



Citizen Bond Committee
Notice & Agenda
Tuesday, January 14, 2025

CITY HALL - SONORAN ROOM | 11465 WEST CIVIC CENTER DRIVE | AVONDALE, AZ 85323

REGULAR MEETING

6:00 PM

PHYSICAL ACCESS TO THE SONORAN ROOM WILL BE AVAILABLE 30 MINUTES PRIOR TO THE MEETING.

1. ROLL CALL

2. APPROVAL OF MINUTES

The Citizen Bond Committee will consider approval of the December 10, 2024 Citizen Bond Committee meeting minutes. The Committee will take appropriate action.

3. PRESENTATION ON PARKS AND RECREATION PROJECTS

Parks and Recreation Department staff will present on recent project successes, their proposed Parks Master Plan, funded capital projects, and potential bond-funded projects.

4. FUTURE AGENDA ITEMS

The Citizen Bond Committee and Staff may discuss future agenda items. This item is for discussion only. Items requiring discussion, deliberation, or legal action must be placed on a future Committee meeting agenda.

5. ADJOURNMENT

Members will attend either in person or by telephone conference call. Los miembros asistirán en persona o vía teleconferencia.

Individuals with special accessibility needs, including sight or hearing impaired, large print, or interpreter, should contact the City Clerk at 623-333-1200 or TDD 623-333-0010 at least two business days prior to the meeting. Personas con necesidades especiales de accesibilidad, incluyendo personas con impedimentos de vista u oído, o con necesidad de impresión grande o intérprete, deben comunicarse con la Secretaria de la Ciudad at 623-333-1200 o TDD 623-333-0010 cuando menos dos días hábiles antes de la junta del Concejo.

MINUTES OF THE AVONDALE CITIZEN BOND COMMITTEE

CITY OF AVONDALE, ARIZONA
SONORAN CONFERENCE ROOM

December 10, 2024

A **Regular Meeting** of the Citizen Bond Committee of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 6:00 p.m.

Voting Members Present: Chair Edmonds; Vice Chair Schuh; and Committee Members List, Arellano, Lopez-Davey, and De La Riva*.

Non-Voting Members Present: Committee Members Sapata and Duncan-Billiman.

Members Absent: Committee Member Ruoti.

**Committee Member De La Riva arrived at the meeting at 6:11 p.m.*

Other Municipal Officials Present: Katie Gregory; Assistant City Manager; Renee Weatherless, Finance and Budget Director; Robert Baer; Budget Manager; Nayeli Carranza, Finance Specialist; and Marcella Sarmiento, City Clerk.

Audience: Approximately fifteen staff members were present.

1. ROLL CALL BY THE CITY CLERK

2. INTRODUCTIONS

Committee members and City staff introduced themselves.

3. PRESENTATION ON GENERAL OBLIGATION BONDS AND THE ROLE OF THE CITIZEN BOND COMMITTEE

Staff presented information to the board on General Obligation bonds and the role of the Citizen Bond Committee in creating a recommendation. This item was for discussion and feedback only.

Robert Baer, Budget Manager, provided a brief introduction to the presentation. The committee's discussions will help shape the future of Avondale by assisting staff develop questions for the use of General Obligation Bonds (GOBs). The questions will go before the City Council for approval and ultimately go on the November 2025 ballot for Avondale voter approval. The presentation will provide an overview of the City's financials, capital program, and bonding. Lastly, the committee's role will be discussed along with a plan for future meetings.

The City's FY2025 budget is \$443 million the is funded through a variety of revenue sources and resources available to the City. This includes sales tax, water revenue, and recreation fees. Some of the examples explained included enterprise and internal services, capital funds, and special revenue and trust. During the budgeting process the general fund is the center of discussion because it is funded through taxes, it is

the main operating fund for day-to-day expenses such as salaries, it can be used for general purposes, and the City Council has the discretion to determine priorities.

The process for preparing the five-year expense and revenue forecast was reviewed. For FY2026 through FY2028 the revenues and expenses track close together showing the city is structurally balanced and does not have to depend on one-time resources to fund services the residents depend on. However, this also means the City does not have the capacity to add additional services as forecasted. One-time revenues and expenses were explained, noting these cyclical resources are not used for salaries but for capital projects or reinvesting in the City. The 35% stabilization amount the City must maintain in the General Fund was discussed and the forecasted fund balance. Factors that recently affected revenues included the State limiting the City's ability to charge sales tax on residential rentals and implementing a flat income tax and reducing the amount of revenue received from the state.

The capital plan, which is the necessary infrastructure to maintain operations of city services was reviewed, noting the city requires a significant amount of infrastructure to function. Infrastructure with a lifespan over three years is tracked in the 5–10-year Capital Improvement Plan (CIP). The plan ensures one-time capital funds and restrictive resources are being invested in the community in a sustainable way. An Asset Replacement Plan is created within the CIP and ensures assets are being maintained.

Recently constructed capital projects that utilized General Funds and supplemented with GOBs were reviewed. Noting the City was able to leverage General Funds on many of these projects and GOBs that were authorized in 2007 to build community amenities.

Currently the City has \$494.6 million funded CIP with 75% of them dedicated to utilities, transportation, and asset replacement. Funding sources for each capital area were reviewed emphasizing the dedicated sales tax for public safety is used for operations rather than capital investment. CIP projects are included in the 5-year forecast and do not include any potential bond funding. CIP projects were reviewed by area including available funding sources, such as General Fund, bonds, impact fees and other restricted resources.

General Obligation Bond is a debt obligation that must be paid back over time with a set payment and low interest rate. They must be authorized by the voters, giving the City the ability to issue bonds at a future date. These bonds provide upfront resources and the ability to construct community amenities and can only be used for capital improvement investment. The resident's secondary property tax is the dedicated revenue that repays the debt. Bonding considerations include property tax, limited assessed valuation, primary tax (General Fund), secondary tax (GOBs), and combined property tax cannot exceed \$2.00 per \$100 of assessed valuation.

Intergenerational equity is a concept related to bonds that means those who benefit from it should be the ones paying for it.

There is currently \$6 million remaining in the 2007 authorized GOBs. A forecast of the property tax rate with a \$120 million in GOB issuance through FY2034 was presented, showing the property tax rate remaining level through the forecast period. A point was made to state that authorization does not mean you issue bonds, but that you have authorization to issue bonds at future dates. Avondale's debt per capita is currently the second lowest in the valley at \$780 per resident. It is anticipated the property tax will remain stable at \$1.45 per \$100 of assessed valuation.

The committee's role:

- Learn about the areas of the city and what their needs are
- Provide feedback
- Listen to the community
- Discuss potential bond questions with friends, family, and neighbors
- Recommend questions for the City Council to consider on November 2025 ballot.
- Discuss potential bond questions with friends, family, and neighbors

Future meetings:

- January 14, 2025: Parks and Recreation Presentation
- February 11, 2025: Public Safety Presentation
- March 4, 2025: Work Session
- March 11, 2025: Prepare and Approve Final Recommendation

Overall timeline:

- September 2024: Committee was formed
- December 2024: First Meeting
- March 2025: Recommendation to the City Council
- May 2025: City Council Refers Question
- Nov 2025: Election

Committee members were given an opportunity to comment and ask questions. In response to questions Mr. Baer explained the \$80 million expense for FY 2025 is a project that was budgeted for in prior years, but the construction process has taken longer, and the budgeting keeps moving into the next year. Impact fees are paid by developers and arise from development within the City that creates a cost in terms of having to expand City infrastructure, such as streets and parks. Generational equity means that the debt is paid for by whoever is a current resident and enjoying the amenity. Alamar Park is a community park; however, Alamar has been a significant development in the city with 4,000 homes and there are other developments around there. Staff will provide you with information needed, including CIPs, to make an informed decision about the future of GOBs. Staff will listen to feedback and draft

questions and work with the committee to ensure the questions include what you are looking for and would like to get passed and then recommend them to the City Council.

A staff member further explained the meaning of “question” being the language put on the ballot for voters to approve. Mr. Baer explained it is anticipated to have open houses with the community to explain what would be included in the questions. A staff member further noted the anticipation of committee members being ambassadors to help answer questions and provide feedback to the community. Mr. Baer discussed the bond rating, noting the City is on strong footing to maintain the high bond rating with the conservative planning.

A staff member added the budget and stabilization amounts are strong, which are a part of the rating. Mr. Baer noted the City is looking for \$120 million in GOBs which allows them to maintain the property tax at the current level. A staff member added the 2007 authorization has \$6 million remaining and there are \$15 million worth of proposed projects. The best feedback from the community is passage of the questions. Ms. Sarmiento explained Bond Committees are created anew when a new bond is necessary and dissolved after. Mr. Baer explained staff believes the areas of greatest need are parks and public safety because residents have highlighted those as needs for the city and they are funded through the General Fund. Staff will be brought in to provide additional information on the needs, projects, and ideas. Although we always seek grant funding, there is no evidence to show they will become more available in the future.

Committee members thanked Mr. Baer for the presentation.

4. ADJOURNMENT

There being no further business before the Committee, Committee Member De La Riva moved to adjourn the Regular Meeting; Committee Member Duncan-Billiman seconded the motion.

Upon vote, the motion was carried unanimously 6 to 0.

Chair Edmonds	Aye
Vice Chair Schuh	Aye
Committee Member De La Riva	Aye
Committee Member Lopez-Davey	Aye
Committee Member Arellano	Aye
Committee Member List	Aye
Committee Member Sapata	Non-Voting Member
Committee Member Duncan-Billiman	Non-Voting Member

The meeting was adjourned at 7:00 pm.

Chair Edmonds

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Citizen Bond Committee of the City of Avondale held on the 10th day of December 2024. I further certify that the meeting was duly called and held, and that the quorum was present.

Marcella Sarmiento, City Clerk

Date Approved by Citizen Bond Committee