

**City of Phoenix  
General Obligation Bond Committee  
Environment & Sustainability Subcommittee  
Summary Minutes  
Monday, August 22, 2022**

City Council Chambers  
200 W. Jefferson St.  
Phoenix, Ariz.

Subcommittee Members Present

Ms. Ginger Torres, Chair  
Mr. Gene D'Adamo  
Mr. Pat Edwards  
Mr. Ian O'Grady  
Ms. Lisa Perez  
Ms. Shannon Scutari  
Mr. Dan Stellar  
Mr. Colin Tetreault  
Ms. Serena Unrein

Subcommittee Members Absent

None

**1. CALL TO ORDER**

Chair Torres called the Environment and Sustainability Subcommittee to order at 9:03 a.m. with committee members Gene D'Adamo, Pat Edwards, Ian O'Grady, Lisa Perez, Shannon Scutari, Dan Stellar, Colin Tetreault, and Serena Unrein present.

**2. INTRODUCTORY REMARKS**

Chair Torres noted public comment would occur at the end of the meeting. She advised the subcommittee that staff would only provide reports on new projects at the direction of the subcommittee. She also noted that prioritized needs exceeded the \$500 million GO Bond total, and she encouraged the subcommittee to avoid growing the total program that would ultimately be recommended to the Executive Committee.

**3. APPOINTMENT OF VICE CHAIR**

Chair Torres instructed the subcommittee to elect a Vice Chair.

Committee member O'Grady nominated Committee member Stellar as Vice Chair. Committee member Unrein seconded the motion, which passed unanimously, 9-0.

**4. CAPITAL NEEDS STUDY**

Chair Torres introduced Deputy City Manager Karen Peters to present on the Capital Needs Study for Environment and Sustainability. Ms. Peters introduced Public Works Director Joe Giudice, Assistant Chief Council Deryk Lavelle, and Deputy

Budget and Research Director Chris Fazio. Ms. Peters suggested subcommittee members introduce themselves before the presentation began.

The subcommittee members introduced themselves.

Ms. Peters turned the presentation to Mr. Giudice.

Mr. Giudice gave a presentation on the three prioritized projects, including an Equipment Replacements for Energy and Water Efficiency project, Upgrading HVAC and other Climate Control Equipment for Energy Savings project, and a Fuel Tank Replacement project.

Ms. Peters then presented on the proposed future capital projects and opened the floor for questions.

Chair Torres asked how the prioritized projects were established over the future projects and how the \$25 million cap was determined.

Mr. Fazio explained that staff started with needs and costs totaling \$1.2 billion and fit all subcommittee amounts into the \$500 million approved by Council. He added that the capital needs for this subcommittee were determined by staff to be \$25 million.

Committee member Edwards asked about the paybacks of the projects and how long it would take to achieve them.

Ms. Peters explained that accelerated efficiencies from a project were an added benefit when addressing deferred maintenance and noted payback periods tended to be short due to significant upfront savings. She added she was unsure about the payback period for these projects but could provide the information at a future meeting.

Mr. Giudice noted any project that provided payback within its life cycle was a wise investment. He added that the \$5 million investment in water and energy efficiency focused on achieving savings before end of useful life.

Chair Torres clarified if Committee member Edwards would like staff to provide more information on the savings. Committee member Edwards replied that staff had answered his question.

Committee member D'Adamo asked if water savings could be quantified, which could be helpful for voters.

Ms. Peters stated staff could provide that information. She stated Public Works was already working on identifying savings from various cooling towers.

Mr. Giudice stated Public Works prioritized investments based on the fastest return but further research on specific projects would need to be done to determine actual savings. He also discussed the department's collaboration with a water efficiency task force in analyzing savings from certain cooling towers and other fixtures.

Committee member D'Adamo noted that the information would be helpful and would make a stronger case when bringing recommendations to the executive committee.

Chair Torres agreed and asked staff if the benefits to the public could be measured.

Committee member Tetreault asked if other funding mechanisms, such as energy savings contracts, were being considered. He also requested to see the return on investment associated with the projects and asked if interest would accrue on the capital expense before the project was finished. He also asked about co-benefits and how they support or work against the city's climate action plan.

Ms. Peters explained capital needs were identified through deferred maintenance and other factors, and that the capital needs listed all delivered co-benefits with regards to water savings, greenhouse gas emission reductions, and increased system reliability. She explained staff consulted with the Budget and Research and Finance Departments on funding sources, but capital projects were traditionally funded with GO bonds. Ms. Peters stated she would notify the subcommittee if other funding sources were identified. She also noted bond issuances were timed to delay interest accruals.

Committee member Scutari asked staff to provide information on installation and maintenance of bioswales, particularly around transit systems, and their challenges. She asked how the environment was helping to reduce the need for machinery throughout the city. She also requested the Cool Corridors Program be added to the prioritized list.

Ms. Peters mentioned that the Streets & Storm Drainage Subcommittee could benefit from this subcommittee's co-benefit inquiries, as cool corridors were currently funded and being developed through the Streets Department.

Chair Torres asked why the Cool Corridor Expansion project from the future capital needs study was placed in this subcommittee rather than the Streets & Storm Drainage Subcommittee.

Mr. Fazio explained that the project submission was more environmental than a technical Streets project.

Chair Torres asked why a cool corridor project was not on the Streets & Storm Drainage Subcommittee's capital needs study if ongoing cool corridors were funded through the Streets Department.

Committee member Scutari emphasized that working with the Streets & Storm Drainage Subcommittee on bioswales could provide specific information on the benefits of reducing energy and heat mitigation, which could be helpful to all subcommittees when evaluating quality of life for residents.

Ms. Peters clarified that cool corridors and their funding were mentioned as a way of understanding that coordination was essential and noted Streets Director Kini Knudson was in attendance because of crossover information.

Chair Torres added that it was important to consider trees as part of infrastructure, especially in vulnerable communities. She thanked staff for providing further information and helping coordinate with the Streets & Storm Drainage Subcommittee.

Committee member O'Grady asked if there were other ways to reduce HVAC spending, such as through recycling. He also asked how the fuel tank sites were decided and the difference between underground and above ground tanks and their environmental risks. He further asked staff to provide temperature differential information across neighborhoods and projections for the next ten years. He then asked if the city could work with the Environmental Protection Agency (EPA) in gaining federal funds to start brownfields projects now.

Mr. Giudice clarified only fourteen tanks were in the prioritized needs and were located at four police precincts. He noted they required replacement due to exceeding useful life, high usage, and their importance in supporting the public safety vehicle fleet. He also noted they would reduce environmental impacts and increase reliability.

Ms. Peters emphasized that cool corridors were an ongoing project, and that Heat Response and Mitigation staff were coordinating with researchers to document benefits and could respond in more detail later. Ms. Peters confirmed the City has used brownfields funding and worked with the EPA to explore additional funding, which she expected would be needed in the future.

Committee member O'Grady asked if current ownership of brownfields could be provided and requested information on the impact of greenhouse gases from the city's HVACs.

Ms. Peters pointed out that the City recently released a report online showing its greenhouse gas emissions from daily operations but would need to isolate HVAC usage.

Chair Torres suggested that old corridors renovated into green corridors be included in this subcommittee's capital needs due to their greater expenses and constraints.

Chair Torres asked about the Other Funds category in the Project Detail and using it to identify existing funds when adding other projects to accurately capture how much bond funding would be required.

Mr. Fazio replied that the Other Funds category was used when a project was collectively funded by GO bonds and other funding sources.

Committee member Scutari requested to see other funding sources from other departments on the projects.

Committee member Perez requested a better understanding on how projects were funded and how spending overages would be absorbed.

Ms. Peters noted that all subcommittee members would like additional information on other funding sources for both the prioritized and future projects and where the projects fit in the City's plans.

Mr. Giudice responded that fuel tanks were a one-time investment with a useful life of thirty or more years. He added that overages would be handled by either not completing all fourteen tank replacements or by identifying supplemental funding sources to complete the project.

Vice Chair Stellar asked why staff believed GO bonds were the best source of funding as opposed to federal funding from the Infrastructure Investment and Jobs Act (IIJA) or other potential future funding. He also asked how the overall funding of \$25 million for this subcommittee was achieved.

Mr. Fazio responded that the amounts given for each subcommittee were made by the executive committee based on the feasibility of delivering the projects within five years.

Vice Chair Stellar asked how the benefits of the projects would be shared across communities, especially those less served.

Ms. Peters responded that staff would provide the information. She also mentioned the consideration of equity in infrastructure investments.

Committee member Unrein expressed approval for investing in underserved areas and working to extend quality of life for all citizens. She asked why fuel tanks were prioritized if the City was moving towards electrification and asked if the funding could be used for electrification.

Mr. Giudice responded that a current need exists since the City's patrol cars use fuel and the prioritized tanks were beyond useful life. He added the City was investing in

electrification, and an ongoing study would provide staff with vital information to move forward with it in the future.

Ms. Peters commented that the Electric Vehicle Ad Hoc Committee assessed the City's fleet, including vehicles that could easily transition to electric in the short term. She indicated that electrification of patrol cars posed additional challenges that may take longer to overcome.

Chair Torres discussed ensuring fuel tanks were not being replaced where there are already high emission rates.

Ms. Peters stated staff can further evaluate that, but the fuel tanks identified serve vehicles that are used citywide.

Chair Torres asked if there were plans to convert the police fleet to electric.

Ms. Peters answered the City planned to transition all vehicles away from gasoline eventually.

Mr. Giudice stressed the criteria for the prioritized tanks was age, risk of failure, and usage. Other tanks beyond thirty years were not being replaced because the City was moving towards electric or other alternative fuels in the near future, with Police's fleet most likely transitioning in ten years or less.

Chair Torres asked if any investment was needed on other tanks beyond 30 years life and if it was included in the capital needs study.

Mr. Giudice explained that if tanks unexpectedly fail, vehicles would either need to drive to other locations for fuel or the tank would be replaced.

Chair Torres asked why the fourteen tanks were singled out, when there is risk from the other 30 year old tanks.

Ms. Peters explained the bond program was a five-year program and the fourteen tanks were identified as the most crucial within the five-year window.

Committee member Tetrault asked how the prioritized tanks fit within a community replacement perspective and how could bond issuance not be used in locations where short-term transitions to alternative fuels were taking place. Committee member Tetrault also asked what other federal funds were being used to accelerate the projects and how bond funds would be reappropriated for spending if not utilized.

Mr. Fazio responded that if bond funds were not needed on a project due to other funding being available, Council would decide how to spend the unutilized bond funds based on the scope of the voter proposition and highest priority.

Committee member Tetrault asked if any potential savings from the projects could be used for a sustainability revolving fund to accelerate additional work, or if Council could use savings from other existing GO bond measures.

Mr. Fazio responded that most of the operating costs of the projects in this subcommittee would be funded by the General Fund, and that the use of any savings would be determined by the Council as part of the General Fund budget process.

Committee member Tetrault stated that if bond savings were identified through other funding sources, he would like additional projects considered to provide co-benefits while moving towards the climate action plan, especially in underserved areas.

Mr. Giudice clarified the four police precinct locations impacted by potential fuel tank replacements.

## **5. CALL TO THE PUBLIC**

Chair Torres opened the floor for public comment. She also asked if staff was clear on the information being asked for by the subcommittee members, and staff confirmed there were no questions.

Matthew Shaugnessy spoke in favor of adding additional fire stations and vehicles from the Future Capital Needs Study to the current bond request.

## **6. FUTURE AGENDA ITEMS**

Chair Torres asked if subcommittee members had any agenda items for the next meeting.

Committee member Perez asked Ms. Peters if it was realistic for staff to provide the additional information requested for the next meeting.

Ms. Peters responded that staff could provide at least basic information by the next meeting but noted additional context was important and may take longer. She noted all work would conclude by the last meeting.

Vice Chair Stellar requested more information on equity plans and benefits for the prioritized projects. He also requested information on where other funding for electrification was coming from and its timeline.

Chair Torres clarified with Vice Chair Stellar if he would like to see equity plans for all projects or just the prioritized projects.

Vice Chair Stellar stated he would defer to staff on what could be realistically provided, but the prioritized list would be the priority.

Committee member Edwards mentioned that while all projects were worthwhile and important, he believed voters would expect projects that emphasize environment and sustainability. He requested more information regarding timeframes, paybacks, and equity, which would allow better decisions to be made.

Committee member D'Adamo requested a high-level explanation of the bond election process and asked how much detail voters would see about the projects.

Ms. Peters confirmed that high-level information on the process would be presented at the next meeting.

Chair Torres asked for clarification on what specific projection information voters would see when voting.

Committee member Scutari thanked staff in advance for working on all requests.

## **7. ADJOURNMENT**

Chair Torres reminded the subcommittee that the next meeting was scheduled for September 12 and if any member had a conflict to notify staff. She thanked staff and subcommittee members for their participation.

Chair Torres adjourned the meeting at 10:40 a.m.