

**City of Phoenix
General Obligation Bond Executive Committee
Summary Minutes
Monday, October 17, 2022**

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

Committee Members Present

Ms. Sharon Harper, Chair
Dr. LeeAnn Aguilar-Lawlor, Vice Chair
Mr. Ron Butler
Ms. Jennifer Grondahl
Ms. Pam Kehaly
Mr. Rick Naimark
Mr. Steve Beuerlein
Ms. Diana Yazzie Devine
Mr. Abraham James
Mr. David Martin
Ms. Devney Preuss
Mr. Robin Reed
Mr. Dan Stellar (for Ms. Ginger Torres)
Hon. Mary Rose Wilcox*

Committee Members Absent

Ms. Dana Kennedy

CALL TO ORDER

Chair Harper called the meeting to order at 9:00 a.m. with Vice Chair Aguilar-Lawlor and committee members Butler, Grondahl, Kehaly, Naimark, Beuerlein, Yazzie Devine, James, Martin, Preuss, Reed and Stellar present.

1. Minutes of the General Obligation Bond Kickoff Meeting

Committee member James made a motion to approve the minutes of the General Obligation Bond Kickoff meeting from Aug. 8, 2022. Committee member Reed seconded the motion which passed unanimously, 13-0.

2. Minutes of the General Obligation Bond Executive Committee Public Hearing

Committee member Beuerlein made a motion to approve the minutes of the General Obligation Bond Executive Public Hearing from Sept. 14, 2022. Committee member James seconded the motion which passed unanimously, 13-0.

3. Introductory Remarks

Chair Harper stated the Executive Committee was tasked with identifying the urgent capital needs throughout the City for the \$500 million GO Bond program, from the eight subcommittee recommendations.

4. GO Bond Program Overview and Subcommittee Reports

City Manager Jeff Barton, Budget & Research Director Amber Williamson, and Chief Financial Officer Kathleen Gitkin presented opening remarks.

Mr. Barton stated the Executive Committee needed to trim suggested projects, with equity in mind, to fit the GO Bond Program into the set cost to not raise property taxes and to ensure approved projects could be delivered. He gave an overview of the executive committee objectives and provided recommended allocation targets for the bond package to stay within the means of the \$500 million City Council will expect.

Ms. Gitkin stated the Fiscal Capacity Committee recommended a \$500 million bond program for the 2023 election, without increases to total property tax rate or the current secondary property tax rate, unless there were unexpected economic impacts. She said the smaller bond program amount may set the City up to do future bond programs and could better ensure the resources for completion of new assets affordable to operate.

Mr. Barton said the potential loss of residential rental tax revenue for the City of Phoenix was an example of negative economic changes that limit the City's ability to absorb new operating costs.

Ms. Williamson listed the schedule of events and process for remaining meetings.

Committee member David Martin (Streets & Storm Drainage Subcommittee Chair), along with City staff Deputy City Manager Mario Paniagua, Street Transportation Director Kini Knudson and City Engineer Eric Froberg presented a report on the subcommittee's prioritized list of recommended capital needs.

Committee member Martin stated the Streets and Storm Drainage Subcommittee made the necessary cuts to reduce their proposed program by 22.7% and ranked the priority projects with Vision Zero as the highest priority for safe streets. He said some of the funds from the eliminated Neighborhood Traffic Mitigation project were allocated to increase the funding for Vision Zero.

Mr. Knudson explained the scope of each of the six recommended projects in ranked order.

Committee member Kehaly asked how the reduced goal for the total cost was decided by the subcommittee, compared to the City Manager's recommendations.

Mr. Barton replied the initial goals were for condensing the prioritized project list and his later recommended goals were based on how much all the subcommittees were still above the \$500 million.

Committee member Naimark asked about the further scalability of projects instead of cutting one entirely to not happen at all.

Mr. Paniagua responded the projects that cannot be scaled down to reduce cost were the two flood control projects and the other projects could be scaled down.

Mr. Barton added on the flood control projects, there would be a 65 percent funding match from the Flood Control District in Maricopa County.

Committee member Martin emphasized the sacrifice for the Streets and Storm Drainage Subcommittee members to make tough cost reductions.

Committee member Abraham James (Neighborhoods & City Services Subcommittee Chair), along with City staff Deputy City Manager Karen Peters, Public Works Director Joe Giudice, Historic Preservation Officer Helena Ruter, and City Librarian Rita Hamilton presented a report on the subcommittee's prioritized list of recommended capital needs.

Committee member James stated how the Neighborhood & City Services Subcommittee all agreed upon the projects.

Ms. Peters explained the scope of each of the seven projects in ranked order.

Committee member Kehaly asked if there were city facilities outside of ADA compliance.

Mr. Giudice responded the ADA law continuously updated and said this ADA project was meant to more proactively fund identified ADA needs instead of waiting for other building repairs to make the change.

Committee member Preuss asked if the assessed ADA needs outweighed the recommended project funding.

Mr. Giudice replied the Equal Opportunity Department (EOD) assessment was in progress, and staff believed the requested amount was reasonable but far less than the total needs.

Committee member Grondahl asked why the City Service Center Property Improvements and Downtown City Property Improvements cost were reduced by 50 percent.

Ms. Peters stated the projects were scalable and the subcommittee did not want to defer the needs.

Mr. Barton added the general fund had \$13 million annually for major maintenance of city facilities, so those projects could compete for more funding.

*Committee member Wilcox arrived 9:58 a.m.

Committee member Naimark asked if the Arts and Culture Subcommittee's recommendation for the ADA compliance at the Phoenix Theatre was included in the existing ADA project.

Mr. Giudice replied the staff did not earmark funds in the ADA compliance project for the Phoenix Theatre, because it would leave an inadequate amount to fund the upcoming needs identified in the EOD assessment.

Committee member Naimark asked how the staff concluded the two recommended libraries were more important than the additional two libraries listed as future needs.

Ms. Hamilton responded population growth was the major factor of consideration, and the City already owned the property to fill the geographical gap in library service.

Vice Chair Aguilar-Lawlor asked if the future infrastructure bill could supplement funding for cut improvement projects.

Mr. Barton replied the staff evaluated the availability of funding from the infrastructure bill but he was not definitively sure if libraries or improvement projects like Heritage Square would be eligible.

Committee member Wilcox asked for the Duppa Adobe Restoration project to be described.

Ms. Peters stated the Duppa house was a future capital need ranked below other projects by the Neighborhood and City Services Subcommittee.

Ms. Ruter added the Duppa Adobe Restoration project was not a specific priority for the bond, though potentially funds through the historic preservation grant program would be available.

Committee member Wilcox noted there was debate in the community regarding full restoration of the Duppa Adobe house.

Committee member Diana Yazzie Devine (Housing, Human Services & Homelessness Subcommittee Chair), along with City staff Deputy City Manager Gina Montes, Human Services Director Marchelle Franklin, Housing Director Titus Mathew, and Deputy Human Services Director Rachel Milne presented a report on the subcommittee's prioritized list of recommended capital needs.

Committee member Yazzie Devine expressed the importance of the projects from the subcommittee to address gaps in service, specifically for the homeless and affordable housing. She read a statement from the Arizona Coalition about the urgent state of homelessness and housing instability.

Ms. Montes explained the scope of each of the eight recommended projects in ranked order.

Committee member Wilcox asked if the innovation in affordable housing program was for in-fill or new affordable housing.

Ms. Montes responded the project was for pre-approved innovative building plans to be provided, saving on design cost for in-fill or other land development.

Committee member Wilcox asked if public housing was citywide for the Choice Neighborhoods Housing Development Gap Funding project.

Ms. Montes replied the project was for the Edison Eastlake neighborhood.

Committee member Wilcox asked if the expansion of The Parson's Center for Health and Wellness was for an extension to the building or for renovation inside.

Ms. Montes responded the expansion would be inside, within the existing building footprint, to turn it into a two-story building.

Committee member Naimark asked if all of the eight projects would be scalable.

Ms. Montes explained why the senior centers, the choice neighborhoods, and affordable housing projects would not be scalable, but the other projects could be.

Committee member Naimark asked the subcommittee chair her opinion on if the projects should be scaled or removed from funding to reach the target cost.

Committee member Yazzie Devine responded in agreement with Ms. Montes on scalability but supported using the subcommittee's prioritization of the projects.

Committee member Reed asked if there was projected data on an increase or decrease in the homeless population.

Ms. Milne said staff monitored the data of inflow and outflow from the homeless service system and anticipated inflow would remain greater.

Committee member Wilcox asked if there was consideration for the new shelter to partner with St. Vincent de Paul.

Ms. Milne replied there was an existing partnership with St. Vincent de Paul and Maricopa County for a current project and staff intended to use a similar model for the new shelter.

Committee member Wilcox asked if the new shelter would take overflow or be like Central Arizona Shelter Services.

Ms. Milne replied the shelter would be a new addition to the system with several other planned projects.

Committee member Butler asked clarifying questions regarding the shelter acquisition/renovation operating costs and number of beds.

Committee member Yazzie Devine stated the subcommittee did acknowledge the operational cost during discussion yet felt significant commitment to the city's homeless population.

Ms. Montes clarified the two shelters at maximum 200 beds totaled 400 beds for the project. She said operating costs were a concern to consider.

Committee member Steve Beuerlein (Public Safety Subcommittee Chair), along with City staff Assistant City Manager Lori Bays, Executive Assistant Fire Chief Scott Walker, and Assistant Police Chief Michael Kurtenbach presented a report on the subcommittee's prioritized list of recommended capital needs.

Ms. Bays gave an overview of the ten recommended projects.

Assistant Chief Walker explained the scope of each of the seven recommended Fire Department projects in ranked order.

Assistant Chief Kurtenbach explained the scope of each of the three recommended Police Department projects in ranked order.

Committee member Kehaly asked the impact of the new facilities on the fire station response time.

Assistant Chief Walker replied it would be hard to quantitatively model, but there would be an impact on response times.

Committee member Kehaly asked the impact of not completing the Cactus Park Precinct and Northern Command Center Relocation project.

Assistant Chief Kurtenbach replied his focus was on service delivery with modern technology and the old police facilities do not have the same capacity, including for drug and evidence testing, and cannot support modern technology to enhance service to the community.

Committee member Kehaly asked if any of the ongoing costs would be reduced or if there would be savings from consolidation.

Mr. Barton responded the absence of an operating expense was because a new facility on the existing footprint would not have the same ongoing maintenance costs.

Committee member Reed asked why the costs were higher for fire station replacements than building a new fire station.

Assistant Chief Walker replied the reason was due to building a new fire station as well as repurposing the previous stations for the Community Assistance Program (CAP).

Committee member Wilcox asked if any of the fire stations were on the future priority list or if the stations were needed on this bond program.

Ms. Bays replied fire station 74 and fire station 20 were originally future needs, but the Public and Safety Subcommittee moved all of the future needs to be included with the other eight prioritized needs staff recommended, then drew the line at 10 of the 15 projects.

Committee member Preuss asked to hear about the importance of the CAP in fire stations.

Assistant Chief Walker replied there would be an impact in the grand sense of public safety to have more qualified staff respond to crisis response calls in strategic parts of the city.

Committee member Beuerlein asked if CAP would relieve the pressure on both the Police Department and Fire Department.

Assistant Chief Walker replied CAP would have a positive impact on both departments and CAP would take over a call involving a mental health issue to provide the individuals with the right resources.

Committee member Martin asked what the acronym CAP stands for.

Assistant Chief Walker replied it means Community Assistance Program, previously called the crisis response program, that Mayor and Council funded as a citywide initiative.

Committee member Martin asked if all the projects could be delivered within the five year timeline with the supply chain issues and workforce challenges.

Ms. Bays responded that should all projects move forward, the feasibility to complete the projects within the five-year time frame would be a challenge, and some projects may be pushed outside that timeframe.

Mr. Barton added the costs of projects as listed were based on the present time, but inflationary costs for the fire station and raw materials in a few years would be a factor to further consider.

Committee member Martin asked which professions would receive collective bargaining.

Mr. Barton replied negotiations will happen with all labor groups and a one percent total compensation increase would equal a \$14 million increase to the general fund.

Committee member Martin asked how the square footage for new fire facilities was determined.

Assistant Chief Walker replied the anticipated resources needed to be assigned at that station to support community growth determined the size of the facility.

Committee member Naimark asked if the associated cost for replacing fire stations was all related to CAP.

Assistant Chief Walker responded the costs reflected adding more resources, like more fire engines and fire rescue.

Committee member Naimark asked if the fire station north by the TSMC plant would serve more Peoria residents.

Assistant Chief Walker replied the location of a fire station was placed one mile to a mile-and-a-half from another jurisdiction border to create seamless service delivery in the greater Phoenix area.

Committee member Naimark recalled the 1988 bond had to be spread out for 12 years due to operating cost and encouraged the committee to pay attention to that.

Chair Harper opened the meeting for public comment.

Andie Abkarian spoke in support of full funding for historic preservation projects.

Wes Patterson spoke in support of the recommendation from the Public Safety Subcommittee for building fire stations.

Steve Schumacher spoke in support of including the renovation of the dining hall on the Indian School property in historic preservation or parks funded projects.

RJ Shannon spoke in support of the Parsons Center for Health and Wellness.

Dan Penton spoke in support of equity for Laveen and Estrella, with specific attention to the Laveen Area Conveyance Channel improvements.

Erik Ryden spoke in support of the full funding for historic preservation projects.

Jessyca Leach spoke in support of the Parsons Center for Health and Wellness.

Kirk Baxter spoke in support of the Parsons Center for Health and Wellness.

Cyndy Gaughan spoke in support of the full funding for historic preservation projects and full funding for all projects recommended by the Housing, Human Services & Homelessness Subcommittee.

Peter Lumianski spoke in support of the Cold War Monument proposal.

Brenda Thomson spoke in support of historic preservation projects.

Dan Klocke spoke in support of the full funding for historic preservation projects.

Joe Moreno spoke in support of the recommendation from the Public Safety Subcommittee.

Ashley Harder spoke in support of full funding for historic preservation projects.

Kirin Goff spoke in support of funding heat mitigation tree canopy project at the full amount originally proposed in the Environment and Sustainability Subcommittee.

Jazmine Russell spoke in support of a larger investment in sustainability and heat mitigation.

Ryan Boyd spoke in support of investments in affordable housing and the right of way improvements within the Streets and Storm Drainage Subcommittee recommended projects.

5. Future Agenda Items

Committee member Martin asked for a comparison of the original staff recommendations, the subcommittees' recommendations, and City Manager's recommended targets.

ADJOURNMENT

Chair Harper adjourned the meeting at 11:48 a.m.