

# MEMORANDUM



## City Manager's Office

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Date: June 6, 2016

To: Mayor and Councilmembers

From: Ken Jones, Deputy City Manager, CFO (x8504)

Subject: November 2016 Bond Election Discussion

During your June 16<sup>th</sup> Work Study Session, I will make a brief presentation regarding the need to hold a bond election in November 2016. Attached for your review is the draft resolution calling for the November 8th bond election and the proposed ballot language for each question to appear on the November ballot. The formal City Council action to call for the election will appear on the June 23<sup>rd</sup> Regular City Council Meeting agenda.

### Summary

The City of Tempe issues bonds to fund capital projects. General Obligation (G.O.) bonds are authorized by voters and repaid using secondary property tax proceeds. The City uses the 5-year Capital Improvement Program (CIP) to establish the need for bond authorization and divides the authorization requests into categories representing various CIP projects. The categories are broad enough to provide sufficient discretion to complete planned projects but specific enough to provide voters with assurances that the bond authorization will be used for projects they deem necessary.

Voter authorization to issue bonds is only one element of the plan to finance capital projects. State-established debt limits (based on property valuations) and revenue to repay the bonds are also key elements of the planning process. Bond elections are typically held every four years to adjust the available authorization to coincide with the 5-year CIP.

### Current Status and Recent History of Bond Authorization

The following table provides information from recent City of Tempe G.O. bond elections, which were all approved by voters:

Program	2002	2006	2008	2012
<i>Water and Sewer Improvement</i>	\$77.0	\$172.0	\$113.3	N/A
<i>Transportation &amp; Municipal Infrastructure</i>	\$31.5	\$8.0	\$44.2	\$12.9
<i>Public Safety</i>	\$37.5	\$16.5	\$32.0	\$6.4
<i>Park Improvements/Community Services</i>	\$12.0	\$14.0	\$51.8	\$10.5
<i>Total</i>	\$158.0	\$210.5	\$241.3	\$29.8

(Bond authorization amounts in \$millions)

The following table provides the calculations of the proposed bond authorization requests, based on existing authorization and planned CIP projects:

<b>Program</b>	<b>Estimated G.O. Bond Authorization Remaining 7/1/16</b>	<b>Bond-financed Projects Planned 2017-2021 CIP</b>	<b>Estimated Additional Authorization Needed</b>	<b>Proposed Bond Question Amount</b>
<i>Water and Sewer Improvement</i>	\$59,074,698	\$207,049,702	\$147,975,004	\$148,000,000
<i>Street Improvements/Storm Drains</i>	\$26,735,000	\$51,482,434	\$24,747,434	\$25,000,000
<i>Public Safety</i>	\$11,105,000	\$30,956,551	\$19,851,551	\$20,000,000
<i>Park Improvements/Community Services</i>	\$4,390,000	\$38,199,619	\$33,809,619	\$34,000,000
<i>Municipal Infrastructure Preservation</i>	\$555,000	\$27,597,461	\$27,042,461	\$27,000,000
<b>Totals</b>	\$101,859,698	\$355,285,767	\$253,426,069	\$254,000,000

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION ORDERING AND CALLING A SPECIAL BOND ELECTION TO BE HELD IN AND FOR THE CITY OF TEMPE, ARIZONA, IN CONJUNCTION WITH THE STATEWIDE GENERAL ELECTION ON NOVEMBER 8, 2016, TO SUBMIT TO THE QUALIFIED ELECTORS THEREOF THE QUESTION OF AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS OF THE CITY.**

**WHEREAS**, the City Council of the City of Tempe, Arizona (the “City”), believe it to be in the best interest of the City to authorize the issuance and sale of \$254,000,000 principal amount of General Obligation Bonds; and

**WHEREAS**, it is necessary that the City Council submit the question of the issuance and sale of such bonds to the qualified electors of the City;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA:**

**Section 1.** Order Election; Ballot. A special bond election in the City is hereby ordered and called to be held on November 8, 2016, in conjunction with the statewide general election, to submit to the qualified electors of the City the questions as shown on the form of ballots attached hereto and marked Exhibit A. If approved, the bonds may be issued as general obligation bonds pursuant to Title 35, Chapter 3, Article 3, as amended, payable from an ad valorem tax levied on all taxable property within the corporate limits of the City.

**Section 2.** Submitting Arguments. Pursuant to Arizona Revised Statutes (“A.R.S.”) § 35-454, as amended, the City hereby sets the date of August 10, 2016 at the hour of 5:00 p.m. as the deadline to submit arguments “for” or “against” authorization to issue the bonds. Each argument shall not exceed 300 words in length and shall contain the original, notarized signatures of each person sponsoring it. With each argument supporting or opposing the bond election, one hundred dollars (\$100.00) shall be deposited with the City Clerk to offset a portion of the proportionate cost of paper and printing the argument. The City Clerk is authorized to publish in a newspaper of general circulation within the City a notice stating the deadline for filing with the City of arguments “for” or “against” the bonds, for inclusion in the Informational Pamphlet pertaining to the bonds. A form of the notice requesting arguments “for” and “against”, including the deadline for submitting arguments, is attached hereto as Exhibit B. The City Clerk is authorized to revise the form of notice hereto as necessary to comply with all applicable laws.

**Section 3.** Call for Election. Pursuant to A.R.S. § 35-455(B), the aggregate amount of bonds set forth above shall bear a maximum rate of interest of eight percent (8%), may run for a minimum number of years from their date of one (1) year or fraction thereof and a maximum of twenty-five (25) years. The current outstanding general obligation debt of the City for the purposes included in the twenty percent (20%) debt limit category is \$330,432,281 and for the purposes included in the six percent (6%) debt limit category is \$81,905,000. The twenty

percent (20%) and six percent (6%) constitutional debt limits of the City are \$425,141,029 and \$127,542,308, respectively. The bonds may be refunded by the issuance of refunding bonds of a weighted average maturity of less than 75% of the weighted average maturity of the bonds being refunded.

**Section 4.** Voter Pamphlet Preparation. The City Clerk is hereby directed to cause the preparation and distribution of an information pamphlet and sample ballot for the City pursuant to and meeting the requirements of, A.R.S. § 35-454 and, if the City Clerk determines it to be in the City's best interests, combine such informational pamphlet and sample ballot with any other publicity pamphlet being prepared for the City's general election. The officers of the City are hereby authorized to prepare and deliver or cause to be prepared and delivered to the City Clerk the information necessary or appropriate for completing the information pamphlet, including, without limitation: the estimated debt retirement schedule for the current amount of bonds outstanding; estimated debt retirement schedule for the proposed bond authorization; source of repayment; estimated issuance cost; estimated tax impact on an average owner-occupied residence, commercial, industrial and agricultural or other vacant property; estimated total cost of the proposed bond authorization, including principal and interest; current outstanding general obligation debt and constitutional debt limitation; an introductory statement on behalf of the City; and a statement of the purpose for which the bonds are to be issued.

**Section 5.** Notice. Notice of the special bond election is ordered to be given by causing the information pamphlet to be mailed not less than thirty-five (35) days before the date of election to the residence of each registered voter of the City as shown on the general county register. The City Clerk is hereby authorized and directed to cause the information pamphlet to be prepared and mailed as required by law and in accordance with the provisions of this resolution and to cause a copy of the informational pamphlet to be submitted to the Arizona Department of Revenue within thirty (30) days after the election.

**Section 6.** Conduct of Election. The election will be conducted in the manner provided by law, and the poll lists kept, and the votes cast thereat shall be counted and tabulated and the returns thereof will be made in the manner provided by law and only persons will be allowed to vote at the election who are qualified electors of the City. The election may be consolidated with any other election conducted in the City on November 8, 2016.

**Section 7.** Early Voting. Early voting will be permitted at the election in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes, as amended.

**Section 8.** Voting Rights Act. In order to comply with the Voting Rights Act of 1965, as amended, the following proceedings pertaining to this election will be translated into Spanish and posted, published and recorded in each instance where posting, publication and recording of such proceedings are required, to-wit: ballot, voter information pamphlet, all early voting material and all instructions at the polls.

**Section 9.** Conduct; Contracts. The City Clerk is hereby directed to cause ballots to be printed and delivered to the election boards to be furnished to the qualified electors

offering to vote at the election. The special bond election may be conducted using either electromechanical or electronic vote recording and ballot counting equipment or paper ballots, as shall be determined to be in the best interests of the City by the County Elections Department and the Mayor and the City Clerk or either of them. The Mayor and the City Clerk or either of them is authorized and directed to enter into a contract with the Maricopa County Recorder to obtain precinct registers for the election and to enter into an agreement with the Maricopa County Elections Department to conduct the election for the City.

**Section 10.** Canvass. As soon as the polls are closed, the election officials will forward the votes cast to the City Council for canvassing. The City Council will meet at the Council Chambers on a day that is within twenty (20) days after the election date to canvass the returns of the election and will file and record a certificate of result of election in the office of the Maricopa County Recorder. The City Council will be governed by the vote of the majority on the question submitted.

**PASSED, ADOPTED AND APPROVED** by the City Council of the City of Tempe, Arizona, on June \_\_, 2016.

ATTEST:

\_\_\_\_\_  
Mark W. Mitchell, Mayor

\_\_\_\_\_  
Brigitta M. Kuiper, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Timothy A. Stratton, Bond Counsel

Exhibit A: Official Ballot

Exhibit B: Notice Requesting Arguments “For” and “Against” Bond Election

**CERTIFICATION**

I, Brigitta M. Kuiper, the duly appointed City Clerk of the City of Tempe, Arizona, do hereby certify that the above and foregoing Resolution No. \_\_\_\_\_ was duly passed by the City Council of the City of Tempe, Arizona, at a regular meeting held on June \_\_, 2016, and the vote was \_\_\_ aye's and \_\_\_ nay's and that the Mayor and \_\_\_ Council Members were present thereat.

\_\_\_\_\_  
Brigitta M. Kuiper, City Clerk

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***EXHIBIT A***

**OFFICIAL BALLOT**

**FOR SPECIAL BOND ELECTION IN AND FOR THE CITY OF TEMPE, ARIZONA ON NOVEMBER 8, 2016.**

***General Provisions for all Bond Questions***

The following provisions apply to all bonds to be voted on. Specific information for each issue is set out for each question.

In addition to each specific authorized purpose, bond proceeds may be used to pay for bond insurance or other credit support for the bonds, all legal, accounting, financial, architectural, design, engineering and construction management costs and all other costs incurred in connection with the issuance of the bonds and the purposes set forth in each question. The City may contract for letters of credit, surety bonds, lines of credit or other credit or liquidity support in connection with any one or more series of bonds.

- ▶ The bonds may be issued in one or more series.
- ▶ The bonds may be issued in the denomination of \$1,000 each or multiples thereof.
- ▶ Interest rates may be fixed or variable but shall not exceed 8% per annum.
- ▶ Interest may be evidenced by separate certificates and will be payable on July 1 and January 1 or more frequently.
- ▶ The bonds, and any bonds issued to refund the City's bonds, may be sold at prices that include premiums not greater than permitted by law.
- ▶ Bonds will mature over a period not to exceed 25 years from their date of issuance.
- ▶ Bonds will mature on the days of each year determined by the Mayor and Council.

THE VOTER MAY VOTE "BOND APPROVAL, YES" OR "BOND APPROVAL, NO" ON EACH SEPARATE QUESTION.

**Question No. 1**

PURPOSE: WATER AND SEWER IMPROVEMENTS

AMOUNT: \$148,000,000

Shall the Mayor and Council of the City of Tempe, Arizona, be authorized to issue and sell general obligation bonds of the City in the principal amount of \$148,000,000 to provide funds:

- to maintain and improve treatment processes and capacity at water and wastewater treatment plants;
- to maintain and improve water distribution and storage infrastructure; and
- to maintain and improve sewer collection infrastructure?

Payment of Bonds: Each series of these bonds may be issued at the option of the City Council, either as: (1) general obligation bonds of the City pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes, in which case the bonds shall be designated General Obligation Bonds; (2) water and sewer revenue bonds payable solely from the revenues of the water and sewer system of the City, in which case the bonds will be designated Water and Sewer Revenue Bonds; or (3) tax secured revenue bonds payable from such water and sewer revenues and, if such revenues prove insufficient, from the levy of an ad valorem tax against the taxable property located within the City, in which case the bonds shall be designated Tax Secured Water and Sewer Revenue Bonds. **If issued under either option (1) or (3)**, issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on bonds, unless the governing body provides for payment from other sources. The bonds may be refunded by the issuance of refunding bonds of a weighted average maturity of less than 75% of the weighted average maturity of the bonds being refunded.

A “yes” vote shall authorize the Tempe governing body to issue and sell \$148,000,000 of general obligation bonds, water and sewer revenue bonds, or tax secured revenue bonds of the City to be repaid with secondary property taxes, unless the governing body provides for payment from other sources.

A “no” vote shall not authorize the Tempe governing body to issue and sell such bonds of the City.

BOND APPROVAL, YES	<input type="checkbox"/>
BOND APPROVAL, NO	<input type="checkbox"/>

“Tag Line” language:

Shall Tempe be authorized to issue and sell \$148,000,000 general obligation bonds for water and sewer improvements?

**Question No. 2**

PURPOSE: STREET IMPROVEMENTS/STORM DRAINS

AMOUNT: \$25,000,000

Shall the Mayor and Council of the City of Tempe, Arizona, be authorized to issue and sell general obligation bonds of the City in the principal amount of \$25,000,000 to provide funds:

- to acquire, construct, reconstruct or improve highways, streets, avenues, bike paths, bridges, City facility parking lots and alleys within the City;
- to acquire, construct, reconstruct, or improve traffic control devices, street lighting, street signage and undergrounding utility lines;
- to acquire land and rights-of-way for transportation purposes; and
- to improve the storm drain system?

Payment of Bonds: These bonds will be issued as General Obligation Bonds and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on bonds, unless the governing body provides for payment from other sources. The bonds may be refunded by the issuance of refunding bonds of a weighted average maturity of less than 75% of the weighted average maturity of the bonds being refunded.

A “yes” vote shall authorize the Tempe governing body to issue and sell \$25,000,000 of general obligation bonds of the City to be repaid with secondary property taxes.

A “no” vote shall not authorize the Tempe governing body to issue and sell such bonds of the City.

BOND APPROVAL, YES	<input type="checkbox"/>
BOND APPROVAL, NO	<input type="checkbox"/>

“Tag Line” language:

Shall Tempe be authorized to issue and sell \$25,000,000 general obligation bonds for street improvements/storm drains?

**Question No. 3**

PURPOSE: PUBLIC SAFETY  
AMOUNT: \$20,000,000

Shall the Mayor and Council of the City of Tempe, Arizona, be authorized to issue and sell general obligation bonds of the City in the principal amount of \$20,000,000 to provide funds:

to continue the upgrade of the Public Safety/City Radio System to digital, interoperable capability; to utilize improved technology through replacement of existing hardware/software systems; and to acquire and improve public safety facilities and equipment?

Payment of Bonds: These bonds will be issued as General Obligation Bonds and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on bonds, unless the governing body provides for payment from other sources. The bonds may be refunded by the issuance of refunding bonds of a weighted average maturity of less than 75% of the weighted average maturity of the bonds being refunded.

A “yes” vote shall authorize the Tempe governing body to issue and sell \$20,000,000 of general obligation bonds of the City to be repaid with secondary property taxes.

A “no” vote shall not authorize the Tempe governing body to issue and sell such bonds of the City.

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BOND APPROVAL, YES	<input type="checkbox"/>
BOND APPROVAL, NO	<input type="checkbox"/>

“Tag Line” language:

Shall Tempe be authorized to issue and sell \$20,000,000 general obligation bonds for public safety?

**Question No. 4**

PURPOSE: PARK IMPROVEMENTS/COMMUNITY SERVICES

AMOUNT: \$34,000,000

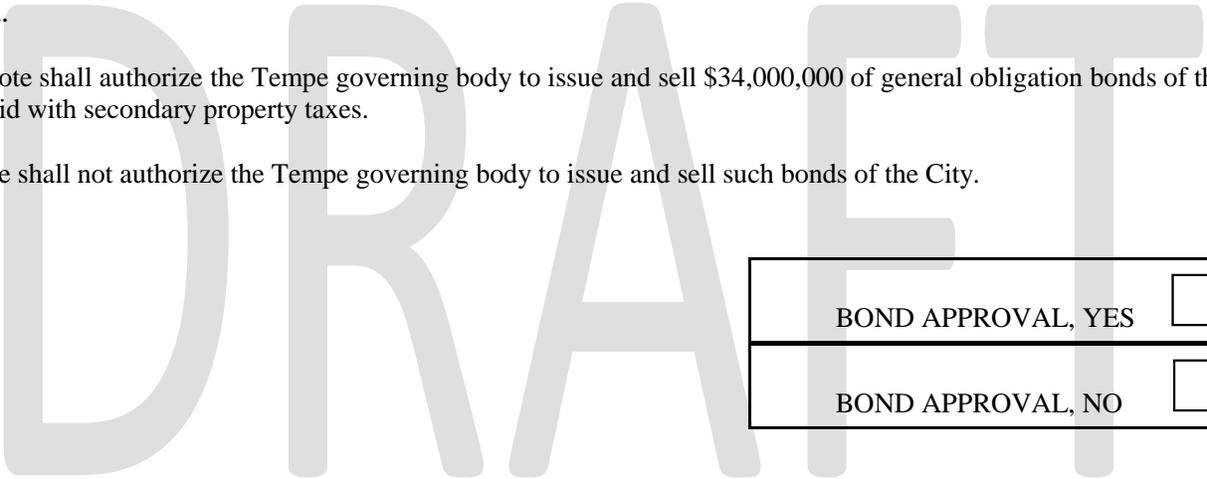
Shall the Mayor and Council of the City of Tempe, Arizona, be authorized to issue and sell general obligation bonds of the City in the principal amount of \$34,000,000 to provide funds:

to acquire, construct and improve park and recreation infrastructure, equipment and facilities, including lighting, lakes and landscaping?

Payment of Bonds: These bonds will be issued as General Obligation Bonds and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on bonds, unless the governing body provides for payment from other sources. The bonds may be refunded by the issuance of refunding bonds of a weighted average maturity of less than 75% of the weighted average maturity of the bonds being refunded.

A “yes” vote shall authorize the Tempe governing body to issue and sell \$34,000,000 of general obligation bonds of the City to be repaid with secondary property taxes.

A “no” vote shall not authorize the Tempe governing body to issue and sell such bonds of the City.



BOND APPROVAL, YES	<input type="checkbox"/>
BOND APPROVAL, NO	<input type="checkbox"/>

“Tag Line” language:

Shall Tempe be authorized to issue and sell \$34,000,000 general obligation bonds for park improvements/ community services?

**Question No. 5**

PURPOSE: MUNICIPAL INFRASTRUCTURE PRESERVATION

AMOUNT: \$27,000,000

Shall the Mayor and Council of the City of Tempe, Arizona, be authorized to issue and sell general obligation bonds of the City in the principal amount of \$27,000,000 to provide funds:

- to perform preventative maintenance, repair, and rehabilitation on city buildings;
- to improve municipal infrastructure and facilities;
- to replace inefficient heating and air conditioning systems and equipment;
- to repair and/or replace flooring and roofs; and
- to improve technological infrastructure?

Payment of Bonds: These bonds will be issued as General Obligation Bonds and the issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on bonds, unless the governing body provides for payment from other sources. The bonds may be refunded by the issuance of refunding bonds of a weighted average maturity of less than 75% of the weighted average maturity of the bonds being refunded.

A “yes” vote shall authorize the Tempe governing body to issue and sell \$27,000,000 of general obligation bonds of the City to be repaid with secondary property taxes.

A “no” vote shall not authorize the Tempe governing body to issue and sell such bonds of the City.

BOND APPROVAL, YES	<input type="checkbox"/>
BOND APPROVAL, NO	<input type="checkbox"/>

“Tag Line” language:

Shall Tempe be authorized to issue and sell \$27,000,000 general obligation bonds for municipal infrastructure preservation?

**EXHIBIT B**

**REQUEST FOR STATEMENTS “FOR” OR “AGAINST”  
THE CITY OF TEMPE, ARIZONA  
BOND PROPOSITIONS**

The City of Tempe, Arizona (the “City”), will hold a bond election, Tuesday, November 8, 2016 to seek approval of bonds for water and sewer improvements, street improvements/storm drains, public safety, park improvements/community services and municipal infrastructure preservation purposes in the principal amount not to exceed \$254,000,000. The estimated average tax rate for the proposed bond authorization is \$\_\_\_\_\_ per \$100 of secondary assessed valuation. An informational pamphlet will be mailed to households of registered voters within the City. Any persons wishing to submit a statement “for” or “against” the bond question may do so by mail or hand delivery of the statement to the Office of the City Clerk, City of Tempe, 31 E. 5th Street, Tempe, Arizona 85281; telephone: (480) 350-8241. Each argument shall not exceed 300 words in length and shall contain the original, notarized signature of each person sponsoring it. If the argument is sponsored by an organization, the original, notarized signatures of two executive officers are required. If the argument is sponsored by a political committee, the original, notarized signature of the committee’s chair or treasurer is required. Persons signing shall also identify themselves by giving their residence or post office address and a telephone number, which shall not appear in the pamphlet. With each argument supporting or opposing the proposition, one hundred dollars (\$100.00) shall be deposited with the City Clerk to offset a portion of the proportionate cost of paper and printing the argument. The signed, notarized statement and deposit must be received in the Office of the City Clerk on or before 5:00 p.m., August 10, 2016. The last day to register to vote at this election is Monday, October 10, 2016. For more information concerning the election, please contact the Office of the City Clerk, City of Tempe, 31 E. 5th Street, Tempe, Arizona 85281, telephone: (480) 350-8241.

**Publish in a newspaper of general circulation within the City by August 1, 2016.**