



PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.

NOTICE OF POSSIBLE QUORUM OF THE CITY OF BUCKEYE PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD: PLEASE NOTE THAT THERE MAY BE A QUORUM PRESENT BUT THERE WILL BE NO VOTING TAKING PLACE BY THE CITY PLANNING AND ZONING COMMISSION OR OTHER COUNCIL APPOINTED BOARD AT THIS MEETING.

**CITY OF BUCKEYE
GENERAL OBLIGATION BOND EXPLORATORY COMMITTEE
MARCH 28, 2024
AGENDA**

**Buckeye City Hall
530 E Monroe Ave.
Buckeye, AZ 85326
Executive Conference Room First Floor
6:00 PM**

The doors will be open to the public at least 15 minutes prior to the start time of the meeting.

Accessibility for all persons with disabilities will be provided upon request. Please telephone your accommodation request (623) 349-6911, 72 hours in advance if you need a sign language interpreter or alternate materials for a visual or hearing impairment.

Voting Members will either attend in person or by telephone conference call or video presentation. Items listed may be considered in any order.

Pursuant to A.R.S. § 38-431.03(A)(3) the Committee may, by majority vote, recess or adjourn to executive session at one or more times during the meeting, as needed to confer with the City Attorney for legal advice regarding any item listed on this agenda.

- 1. Call to Order/Pledge of Allegiance/Roll Call**
- 2. Approval of Minutes**
- 2.A** [Committee Action: Motion to approve minutes from the March 7, 2024 General Obligation Bond Exploratory Committee meeting.](#)
- 3. Presentations**
- 3.A** City Staff, alongside Deanna Jonovich, will facilitate committee discussions regarding project prioritization, survey findings, funding considerations, tax rates, and potential bond parameters. These discussions aim to formulate a recommendation on bond question(s), amounts, and guidelines. Staff members will be available to offer expertise on previously discussed projects and address any questions. The session will conclude with an opportunity for public comments.

- 3.B** The committee facilitator, Deanna Jonovich, will conclude the meeting and offer insights on the expectations for the subsequent session scheduled for April 11, 2024.

4. Adjournment

CITY OF BUCKEYE
Regular Library Advisory Board
COUNCIL ACTION REPORT

MEETING DATE: 03/28/24	AGENDA ITEM: 2.A. Committee Action: Motion to approve minutes from the March 7, 2024 General Obligation Bond Exploratory Committee meeting.
DATE PREPARED: 03/25/24	DISTRICT NO.:
STAFF LIAISON:	
DEPARTMENT: Financial Services	AGENDA ITEM TYPE: Consent Agenda Items / New Business

ACTION/MOTION: (This language identifies the formal motion to be made by the Council)
 Committee Action: Motion to approve minutes from the March 7, 2024 General Obligation Bond Exploratory Committee meeting.

SUMMARY

Items related to a project or facility location must include an attached vicinity map for Council Review.

ATTACHMENTS:

[2024 GO BOND Committee Meeting Minutes March 7.2024.pdf](#)

City of Buckeye
2024 General Obligation Bond Committee
March 7, 2024
Minutes

Buckeye City Hall
530 E Monroe Ave,
Buckeye, AZ 85326
1st floor - Executive Conference Room
6:00 PM

Pursuant to A.R.S. § 38-431.03(A)(3) the Committee may, by majority vote, recess or adjourn to executive session at one or more times during the meeting, as needed to confer with the City Attorney for legal advice regarding any item listed on this agenda.

1. Call to Order/Pledge of Allegiance/ Roll Call

Members Present: Jackie Meck (Chair), Jack Eaton (Vice Chair), Committee Member Michael Melton, Committee Member Kitt Roney, Committee Member DeAngela Kittrell, Committee Member Starr Marsett (arrived late), Committee Member Jim Subjack, Committee Member Jeff Caler, Committee Member Cynthia Zbiegien (arrived late), Committee Member Norman Lund, Committee Member Brent McFall, Committee Member Rico West and Committee Member Gary Bridget.

Members Absent: Committee Member Kyle Barrett, Facilitator Deanna Jonovich

Departments Present: Vice Mayor Clay Goodman, Deputy City Manager, Doug Sandstrom, Chief Financial Officer William Kauppi, City Attorney Scott McCoy, Management Assistant Amber Beaman, General Obligations Bond Committee Secretary Tanya McKinley and Audio Visual Technician Kevin Drury.

2. Brief overview of Open meeting Law and Meeting Minutes approval

2A. City attorney Scott McCoy, provided a brief reminder concerning compliance with the Open Meeting Law, emphasizing the significance of conducting all discussions related to pertinent matters, particularly those concerning tax rates, within the confines of official meetings. McCoy underscored the necessity for transparency and adherence to protocol, urging committee members to refrain from engaging in informal discussions or deliberations outside of the designated assembly. While not imputing any wrongdoing, McCoy highlighted the historical significance of such discussions, which have historically engendered considerable interest and dialogue. The overarching objective remains to ensure that all deliberations occur openly and inclusively, thereby facilitating transparency and accountability to the public domain.

2B. During the approval of minutes there was much discussion on the topic of ADOT and there were two main questions that Chairman Meck asked for the city to look into. First question Does the railroad require us to relinquish a crossing in exchange for gaining another crossing? Has there been a discussion with the railroad about the possibility of needing three crossings? Second is Has the city engaged in discussions with ADOT about acquiring right-of-way in Buckeye for State Route 30 sooner rather than later?

There was much discussion on the topic of ADOT and the purchase of right-of-way in Buckeye for state Route 30.

3. Presentations

3A. Deputy City Manager Doug Sandstrom outlined the key considerations regarding project priorities and bond financing discussed in previous meetings, setting the stage for tonight's in-depth exploration of these critical topics. The committee will begin the meeting by revisiting these points and engage in thorough discussions, recognizing their centrality to all future deliberations.

An update on assessed valuations reveals substantial growth in Buckeye, leading to an increase in debt capacity from \$370 million to \$512 million. This growth reshapes previous perceptions of debt capacity as a limiting factor, prompting the committee to focus on factors like tax rates, resident impact, and voter support in determining project feasibility.

Aligned with the committee's core responsibilities outlined in the bylaws, discussions will encompass short and long-term needs, financing plans, and bonding guidelines. Prioritization will be guided by time frames, acknowledging the varying urgency of projects. The presentation will also cover different scenarios presented by Chief Financial

Officer Bill Kauppi, exploring the correlation between tax rates and borrowing capacity to establish an upper funding cap.

In the committee's packet are bond questions for review, offering two options: a single question authorizing \$400 million for various purposes or splitting the funding into three distinct categories. This decision carries legal implications and impacts flexibility and accountability in fulfilling specified purposes.

Given the complexity of bond questions, the committee must deliberate on recommending a comprehensive question or multiple questions to the council, understanding the implications for flexibility and accountability in the bond issuance process.

Moving forward, consensus-building will be paramount, with decisions made collectively and finalized through a majority vote. The next meeting on March 21st will review poll results, followed by prioritization discussions on March 28th, with Chief Financial Officer Bill Kauppi providing a financial update and further guidance on the committee's objectives.

3B. In addressing the topic of property taxes, Chief Financial Officer Bill Kauppi delivered a succinct update on property taxes, inviting input from committee members on various options. He initiated his presentation by reflecting on the preceding two months since the inception of discussions regarding the G.O. Bond Committee, revisiting key information shared during the inaugural meeting.

Mr. Kauppi stressed the importance of taxable assessed valuations from the county assessor's office in determining the city's annual tax levy. Over the past decade, these valuations have shown consistent growth, resulting in a 17.7% increase over the previous year, surpassing earlier projections by nearly 6%. Industrial developments played a significant role in this growth, contributing to a nearly 200% increase in assessed value over the past decade. Mr. Kauppi elaborated on regulatory constraints governing future growth projections, emphasizing the need to limit growth potential based on historical averages.

For the next five years, the city is mandated to utilize the average of the last ten years of actuals, resulting in a projected growth rate of 12.5%. Beyond this period, projections decline to 2.5%, requiring a conservative forecasting approach. Despite ongoing development within the city, Mr. Kauppi presented a conservative estimate of a 10% growth rate in subsequent years, citing properties like Miller Road and the Five Below

building as significant contributors to the city's assessed valuation. He noted that the delayed impact of new construction on the tax roll suggests that the projected growth rate of 12.5% may be conservative due to industrial construction projects.

Mr. Kauppi's presentation provided valuable insights into the city's growth trajectory and its implications for future financial planning, particularly regarding potential G.O. Bond initiatives. He provided a comprehensive analysis informing the committee's deliberations and decisions on property tax considerations moving forward.

During the presentation of the Primary Tax Levy and Primary Tax Rate slide, Mr. Kauppi offered an in-depth analysis of the data depicted. He highlighted a significant increase of over 14% in the property tax levy compared to the previous year, resulting in almost a \$2 million boost. The projected tax levy, based on assessed valuations outlined in the preceding slide, indicated a projected decrease in the tax rate for the upcoming fiscal year by approximately \$1.63, from the current \$1.65 to \$1.60. Kauppi discussed the dynamic relationship between the levy and the tax rate, noting the anticipated sharp decline followed by a leveling out, attributed to the annual increase of 12.5% in assessed valuations.

Deputy City Manager emphasized the significance of this adjustment, noting that despite the decrease in the tax rate, the city would collect more revenue due to the higher assessed valuation. Mr. Kauppi further elaborated on the dynamic between assessed valuations and tax levy increases, highlighting the capped increase in tax levy collection despite potential annual rises in assessed valuations.

In conclusion, Mr. Kauppi stressed the importance of understanding the interplay between assessed valuations, tax levy increases, and tax rates, emphasizing their influence on the city's financial dynamics moving forward. His detailed analysis provided valuable insights for informed decision-making regarding property tax considerations.

During the subsequent discussion led by Mr. Kauppi, three options regarding the combined tax rate were presented for deliberation by the committee. He clarified that while these options were provided for consideration, they were subject to alteration. The first option proposed a combined tax rate of \$1.80, historically aligned with previous council directives. Subsequent options presented were \$2 and \$2.25, chosen arbitrarily to showcase varying levels of debt issuance capacity. Key assumptions informing these projections included a growth rate of 12.5% for the next five years, followed by a decrease to 2.5%, and a conservative 3.5% interest rate for bond issuances.

Illustrating these options graphically, Mr. Kauppi delineated the projected gaps between secondary tax revenue and anticipated debt service payments, demonstrating the potential impact of different tax rates on the city's ability to issue debt for infrastructure projects. He emphasized the importance of early debt issuance to facilitate project implementation efficiently.

At the \$1.80 tax rate, Mr. Kauppi outlined the issuance of three bond deals totaling \$125 million over a 20-year period. Despite this allocation, he noted that this amount was only a fraction of the city's bonding capacity of \$500 million. The presentation included an illustration of the average tax bill for a \$100,000 home over the 20-year period, with the secondary tax component averaging \$35.

Mr. Kauppi concluded by reiterating Deputy City Manager Doug Sandstrom's earlier point that the city's bonding capacity was not the primary concern, but rather the selection of an appropriate tax rate by the committee. His presentation provided valuable insights into the financial implications of different tax rate options for the committee's consideration.

During the presentation regarding the issuance of bonds, Kauppi provided a detailed overview of the issuance process and anticipated capacity for future bond issues. He highlighted the issuance of \$150 million based on the current scenario, with potential for an additional \$200 million towards the end of the 20-year period. Kauppi stressed the conservative nature of projections, particularly in estimating future assessed valuations, which could potentially surpass initial expectations.

Furthermore, Kauppi outlined the possibility of issuing additional debt if assessed valuations allowed for maintaining a desired tax rate. He emphasized the importance of conducting all discussions and planning related to tax rates and bond issuance within open meetings to ensure transparency and adherence to regulatory requirements. Overall, Kauppi's presentation provided a comprehensive understanding of the city's bonding capacity and potential future debt issuance.

3C. During the meeting, Deputy City Manager Doug Sandstrom discussed the ongoing scientific survey conducted by HighGround and the non-scientific outreach efforts undertaken by the city. Both surveys aim to align the committee's views with other survey results. Mr. Sandstrom outlined the process for the committee's survey and its significance in shaping recommendations.

Mr. Sandstrom explained that on March 21, Paul Bentz with HighGround would present the results of the scientific survey, while the cities Communication and Government Relations Director Annie DeChance would discuss the findings of the online opinion

survey, which, although not scientific, provided valuable insights. However, the committee's individual opinions were missing from these surveys. Mr. Sandstrom described the survey format, which would be sent via email to each committee member after the meeting.

The survey required participants to consider the scalability of each project discussed, assigning a funding percentage based on their personal opinion. Mr. Sandstrom emphasized that each member's name would be required for tracking purposes. Participants were instructed to assign a percentage from zero to 100 for each project, indicating their level of support. Mr. Sandstrom cautioned against exceeding 100%, highlighting the need for consistency in responses.

Mr. Sandstrom outlined the importance of comparing the committee's opinions with those of residents who lacked the background information. This comparison would inform discussions on a maximum funding threshold. Mr. Sandstrom explained that individual responses would be consolidated to determine an average funding recommendation for the committee.

The survey also included an opportunity for committee members to suggest additional projects not previously discussed. Mr. Sandstrom encouraged members to list any such projects for further consideration. Once completed, participants were instructed to submit the survey, facilitating the process of reaching a consensus on recommendations.

In conclusion, Mr. Sandstrom emphasized the importance of individual input in shaping the committee's recommendations and facilitating consensus-building. The survey would serve as a crucial tool in gauging committee members' opinions and ensuring a well-informed decision-making process.

Subsequently, on March 28th, the committee would reconvene for further deliberations based on all available information. Sandstrom emphasized that this stage would involve extensive discussions led by the committee, with the facilitators available to address any queries. Following this, the committee would have a week without a meeting before three consecutive meetings, during which they would finalize their recommendation.

Once the recommendation was drafted, DeChance would return to outline the city's next steps if the committee recommended the bond issue and if the council decided to call for an election. She would also provide details on the city's educational initiatives regarding the bond issue. Sandstrom concluded by reaffirming the committee's pivotal role in shaping the city's future plans and expressing the facilitators' commitment to supporting their deliberative process.

General discussion was held regarding specifics on this agenda item for the Committee.

Deputy City Manager Doug Sandstrom confirmed the only two questions that were outstanding and needed further information for our next session.

4. Adjournment

Chairman Meck adjourned the meeting at 8:00 pm

Jackie Meck, Chairman

ATTEST:

Tanya McKinley, Committee Secretary

I hereby certify that the foregoing minutes are a true and correct copy of the Committee Meeting held on March 7, 2024. I further certify that a quorum was present.

Tanya McKinley, Committee Secretary