



# GENERAL OBLIGATION BOND ELECTION 09

## Frequently Asked Questions

Here is a list of FAQs the city has received throughout the General Obligation Bond Public Input process.

**Q.** If economic conditions improve and one-time revenues rise, would the city issue bonds?

**A.** Bonds are issued only if needed.

**Q.** Won't the proposed tennis/multi purpose complex and permanent fire station have operational costs?

**A.** Fire Station 304 is a temporary structure that is already staffed and equipped, so there will be no new operational costs associated with building a permanent structure. There is no anticipated net operational costs with the proposed tennis & multi-purpose complex due to anticipated savings of not having to erect a temporary center court structure for major events.

**Q.** What is the value of the community's property and how much can we "borrow against it?"

**A.** The Maricopa County Assessor has valued Surprise's residential, municipal and commercial property at \$1,353,294,535. Of that amount 20% (\$270,658,907) is limited to fund water, sewer, lighting, parks, public safety, streets, transportation, open space and recreation. 6% (\$81,197,672) is earmarked for all other purposes. Therefore the city's overall bonding capacity is \$351,856,579.

**Q.** How much of the city's total bond capacity is being proposed on the November 3 ballot?

**A.** The City of Surprise total bonding capacity is \$351,856,579. The General Obligation Bond Committee and the City Council approved sending a bond package to the voters of \$184,900,000, 52.5% of the city's total bonding capacity.

**Q.** Does passing the bond mean the city is committed to spending the money right now on the exact projects listed in the presentation and on the Web site?

**A.** No. Bond authority is a short- to long-term plan for using these community "equity dollars" and can be modified by city council during a public open meeting. Some factors council may consider:

- Timing right for community?
- Bond Market conditions: Are interest rates favorable?
- Construction costs?
- Any operational costs planned for?
- Have community needs changed/-reprioritization in order?

**Q.** Can the city guarantee that the tax rate will never exceed \$0.99 per \$1,000?

**A:** No

- The city can control amount of the debt service payment when we issue the bond.
- The city has no control over changes in assessed valuations, which could affect the rate.
- Valuations could go up or down.

**Q.** Will projects be completed if bond fails?

**A.** There are no guarantees.

- Capital Improvement Projects (CIP) are only completed if money is available.
- CIP is funding tied to economy, fee collections, stimulus, etc.
- Community priorities may change when money becomes available, changing the CIP order.
- \$70 million in one-time revenues are anticipated from FY2010 to FY2014.
- Insufficient to complete the identified CIP list.

**Q.** Why include street preservation/-maintenance in a 30-year bond package?

**A.**

- After the city's rapid growth, the city needs to catch up to preserve our streets.
- Reconstruction lengthens street lifespan by as much as 20 years. Analogy: new engine prevents need to buy new car.

**Q.** Some street improvements will be repaid by developers as development occurs. What will be done with this reimbursed money?

**A.**

- Either used to retire bond debt or finance similar capital projects.
- The decision can be made by council at the time the bonds are issued.

**Reminder: Council approval in a public meeting is required before any bonds can be issued.**

**Q.** Why are bond dollars designated for purchase of public safety equipment?

**A.** Funds are lacking to upgrade vital public safety equipment, such as SCBA (air packs), radios, heart monitors.

**Q.** Surprise tennis does not make money. Why create a tennis/multi-purpose complex?

**A.**

- There is no existing permanent city-owned venue that can host concerts, public events and major tennis tournaments.
- Tennis events are intended to break even.
- Recreational facilities are not a revenue source.
- City now spends appx. \$200,000 to construct temporary Center Court for major tennis events.

**Q.** How is the priority of bond projects in each bond issuance established?

**A.**

- Council considers community needs.
- Council decides in public meeting.

**Q.** Can the city guarantee that every single project on the project lists will get built, at these costs, using bonds?

**A.** No

- These projects are based on estimated cost to construct today.
- Prices may go up or down depending on inflation, the economy, etc.
- Some projects may be completed by developers.
- Needs may change over time and priorities may be adjusted.
- One time revenues may increase over projections.
- Bonds issued only if necessary.

**Q.** When you say priorities may be adjusted, does that mean the city can change listed projects at any time, for any reason?

**A.** No

- Example: The permanent fire station at 163rd/Grand is tied to matching grant money.
- If the matching grant does not come through, another project on the list may be delayed to pay for the fire station, or the fire station may go down on the list.
- Funds may not be moved among different categories.

Council would decide in a public meeting.