



CITY OF TEMPE

REQUEST FOR COUNCIL ACTION

Meeting Date: 4/25/2024
Agenda Item: 7C1

ACTION: Adopt a 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 5, 2024, to submit to the qualified electors thereof the question of authorizing the issuance and sale of general obligation bonds of the City. (Resolution No. R2024.33)

FISCAL IMPACT: The cost of the Special Bond Election is estimated at \$250,000. Sufficient funds to cover the costs of the election have been allocated for fiscal year 2024/25, in cost center 1320, Elections/Legal.

RECOMMENDATION: Adopt Resolution No. R2024.33.

BACKGROUND INFORMATION: Attached for City Council consideration is a resolution calling for the bond election on November 5, 2024, in the amount of \$581,500,000 in general obligation (G.O.) bonds.

Each year, the City Manager prepares and submits a 5-year Capital Improvements Program (CIP) for Council consideration and approval. Included in the 5-year CIP are the estimated sources to fund the anticipated expenditures. One of the primary sources of funding CIP expenditures is the ability to issue General Obligation (G.O.) bonds, typically repaid through levied secondary property taxes over a period of twenty years. G.O. bonds are one of the most common tools utilized by local governments to fund capital projects and one of the largest CIP funding sources in Tempe for projects in Police, Fire, Parks, General Governmental, Streets, and Water and Wastewater Programs. State statute mandates that voters of any municipality approve the issuance of G.O. bonds through a special bond election held on the first Tuesday after the first Monday in November. The November 2024 proposed bond question amounts is based on Fiscal Year (FY) 2024/25 through 2028/29 CIP. If approved by voters, the bond questions will provide funding for projects intended to enhance community safety through public safety and roadway improvements, improve quality of life in Tempe neighborhoods, and increase supply of affordable housing.

Proposed Ballot Questions:

At the April 18, 2024, Budget Review Session, Council directed staff to move forward with three separate ballot questions for the November 5, 2024 Bond Authorization Election. The resolution sets the principal amount of the bonds, to finance capital projects, to be included in the November 2024 Bond Authorization Election at \$581,500,000. The purpose of each ballot question and their corresponding amounts, as contained in the recommended resolution, is summarized below.

Proposed Ballot Questions - Purpose	Amount (in millions)
Enhance Community Through Public Safety and Roadway Improvements	\$ 301.0

Improve Quality of Life in Tempe Neighborhoods	248.5
Increase Supply of Affordable Housing	32.0
Total	<u>\$ 581.5</u>

A total of three questions are detailed in Exhibit A of the attached Resolution, and a summary of each question is below.

- The purpose of Question 1, Enhance Community Through Public Safety and Roadway Improvements, is to seek authorization to issue G.O. bonds for fire, police, roadway, pedestrian infrastructure, and storm drain projects.
- The purpose of Question 2, Improve Quality of Life in Tempe Neighborhoods, is to provide funding for parks, historic preservation, and municipal infrastructure projects.
- The purpose of Question 3, Increase Supply of Affordable Housing, is to provide funding to increase the supply of affordable housing in Tempe.

Acceleration Programs:

Included in the ballot questions are two acceleration programs included in the CIP.

- At the September 28, 2023 Council Issue Review Session, Council directed staff to move forward with including a ballot question for the Pavement Quality Index (PQI) acceleration program totaling \$134.6 million in the November 5, 2024 Bond Authorization Election. Generated funds will be used to remove and replace pavement of all streets in poor condition and preserve existing surface streets in fair or good condition. This investment is expected to improve pavement quality from 60 (poor) to 82 (excellent) within four years.
- At the February 8, 2024 Council Issue Review Session, Council directed staff to include an affordable housing bond program totaling \$32,000, 000 in the upcoming, November 5, 2024 Bond Authorization Election. Generated funds will be used to increase the supply of affordable housing in Tempe. This investment is consistent with Hometown for All, fostering a safe, livable, and accessible community for residents of all ages. The overarching objective is to create an inclusive environment where everyone, regardless of age or circumstance, can find secure and affordable housing options in Tempe.

If approved by voters, the issuance of additional G.O. bonds for PQI acceleration and affordable housing programs will require a change in the Council approved Property Tax Stabilization Policy.

ATTACHMENTS:

1. RESOLUTION ORDERING AND CALLING NOVEMBER 2024 BOND ELECTION.DOCX

STAFF CONTACT(S): Lisette Camacho, Financial Services Director, 480-350-8504

Department Director: Tom Duensing, Chief Deputy City Manager
 Legal review by: Dave Park, Assistant City Attorney
 Prepared by: Lisette Camacho, Financial Services Director