023 GO bond program and the approval process for the 2028 GO bond program.

Ms. Gregory noted that all the debt associated with the 2023 GO bond program will be issued before the 2028 GO bond program begins but acknowledged that messaging would be key to helping voters understand why there is overlap.

Various members shared ideas about how messaging about the overlap could be communicated to voters.

Ms. Amezquita asked if capital projects that are outside of the GO bond program could be swapped in to help accelerate completion of the 2023 GO bond program.

Ms. Gregory shared the possibility of exchanging “like for like” projects but cautioned that there were numerous requirements that would need to be fulfilled for a swap to occur.

Chair Butler noted that each of the propositions had detailed project lists that were very specific and that it would be difficult to find a “like for like” project to swap.

Budget and Research Director Aaron Mertz discussed the approval process for the original project list and noted that Council approval would be needed for any modifications.

Ms. Gregory explained the various capacity factors to be considered when sizing a GO bond program, including financial, strategic, legal, economic, and external factors.

Ms. Gregory discussed the modeling framework and assumptions used to analyze and prepare the available options for the 2028 GO bond program.

Ms. Amezquita asked if 6% interest rates were being assumed for the planned GO bond programs in 2028, 2033, and 2038.

Ms. Gregory confirmed this was correct and noted it was a conservative estimate.

Chair Butler asked what the actual interest rate was for the first tranche of the 2023 GO bond program.

Deputy Finance Director Jami Schmalz stated that the actual interest rate was in the high 3% range.

Ms. Gregory shared the “Base” option consisting of a \$500 million bond program in 2028, a \$500 million bond program in 2033, and a \$500 million bond program in 2038. She explained that this option would have a maximum annual debt service of approximately \$133 million and shared a forecast of secondary property tax rates and debt service based on this option.

Chair Butler asked if the planned defeasance of GO debt in 2033 and 2034 was possible due to secondary property tax collections exceeding previous forecasts.

Ms. Gregory confirmed that this was correct.

Ms. Gregory shared the “Inflation” option consisting of a \$550 million bond program in 2028, a \$600 million bond program in 2033, and a \$650 million bond program in 2038. She explained that this option would have a maximum annual debt service of approximately \$145 million and shared a forecast of secondary property tax rates and debt service based on this option.

Ms. Gregory reviewed the outcome of both options when combined with the Baseline, Information Pamphlet, and Stress scenarios from the Property Tax Assessed Valuation Forecast. She confirmed that neither option would result in an increase in the secondary property tax rate under any of the scenarios.

Chair Butler asked whether the amounts from the “Inflation” option were tied to any specific calculations.

Ms. Schmalz stated that the amounts were not tied to the Consumer Price Index.

Chair Butler requested an agenda item for the next meeting to address how the amounts were calculated.

Ms. Amezcua concurred with the request and additionally asked for staff to share the impact of inflation on the purchasing power of \$500 million over time to demonstrate the need for a larger bond program.

Ms. Gregory discussed various options that were available to the committee.

Ms. Maccarone asked about the factors that were considered by the previous Fiscal Capacity Committee to arrive at the \$500 million amount.

Chair Butler explained that the previous committee reviewed the analysis from staff and had discussions around the timing and payoff of previous issuances, which opened up significant capacity for new debt service.

ATTACHMENT B

Mr. Zabilski asked if there was an option in between the Baseline and Inflation options.

Ms. Gregory confirmed that staff would be able to produce a new model and show it to the committee at the next meeting.

Ms. Amezquita requested a model that was specifically based on actual inflation.

Ms. Gregory confirmed that an actual inflationary model and a model showing the anticipated purchasing power of the Base option when factoring inflation would be shown at the next meeting.

Chair Butler reminded the committee that the focus of the discussion should be on the 2028 GO bond program and that the recommendations from this committee would not bind future fiscal capacity committees.

Mr. Mertz reiterated that both options showed a declining secondary property tax rate under each scenario.

Deputy City Manager Cynthia Aguilar discussed the importance of understanding the impact of inflation on project costs.

4. FUTURE AGENDA ITEMS

Chair Butler asked if any committee members had requests for future agenda items. No additional agenda items were requested.

Mr. Mertz shared the planned agenda items for the August 25, 2026, meeting.

5. ADJOURNMENT

Chair Butler adjourned the meeting at 10:03 am.

A recording of this meeting has been posted to the following URL:

<https://youtu.be/qM6snE3htcl>





Agenda

Summary of Outstanding GO Bond Debt Service

2023 GO Bond Program

Fiscal Capacity Considerations

Modeling and Assumptions

2028 GO Bond Program Scenarios

1



Background - GO Bond Program

The City has a long history of issuing GO bonds

- Phoenix voters have approved 13 bond programs since 1957, totaling \$5.1 billion
- 2023 GO Bond Program approved for \$500M
- GO Bonds were issued in 2024 (1st Tranche); next issuance planned for fall 2026 (2nd Tranche)
- GO Bonds are issued for major capital infrastructure with specific legal restrictions and financial considerations.



Current GO Bond Ratings

STARTING FROM A STRONG POSITION

- Fitch: AAA
- S&P: AA+
- Moody's: Aa1

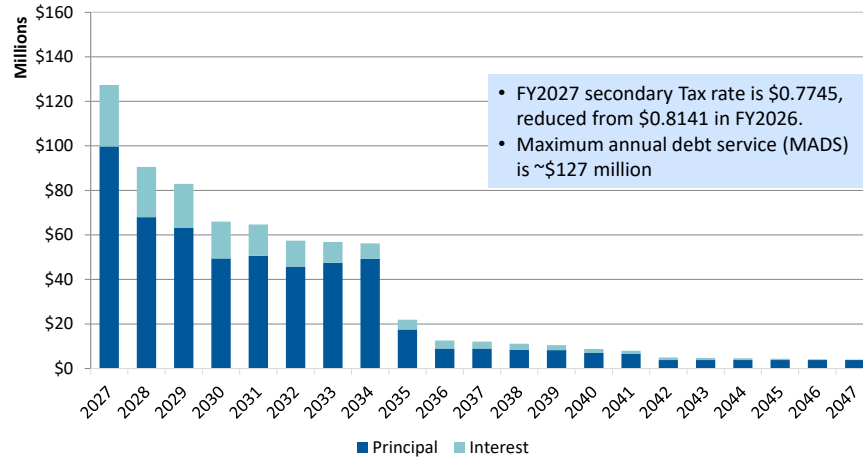
Strong Ratings = Lower borrowing costs for taxpayers.

Demonstrates the City's credit quality and financial management



GO Bond Debt Service

Annual GO Bond Debt Service (principal and interest) for
\$562 Million Principal Amount of Currently Outstanding GO Bonds

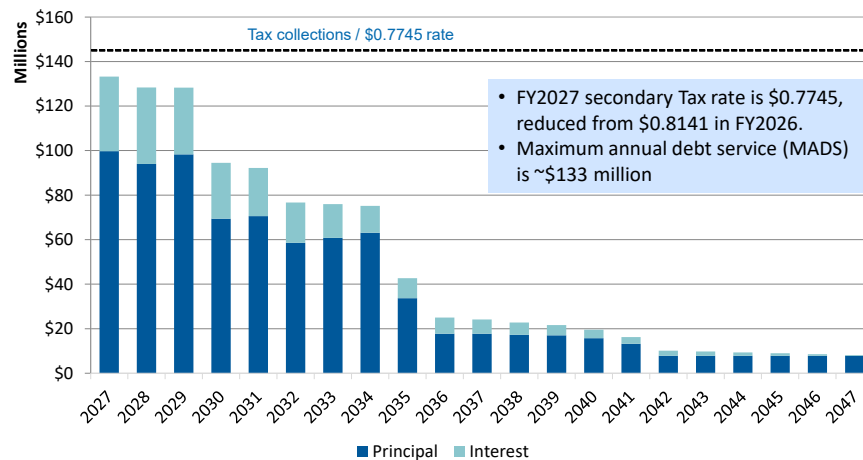


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GO Bond Debt Service

Estimated Annual GO Bond Debt Service (principal and interest) for
\$794 Million Principal Amount of Bonds Outstanding



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2023 GO Bond Program Status



2023 GO Bond Program \$500M

Voter Approved Propositions:

1. \$214M - Enhance Community Safety through Fire, Police, Roadway and Pedestrian Infrastructure
2. \$109M - Improve Quality of Life in Phoenix Neighborhoods
3. \$114M - Create a Modern, Sustainable Phoenix to Live and Work
4. \$63M - Enhance, Preserve and Increase the Supply of Affordable Housing and Senior Centers





Projects Underway



Rio Reimagined Land Acquisition - \$23M

Community and Economic Development will begin community engagement & concept plan development for the site.



Fire Station 15 (45th Ave and Camelback) - \$21M

Opening Fall 2026



Pavement Maintenance/Storm Drain - \$81M

58 projects completed or underway, and many more to come!

[July-2026-GO-Bond-Status-Update.pdf](#)

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Projects Underway



Arizona State University Health Technology Center- \$11.9M

*April 2026 Groundbreaking
Opening Fall 2028*



Heat Resilience - \$7.6M

Tree planting, shade structures, reflective surfaces and green stormwater infrastructure at multiple sites throughout the City.



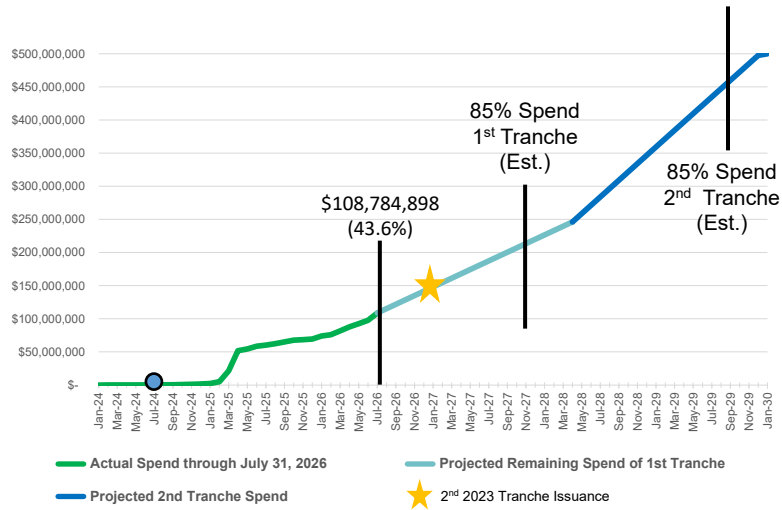
Affordable Housing Property Preservation - \$32.8M

Four Projects under construction – Eight more planned.

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2023 GO Bond Program Spending



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Fiscal Capacity Considerations





Capacity Considerations



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Modeling Framework and Assumptions





GO Bond Capacity – Program Guardrails

Property Tax Affordability

- No increase to current total property tax rate of \$2.0397
- No increase to secondary property tax rate of \$0.7745

Debt Management

- Limit peak debt service to no more than \$145M
- Maintain GO Reserve Fund requirement ($\leq 10\%$ ADS)

Program Timing

- 5-year cycles for GO Bonds, 2028, 2033 and 2038
- Two issuances per program

Debt Structure

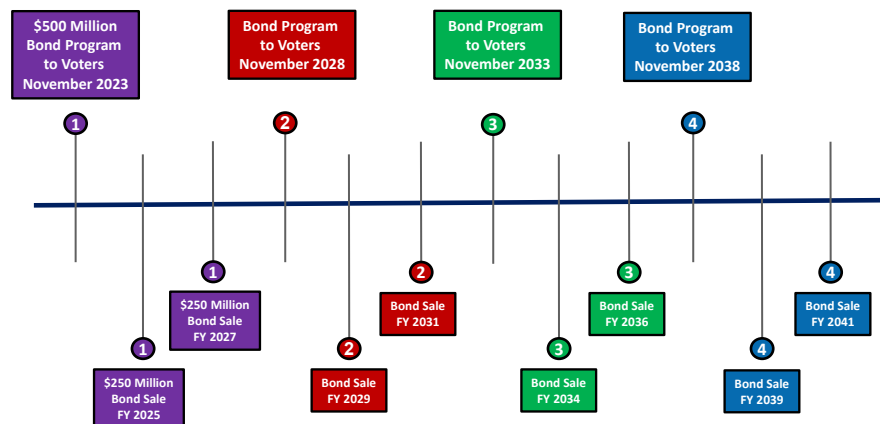
- 20-year amortization for all issuances
- Targeted debt service to avoid a floating rate or over/under collection

Interest Rates

- Remaining 2023 Bond Issuance – 5%
- Future Issuances – 6%



Long-term GO Bond Modeling



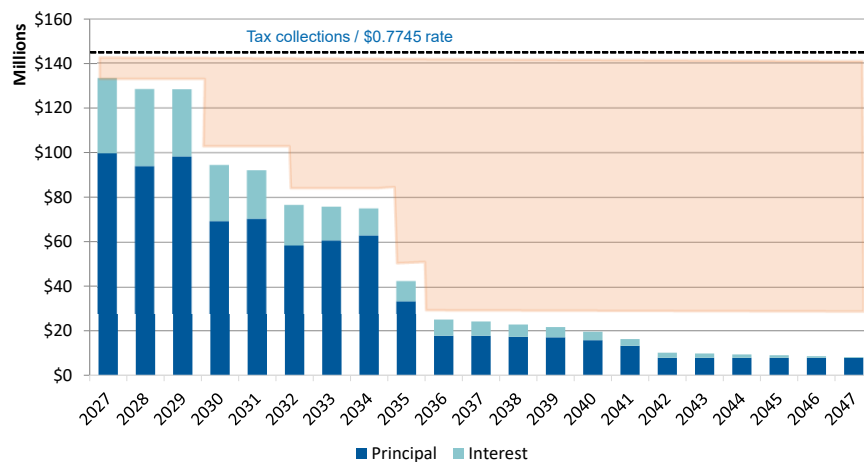


2028 GO Bond Program Options and NAV Scenarios



GO Bond Debt Service

Estimated Annual GO Bond Debt Service (principal and interest) for
\$794 Million Principal Amount of Bonds Outstanding





2028 GO Bond Program Options

Option 1: Base Model

2028	2033	2038
\$500M	\$500M	\$500M

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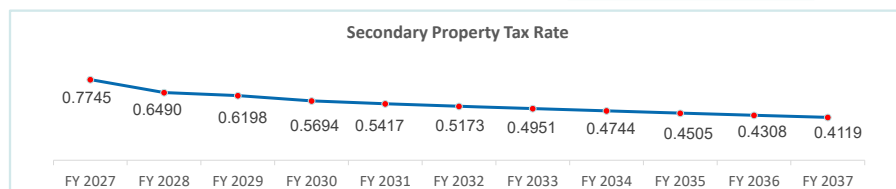
Option 1: Baseline

\$500M in 2028/ \$500M in 2033/ \$500M in 2038

Objective: No Increase to Secondary Tax Rate	Secondary Rate	Fiscal Year
	\$0.7745	FY 2027
	\$0.6490	FY 2028
	\$0.6198	FY 2029
	\$0.5694	FY 2030
	\$0.5417	FY 2031

Max Annual Debt Service

~\$133 million



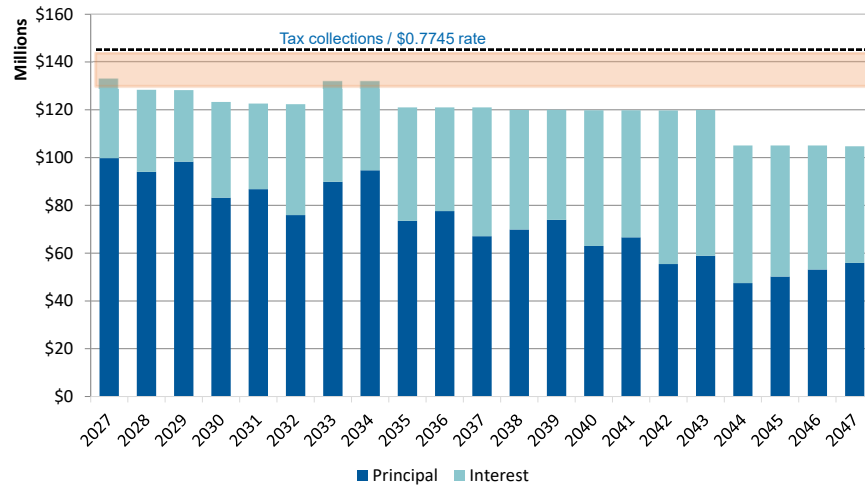
Note: Tax rates are subject to change (plus or minus) based on actual Net Assessed Values (NAV).
There is no guarantee that NAV forecast will be achieved.

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Forecasted GO Bond Debt Service

\$500M / \$500M / \$500M Bond Program



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2028 GO Bond Program Options

Option 1: Base Model

2028	2033	2038
\$500M	\$500M	\$500M

Option 2: Inflation Model

2028	2033	2038
\$550M	\$600M	\$650M

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Option 2: Inflation

\$550M in 2028/ \$600M in 2033/ \$650M in 2038

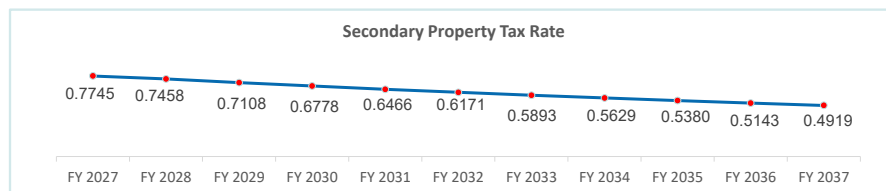
Objectives:
No Increase to
Secondary Tax Rate

**Annual Debt
Service of \$145M**

Secondary Rate	Fiscal Year
\$0.7745	FY 2027
\$0.7458	FY 2028
\$0.7108	FY 2029
\$0.6778	FY 2030
\$0.6466	FY 2031

Max Annual Debt Service

~\$145 million



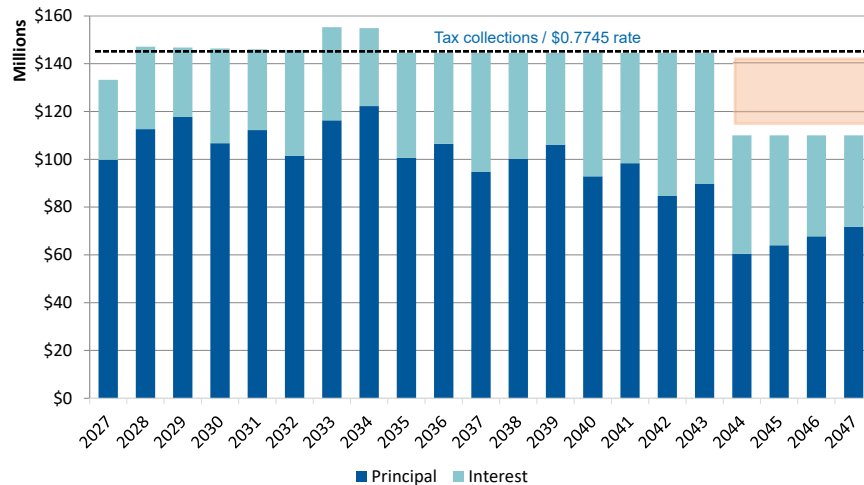
Note: Tax rates are subject to change (plus or minus) based on actual Net Assessed Values (NAV). There is no guarantee that NAV forecast will be achieved.

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Forecasted GO Bond Debt Service

\$550M / \$600M / \$650M Bond Program



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2028 GO Bond Program Options

Option 1: Base Model

2028	2033	2038
\$500M	\$500M	\$500M

Option 2: Inflation Model

2028	2033	2038
\$550M	\$600M	\$650M

Each option was evaluated based on three NAV scenarios

1. Baseline Scenario
2. Legislative Requirement
3. Stress Scenario

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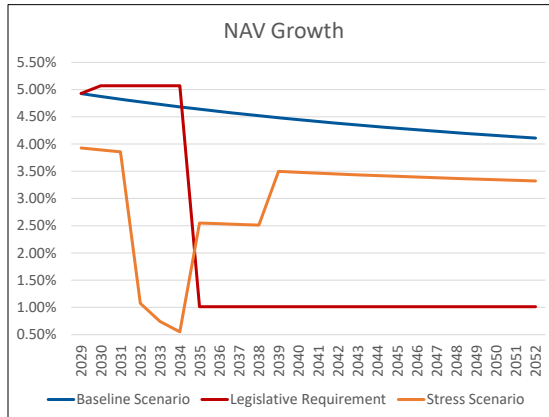


Net Assessed Value Scenarios





NAV Growth Baseline – Legislative - Stress Scenarios



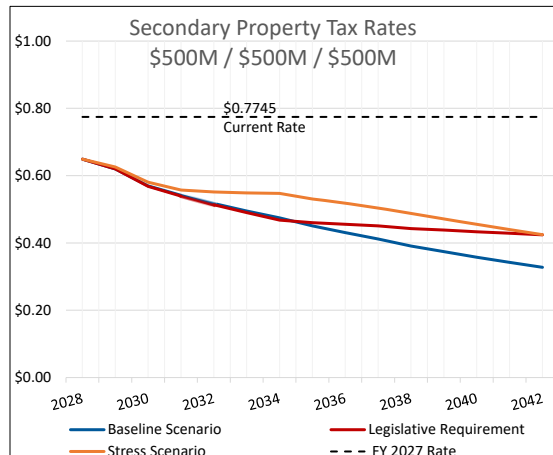
Estimated NAV (in millions)			
Fiscal Year	Base	Legislative	Stress
2028	\$19,374	\$19,374	\$19,374
2029	20,328	20,328	20,135
2030	21,319	21,359	20,918
2031	22,347	22,443	21,725
2032	23,414	23,581	21,958
2033	24,521	24,777	22,121
2034	25,669	26,034	22,244
2035	26,859	26,298	22,811
2036	28,094	26,564	23,390
2052	55,230	31,220	39,273

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Secondary Tax Rates – Option 1 Baseline – Legislative – Stress Scenarios

Secondary Property Tax Rate			
Fiscal Year	Baseline Scenario	Legislative Requirement	Stress Scenario
2028	\$0.6490	\$0.6490	\$0.6490
2029	0.6198	0.6198	0.6258
2030	0.5694	0.5683	0.5803
2031	0.5417	0.5394	0.5572
2032	0.5173	0.5137	0.5516
2033	0.4951	0.4900	0.5488
2034	0.4744	0.4678	0.5475
2035	0.4505	0.4601	0.5305
2036	0.4308	0.4556	0.5174
2052	0.1737	0.3073	0.2443

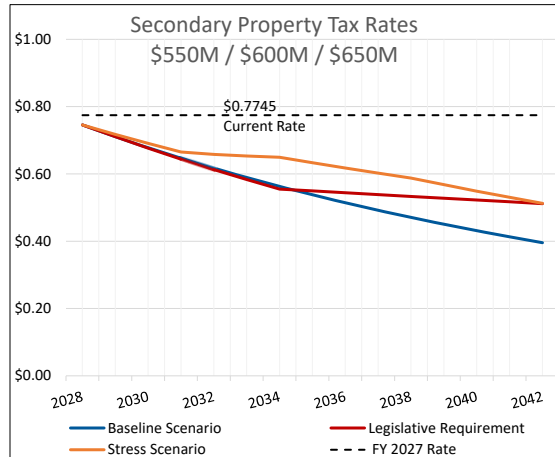


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Secondary Tax Rates – Option 2 Baseline – Legislative – Stress Scenarios

Secondary Property Tax Rate			
Fiscal Year	Baseline Scenario	Legislative Requirement	Stress Scenario
2028	\$0.7458	\$0.7458	\$0.7458
2029	0.7108	0.7108	0.7176
2030	0.6778	0.6765	0.6908
2031	0.6466	0.6438	0.6651
2032	0.6171	0.6128	0.6581
2033	0.5893	0.5832	0.6532
2034	0.5629	0.5550	0.6496
2035	0.5380	0.5495	0.6335
2036	0.5143	0.5439	0.6178
2052	0.1341	0.2372	0.1886



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Questions and Additional Discussion

City of Phoenix



Next Meeting – August 25, 9:00am



2023 GO Bond Program Update

- Project Delivery Discussion
- Lessons Learned



Operating Costs Capacity

- General Fund 5-year forecast
- City Priorities

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Fiscal Capacity Committee
Summary Minutes
Tuesday, August 25, 2026**

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200 West Washington Street
Phoenix, Arizona 85003

Committee Members Present

Ron Butler, Chair
Toni Maccarone
Tanya Amezcuita
Steve Zabalski
Joseph Palomino

Committee Members Absent

1. CALL TO ORDER

Chair Ron Butler called the Fiscal Capacity Committee to order at 9:04 a.m. with committee members Toni Maccarone, Tanya Amezcuita, and Steve Zabalski present.

2. REVIEW AND APPROVAL OF AUGUST 18, 2026, MEETING MINUTES

Ms. Maccarone made a motion to approve the minutes of the August 18, 2026, meeting. Ms. Amezcuita seconded the motion, which passed unanimously, 4-0.

Committee member Joseph Palomino arrived at 9:07 a.m.

3. FISCAL CAPACITY ANALYSIS

Chief Financial Officer Kathryn Gregory shared the applicable state constitutional debt limits for general obligation bonded debt. She showed the calculations used to determine the City's available borrowing capacity and demonstrated there was significant capacity for the proposed 2028 GO bond program.

Ms. Gregory reviewed the impact of inflation on the purchasing power of \$500 million from the 2023 GO bond program. She explained that it would take approximately \$559 million in 2028 to have the same purchasing power as \$500 million in 2023.

Ms. Gregory shared "Option 1" consisting of a \$500 million bond program in 2028, a \$500 million bond program in 2033, and a \$500 million bond program in 2038.

Ms. Gregory shared "Option 2" consisting of a \$550 million bond program in 2028, a \$600 million bond program in 2033, and a \$650 million bond program in 2038.

Ms. Gregory shared “Option 3” consisting of a \$575 million bond program in 2028, a \$625 million bond program in 2033, and a \$675 million bond program in 2038.

Ms. Gregory presented forecasts for the secondary property tax rate and debt service for all three options. She noted that the declining secondary property tax rate in each option provides the City with flexibility should assumptions regarding Net Assessed Value or other factors prove to be inaccurate.

Ms. Gregory reviewed the outcome of all three options when combined with the Baseline, Information Pamphlet, and Stress scenarios from the Property Tax Assessed Valuation Forecast. She confirmed that none of the options would result in an increase in the secondary property tax rate under any of the scenarios.

Committee members discussed the options and agreed to remove Option 1 from further consideration.

Chair Butler reiterated that the role of the committee is to make a recommendation specifically on the proposed 2028 GO bond program amount.

4. PROJECT DELIVERY

City Engineer Eric Froberg reviewed the 2023 GO bond program from a project delivery perspective. He identified the departments responsible for delivering the 2023 GO bond program and explained that because some departments have more routine experience with CIP projects than others, additional support is being provided to ensure project success.

Mr. Froberg provided examples of projects underway in the 2023 GO bond program and explained why certain project types, such as land acquisitions, have shorter timelines than constructing new facilities such as fire stations.

Mr. Froberg reviewed the forecasted expenditure timeline of the 2023 GO bond program and noted that one of the lessons learned is to begin the procurement process earlier so that projects can advance to construction at a faster pace.

Chair Butler asked what the interest rate was on the first \$250 million tranche of the 2023 GO bond program.

Ms. Gregory stated that the interest rate on the first tranche was 3.8%.

Chair Butler asked what the expected interest rate would be on the second \$250 million tranche of the 2023 GO bond program.

Deputy Finance Director Jami Schmalz stated that the expected interest rate on the second tranche would be closer to 5%.

Mr. Froberg explained the stages of project execution and shared the typical timeline and expected pace of expenditure for City construction projects.

Mr. Froberg shared specific project execution challenges associated with the 2023 GO bond program and highlighted additional resources that have been provided to overcome those challenges.

Mr. Froberg reviewed the lessons learned from the 2023 GO bond program and shared his confidence in the City's ability to deliver on any of the options for the 2028 GO bond program.

Mr. Butler noted the importance of delivering on the 2023 GO bond program to ensure support for the 2028 GO bond program.

Ms. Amezcua noted that the ramp-up in work and expenditures for the 2028 GO bond program would be balanced by the ramp-down of the 2023 GO bond program.

Mr. Zabalski emphasized the importance of working with non-profit partners in advance to ensure success for the 2028 GO bond program.

Ms. Maccarone acknowledged the long gap between previous GO bond programs and expected the implementation of the 2028 GO bond program to be smoother due to the lessons learned.

5. OPERATING COST CAPACITY

Budget and Research Director Aaron Mertz provided an overview of the multi-year General Fund revenue and expenditure forecast. He explained the mechanics of the forecast, including how a surplus or deficit is calculated and the implications for program and service delivery.

Deputy Budget and Research Director Dan Wang presented the FY 2027-28 estimate for each category of General Fund revenue and explained the funding sources and growth rates for each. She compared the forecasted growth rates with historical trends and explained key factors that impacted prior year growth rates.

Chair Butler asked what factors were driving the forecasted growth rates in the outer years of the forecast.

ATTACHMENT B

Ms. Wang explained that the projected growth rates in the outer years were based on a combination of the University of Arizona's econometric model results and known changes to state-shared revenues.

Mr. Zabilski asked if the revenue estimate should be considered "conservative" given the low growth estimate in FY 2027-28.

Ms. Wang noted that the estimate was moderately conservative and explained that the FY 2027–28 forecast reflects Arizona's state tax conformity with the Federal "One Big Beautiful Bill," which will begin impacting the City in two years due to the lag in state-shared revenue distribution.

Chair Butler asked if the multi-year forecast typically includes carryover from year to year.

Mr. Mertz confirmed that carryover is typical and additionally explained the City Council has used set-asides in recent years to offset the impacts of state actions, including the loss of residential rental tax and the impact of the flat state income tax.

Chair Butler asked if the City adopts a balanced budget every year.

Mr. Mertz confirmed this was correct.

Ms. Wang shared additional revenue forecast considerations, including negative state shared revenue impacts from the incorporation of San Tan Valley.

Mr. Mertz presented the General Fund expenditure growth forecast and explained the key factors that impacted prior year growth rates. He noted that the high levels of expenditure growth in FY 2022-23 and FY 2023-24 reflected the implementation of the citywide Classification and Compensation Study and new labor contracts with the City's bargaining units. He explained the growth in the FY 2026-27 budget was due to a few significant one-time expenditures and the implementation of new labor contracts.

Mr. Mertz shared historical and projected inflation rates based on the Consumer Price Index and discussed the continued upward pressure on costs for the General Fund.

Mr. Mertz shared and discussed historical and projected General Fund pension costs for both the civilian City of Phoenix Employees' Retirement System and the sworn Public Safety Pension Retirement System.

Mr. Mertz presented the General Fund Multi-Year Forecast results and identified the range of capacity in the General Fund to absorb ongoing operating costs from both the 2023 GO bond program and the proposed 2028 GO bond program. He discussed the need to balance new operating costs associated with the 2028 GO bond program with competing priorities for new programs and services.

Chair Butler asked if ongoing operating costs from the 2023 GO bond program would be \$31 million when the program is complete.

Mr. Mertz confirmed this was correct.

Chair Butler asked if the 2028 GO bond program would have approximately the same level of operating costs as the 2023 GO bond program.

Mr. Mertz noted that the specific project mix for the 2028 GO bond program would determine the amount of ongoing operating costs.

Chair Butler asked if the forecast results indicated that the General Fund would be able to absorb operating costs from the 2028 GO Bond program if it was in a similar range to the 2023 GO bond program.

Mr. Mertz confirmed this was correct.

Ms. Amezcua asked if ongoing operating costs for the 2028 GO bond program would begin to impact the General Fund in FY 2031-32.

Mr. Mertz confirmed this was correct and noted that when the 2028 GO bond program is adopted the Multi-Year Forecast would begin to incorporate the anticipated operating costs.

Ms. Amezcua asked if the City's balanced budget policy would require expenditures to be adjusted to accommodate the 2028 GO bond program if revenue did not grow along with the growth in expenditures.

Mr. Mertz confirmed this was correct and provided an example of the options available in the event of a recession that caused reduced revenue.

Mr. Zabalski asked if escalating health care costs were being factored in the Multi-Year Forecast.

Mr. Mertz confirmed that the City has experienced significant growth in health care costs and that they are factored in the Multi-Year Forecast.

Mr. Mertz shared examples of ongoing operating costs from the 2023 GO bond program.

Chair Butler asked which types of projects have the highest level of operating costs.

Mr. Mertz noted that net-new facilities have higher operating costs than replacement facilities.

Deputy Budget and Research Director Chris Fazio noted that fire stations tend to have the highest level of operating costs due to the amount of new sworn employees needed to operate the station. He noted the timing of project delivery is structured to reduce the impact of new operating costs.

Mr. Mertz shared additional budget consideration factors for the General Fund.

6. FUTURE AGENDA ITEMS

Chair Butler requested Option 2 and Option 3 be brought back for committee deliberation at the next meeting.

Ms. Amezcua asked if the November 2028 ballot would include the 2033 and 2038 GO bond programs.

Chair Butler noted that the November 2028 ballot would only include the 2028 GO bond program and future Fiscal Capacity Committees would address the 2033 and 2038 GO bond programs.

Mr. Mertz asked if the committee would like to have a draft report to Council prepared for deliberation at the next meeting.

Chair Butler agreed to have the draft report deliberation after the committee decides which option to recommend to Council.

Chair Butler asked if any committee members had requests for future agenda items. No additional agenda items were requested.

7. ADJOURNMENT

Chair Butler adjourned the meeting at 10:29 a.m.

A recording of this meeting has been posted to the following URL:

<https://youtu.be/IWbYdy9tErY>





Agenda



Debt Limitations 6%/20%



Impacts of Inflation



Models and Scenarios

1



Debt Limitation

- Pursuant to Chapter 177, Laws of Arizona 2016 (House Bill 2054), *the City's debt limitation is based on the full cash net assessed valuation.*
- Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined **water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation** may not exceed 20% of a city's full cash net assessed valuation, nor may outstanding general obligation bonded debt for **all other purposes** exceed 6% of a city's full cash net assessed valuation.

2



Debt Limitation Calculation

Water, Sewer, Light, Parks, Open Spaces Public Safety, Streets and Transportation Purpose Bonds

Full Cash Net Assessed Value (Tax Year 2026)	35,433,289,091
20% Constitutional Limitation	7,086,657,818
Less: Direct General Obligation Bonds Outstanding	441,965,000
Less: 20% Allocable Bond Premium	15,305,000
Debt Limit Reduction from Refunding	25,036,109
Unused 20% Limitation Borrowing Capacity	6,604,351,709
Less: 2023 GO Program 2nd Tranche Issuance (January 2027)	172,500,000
Adjusted Unused 20% Limitation Borrowing Capacity	6,431,851,709

All Other General Obligation Bonds

Full Cash Net Assessed Value (Tax Year 2026)	35,433,289,091
6% Constitutional Limitation	2,125,997,345
Less: Direct General Obligation Bonds Outstanding	120,325,000
Less: 6% Allocable Bond Premium	1,675,000
Debt Limit Reduction from Refunding	-
Unused 6% Limitation Borrowing Capacity	2,003,997,345
Less: 2023 GO Program 2nd Tranche Issuance (January 2027)	77,500,000
Adjusted Unused 6% Limitation Borrowing Capacity	1,926,497,345

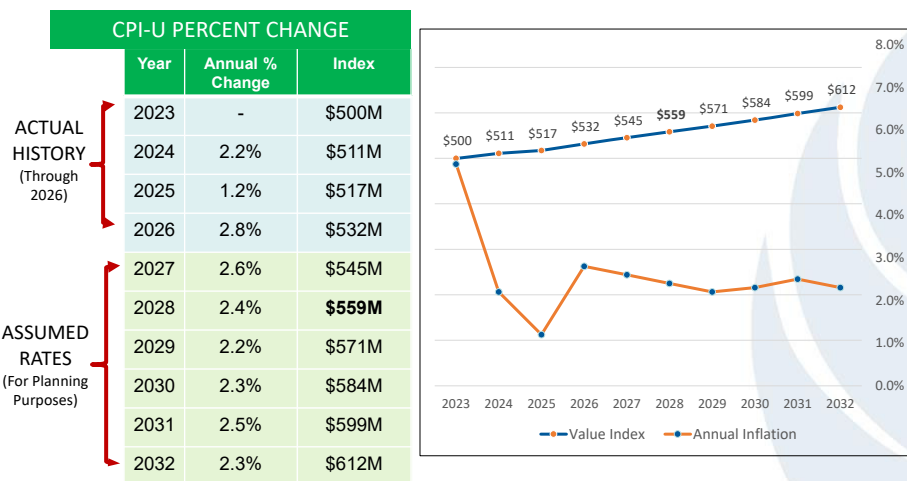
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Inflation Impacts



Inflation History and Assumptions

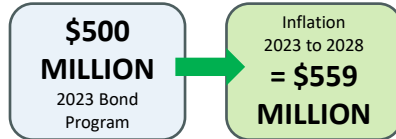




Impact of Inflation on the 2028 Bond Program

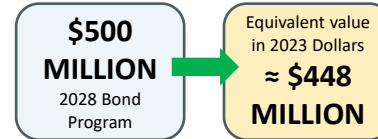
Using CPI-U (All Urban Consumers) – Phoenix-Mesa Scottsdale, Not Seasonally Adjusted

WHAT 2023 DOLLARS LOOK LIKE IN 2028



It would take approximately **\$559 million** in 2028 to have the same purchasing power as **\$500 million** in 2023.

WHAT 2028 DOLLARS LOOK LIKE IN 2023



A **\$500 million** program in 2028 would have the purchasing power of only about **\$448 million** in 2023 dollars.

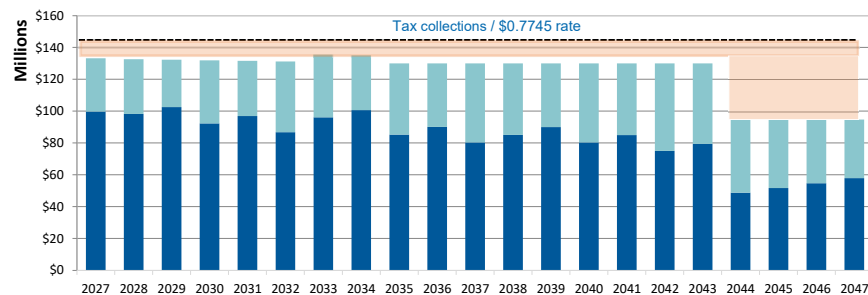
2028 BOND SCENARIOS COMPARISONS FOR COMMITTEE CONSIDERATION

2028 Bond Program Size	Approx. Value in 2023 Dollars (Purchasing Power)	Change vs. 2023 Program (\$500M in 2023 Dollars)	What it Means
\$500 million	≈ \$448 million	- \$52 million	Significant reduction in purchasing power
\$550 million	≈ \$492 million	- \$8 million	Slightly below the purchasing power of the 2023 program
\$559 million* *(Inflation Adjusted Equivalent)	≈ \$500 million	\$0 million	Approximately the same purchasing power as the 2023 program
\$575 million	≈ \$515 million	+ \$15 million	Slightly more than the 2023 purchasing power

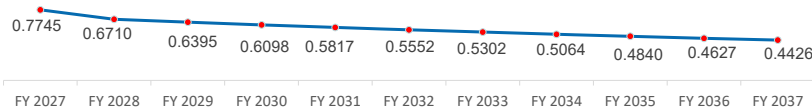


Option 1: Forecasted GO Bond Debt Service

\$500M / \$500M / \$500M Bond Program



Secondary Property Tax Rate

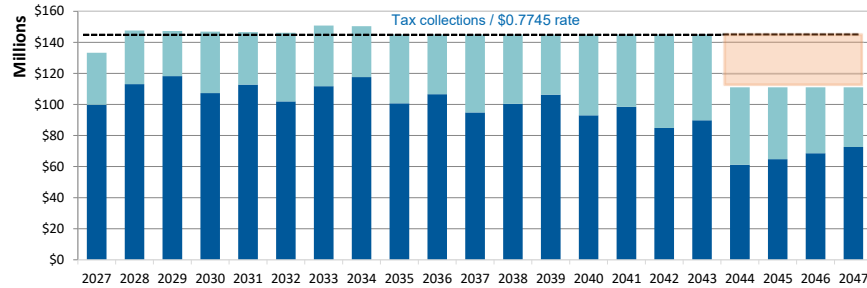


Note: Tax rates are subject to change (plus or minus) based on actual Net Assessed Values (NAV). There is no guarantee that NAV forecast will be achieved.

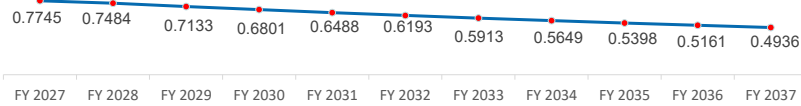


Option 2: Forecasted GO Bond Debt Service

\$550M / \$600M / \$650M Bond Program



Secondary Property Tax Rate



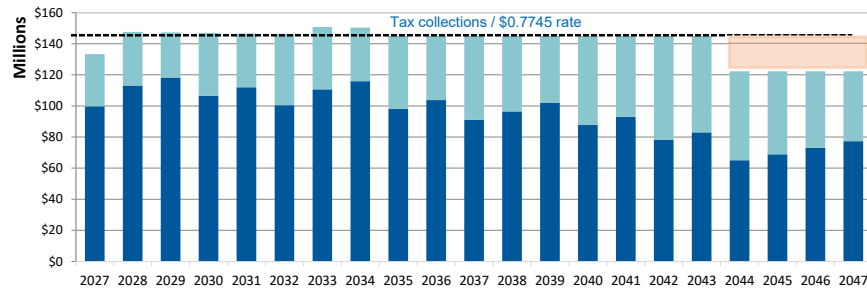
Note: Tax rates are subject to change (plus or minus) based on actual Net Assessed Values (NAV).
There is no guarantee that NAV forecast will be achieved.

8

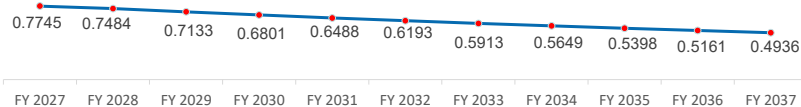


Option 3: Forecasted GO Bond Debt Service

\$575M / \$625M / \$675M Bond Program



Secondary Property Tax Rate



Note: Tax rates are subject to change (plus or minus) based on actual Net Assessed Values (NAV).
There is no guarantee that NAV forecast will be achieved.

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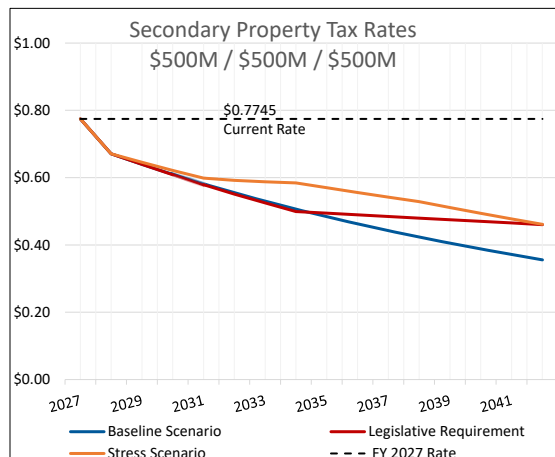


Net Assessed Value Scenarios



Secondary Tax Rates – Option 1 Baseline – Legislative – Stress Scenarios

Secondary Property Tax Rate			
Fiscal Year	Baseline Scenario	Legislative Requirement	Stress Scenario
2028	\$0.6710	\$0.6710	\$0.6710
2029	0.6395	0.6395	0.6456
2030	0.6098	0.6086	0.6214
2031	0.5817	0.5793	0.5984
2032	0.5552	0.5513	0.5920
2033	0.5302	0.5247	0.5876
2034	0.5064	0.4993	0.5844
2035	0.4840	0.4943	0.5699
2036	0.4627	0.4894	0.5558
2052	0.1443	0.2554	0.2030

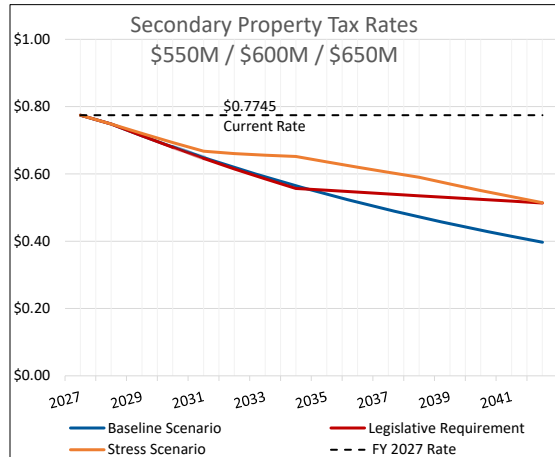




Secondary Tax Rates – Option 2

Baseline – Legislative – Stress Scenarios

Secondary Property Tax Rate			
Fiscal Year	Baseline Scenario	Legislative Requirement	Stress Scenario
2028	\$0.7484	\$0.7484	\$0.7484
2029	0.7133	0.7133	0.7201
2030	0.6801	0.6789	0.6932
2031	0.6488	0.6461	0.6674
2032	0.6193	0.6149	0.6603
2033	0.5913	0.5852	0.6555
2034	0.5649	0.5570	0.6518
2035	0.5398	0.5514	0.6356
2036	0.5161	0.5458	0.6199
2052	0.1467	0.2595	0.2063



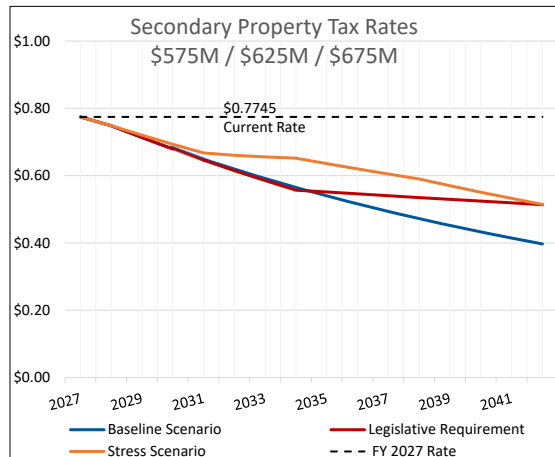
12



Secondary Tax Rates – Option 3

Baseline – Legislative – Stress Scenarios

Secondary Property Tax Rate			
Fiscal Year	Baseline Scenario	Legislative Requirement	Stress Scenario
2028	\$0.7484	\$0.7484	\$0.7484
2029	0.7133	0.7133	0.7201
2030	0.6801	0.6789	0.6932
2031	0.6488	0.6461	0.6674
2032	0.6193	0.6149	0.6603
2033	0.5913	0.5852	0.6555
2034	0.5649	0.5570	0.6518
2035	0.5398	0.5514	0.6356
2036	0.5161	0.5458	0.6199
2052	0.1671	0.2955	0.2349



13

A large, stylized blue wave graphic that fills the background of the slide. The wave is composed of several concentric, curved shapes that create a sense of movement and depth. The color is a solid medium blue.

Questions and Additional Discussion

City of Phoenix





Agenda

- GO Bond Programs Background
- 2023 GO Bond Program Status
- Stages of Project Execution
- Project Execution Challenges
- Project Execution Resources
- 2023 Lessons Learned and 2028 Changes

1



GO Bond Program Background

The City has a long history of issuing GO bonds

- Phoenix voters have approved 13 bond programs since 1957, totaling \$5.1 billion
- 2023 GO Bond Program approved for \$500M
- GO Bonds were issued in 2024 (1st Tranche); next issuance planned for fall 2026 (2nd Tranche)
- GO Bonds are issued for major capital infrastructure with specific legal restrictions and financial considerations.



2023 GO Bond Program Status





2023 GO Bond Program \$500M

Voter Approved Propositions:

1. \$214M - Enhance Community Safety through Fire, Police, Roadway and Pedestrian Infrastructure
2. \$109M - Improve Quality of Life in Phoenix Neighborhoods
3. \$114M - Create a Modern, Sustainable Phoenix to Live and Work
4. \$63M - Enhance, Preserve and Increase the Supply of Affordable Housing and Senior Centers



2023 GO Bond Program \$500M

14 Departments

- Arts & Culture (7)
- Community & Economic Dev (3)
- Fire (4)
- Floodplain (3)
- Heat Resilience
- Housing (5)
- Human Services (2)
- Library (3)
- Environmental Programs
- Parks (10)
- Planning & Development (2)
- Police (3)
- Public Works (3)
- Street Transportation (3)

Support Functions

- ☐ City Engineer
- ☐ Finance
- ☐ Budget & Research
- ☐ Law



Projects Underway



Rio Reimagined Land Acquisition - \$23M

Community and Economic Development will begin community engagement & concept plan development for the site.



Fire Station 15 (45th Ave and Camelback) - \$21M

Opening Fall 2026



Pavement Maintenance/Storm Drain - \$81M

58 projects completed or underway, and many more to come!

[July-2026-GO-Bond-Status-Update.pdf](#)

6



Projects Underway



Arizona State University Health Technology Center- \$11.9M

April 2026 Groundbreaking

Opening Fall 2028



Heat Resilience - \$7.6M

Tree planting, shade structures, reflective surfaces and green stormwater infrastructure at multiple sites throughout the City.



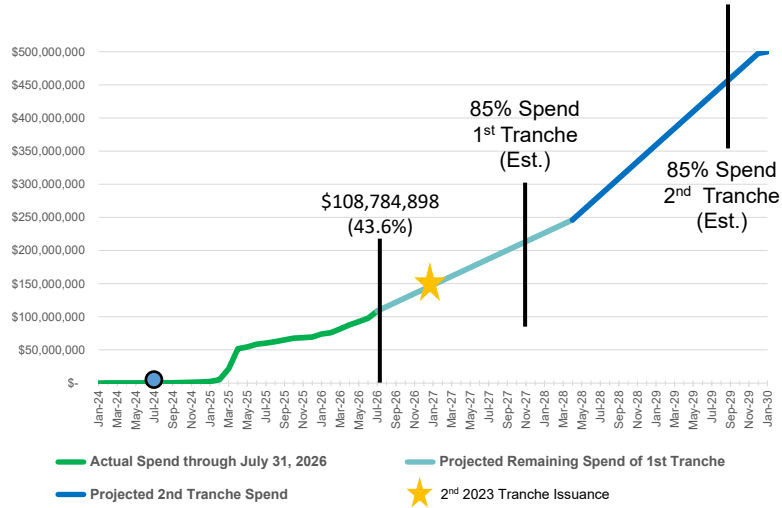
Affordable Housing Property Preservation - \$32.8M

Four Projects under construction – Eight more planned.

7



2023 GO Bond Program Spending



8

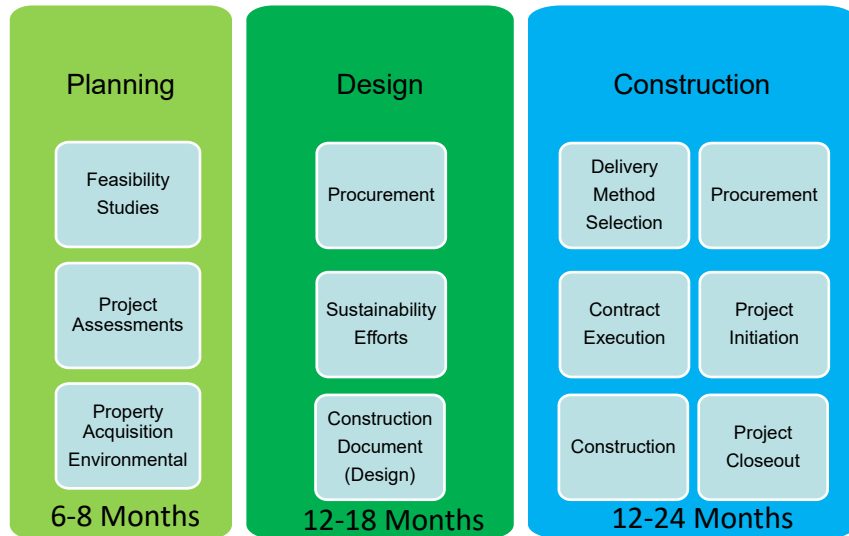


Stages of Project Execution





Stages of Project Execution



10



Project Execution Challenges





Project Execution Challenges

1. Existing \$12B CIP
2. Limited Departmental Project Delivery Experience
3. Limited Comparative Costs
4. Limited Planning Efforts associated with 2023 GO Bond
5. Price escalations



12



Project Execution Challenges

Year	2021 Inflation Factor	Actual/ Current Forecast
2022	7.7%	11.5%
2023	2.7%	5.2%
2024	2.2%	2.2%
2025	2.0%	1.2%
2026	1.8%	2.8%
2027	2.1%	2.6%
2028	2.1%	2.4%
2029	2.1%	2.2%

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Project Execution Resources



Project Execution Resources

Monthly Meetings

Bi-Annual Meetings with CMO

Quarterly Reports (B&R)

<https://www.phoenix.gov/administration/departments/budget/general-obligation-bond.html>

City Managers Dashboard

<https://cmpr-dashboard-phoenix.hub.arcgis.com/pages/1de04266616342a4bcd21e6f7f5dc351>

Office of City Engineer (OCE)

Procurement, Environmental, Project Management
Facility Review Committee (OCE/Public Works)



2023 Lessons Learned and 2028 Changes



2023 Lessons Learned and 2028 Changes

Careful Project Selection for Consideration

Balance between programs, projects, acquisitions

Earlier Procurement Initiation

Feasibility Study Emphasis

Advance Design Efforts

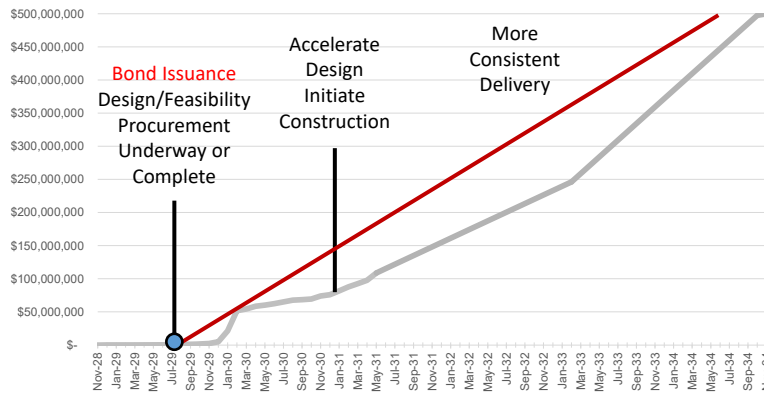
Greater support to Departments

Formalized Guidance to Non-Profit Partners

Dedicated department and OCE staff for execution



2023 Lessons Learned and 2028 Changes



18



City Engineer's Perspective

- ✓ Project Needs are not lacking
- ✓ 2023 GO Bond will be delivered
- ✓ Intent is all 2023 GO Bond projects will be complete or nearing completion prior to 2028 GO Bond
- ✓ Confident in delivery of either option for 2028 GO Bond

A large, stylized blue wave graphic that fills the background of the slide. The wave is composed of several concentric, curved shapes that create a sense of movement and depth. The color is a solid medium blue.

Questions and Additional Discussion

City of Phoenix





Agenda

- **Multi-Year Forecast Overview**
- **General Fund Revenue and Expenditure Review and Forecast Considerations**
- **Forecast Results, Operating Cost Capacity and Other Budget Considerations**

2



Multi-Year Forecast Overview

- Financial Best Practice
- Provides Framework for Adopting a Balanced Budget every year
- Helps Guide Decisions to Protect City Services
- Consult with Economic Experts – including UofA Forecasting Project



*Distinguished
Budget
PRESENTATION
Award*



3



General Fund Budget Forecast

Resources



Expenditures



**Surplus or
(Deficit)**



City and State Sales Taxes



Employee Costs
(Including Pension)



New or Expanded
Programs and Services*



State Shared Revenues



Contractual Costs



Employee Compensation



Fees & Charges



Commodities



Set-Asides to Balance



Interest



Capital Equipment



(Reductions to Existing
Programs and Services)



Transfers & Recoveries



Contingency



(Increase Revenues)



Fund Balance

4

General Fund Revenue Review and Forecast Considerations

City of Phoenix

5



General Fund Revenue Sources

Diverse revenue sources that support our community's priorities



**LOCAL SALES &
EXCISE TAXES**
Revenue from local sales
and excise taxes

42%



**STATE-SHARED
REVENUE**
Revenue shared from
the State of Arizona

35%



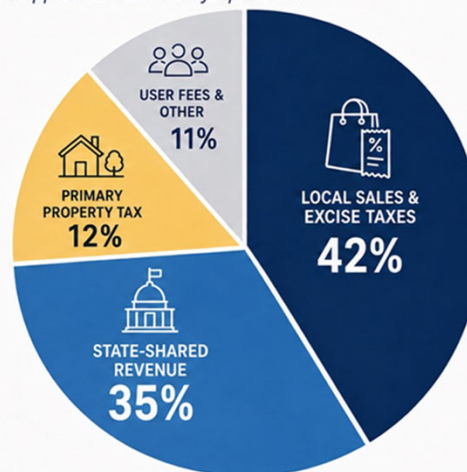
**PRIMARY
PROPERTY TAX**
Revenue from primary
property taxes

12%



**USER FEES &
OTHER**
Charges for services,
permits and other sources

11%



6



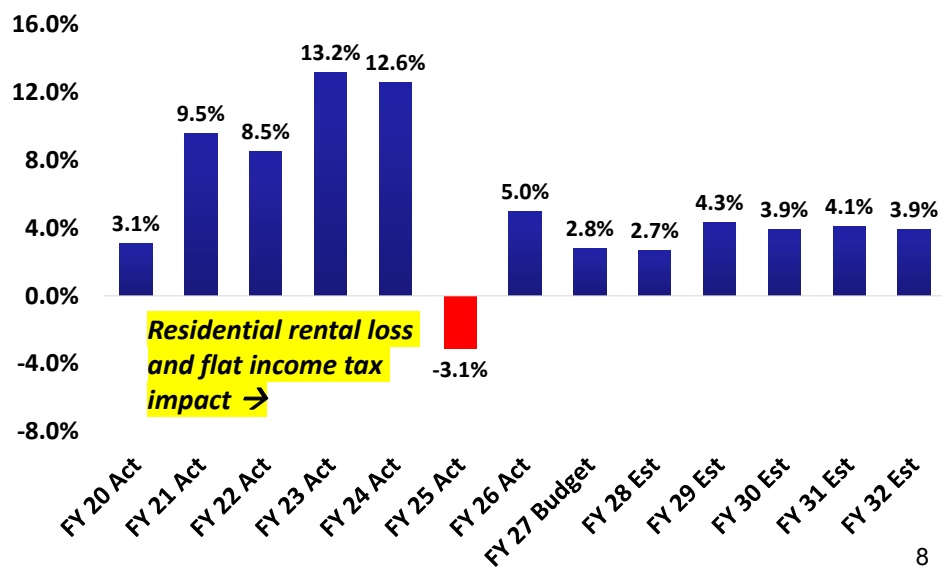
General Fund Revenue Estimates

GF Revenue Category	2027-28 Estimate (\$M)	Growth Rate
 Local Sales & Excise Taxes	\$868	4.0%
 State-Shared Revenue	\$717	0.9%
 Primary Property Tax	\$243	4.0%
 User Fees and Other	\$217	2.1%
 Total GF Revenues	\$2,045	2.7%

7



General Fund Annual Revenue Growth



8



General Fund Revenue Forecast Considerations

- Economy continues to grow; however, with uncertainty
 - Federal actions
 - Affordability concerns and labor market slowdown
- Moderate revenue growth
- Negative state-shared revenue impacts
 - San Tan Valley incorporation: **(\$10M)** in FY26-27
 - One Big Beautiful Bill tax conformity: **(\$21M)** in FY27-28, **(\$14M)** in FY28-29, **(\$15M)** in FY29-30, **(\$12M)** in FY30-31 and **(\$12M)** in FY31-32
- State legislative impacts in upcoming legislative sessions

9

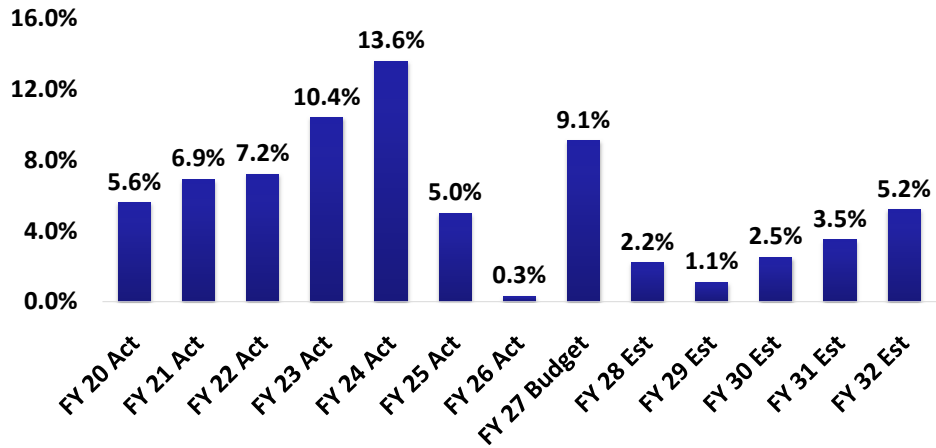
General Fund Expenditure Review and Forecast Considerations

City of Phoenix

10



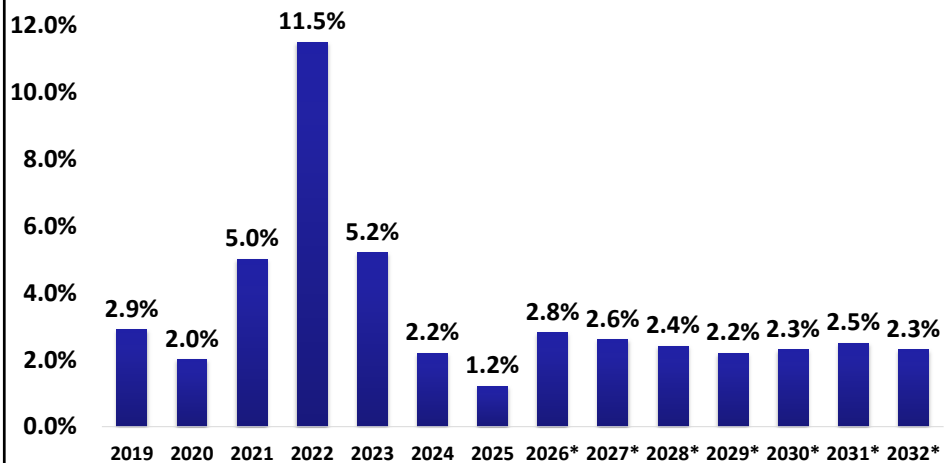
General Fund Expenditure Growth



11



CPI - Phoenix-Mesa-Scottsdale

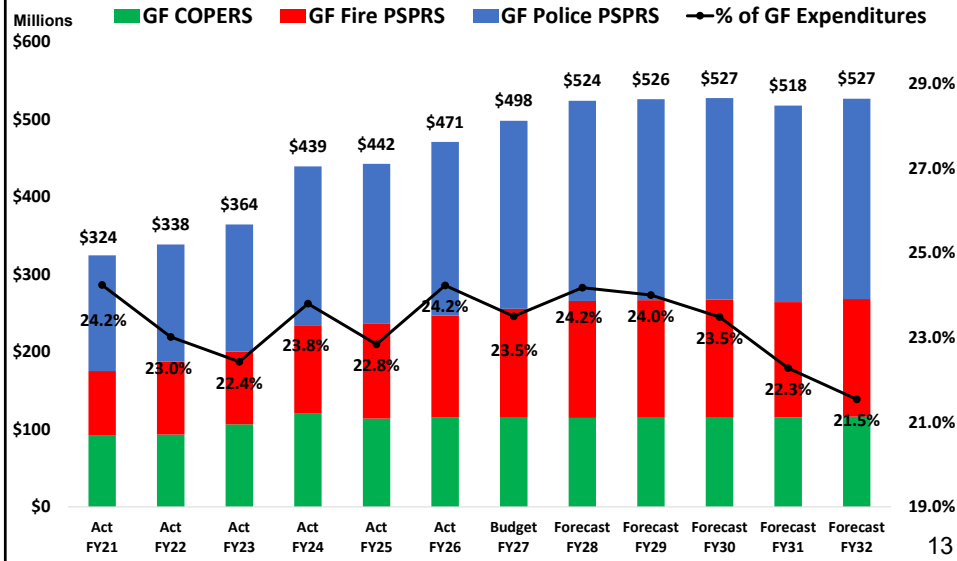


All Urban Consumers (CPI-U), calendar-year annual data. *2026 June's 12-month CPI, since the entire 2026 calendar-year annual data is unavailable. 2027 through 2032 inflation rates are based on the University of Arizona Economic and Business Research Center's forecast.

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General Fund Pension Costs



General Fund Expenditure Forecast Considerations

- Employee costs are based on projections under the current Council-adopted pay plan ordinance and employee contracts. No assumptions have been made concerning future labor contract negotiations.
- Estimated costs of the Class and Comp study are included in the forecast.
- Pension costs are based on required and projected contribution rates provided by the respective pension system actuaries.
- Non-personnel related expenditures are assumed to align with estimated CPI growth.

General Fund Forecast Results, Operating Cost Capacity and Other Budget Considerations

City of Phoenix

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General Fund Multi-Year Forecast

(\$In Millions)	2026-27 Adopted Budget	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast	2030-31 Forecast	2031-32 Forecast
Resources	\$2,301	\$2,260-\$2,289	\$2,261-\$2,326	\$2,338-\$2,439	\$2,419-\$2,560	\$2,482-\$2,668
Expenditures Without 2023 GO Bond Ongoing Costs	\$2,301	\$2,265-\$2,254	\$2,279-\$2,267	\$2,330-\$2,314	\$2,413-\$2,394	\$2,538-\$2,517
2023 GO Bond Ongoing Costs	-	\$8	\$19	\$28	\$29	\$31
Total Expenditures	\$2,301	\$2,273-\$2,262	\$2,298-\$2,286	\$2,358-\$2,342	\$2,442-\$2,423	\$2,569-\$2,548
PROJECTED (DEFICIT)/ SURPLUS	\$0	(\$13)-\$27	(\$37)-\$40	(\$20)-\$97	(\$23)-\$137	(\$87)-\$120

16



Examples of Ongoing Operating Costs



Fire Station 7
Community Assistance Program

\$4.3 million



Branch Library at
Estrella Civic Space

\$2.5 million



Park at
Estrella Civic Space

\$2.1 million

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Other Budget Considerations

- **Public Safety Pension (PSPRS) costs**
- **Continuing impact of Class & Comp implementation**
- **Potential costs from future labor negotiations**
- **Inflation continues to put upward pressure on costs**
- **Health insurance cost increases**
- **Increased costs for vehicle replacements**
- **Information technology needs**
- **Resource needs for major maintenance**
- **Council and community demands for more programs and services**

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QUESTIONS?

Thank you for your time and attention.



COMMUNITY



INVESTMENT



FUTURE



**City of Phoenix
Fiscal Capacity Committee
Summary Minutes
Tuesday, September 1, 2026**

12 Central Conference Room
Phoenix City Hall, 12th Floor
200 West Washington Street
Phoenix, Arizona 85003

Committee Members Present

Ron Butler, Chair
Toni Maccarone
Tanya Amezcuita
Steve Zabalski
Joseph Palomino

Committee Members Absent

1. CALL TO ORDER

Chair Ron Butler called the Fiscal Capacity Committee to order at 9:01 a.m. with committee members Toni Maccarone, Tanya Amezcuita, Steve Zabalski, and Joseph Palomino present.

2. REVIEW AND APPROVAL OF AUGUST 25, 2026, MEETING MINUTES

Mr. Zabalski made a motion to approve the minutes of the August 25, 2026, meeting. Ms. Maccarone seconded the motion, which passed unanimously, 5-0.

3. FISCAL CAPACITY ANALYSIS

Chief Financial Officer Kathryn Gregory reviewed "Option 2" consisting of a \$550 million GO bond program in 2028 and "Option 3" consisting of a \$575 million GO bond program in 2028. She confirmed that both options are financially sound and executable without raising secondary property tax rates.

Chair Butler asked if the City's credit ratings would be negatively impacted by either option.

Ms. Gregory confirmed that the City's credit ratings would not be negatively impacted by either option, absent outside influences out of the City's control.

Chair Butler recommended selecting the \$575 million option, noting that this level of funding would provide sufficient capacity to support projects at an amount equal to or greater than the 2023 GO bond program.

Ms. Amezcuita supported the \$575 million option, noting that inflation would eventually make it roughly equal to the \$500 million 2023 GO bond program.

Mr. Zabilski agreed with the \$575 million option.

Ms. Maccarone agreed with the \$575 million option.

Mr. Palomino supported the \$575 million option and asked whether the 2028 GO bond program would be split into two tranches and, if so, what interest rate is expected for the first tranche.

Assistant Finance Director Joe Jatzkewitz confirmed that there would be two tranches with the first being sold in 2030. He stated that the modeling was done conservatively at a 6% interest rate, but the actual interest rate will depend on the market at that time.

Chair Butler reiterated that with the \$575 million option there would be adequate capacity for future GO bond programs, the baseline valuation forecast was reasonable, secondary property tax rates would remain at or below the current rate, projects will be deliverable, and the operating costs of new projects will continue to be manageable.

4. FISCAL CAPACITY RECOMMENDATIONS AND REPORT

Chair Butler asked if there were any edits to the draft of the report that was provided. No edits were requested.

Ms. Amezcuita moved to approve Option 3, \$575 million, for the 2028 GO bond program. Mr. Zabilski seconded the motion, which passed unanimously, 5-0.

5. FUTURE AGENDA ITEMS

Ms. Amezcuita said the conservative modeling gave her confidence in the recommendation and put the City in a good position for the future.

Mr. Zabilski thanked Chair Butler for his leadership and for accommodating committee members during prior meetings.

Budget and Research Department Director Aaron Mertz noted that the Fiscal Capacity Committee's recommendations are currently scheduled for the City Council meeting on October 13, 2026.

6. ADJOURNMENT

Chair Butler adjourned the meeting at 9:11 a.m.

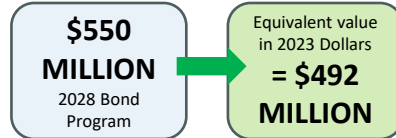
A recording of this meeting has been posted to the following URL:
<https://youtu.be/qLScF2LtLu0>



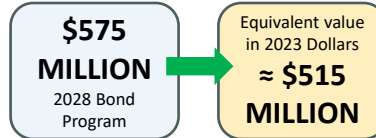
2028 Bond Program

Using CPI-U (All Urban Consumers) – Phoenix-Mesa Scottsdale, Not Seasonally Adjusted

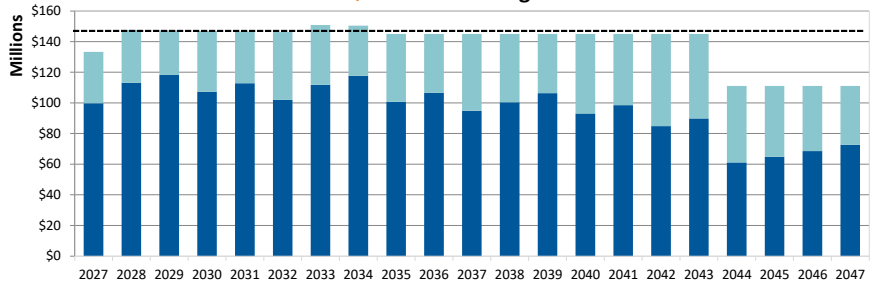
OPTION 2



OPTION 3



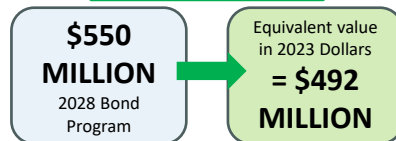
\$550M Bond Program



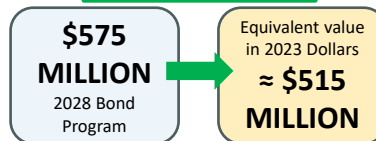
2028 Bond Program

Using CPI-U (All Urban Consumers) – Phoenix-Mesa Scottsdale, Not Seasonally Adjusted

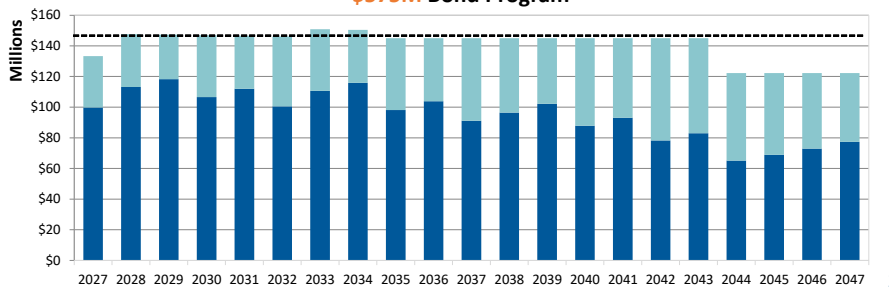
OPTION 2



OPTION 3



\$575M Bond Program





Decision Points

- Option 2 (\$550M) or Option 3 (\$575M)?
- Will credit rating be negatively impacted?
- Will subsequent bond programs of similar levels be possible?
- Is the baseline valuation forecast reasonable?
- Can property tax remain at or below current level?
- Is project delivery feasible?
- Can ongoing operating costs similar to the 2023 bond program be absorbed?

ATTACHMENT C

REQUIREMENTS FOR COMMUNITY ORGANIZATIONS REQUESTING 2028 GENERAL OBLIGATION BOND PROGRAM FUNDING

A nonprofit community organization may propose up to one project. No later than **January 4, 2027**, the organization must submit a letter of interest to budget.research@phoenix.gov and the partnering City department indicating the project's title, the City department with which the organization plans to partner, an initial cost estimate, and the organization's primary point of contact. The identified contact must attend a mandatory training/workshop to be held in **January 2027** and must complete the project submittal in consultation with the partnering City department. Project submittals will be due to the City on **March 1, 2027**. Staff and board members of submitting organizations will be ineligible to serve on 2028 General Obligation Bond subcommittees in their organization's program area.

To be considered, projects must fulfill a public purpose consistent with services currently provided by the City, objectives of the City's strategic plan, or Council-approved initiatives.

The City will procure and manage design and construction contracts. Limited exceptions may be made; and in such cases, the organization will be required to comply with A.R.S. Title 34. In most cases, the City will not directly contribute funding to the organization. Project assets will be owned by the City. No other liens or encumbrances will be allowed on project assets.

Projects will be required to be consistent with the City's building standards and sustainability goals, including reporting requirements.

The City will manage any property acquisitions and will retain deed or title to acquired property. In limited circumstances, the City may consider alternative property interests such as a long-term lease in place of an ownership interest.

The organization will be responsible for operating and maintaining project assets and continuing to provide the stated public service for a minimum of 20 years. The City will not contribute to ongoing operating costs.

Funding is not guaranteed, and large funding requests will have more difficulty competing for limited resources. Any project funding amounts ultimately included in the bond program recommendations to Council and the public will represent the maximum City funding that will be provided, and any cost overruns will result in a reduced project scope, additional funding requirements for the organization, or cancellation of the project.

Funding is subject to review and approval through the bond program process. Even if funding is approved as part of the bond program, actual funding is subject to negotiation and execution of required funding/operating agreements and shall be at the discretion of the City.

All proposals and supporting materials submitted to the City for funding under the bond program are public records under A.R.S. 39-101 et seq. and are subject to public disclosure.

Form of Project Submittal

Complete the Project Request Form in the format provided by the City, and prepare a letter signed by the Executive Director (or equivalent). Transmit the letter and form to budget.research@phoenix.gov and the partnering department by **March 1, 2027**. The letter must:

- Acknowledge and accept all conditions of this document.
- Indicate the amount of funding the organization plans to provide for the capital project. If cash is not already in hand to contribute to the project, provide evidence of past fundraising efforts on a similar scale.
- Attach documentation evidencing the organization's status as a nonprofit entity.