CITY OF SURPRISE
Special City Council Meeting
16000 N. Civic Center Plaza
Surprise, AZ 85374
Thursday, January 10, 2019 @ 2:00 PM
COMMUNITY ROOM

A. Call To Order

B. Roll Call

C. Pledge of Allegiance

D. Proclamation and Community Acknowledgements

E. City Manager Report

F. City Clerk Report

G. Call To The Public

INSTRUCTIONS: In order to address the City Council, you will need to fill out a Call to the Public Form available at the front counter, and then turn it in to the City Clerk before the meeting begins.
Download the Call to the Public form (PDF download requires Adobe Acrobat Reader)
Fill out the Call to the Public form online If submitting form electronically, please submit to City Clerk at least one hour before the meeting start time.
The Call to the Public form is also available at the front counter.

Note: A.R.S. 38-431.01(H)- During this time members of the public may address City Council only on issues within the jurisdiction of the City Council which are not an item on the agenda. At the conclusion of the open call, City Council may respond to criticism, may ask staff to review the matter or may ask that the matter be put on a future agenda. No discussion or action shall take place on any item raised.

Approval of items on the Consent Agenda – all items with an asterisk (*) are considered to be routine matters and will be enacted by one motion and one roll call vote to the City Council. There will be no separate discussion on these items unless a Councilmember requests, in which event the item will be removed from the consent agenda and considered in its normal sequence on the agenda.

H. Special City Council Meeting Agenda

CONSENT AGENDA:

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

1.	Citywide	Presentation and discussion on the city budget process.	None Finance

2.	Citywide	Presentation and discussion pertaining to the Council-Manager form of local government.	None
			Legal

REGULAR AGENDA ITEM - PUBLIC HEARING:

I. Other Business and Future Agenda Items

J. Mayor/City Council Reports

K. Executive Session

For information Purposes; Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, but for only the following purposes:

- discussion or consideration of personnel matters (A.R.S. §38-431.03 (A)(1));
- discussion or consideration of records exempt by law from public inspection (A.R.S. §38-401.03 (A)(2));
- discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03 (A)(3));
- discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S.§38-431.03 (a)(4));
- discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03 (A)(5)); or
- discussion, consultation or consideration for international and interstate negotiations or for negotiations by a city or town, or its designated representatives, with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city or town. A.R.S. §38-401.03 (A)(6)).
- discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03 (A)(7)).

Confidentiality Requirements Pursuant to A.R.S. §38-431.03(C)(D): Any person receiving executive session information pursuant to A.R.S. §38-431.02 shall not disclose that information except to the Attorney General or County Attorney by agreement of the City Council, or as otherwise ordered by a court of competent jurisdiction.

The council may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03(A)(3).

L. Adjournment

SHERRY ANN AGUILAR, CITY CLERK, MMC

POSTED:January 9, 2019 at 9:00 AM

SPECIAL NOTE: PERSONS WITH SPECIAL ACCESSIBILITY NEEDS, INCLUDING LARGE PRINT MATERIALS OR INTERPRETER, SHOULD CONTACT THE CITY CLERK'S OFFICE @ 623.222.1200 OR TTY 623.222.1002, BY NO LATER THAN 24 HOURS IN ADVANCE OF THE REGULAR SCHEDULED MEETING TIME.

CITY OF SURPRISE
Special City Council Meeting

Council Meeting Date: January 10, 2019
Submitting Department: Finance
Staff Recommendations: None

Contact Person:
District: Citywide

Consent: No | Regular: No | Public Hearing: No | Report/Discussion: No

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Agenda Wording:
Presentation and discussion on the city budget process.

Motion:
None, discussion only.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:
The number of full time equivalents (FTE) is not impacted by this item.

ATTACHMENTS:
1. Council Budget Overview

SURPRISE
ARIZONA

Budget Overview

Special Council Meeting

January 10, 2019

The City Budget Is…

- A process to allocate resources to programs, services, and infrastructure.

State Requirements ARS Title 42

- State Budget Calendar
- State Forms
- Language / Public Notice
- Balanced Budget
- Budget Amendments

State Requirements ARS Title 42

- State Budget Calendar
  - Tentative Budget due by third Monday in July
  - Final Budget due at least 14 days before Property Tax Levy
  - Property Tax Levy due by third Monday in August
  - Fiscal year is from July 1 to June 30

State Requirements – State Forms

- After Tentative Budget adoption Schedule A must be posted in a local paper once a week for two consecutive weeks

- All Auditor General Forms must be made available at city hall and at city library

- Also posted on website after final adoption

CITY OF SURPRISE
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2019

Fiscal Year		Sch	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total All Funds
			FUNDS							
2018	Adopted/Adjusted Budgeted Expenditure/Expenses*	E	107,793,400	29,693,000	3,438,300	50,802,100	0	65,872,300	18,175,400	275,774,500
2018	Actual Expenditures/Expenses**	E	104,003,000	16,357,700	3,439,400	16,345,500	0	36,452,300	15,205,400	191,803,300
2019	Fund Balance/Net Position at July 1***		39,335,900	2,259,000	0	65,692,100	0	53,816,800	7,387,000	168,490,800
2019	Primary Property Tax Levy	B	7,879,900	0	0	0		0	0	7,879,900
2019	Secondary Property Tax Levy	B	0	0	4,359,900	0		0	0	4,359,900
2019	Estimated Revenues Other than Property Taxes	C	102,625,300	40,990,600	0	9,148,400	0	49,954,700	15,301,000	218,020,000
2019	Other Financing Sources	D	0	0	0	0	0	0	0	0
2019	Other Financing (Uses)	D	0	0	0	0	0	0	0	0
2019	Interfund Transfers In	D	6,697,800	2,775,000	3,440,800	18,510,000	0	26,111,300	0	57,534,900
2019	Interfund Transfers (Out)	D	(20,621,200)	(3,069,300)	0	(1,848,800)	0	(31,995,600)	0	(57,534,900)
2019	Reduction for Amounts Not Available:									
LESS:	Amounts for Future Debt Retirement:									
2019	Total Financial Resources Available		135,917,700	42,955,300	7,800,700	91,501,700	0	97,887,200	22,688,000	398,750,600
2019	Budgeted Expenditures/Expenses	E	111,824,300	43,454,900	7,800,700	64,569,700	0	81,128,100	18,266,600	327,044,300

EXPENDITURE LIMITATION COMPARISON	2018	2019
1. Budgeted expenditure/expenses	$ 275,774,500	$ 327,044,300
2. Add/subtract: estimated net reconciling items	(2,599,700)	(2,732,600)
3. Budgeted expenditures/expenses adjusted for reconciling items	272,256,100	323,375,300
4. Less: estimated exclusions	48,510,600	53,900,700
5. Amount subject to the expenditure limitation	$ 223,745,500	$ 269,474,600
6. EEC expenditure limitation	$ 1,014,546,578	$ 1,048,246,472

☐ The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in the <u>current year</u> from Schedule E.
** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
*** Amounts on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

Language and Public Notice

Truth in Taxation Notice

- 60 days' notice on homepage of website for rate or tax increase
- Published twice
    - At least 14 not more than 20
    - At least 7 but on more than 10
- Not is classified ads
- Must be at least 1/4 page
- Solid black border 1/8 inch wide
- 18 point type and text same as ex.
- Posted in local paper once a week for two weeks
- Issue a press release

TRUTH IN TAXATION HEARING
NOTICE OF TAX INCREASE

IN COMPLIANCE WITH SECTION 42-17107, ARIZONA REVISED STATUTES, THE CITY/TOWN OF__________ IS NOTIFYING ITS PROPERTY TAXPAYERS OF _______'S (NAME OF CITY OR TOWN) INTENTION TO RAISE ITS PRIMARY PROPERTY TAXES OVER LAST YEAR'S LEVEL. __________ (NAME OF CITY OR TOWN) IS PROPOSING AN INCREASE IN PRIMARY PROPERTY TAXES OF $_______ OR _____%.

THE PROPOSED TAX INCREASE WILL CAUSE _________'S (NAME OF CITY OR TOWN) PRIMARY PROPERTY TAXES ON AN $100,000 HOME TO INCREASE FROM $_________ (TOTAL TAXES THAT WOULD BE OWED WITHOUT THE PROPOSED TAX INCREASE) TO $_______ (TOTAL PROPOSED TAXES INCLUDING THE TAX INCREASE).

THIS PROPOSED INCREASE IS EXCLUSIVE OF INCREASED PRIMARY PROPERTY TAXES RECEIVED FROM NEW CONSTRUCTION. THE INCREASE IS ALSO EXCLUSIVE OF ANY CHANGES THAT MAY OCCUR FROM PROPERTY TAX LEVIES FOR VOTER APPROVED BONDED INDEBTEDNESS OR BUDGET AND TAX OVERRIDES.

ALL INTERESTED CITIZENS ARE INVITED TO ATTEND THE PUBLIC HEARING ON THE TAX INCREASE THAT IS SCHEDULED TO BE HELD _________ (DATE AND TIME) AT _________ (LOCATION).

State Requirements After Adoption

- Budget Amendments
  - Budget is adopted on the Fund / Department Level
    - Changes between departments or funds requires council approval
  - FTE Count is adopted by council
    - Changes requires council approval

CITY OF SURPRISE
Full-Time Employees and Personnel Compensation
Fiscal Year 2019

FUND	Full-time Equivalent (FTE) 2019	Employee Salaries and Hourly Costs 2019	Retirement Costs 2019	Healthcare Costs 2019	Other Benefit Costs 2019	Total Estimated Personnel Compensation 2019
GENERAL FUND	712.2	$ 54,180,900	$ 11,790,400	$ 8,428,400	$ 4,079,700	= $ 78,479,400
SPECIAL REVENUE FUND						
Grants		$ 1,174,600	$ 124,300	$ 36,100	$ 99,400	$ 1,434,400
Municipal Court FARE		25,800				25,800
Municipal Court MFTG		41,000				41,000
Neighborhood Revitalization		124,600				124,600
SPD Towing	0.5	23,700	3,100	8,500	1,900	37,200
Spring Trng Ticket Surcharge		89,000				89,000
Wildland Fire		108,000	33,800		3,400	145,200
Highway User Revenue	36.1	2,260,100	292,000	477,400	246,700	3,276,200
Total Special Revenue Fund	36.6	$ 3,846,800	$ 453,200	$ 522,000	$ 351,400	= $ 5,173,400
CAPITAL PROJECTS FUND						
Transportation Improvement	1.0	$ 103,000	$ 13,300	$ 17,700	$ 8,900	$ 142,900
Public Works Dev Fee					44,400	44,400
Public Safety Election 2017					101,500	101,500
Traffic Election 2017					64,000	64,000
Pavmnt Preservtn Election					25,800	25,800
Total Capital Projects Fund	1.0	$ 103,000	$ 13,300	$ 17,700	$ 244,600	= $ 378,600
ENTERPRISE FUNDS						
Ground Ambulance Service	26.0	$ 1,448,500	$ 186,500	$ 275,900	$ 134,500	$ 2,045,400
Water Operations	34.5	2,155,200	277,400	349,700	188,700	2,971,000
Sewer Operations	44.7	3,006,700	387,200	481,900	263,900	4,139,700
Solid Waste Operations	37.0	2,068,900	266,800	461,100	215,500	3,012,300
Stormwater Operations	5.2	313,300	40,300	62,300	31,500	447,400
Total Enterprise Funds	147.5	$ 8,992,600	$ 1,158,200	$ 1,630,900	$ 834,100	= $ 12,615,800
INTERNAL SERVICE FUND						
Risk Management - Int Svc	2.0	$ 197,400	$ 25,500	$ 24,600	$ 15,500	$ 263,000
Employee Healthcare - Int	1.0	79,900	10,300	12,800	6,300	109,300

CITY OF SURPRISE
FY2019 Personnel Schedule

Fund/Department	Full-Time	Part-Time	Total
GENERAL FUND			
Mayor and Council	7.0	0.0	7.0
City Manager Office	21.0	0.8	21.8
Legal	17.0	0.0	17.0
City Clerk	5.0	0.0	5.0
Finance	29.0	0.0	29.0
Human Resources	16.0	0.4	16.4
Information Technology	24.0	0.0	24.0
Police	203.5	0.0	203.5
Fire - Medical	133.0	0.0	133.0
City Court	21.0	0.6	21.6
Economic Development	6.0	0.9	6.9
Community Development	42.0	0.4	42.4
Human Svcs and Comm Vitality	11.0	6.5	17.5
Community and Recreation Svcs	68.0	52.2	120.2
Public Works	47.0	0.0	47.0
General Fund Total	**650.5**	**61.7**	**712.2**
GROUND AMBULANCE SERVICE FUND			
Fire - Medical	26.0	0.0	26.0
Ground Ambulance Service Total	**26.0**	**0.0**	**26.0**

Balanced Budget

- Ongoing Sources and Uses
  - Structurally balance
- Additional uses dependent on revenue growth or reductions elsewhere

The Budget Development

City Council

- Strategic Plan
- Policy Decisions

City Manager

- Strategic Direction to staff
- Recommends Budget

City Departments

- Operating Budget
- Capital Plan
- Continuous Monitoring
- Performance Management

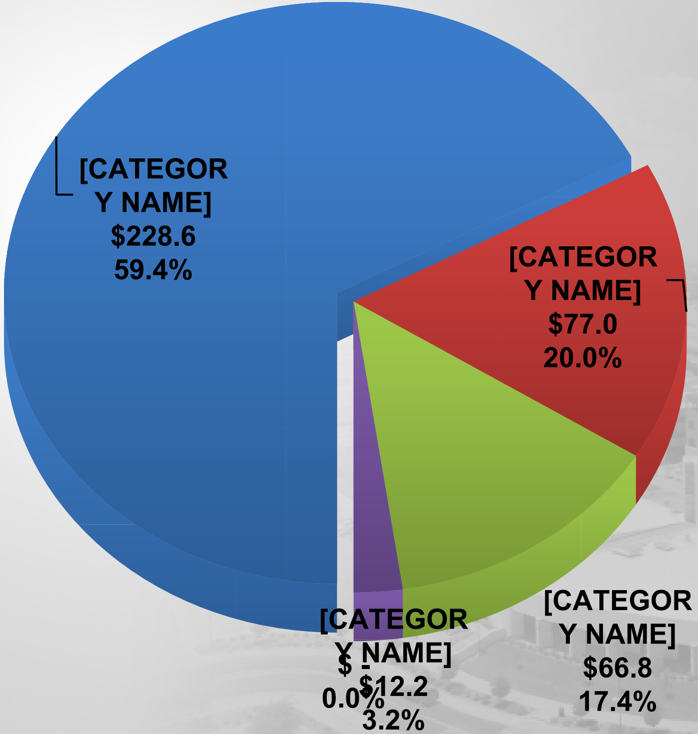
Annual Budget Process

Month	Activity
November	Budget Kick-off with staff
November - December	Departments submit operating budget requests
December	Finance reviews base budgets and new request with departments
January	Departments enter capital and asset replacement budget requests
January - February	City Manager's Office reviews operating and capital request
February - April	Council work sessions
February - April	Finance prepares Recommended Budget
April	Recommended budget issued
May	Tentative Budget Adoption
June	Final Budget Adoption Property Tax Levy

INCREMENTAL BUDGETING

FY2019 Base Budget + New Requests = FY2020 Budget

FY2019 EXPENDITURE AUTHORITY



Total $384.6M

Includes all fund types

- **General Fund**
- **Enterprise Funds**
- **Special Revenue Funds**

FUND ACCOUNTING

- Restricted Funds
  - Can only be used for specific purposes
  - Highway User Revenue—streets only
- Enterprise Funds
  - Run like a business
  - Solid Waste, Water, Sewer, Stormwater utilities
  - Will reimburse other funds for services provided
- General Fund
  - Can be used for any city business purpose

CAPITAL IMPROVEMENT PLAN (CIP)

- Projects over $100K
- Asset replacement
- Vehicle replacement
- 5 year CIP
  - Adopt year 1 of CIP

DEBT SERVICE

Outstanding Debt

- 2015 Revenue Obligations $24M
- 2018 Water and Sewer Obligations $33.8M
- 2018 GO Bonds $59.5M
- Interfund Loans $9M

Revenue: Ongoing and One Time

- Ongoing Sources and Uses
  - Consistent, relatively stable
  - Planned to occur into the future
  - Local Sales Tax, Personnel costs

- One Time Sources and Uses
  - Inconsistent, volatile
  - Event oriented
  - Contracting Sales Tax, Capital projects
  - Fund Balance, Contingency

Reserves

- Comprehensive Financial Management Policies
  - Minimum Fund Balance Policies
- Debt Requirements
- Fund Balance not intended to be spent
  - Ensure the City has adequate resources
  - Draw down requires plan to replenish
  - Use requires Council approval
- Total FY2019 Reserves of $39.7M

Reserves

General Capital Fund	$1.0M
Transportation Improvement	$0.5M
Spring Training Ticket Surcharge	$0.6M
Tourism Fund	$5,000
Risk Management Fund	$0.3M
Healthcare Self-Insurance Trust	
25% of expected claims	$2.8M
Workers' Compensation	$1.5M
Streetlight Improvement Districts	5% of expenses

Upcoming Calendar

Work Sessions	through April 3
City Manager's Recommended Budget	April 16
Tentative Budget adoption	May 7
Final Budget adoption	June 4
Property Tax Levy adoption	June 18

SURPRISE
ARIZONA

QUESTIONS OR COMMENTS?

Thank You

CITY OF SURPRISE
Special City Council Meeting

Council Meeting Date: January 10, 2019
Submitting Department: Legal
Staff Recommendations: None

Contact Person:
District: Citywide

Consent: No   Regular: Yes   Public Hearing: No   Report/Discussion: No

Agenda Wording:
Presentation and discussion pertaining to the Council-Manager form of local government.

Motion:
N/A; presentation only.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:
1. Council-Manager Presentation

SURPRISE
ARIZONA

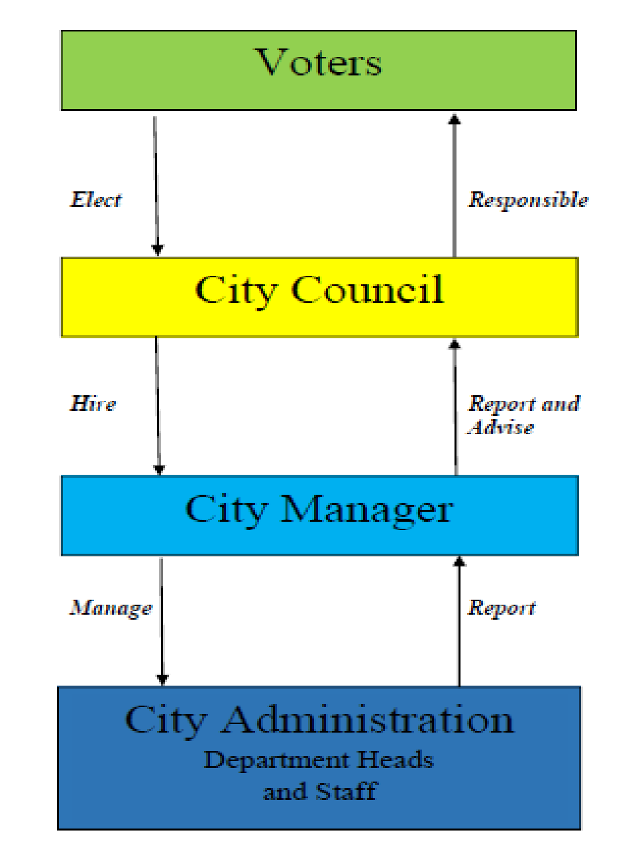
Council-Manager form of local government

City Attorney’s Office 2019

Sec 2-1 Form of Gov.

The City of Surprise will operate under a council-manager form of government, combining strong political leadership with strong managerial experience of a city manager. The roles and responsibilities of the city council and city manager <u>must</u> comply with the council-manager form…

A SYSTEM IN WHICH POLITICAL LEADERSHIP & PROFESSIONAL LEADERSHIP ARE BLENDED AND PUBLIC POLICY DECISIONS ARE MADE BY ELECTED OFFICIALS ON THE BASIS OF PROFESSIONAL RECOMMENDATIONS & ADVICE USING THE OBJECTIVE STANDARDS OF COST, EFFICIENCY, MEASURABLE OUTCOMES AND OPTIMUM SERVICE TO CITIZENS.



APPOINTED MANAGER IS HELD ACCOUNTABLE FOR EXECUTIVE FUNCTIONS BY CITY COUNCIL. IN ITS PUREST FORM, MANAGER REPORTS TO FULL COUNCIL RATHER THAN PRIMARILY TO THE MAYOR.

Sec. 2-100 et seq.

- Council will not:

  -direct or give orders to any city employees under the supervision of an appointed official

  -involve itself in personnel matters

Sec. 2-122 CM powers/duties

- Serve as operational and administrative head of city.
- Head of personnel
- Manage daily operations of Council
- Carry out goals and directives of Council
- Make budget recommendations

Powers/duties Cont…

- Advise Council on matters of financial condition of the city & make recommendations
- See all laws and ordinances are duly enforced

City Council

- Does:
  - Fills the gap between citizens and local government
  - Creates and make policy decisions [direction]
  - Long/short term goals & priorities
  - Adopts Budget

Cont…

– Tax rates & general plans
– Legislative functions
– Relies on City Manager to receive information and recommendations.

Does not:

– Interfere in daily operations
– Hire or fire employees

Cont…

– Micro-manage

– Involve in daily operations & general structure

* Let the City Manager <u>manage</u>

City Manager

- Does:
  - make policy/budget recommendations
  - Implement City Council policy direction/decisions
  - Directs city operations within budget
  - Personnel decisions
  - Provide advice based on objective standards

Cont…

Does not:

- Set policy other than internal practices
- Engage in politics or bend to political influence

SURPRISE
ARIZONA

QUESTIONS OR COMMENTS?

Thank You