CITY OF SURPRISE
Regular City Council Meeting Agenda
16000 N. Civic Center Plaza
Surprise, AZ 85374

Tuesday, February 3, 2015 @ 6:00 PM

Back Print

A. Call To Order

B. Roll Call

C. Pledge of Allegiance

D. PROCLAMATION AND COMMUNITY ACKNOWLEDGEMENTS

E. City Manager Report:

F. City Attorney Report:

G. Regular City Council Meeting Agenda:

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.

Consent Agenda:

*#1	District Citywide	Consideration and action on the minutes of January 20, 2015 Regular City Council Work Session and Regular City Council Meeting.	Approve Sherry Ann Aguilar, City Clerk
*#2	District 1	Consideration and action on a Series 12 New License/Corporation request by Leo's Pizza (ILIR INC) - located at 16630 W Greenway Rd, #326.	Approve Sherry Ann Aguilar, City Clerk

Regular Agenda Item - Non-Public Hearing:

#3	District Citywide	Presentation and Discussion regarding the Capital Improvement Program Committee scoring results, budget implications, and possible funding strategies and alternatives.	No Action Lindsey Duncan, Finance Director
#4	District Citywide	Presentation and discussion regarding the FY2014 Budget Status Report through November 2014.	No Action Lindsey Duncan, Finance Director

#5	District Citywide	Presentation of Chicanos Por La Causa regarding office, industrial and urban core development and adaptive re-use concepts in the Original Town Site.	No Action
#6	District Citywide	Presentation and discussion regarding status of procurement initiatives including the local vendor preference program and asset dispositions program.	No Action Lindsey Duncan, Finance Director
#7	District Citywide	Discussion and Presentation of Draft Water Acquisition Policy.	No Action Terry Lowe, Director Water Resource Management Department
#8	District 1	Consideration and approval of a Development Agreement between the City of Surprise and 371 on 163rd, L.L.C. regarding the development of property generally located on the northwest corner of Pinnacle Peak Road and 155th Avenue; Resolution 2015-10.	Approve Misty Leslie, City Attorney
#9	District 1	Consideration and approval of a Development Agreement between the City of Surprise and Verdugo Land, L.L.C. regarding the development of property generally located on the northwest corner of Pinnacle Peak Road and 163rd Avenue; Resolution 2015-11.	Approve Misty Leslie, City Attorney
#10	District Internal	Discussion and possible action regarding APS line siting between Loop 303 and 195th Avenue.	None Misty Leslie, City Attorney

Regular Agenda Item - Public Hearing:

#11	District Citywide	Consideration and action on a zoning text amendment regarding the height of structures within the Industrial General (IG/I-2) zoning district; Ordinance 2015-02	Approve Hobart Wingard - Community Development

H. 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 on any item not 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.

I. Other Business and Future Agenda Items:

J. Mayor/Council Reports:

K. Executive Session:

#12	District Internal	Discussion/consultation with the City Attorney to receive legal advice; and to consider its position on pending/contemplated litigation regarding development on property bounded by Bell, Litchfield, Greenway, and Bullard Roads. (A.R.S. §38-431.03(A)(3) & (4))	None Misty Leslie, City Attorney
#13	District Internal	Discussion/consultation with the City Attorney to receive legal advice; and to consider its position on pending/contemplated litigation regarding APS line siting between Loop 303 and 195th Avenue. (A.R.S. §38-431.03(A)(3) & (4)).	None Misty Leslie, City Attorney

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.

L. Adjournment:

SHERRY ANN AGUILAR, CITY CLERK, MMC

POSTED: January 30, 2015 at 1:00 PM

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
Regular City Council Meeting

February 3, 2015 @ 6:00:00 PM

Back Print

Council Meeting Date:	February 3, 2015	Contact Person:	Sherry Ann Aguilar, City Clerk
Submitting Department:		District:	Citywide
Staff Recommendations:	Approve		

Consent x	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and action on the minutes of January 20, 2015 Regular City Council Work Session and Regular City Council Meeting.

Motion:

I move to approve the meeting minutes.

Background:

Financial Impact Statement:

ATTACHMENTS:

Click to download

- Minutes
- Minutes

External Attachment Links:

Meeting Requirements:

Powerpoint x	Video	White Board	Other x

Presentation Speaker Names (spelling and titles for TV captions):

Regular Council Work Session – Tuesday, January 20, 2015

Call to Order: Mayor Wolcott called the Regular Work Session to order at 4:01 p.m. in the Community Room located at the Surprise City Hall – 16000 N. Civic Center Plaza, Surprise, Arizona 85374.

Roll Call: Also in attendance with Mayor Wolcott were Vice-Mayor, John Williams; Councilmembers Roland Winters, Jim Biundo, Skip Hall, Rachel Villanueva and Todd Tande.

Regular Agenda Items:

1. **<u>Presentation and discussion to discuss the Grand Avenue/Bell Road Interchange project status and future opportunities. Staff is seeking input from the full City Council – NO ACTION</u>**

City Engineer, Karl Zook gave an overview of the Bell/Grand Interchange project. Topics included:

Council Member Tande - asked about pedestrian and bike lane plans?

Mayor Wolcott – How do the sidewalks we are adding in connect with this project? What are the widths of these sidewalks?

Martin Lucero - Removing current sidewalks, but the new ones will be in maintenance easements along Grand Avenue then along bridge.

Council Member Hall – Question regarding rail crossing? Will start January 1, 2016.

Long Range Planning Manager, Lloyd Abrams reviewed the concept design – Architectural Aesthetic Patterns. The Mayor and City have spoken with an artist for a special mural project that is different than the standard for ADOT.

City Manager Wingenroth - commented that there are a total of 8 surfaces that will contain artwork with an estimated cost of $500,000. There may be a grant opportunity available and ADOT is looking into this.

Council Member Winters - I like the concept but worried about the cost.

Janeen Gaskins – commented on a Bloomberg grant, also looking at a variety of piece meal grant opportunities to cover the cost of the upgrade project.

Carl Zook – The bid process should come out in April 2015.

Council Member Biundo – Will we be able to get some artistic concepts from the artist? This seems like a really tight timeframe.

Council Member Hall – Would be nice to have a design concept so we can see what we are looking at.

Mayor Wolcott – Will depend on the design build team, may be able to do in sections. ADOT is very excited to see how this may change the concept for highway designs.

Mr. Zook - Design Concept needs to be in RFP process so the vendors clearly understand what we are looking for.

Council Member Villanueva – Concerned that the mural might be distracting for drivers, what areas will be most visible?

Mayor Wolcott – Council consensus was to bring back a model to show Council.

2. **Presentation and discussion regarding the progress made and future plans in establishing a Boys & Girls Club to serve the children of our community – NO ACTION**

Mr. Wingenroth opened the discussion on the possibility of a Boys and Girls Club.

Paul Bernardo, Youth Coordinator gave an overview of purpose and programs for the Boys & Girls Club. Paul comes to Surprise with experience working with the Boys and Girls Club. He commented that there are 5 key factors that B&G Club concentrates on for their motto.

Mr. Wingenroth introduced CRS Director, Mark Coronado to give a history on discussions for the B&G Club. Topics included location, funding, etc., The City already runs a basketball program through the B&G Club. At some point, we could expand the programs to City owned community centers and Sierra Montana and Countryside.

Mr. Wingenroth spoke about the youth demographics in Surprise that surround these proposed sites and the possibility of working with Chicanos por la Causa to build a center that would include low cost of financing and have both buildings paid for by leasing the commercial building. The Council could consider the 2 million into operating costs and not building a facility.

Vice Mayor Williams – What do you mean by light industrial?

Mr. Wingenroth - the concept is still up for discussion.

Council Member Tande – Would we own the building? Would we be able to require performance bond, etc.?

Mayor Wolcott – Would we be selling the land to Chicanos por la Causa?

City Attorney Leslie said that we are only in beginning discussions and this is listed on E-Session for further discussion.

Vice Mayor Williams – The City is growing and I like the possibility of expanding to different areas of Surprise.

Mayor Wolcott – What is appealing to me is to have programs replicated throughout the City.

Council Member Villanueva – Reminder to everyone that El Mirage is not growing any larger, the El mirage residents are spending their money here in Surprise.

Council Member Tande – I want to make sure the buildings are being utilized on a daily basis.

Mike Boyle – Surprise resident, a Club Kid back in the 60's in Washington. Served on the Boy's Club boards over the years. Gave an overview of experience serving on the boards and involvement with fundraising, etc. Read list of committee members. 12-18 month process to be accepted by the B&G Club, once accepted, then fundraising can begin.

Mayor Wolcott – Impressive list of national companies that support to B&G Club. How is the funding distributed?

Mr. Wingenroth - Points of consensus – Move forward with concept; shall we continue with concept of Villanueva site in OTS; 2 million to fund endowment and jump start fundraising program. Ms. Leslie advised discussing in E-Session. Consensus to move forward.

Mayor Wolcott – Would like to see presentation on proposed types of buildings.

CALL TO THE PUBLIC:

Bob Vukanovich - Confused about discussing items on the work session that I don't think is legal. I am confused about contracts to be discussed about development of the OTS that are listed under E-Session.

Council Member Villanueva made the motion to recess into executive session at 5:33 PM. Vice Mayor Williams seconded the motion. Seven yes votes. Motion carried.

EXECUTIVE SESSION:

3. **Discussion and consultation with the City Attorney for legal advice and to consider its position and instruct its attorneys regarding contract negotiations related to the development of the Original Town Site A.R.S. 38-431.03(A)(3)and(4)**

4. **Discussion and consultation with the City Attorney for legal advice, to consider its position, and instruct its attorneys regarding contracts subject to negotiation between the City and developers related to the Verdugo and Altamira developments generally located at 163rd and Pinnacle Peak Road. A.R.S. 38-431.03(3) & (4).**

5. **Discussion and consultation with the City Attorney for legal advice and to consider its position and instruct its attorneys regarding contract negotiations related to the development in the Southwest Railplex A.R.S. 38-431.03(A)(3)&(4).**

6. **Discussion and consultation with City Attorney for legal advice, to consider its position and instruct its attorneys regarding contracts subject to negotiation between the City and developers along Cactus Road, west of the Loop 303. A.R.S. 38-431.03(3) & (4).**

Adjournment :

Council Member Tande made the motion to adjourn the Regular Work Session at 6:09 p.m. Vice Mayor Williams seconded the motion. Seven yes votes. Motion carried.

____
Sharon R. Wolcott, Mayor

ATTEST:

____
Sherry Ann Aguilar, City Clerk

CERTIFICATION:

I, Sherry Ann Aguilar, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Work Session of **Tuesday, January 20, 2015.**

____
Sherry Ann Aguilar, City Clerk

CITY OF SURPRISE

Regular City Council Meeting Agenda
16000 North Civic Center Plaza
Surprise, AZ 85374

Tuesday, January 20, 2015 @ 06:12 PM

Call to Order

Roll Call

Mayor Wolcott called the **Regular City Council Meeting** to order at 06:12 PM at Surprise City Hall Council Chamber, 16000 North Civic Center Plaza Surprise, Arizona 85374, on **Tuesday, January 20, 2015.** Also in attendance with Mayor Wolcott were Vice Mayor Williams, Council Member Winters, Council Member Biundo, Council Member Villanueva, Council Member Hall, and Council Member Tande.

Staff Present: City Manager, Bob Wingenroth, City Attorney, Misty Leslie, and City Clerk, Sherry Ann Aguilar.

Pledge of Allegiance

Invocation

City Manager Report

City Manager Wingenroth spoke of MD 24; Techcelerator programs; Medical services in senior retirement communities. Over 100 employees, 10,000 sq. ft. office space here in Surprise.

City Attorney Report

Consent Agenda

1. **Consideration and action on the meeting minutes of January 6, 2015 Regular City Council Meeting - APPROVED**

2. **<u>Consideration and action on a final plat entitles " A Resubdivision of Portion of Martin Acres," generally located on the northwest corner of Norwich Drive and the Grand Avenue Frontage Road; Resolution 2015-08 - APPROVED</u>**

Council Member Winters made the motion to approve a final plat entitles " A Resubdivision of Portion of Martin Acres," generally located on the northwest corner of Norwich Drive and the Grand Avenue Frontage Road; Resolution 2015-08. Council Member Villanueva seconded the motion. Seven yes votes. Motion carried.

3. **<u>Consideration and action accepting maintenance of the streets and public utility improvements at Greer Ranch North Phase II; Resolution 2015-04 - APPROVED</u>**

4. **<u>Consideration and action on a request for a Series 14 (New License/CLUB) for Surprise AZ Aerie #4534 FOE located at 12425 West Bell Road, Suite 100, Surprise, Arizona - APPROVED</u>**

Vice Mayor Williams made the motion to approve the consent agenda, excluding item 2. Council Member Tande seconded the motion. Seven yes votes. Motion carried.

Regular Agenda Item - Non-Public Hearing

8. **<u>Presentation and discussion on the Central Arizona Water District (CAWCD) 4-Cent Property Tax, it’s possible extension and the implications if the tax is not extended - NO ACTION</u>**

Water Services Director, Terry Lowe gave an overview of this item.

Council Member Hall confirmed that this equates to $8.00 per year.

Council Member Tande spoke of tax history.

5. **<u>Presentation and consideration of the City’s proposed state legislative agenda for the First Regular Session of the 52nd Legislature - APPROVED</u>**

Intergovernmental Relations Director, Michael Celaya gave an overview regarding FY2015 State Legislative Agenda.

Council Member Villanueva inquired about the education cuts.

Council Member Tande inquired about bills regarding tax incentives.

Mr. Celaya commented on ED tools; discussions with the League and working with the City of Peoria on the Fire District issue.

Vice Mayor Williams made the motion to approve the City's proposed state legislative agenda for the First Regular Session of the 52nd Legislature. Council Member Winters seconded the motion. Seven yes votes. Motion carried.

6. Presentation and discussion regarding the FY2014 Budget Status Report thru November 2014 - CONTINUED TO FEB. 3, 2015 MEETING

Council Member Hall made the motion to continue item 6 to the next Council Meeting. Council Member Tande seconded the motion. Seven yes votes. Motion carried.

7. Consideration and action regarding changes to the Surprise Municipal Code, Chapter 18, Article I establishing City Manager authority regarding the provision of emergency services within the City and in the surrounding communities; and authorizing council to adopt by resolution appropriate fees for the provision of emergency services - APPROVED

Fire Chief Abbott explained that this item is a proposed change to the 1988 ordinance that established the Fire Department.

Council Member Tande made the motion to approve Ordinance 2015-01. Vice Mayor Williams seconded the motion. Seven yes votes. Motion carried.

Other Business

Mayor/Council Reports:

Mayor and Council attended and/or reported on the following:

Council Member Villanueva: Tot Time

Council Member Hall: Surprise Youth Council event

Council Member Tande: MAG Meeting; Tours; Chamber Breakfast

Mayor Wolcott: Mayor's State of City Address; chart on Council's activities

Executive Session

Adjournment

Council Member Hall made the motion to adjourn the Regular City Council Meeting of January 20, 2015 at 6:51 PM. Council Member Villanueva seconded the motion. Seven yes votes. Motion carried.

____
Sharon R. Wolcott, Mayor

ATTEST:

____
Sherry Ann Aguilar, City Clerk

CERTIFICATION:

I, Sherry Ann Aguilar, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Meeting of **Tuesday, January 20, 2015.**

____
Sherry Ann Aguilar, City Clerk

Council Meeting Date:	February 3, 2015	Contact Person:	Sherry Ann Aguilar, City Clerk
Submitting Department:		District:	1
Staff Recommendations:	Approve		

Consent x Regular Public Hearing Report/Discussion

Agenda Wording:

Consideration and action on a Series 12 New License/Corporation request by Leo's Pizza (ILIR INC) - located at 16630 W Greenway Rd, #326.

Motion:

I move to approve the liquor license as requested by Leo's Pizza.

Background:

This request is of a routine nature and the request meets the guidelines required by the Arizona State Board of Liquor License and Control. All Departmental reports are attached.

Financial Impact Statement:

ATTACHMENTS:

Click to download

- DEPARTMENTAL REPORTS
- Report

External Attachment Links:

Meeting Requirements:

Powerpoint x Video White Board Other x

Presentation Speaker Names (spelling and titles for TV captions):

SURPRISE
ARIZONA

Date: January 27, 2015

To: Sherry Aguilar, City Clerk

From: Eric Fitzer, Community Development Director
By: Sergio Angulo, Planner
James Stewart, Zoning Specialist

Re: Liquor License Application for-

Leo's Pizza (ILIR, INC)
Series #12 (1207a135) – New License / Corporation
16630 W. Greenway Rd. Ste 326
Surprise, Arizona 85388

The number and series of licenses in close proximity to the subject site are:

1. Big Buddha (Series 12) – 16572 W Greenway Rd #115
2. CVS Pharmacy (Series 9) – 15300 N Cotton Ln
3. Sam's Club #4955 (Series 9) – 16573 W Bell Rd
4. Fry's Marketplace #680 (Series 9) – 15215 N Cotton Ln
5. 1 Brothers Pizza (Series 12) – 16995 W Greenway Rd
6. Federico's Mexican Food (Series 12) – 16995 W Greenway Rd #100
7. Walgreens #5429 (Series 9) – 14111 N Prasada Gateway Ave

The immediate area is composed of commercial establishments. The property is zoned PAD Northwest Ranch which is consistent with the proposed use.

Residential population will most likely increase with the build out of Surprise Farms. Commercial growth will likely increase with the development of Prasada.

If managed properly, the effects of granting this liquor license on surrounding residences will be minimal. The business is located on a major arterial street and attracts many customers who are passing through the area. Staff believes that granting this liquor license will not directly impact the surrounding business and residential areas in a negative way.

LEO'S PIZZA
ZONING MAP

SURPRISE POLICE DEPARTMENT
LIQUOR LICENSE APPLICATION REVIEW

REFERENCE: DATE: January 22, 2015

LICENSE NUMBER – 1207A135
Series #12 – New License / Corporation

APPLICANT:
Leo's Pizza
16630 W. Greenway Road, Ste. #326
Surprise, Arizona 85388

FINDINGS:

1) ***Evidence concerning the nature of the proposed business, its potential market and its likely customers.***
Leo's Pizza is looking to open as a new fast service restaurant specializing in pizza and sandwiches. Their market should be a family atmosphere, open to all. There plans to be seating for 30 persons overall, with no designated bar area. No live entertainment is planned; however there will be three televisions inside the restaurant. Leo's also plans on having food delivery service as well.

2) ***Effect of vehicular traffic in close proximity.***
Leo's Pizza is in the west end of a shopping plaza, which has easy access off of Greenway Road, just east of Loop 303. There are three total ingress/egress points for the plaza at Greenway and one that leads east into the adjacent neighborhood. There should be no negative effect on vehicular traffic in the immediate proximity with the opening of Leo's Pizza.

3) ***The history for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant has received a detailed report of such activity at lest 20 days before the hearing.***
There has been no report of any liquor violations in any of the other businesses in the plaza, which includes a second address of 16572 W. Greenway. Although there are two addresses, the pads are both in the same small plaza, including the Big Buddha Chinese Restaurant, which also has a Series 12 license. In the last five years, there have been a few noted criminal incidents, which were car burglaries from the parking lot and damage to windows of two of the businesses with a BB gun. Also Big Buddha has had an incident where someone left without paying their bill and their outdoor patio heaters were once stolen.

4) ***Comparison of hours of operation of the proposed premises to the existing businesses in close proximity.***
There are a variety of other businesses at the plaza, including a nail salon, a large fitness center, a small charter school, the previously mentioned Big Buddha Chinese Restaurant, a sandwich shop, and a hair salon. Big Buddha usually closes by 9 PM and no other shop stays open past this hour, with the exception of Fitness One. They open 24 hours a day during the work week until 10 PM on Fridays, then open from 6 AM until 8 PM on the weekends. Leo's is looking to be open from 10 or 11 AM to 10 PM, with the possibilities of staying open until 11 PM on Friday and Saturday nights. It should also be noted that on the application, the nearest school is listed as over 8,000 feet away, but there is a charter school during the day on the opposite end of the plaza, which is estimated at just less than 600 feet away.

5) ***Appropriateness of series license requested.***
A series 12 license is appropriate and applicable for Leo's Pizza, per state guidelines for restaurants.

Submitted by Officer Chris Tovar #2059

SURPRISE
ARIZONA

MEMO

Date: 01/27/2015

To: Sherry Aguilar, City Clerk
Linda Stevens, Deputy City Clerk
From: Stacie McQuarrie, Fiscal Support Specialist

RE: Liquor License Application – ILIR Inc dba Leo's Pizza

Business License Status:

Application packet mailed on 1/27/15.

Mailing to:

ILIR, Inc.
dba Leo's Pizza
Attn: Mr. Ilir Spahija
12567 W. Mauna Loa Ln.
El Mirage, AZ 85335

Linda Stevens

From: Sherry Aguilar
Sent: Friday, January 30, 2015 10:14 AM
To: Linda Stevens
Subject: Fwd: Update on 16630 W. Greenway Rd., Suite 326
Attachments: image002.gif

This is on Leos pizza. Please add to item

Sent from my Verizon Wireless 4G LTE smartphone

-------- Original message --------
From: Chris Boyd <Chris.Boyd@surpriseaz.gov>
Date:01/30/2015 8:48 AM (GMT-07:00)
To: Doug Helbig <Doug.Helbig@surpriseaz.gov>, Sherry Aguilar <Sherry.Aguilar@surpriseaz.gov>
Cc: Tom Abbott <Tom.Abbott@surpriseaz.gov>, Brenden Espie <Brenden.Espie@surpriseaz.gov>, Jeffrey Rallo <Jeffrey.Rallo@surpriseaz.gov>
Subject: RE: Update on 16630 W. Greenway Rd., Suite 326

Chris,

Building Safety and Code Enforcement conducted on inspection at 16630 W Greenway RD 326 with regard to work being done without a building permit. Below is a summary of our activity:

- The business owner was onsite. He did complete plumbing work and installed framing for the walls. However nothing has been covered and it will be inspected once the permit is issued.

- The business owner has made two attempts to submit plans to the City. The application has not been accepted because the property owner has not completed the fire sprinkler plans, which are necessary for the submittal.

- The completed plans, with the exception of the fire sprinklers, were onsite.

- We have instructed the business owner to cease any further activity and not cover any of the work that has been done.

- We advised if he does attempt to cover any work or move forward with any additional work, we will initiate further enforcement action. The business owner was advised and stated he understood.

Building Safety will continue to monitor this project and refer to Code Enforcement if there are additional issues.

Thank You,

Chris Boyd
Assistant Director
Community Development
City of Surprise
(623) 222-3230

From: Doug Helbig
Sent: Thursday, January 22, 2015 4:52 PM
To: Sherry Aguilar
Cc: Tom Abbott; Brenden Espie; Chris Boyd; Jeffrey Rallo
Subject: Update on 16630 W. Greenway Rd., Suite 326

Sherry,

I thought you may want to know. I attempted to locate the construction permit for the above-mentioned address in Building Safety's data base. The result was negative so I contact BS for assistance. In discussing the matter with Jeff Rallo in more detail we became aware that construction is apparently being conducted without a permit. BS is preparing to initiate investigative action immediately.

Thank you,

Doug

R. Douglas Helbig, FM
14250 W. Statler Plaza, Suite 101
Surprise, AZ 85374
623-222-5000
-All About Safety-

CITY OF SURPRISE
Regular City Council Meeting

February 3, 2015 @ 6:00:00 PM

Back Print

Council Meeting Date:	February 3, 2015	Contact Person:	Lindsey Duncan, Finance Director
Submitting Department:	Finance Dept	District:	Citywide
Staff Recommendations:	No Action		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Presentation and Discussion regarding the Capital Improvement Program Committee scoring results, budget implications, and possible funding strategies and alternatives.

Motion:

None.

Background:

The Capital Improvement Program Committee scoring process was presented to the Mayor and City Council and P&Z Commission members at the November 8, 2014 Summit. With council support, staff has reviewed and scored all projects submitted for funding consideration based upon the criteria presented.

Financial Impact Statement:

None at this time; however, topics covered in this work session could lead to future actions which may have a fiscal impact on city operations and the capital budget.

ATTACHMENTS:

Click to download

- CIP Committee Presentation
- Current Projects List
- Unfunded Projects List
- Asset Replacement List

External Attachment Links:

Meeting Requirements:

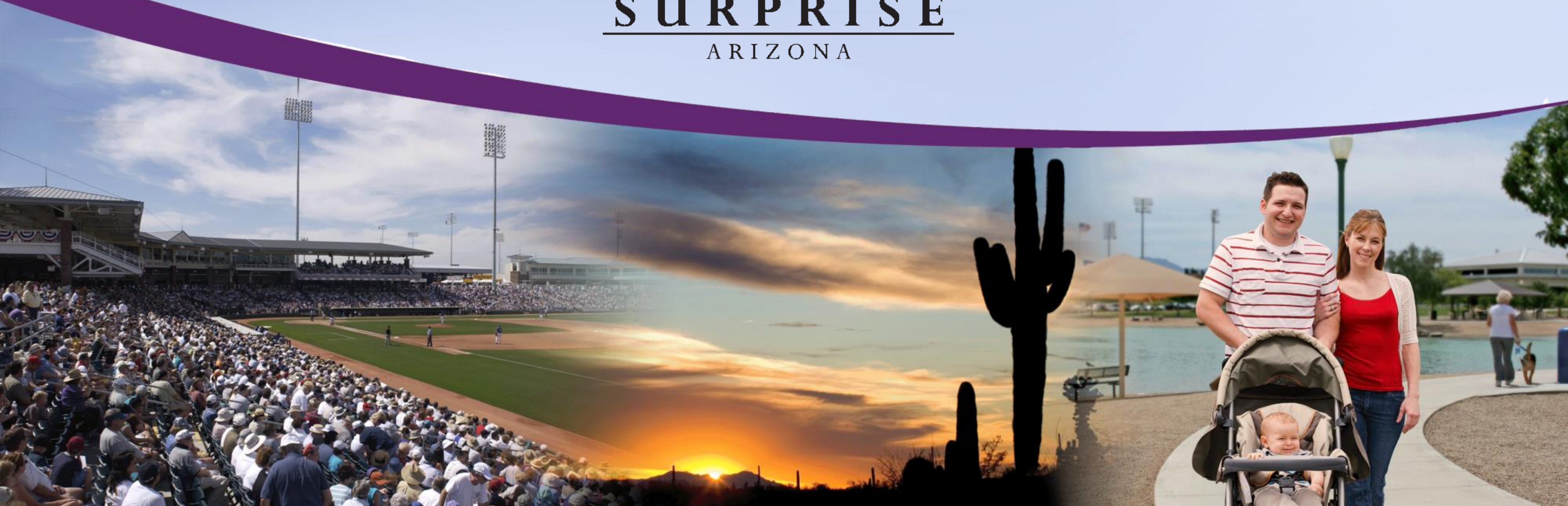
Powerpoint	x	Video		White Board	Other	x

Presentation Speaker Names (spelling and titles for TV captions):

Capital Improvement Planning Committee Update

City Council Meeting
February 3, 2015

SURPRISE
ARIZONA



CIP Committee

- Members selected from across City departments
- Review and score projects based on criteria
- Review resulting project ranking list

CIP Committee Evaluation Criteria

- Public Health, Safety, and Other Mandates
- Supports Community Goals and Policies
- Promotes Economic Development
- Capital Fiscal Impact
- Operation and Maintenance Fiscal Impact
- Impact on Service Levels
- Relationship to Other Projects/Coordination

CIP Projects - Current

- Current - $45.1M
    - Projects in the current CIP that have funding identified
  - Restricted - $25.2M
    - Restricted funding source
      - Surprise Farms Community Park
      - North Public Works Yard
  - All Other - $19.9M
    - Budgeted, encumbered, or expensed
      - 107th & Union Hills Drainage
      - Enterprise Resource Planning System

CIP Projects - Unfunded

- **Unfunded – $355.6M**
  - **Projects without identified funding**
  - **Associated annual operating costs - $19.7M**

Asset Replacement/Studies

- **Asset Replacement/Studies - $24.4M**
  - **Projects that maintain current facilities and programs or aid in planning of future service delivery**
  - **Asset Replacement - $22.8M**
  - **Studies/Plans - $1.6M**

Election Timeline

- Form Citizens Bond Committee — March 3rd
- Committee drafts recommendations — March-May
- Council reviews recommendation — June 2nd
- Council calls for election — June 16th
- Public education — July-Oct.
- Ballots and Pamphlets finalized — September
- Election occurs — Nov. 10th

Citizen's Bond Committee

- Purpose and Responsibilities
- Committee Makeup
- Selection Process
- Timing

CIP Committee Update

Questions or Comments?

Capital Improvement Projects **(Current)**
As of 1/28/2015

Line	Type	Projects	Total	Operating Impact
1	**Restricted**	Bell Rd Adaptive Signal Control Technology Deployment	47,600	-
2		Traffic Signal Dysart/Peoria	43,200	-
3		Park N Ride Enhancements	108,200	800
4		New Public Works Yard (North)	5,250,000	65,000
5		Courtroom Audio/Video Equipment	200,000	-
6		Surprise Farms Community Park	1,686,300	103,600
7		Clubhouse Renovation at Surprise Stadium	16,898,200	-
8		Veramonte Park Improvements	948,800	82,300
9	**Restricted Total**		**25,182,300**	**251,700**
10	**All Other**	Bell RD Sidewalks E of Grand	295,600	-
11		Jomax 147th to 133rd Pave Dirt Road	780,000	-
12		Bell Rd Adaptive Signal Control Technology Deployment	27,400	-
13		Dove Valley Parkway (203rd Avenue to 187th Avenue)	291,600	-
14		Cactus Road - South Side (Railroad Tracks to Litchfield)	185,000	-
15		Martin Acres Flood Control	828,100	-
16		Traffic Signal Dysart/Peoria	24,700	-
17		CRS Master Plan Update	50,000	-
18		Booster Station Bell RD Lake	238,900	-
19		Sidewalk Gaps	200,000	-
20		107th & Union Hills Drainage	2,928,400	-
21		RWC Radio Replacement	980,000	-
22		Enterprise Resource Planning System	4,440,000	-
23		Enhancement SR303 Mountain View to Grand Ave	375,000	-
24		Peoria (Sarival to Reems)	978,400	-
25		Medians Waddell Rd West of Litchfield	175,000	-
26		El Mirage RD -Northern to Bell	500,000	-
27		Electric Service Upgrade at Techcelerator	336,000	-
28		Cactus Rd 175th to Cotton Ln.	295,000	-
29		Mtn. View Blvd. (West of Grand Ave.)	595,200	-
30		Fire Station #304 Temporary Relocation	16,900	-
31		Skate Park located at Surprise Farms Community Park	500,000	14,100
32		City Entry Monuments	300,000	-
33		Boys and Girls Club	2,000,000	500,000
34		Median & ROW Landscaping	1,350,000	124,400
35		IT Disaster Recovery	44,700	-
36		Rioglass Infrastruct Improve	550,000	-
37		Gestamp Solar Steel	550,000	-
38		Medians at Bell E. El Mirage	75,000	-
39	**All Other Total**		**19,910,900**	**638,500**
	Grand Total		**45,093,200**	**890,200**

Capital Improvement Projects **(Unfunded)**
As of 1/28/2015

Line	Projects	Total	Operating Impact
1	Fiber Optics - Reems Road (Waddell Road to Peoria Avenue)	300,000	-
2	Greenway Rd Imp Litchfd-Bulrd	2,400,000	-
3	Civic Center Parkway (Bell Road to Paradise Lane)	3,900,000	-
4	Tierra Buena from Civic Center to Bullard	1,000,000	-
5	Civic Center Parkway (Tierra Buena to Greenway)	600,000	-
6	Install 5 DMS for event management and travel times in and around the City downtowı	100,000	-
7	CCTV cameras on Greenway Rd from SR 303L to Cotton Lane	100,000	-
8	Sidewalk on Reems (Cactus to Peoria) west side	200,000	-
9	Traffic Signals	4,600,000	9,600
10	Waddell Rd (Sarival to Reems)-Prasada	2,800,000	-
11	Bell Rd Landscaping/Lighting	6,200,000	-
12	Future Fire Station 8	6,300,000	1,474,100
13	Adaptive Response Unit - Fire	800,000	769,600
14	163rd Ave (Jomax to Dixileta Dr)	13,600,000	-
15	Westgate Public Works Yard Enhancements	1,000,000	-
16	On-Site Fuel Management Project	100,000	-
17	Reems Road (Channel, Median, and Sidewalks)	2,300,000	-
18	Waddell Road (Loop 303 to Sarival Avenue)	1,700,000	-
19	City Library #3	10,000,000	1,410,000
20	Aquatic Center	9,900,000	612,700
21	Regional Multi-Generational Recreation Center	17,400,000	805,000
22	Property and Evidence Facility	2,900,000	513,800
23	Police Substation #1	5,500,000	5,590,000
24	District Station 9	8,900,000	3,156,000
25	Greenway Rd. OTS Drainage Improvments	300,000	-
26	Litchfield Road (Sweetwater Road to Cactus Road)	2,200,000	-
27	163rd Avenue (Grand Avenue to Jomax Road)	11,300,000	-
28	Permanent FS#304 District Station	7,500,000	167,200
29	Greenway Road (Cotton Lane to Sarival Avenue) Prasada	5,100,000	-
30	Greasewood Street & Lizard Acres Wash OTS Drainage Improvements	300,000	-
31	Santa Fe Drive OTS Drainage Improvements	400,000	-
32	Police Patrol Vehicles	2,300,000	8,000
33	Ambulance Development Project	600,000	1,084,200
34	Litchfield Road - West Side (Cactus Road to Desert Cove Road)	1,300,000	-
35	Cactus Road (Cotton Lane to Sarival Avenue)	3,500,000	-
36	Peoria Avenue (Cotton Lane to Sarival Avenue)	3,700,000	-
37	Cotton Lane (Greenway Road to Waddell Road)	3,900,000	-
38	Greenway Road (Verde Vista Drive to 179th)	4,400,000	-
39	Geometric Improvements (Cactus Road/Sarival Road)	1,200,000	-
40	Elm Street & Nash OTS Drainage Improvements	200,000	-
41	Paradise Lane and El Mirage Rd. OTS Drainage Improvements	900,000	-
42	Cactus Road - North Side (Railroad Tracks to Litchfield)	2,100,000	-
43	Dysart and Greenway Intersection Improvements	300,000	-
44	Bullard (Cholla to Peoria)	800,000	-
45	Enhancements to Grand Ave & Bell Rd Interchange	1,500,000	-
46	Central Utiilty Plant 3rd Chiller	400,000	-
47	Cotton Lane (Waddell Road to Cactus Road)	4,000,000	-
48	Reems Road (Hearn Road to 380 feet North)	500,000	-
49	Pickleball Courts	500,000	35,200
50	Warehouse Facility - Fire	800,000	-

Capital Improvement Projects **(Unfunded)**
As of 1/28/2015

Line	Projects	Total	Operating Impact
51	Waddell Road (Cotton Lane to 174th Drive)	2,800,000	-
52	Greenway Road (Cotton Lane to Verde Vista)	2,700,000	-
53	Court ADA automatic door controllers	100,000	-
54	Surprise Campus/Fields Electrical Panel Split	200,000	-
55	Sarival Avenue (Greenway Road to Waddell Road)	7,000,000	-
56	Pedestrian Overpass	900,000	-
57	Bus Bays	2,800,000	-
58	Police Non-Admin Vehicles	700,000	2,500
59	Future Fire Station 10	5,000,000	1,474,100
60	Water Tanker - Fire	300,000	10,000
61	Type 3 Engine - Fire	600,000	10,000
62	8 Acres Multi-Purpose Field Fencing	300,000	8,000
63	Tennis Multi-purpose Center/Stadium	7,000,000	70,000
64	Citywide Trail/Bike System	22,000,000	77,000
65	Sun Valley Parkway DCR (187th Avenue to 259th Avenue)	200,000	-
66	Box Truck - Fire	100,000	10,000
67	Greenway Road (179th to Perryville Road)	6,100,000	-
68	Sarival Avenue (Bell Road to Greenway Road)	900,000	-
69	Cactus Road (Litchfield Road to Bullard Avenue)	2,000,000	-
70	Jerry Street and Rimrock Drainage Improvement	200,000	-
71	Soccer/ Multi-purpose Sports Complex	46,600,000	1,300,000
72	Utility Truck - Fire	600,000	10,000
73	Facilities Maintenance warehouse/shop	1,000,000	-
74	FS 301 Upgrade/Improvements	100,000	-
75	Police Parking Structure	2,400,000	11,000
76	Geometric Improvements (163rd Avenue/Jomax Road)	1,200,000	-
77	Fleet Expansion - Fire	2,300,000	44,500
78	Document Management Solution	500,000	-
79	Training Academy	1,300,000	12,500
80	Community Parks (Multiple)	69,000,000	405,000
81	Park/Campus Maintenance Expansion Facility	2,100,000	13,000
82	Surprise Farms West End Permanent Water Source and Grass	2,500,000	-
83	City Cafe Remodel	300,000	-
84	Court Covered Parking/Photovoltaic solar panels	800,000	-
85	Employee Health Center	400,000	650,800
Grand Total		**355,600,000**	**19,743,800**

Capital Improvement Projects **(Asset Replacement/Studies)**
As of 1/28/2015

Line	Type	Projects	Total
1	**Asset Replacement**	Aluminum Bleacher Replacement	225,000
2		Countryside Recreation Center Gym Flooring Replacement	310,000
3		Courtroom Audio/Video Equipment	200,000
4		Deck Replacement at Aquatic Facilities	400,000
5		Facilities Capital Asset Replacement	3,496,700
6		Fire Asset Replacement	1,615,000
7		IT Asset Replacement	6,351,200
8		Recreation Software	100,000
9		Renovation of Youth Baseball Complex Fields	175,000
10		Replacement fuel service station at the Surprise Campus	175,000
11		Replacement of lighting system at Bicentennial Park	200,000
12		Re-plaster Hollyhock Pool	100,000
13		Re-plaster Surprise Aquatic Center pool	150,000
14		Slide replacement at Surprise Aquatic Center - asset replacement	240,000
15		Stadium bullpen and covered batting cages artificial turf replacement	420,000
16		Surprise 11 Asset Replacement	1,296,400
17		Surprise Farms Playground and Splash Pad Units Replacement	300,000
18		Surprise Stadium - Carpet Replacement in stadium and clubhouses	650,000
19		Surprise Stadium - Painting of stadium lower and upper eaves	500,000
20		Surprise Stadium Field Renovations	4,500,000
21		Surprise Stadium Major League Tunnels Carpet Replacement	108,900
22		Surprise Stadium Roof Re-Coating	180,000
23		Surprise Stadium Seating Replacement	1,100,000
24	**Asset Replacement Total**		**22,793,200**
25	**Study/Plan**	Fire Station Access Study	5,700
26		Infrastructure Gap Study Update	100,000
27		ITS Strategic Plan	8,600
28		Multi-Modal Plan	200,000
29		Public Safety Master Plan	150,000
30		SR303L Specific Corridor Plan	150,000
31		Surprise Long Range Transit Plan Update	150,000
32		US60- Grand Avenue Specific Corridor Plan	125,000
33		Village 3 Infrastructure Planning	250,000
34		Village 5 Infrastructure Planning	250,000
35		White Tanks Freeway Corridor Study	200,000
36	**Study/Plan Total**		**1,589,300**
	Grand Total		**24,382,500**

CITY OF SURPRISE
Regular City Council Meeting

February 3, 2015 @ 6:00:00 PM

Back Print

Council Meeting Date:	February 3, 2015	Contact Person:	Lindsey Duncan, Finance Director
Submitting Department:		District:	Citywide
Staff Recommendations:	No Action		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Presentation and discussion regarding the FY2014 Budget Status Report through November 2014.

Motion:

None

Background:

None

Financial Impact Statement:

The attached presentation provides an update of the year to date revenue and expenditures for the general fund through November 2014.

ATTACHMENTS:

Click to download

Presentation

External Attachment Links:

Meeting Requirements:

Powerpoint	x	Video		White Board	Other	x

Presentation Speaker Names (spelling and titles for TV captions):

Lindsey Duncan, Finance Director

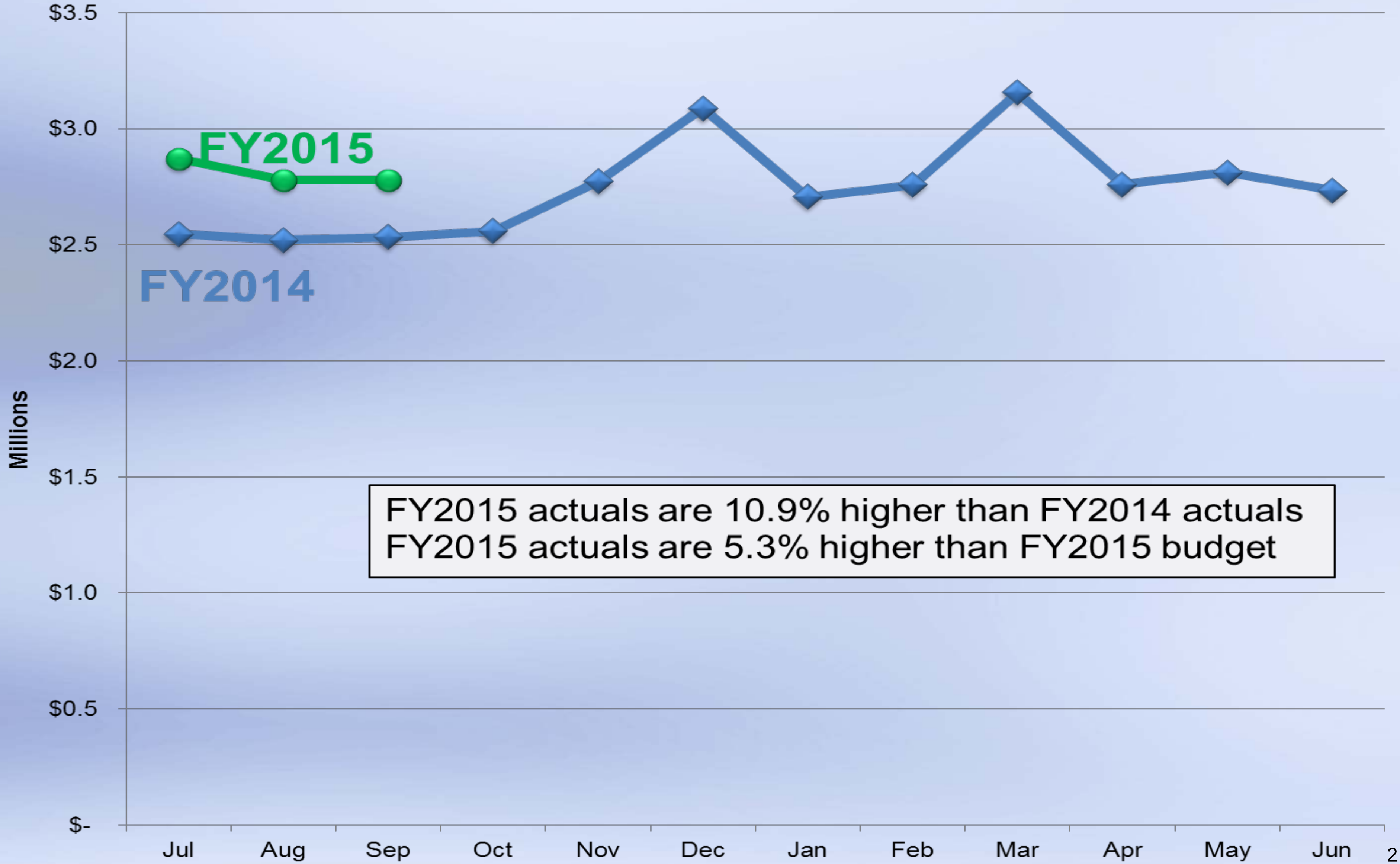
FY2015 Monthly Budget Status Report

as of November 2015

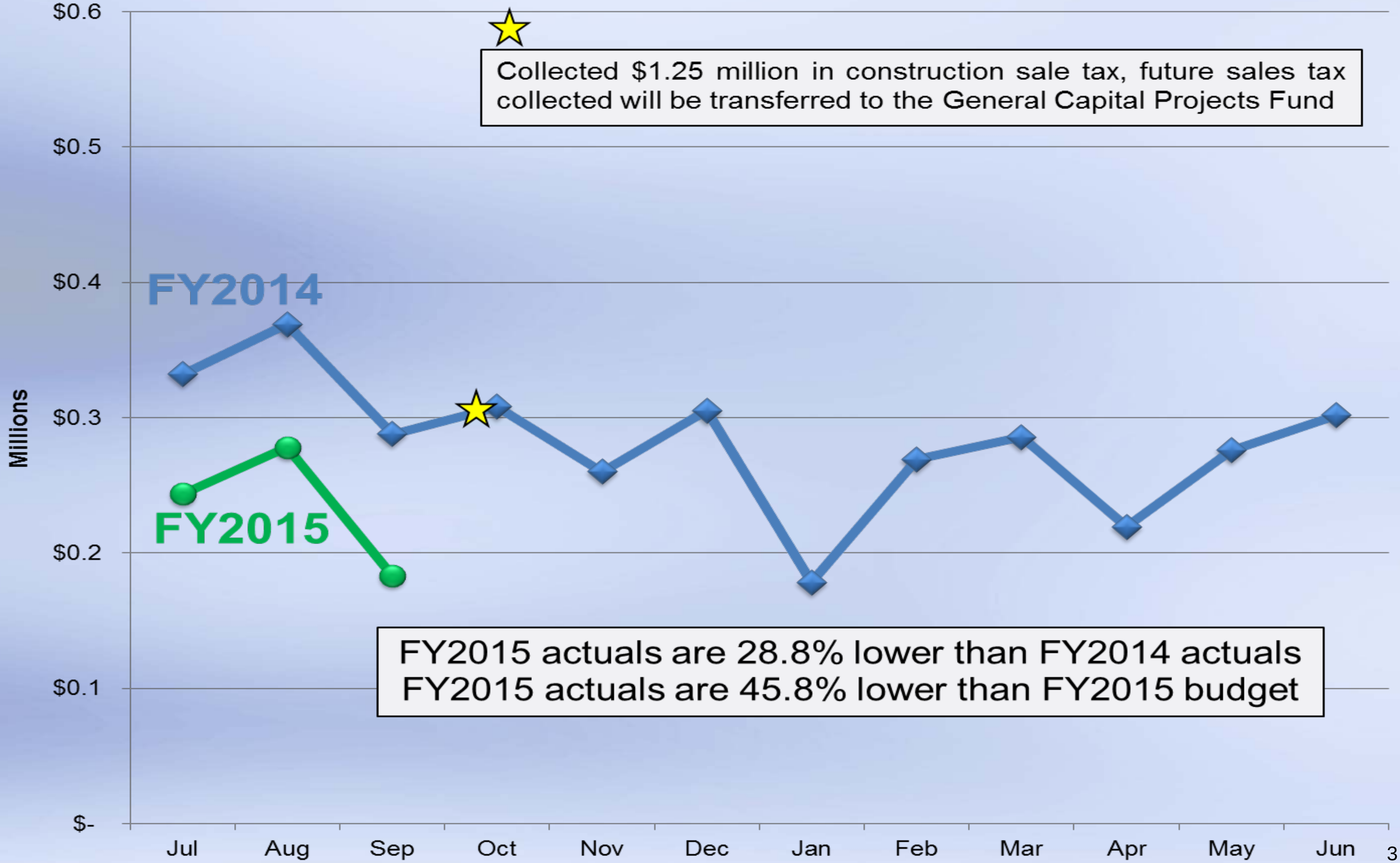
SURPRISE
ARIZONA

Sales Tax (Excluding Construction)

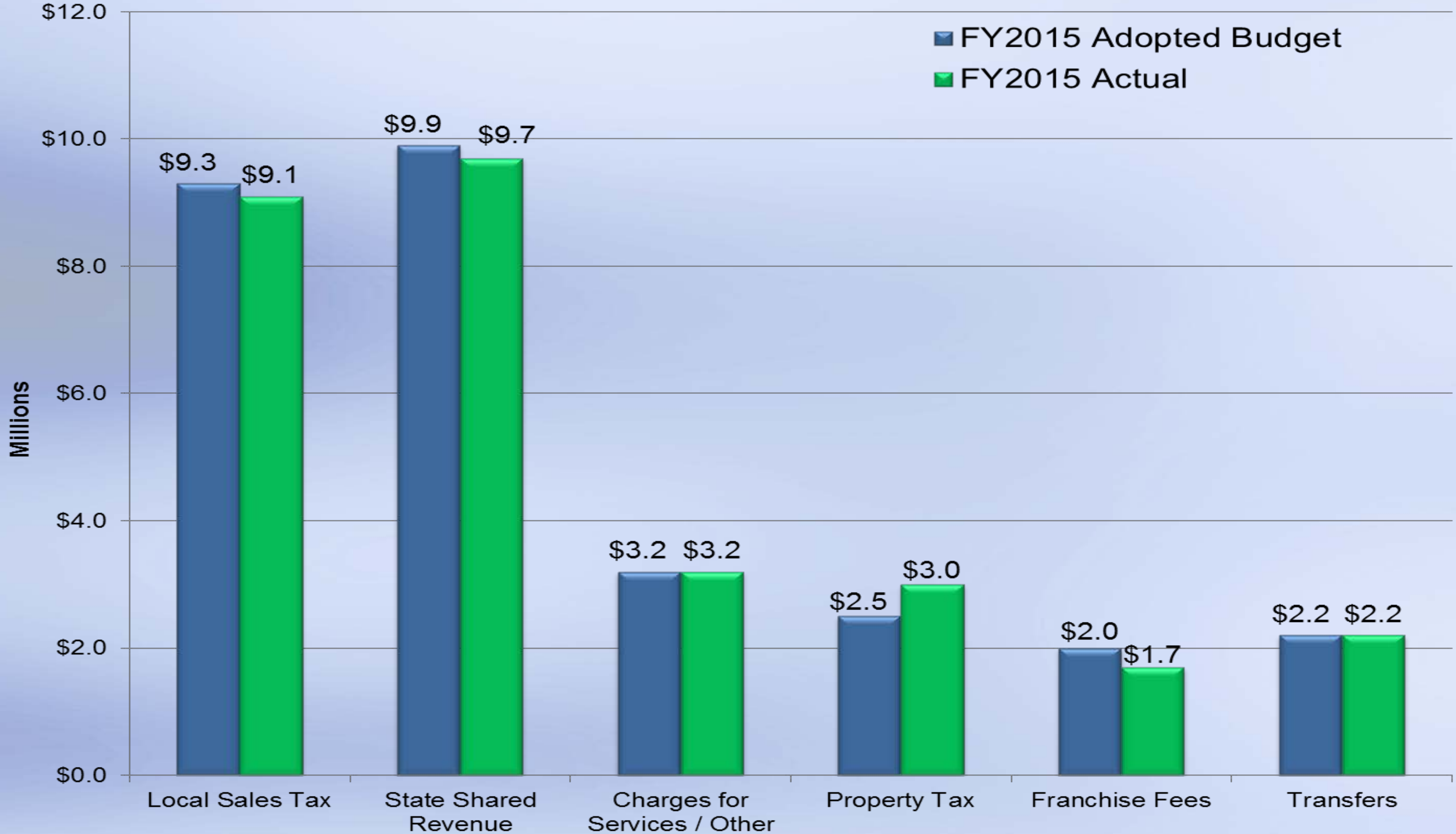
SURPRISE ARIZONA



Construction Sales Tax

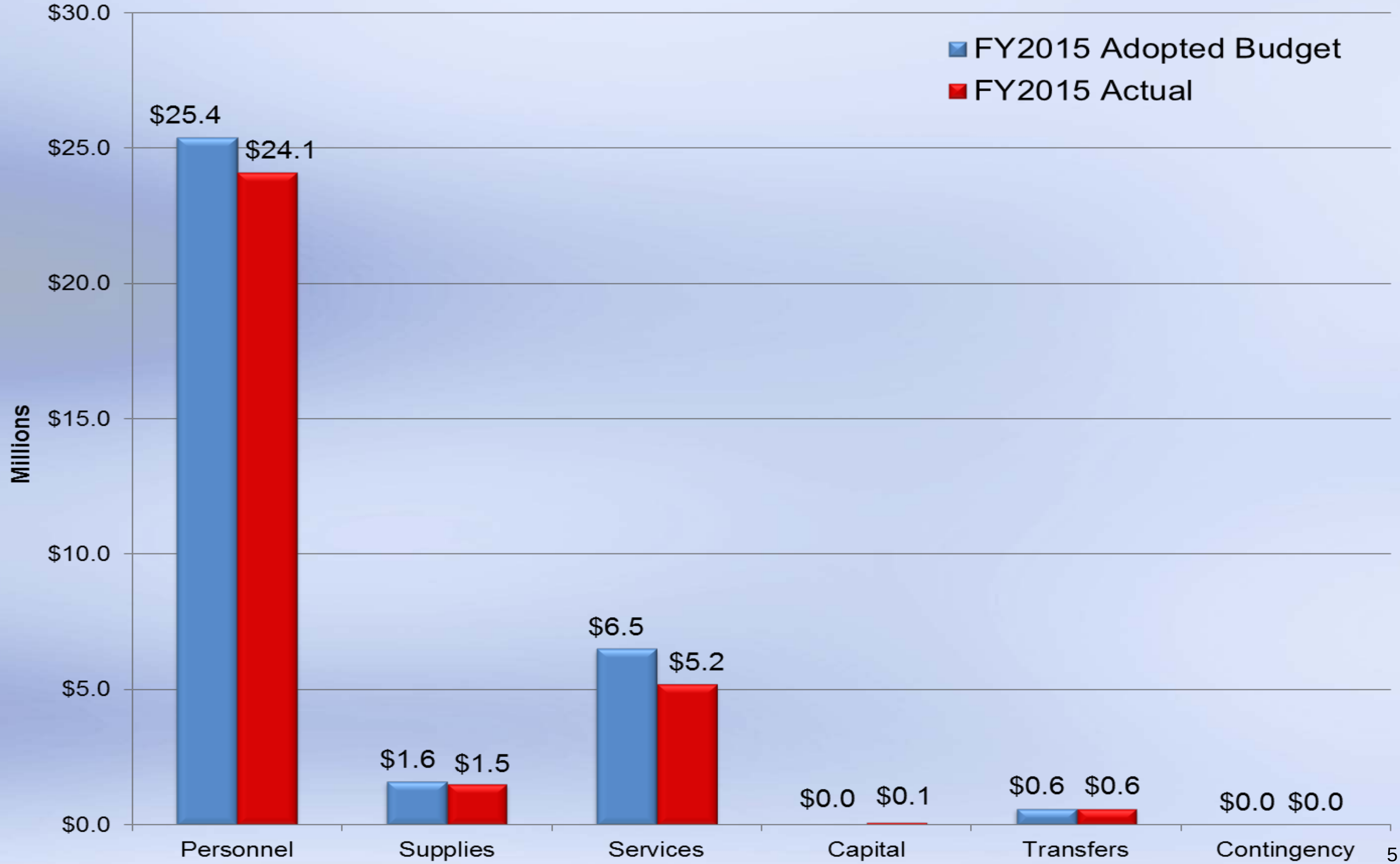


FYTD Resources by Category



The chart above includes three months of local sales tax revenue and five months of all other revenue sources

FYTD Expenditures by Category



Questions or Comments?

CITY OF SURPRISE
Regular City Council Meeting

February 3, 2015 @ 6:00:00 PM

Back Print

Council Meeting Date:	February 3, 2015	Contact Person:	
Submitting Department:	Intergov	District:	Citywide
Staff Recommendations:	No Action		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Presentation of Chicanos Por La Causa regarding office, industrial and urban core development and adaptive re-use concepts in the Original Town Site.

Motion:

None

Background:

Chicanos Por La Causa began in 1967 by a group of Latino men and women that wanted to improve the quality of life for Arizona's Mexican-American population. Initially targeted rural development and then expanded services by offering bilingual referral services to urban communities in south and central Phoenix. In the 1970's CPLC secured federal grants to implement economic development strategies to battle poverty. CPLC is the state's largest Hispanic community based organization with services and programs covering the entire state. CPLC touches the lives of over 25,000 Arizonans annually.

Financial Impact Statement:

None.

ATTACHMENTS:

Click to download

Powerpoint

External Attachment Links:

Meeting Requirements:

Powerpoint	x	Video	White Board	Other	x

Presentation Speaker Names (spelling and titles for TV captions):

Bob Wingenroth, City Manager
Cecil Yates, Director Commercial Property for Tiempo Development & Management
a subsidiary of CPLC

Chicanos Por La Causa, Inc.

A PROMISE OF OPPORTUNITY

OTS Commerce Park
Boys & Girls Club,
Office / Industrial / Urban Core Development

A "New Build" and Adaptive Re-Use Strategy

15808 North Hollyhock Street

Surprise, Arizona 85378

tiempo

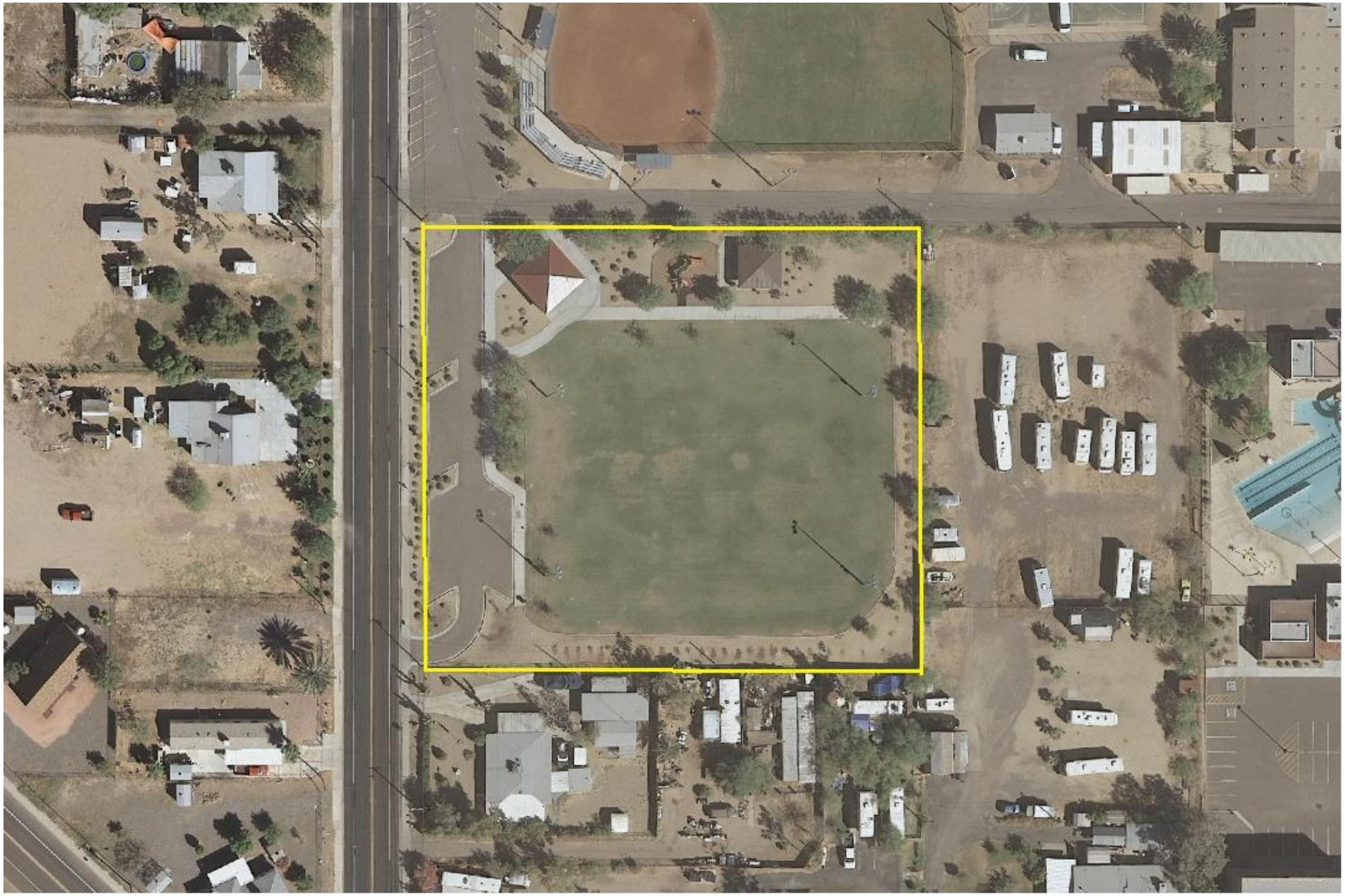
DEVELOPMENT & MANAGEMENT

a subsidiary of CPLC

City of Surprise
Lots 1, 2, 3 - 10.07 Acres
OTS - Original Town Site

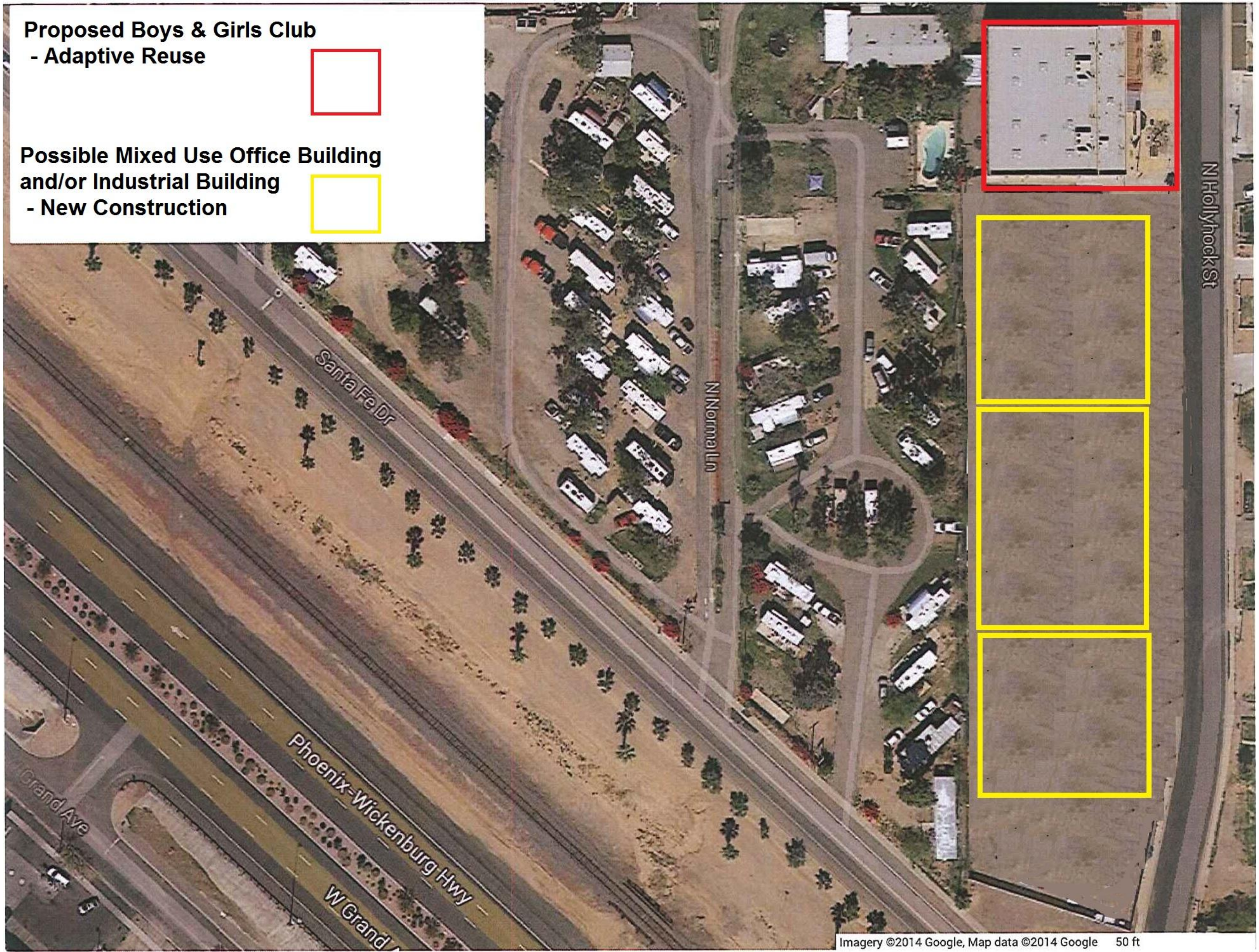
15808 N Hollyhock St
Surprise, AZ 85378

Lot 1 – 4.33 acres



Lot 2 – 1.82 acres

Lot 3 – 3.92 acres


Proposed Boys & Girls Club
- Adaptive Reuse
Possible Mixed Use Office Building
and/or Industrial Building
- New Construction
Santa Fe Dr
N Norma Ln
N Hollyhock St
Phoenix-Wickenburg Hwy
Grand Ave
W Grand Av
Imagery ©2014 Google, Map data ©2014 Google 50 ft

Proposed Development #1 – Development Concept

20,000 sf Boys & Girls Club – Renovation / New Build

30,000 to 40,000 sf Office/Retail – New Build

Proposed Development #2 – Development Concept

20,000 sf Boys & Girls Club – Renovation / New Build

60,000 sf – Mix Use Office /Industrial – New Build

Proposed Development #3 – Development Concept

20,000 sf Boys & Girls Club – Renovation / New Build

40,000 to 80,000 sf – Mix Use – Urban Core

Buckeye Commerce Center

40,000 sf Mixed Use

Retail, Office, Restaurant


1008
BUCKEYE COMMERCE
CENTER
BLIMPIE
America's Sub Shop
$5
FRESH SLICED
DEALS
State Farm
1024


State Farm
1024
SEGUROS
AUTO
HOME
HEALTH
& LIFE
SAMURAI SAM'S
TERIYAKI GRILL
BLIMPIE
America's Sub Shop
FRULLATI CAFE

Maryvale Community Service Center

30,000 sf Adaptive Re Use

Office / Community Building

Central & Grant Plaza

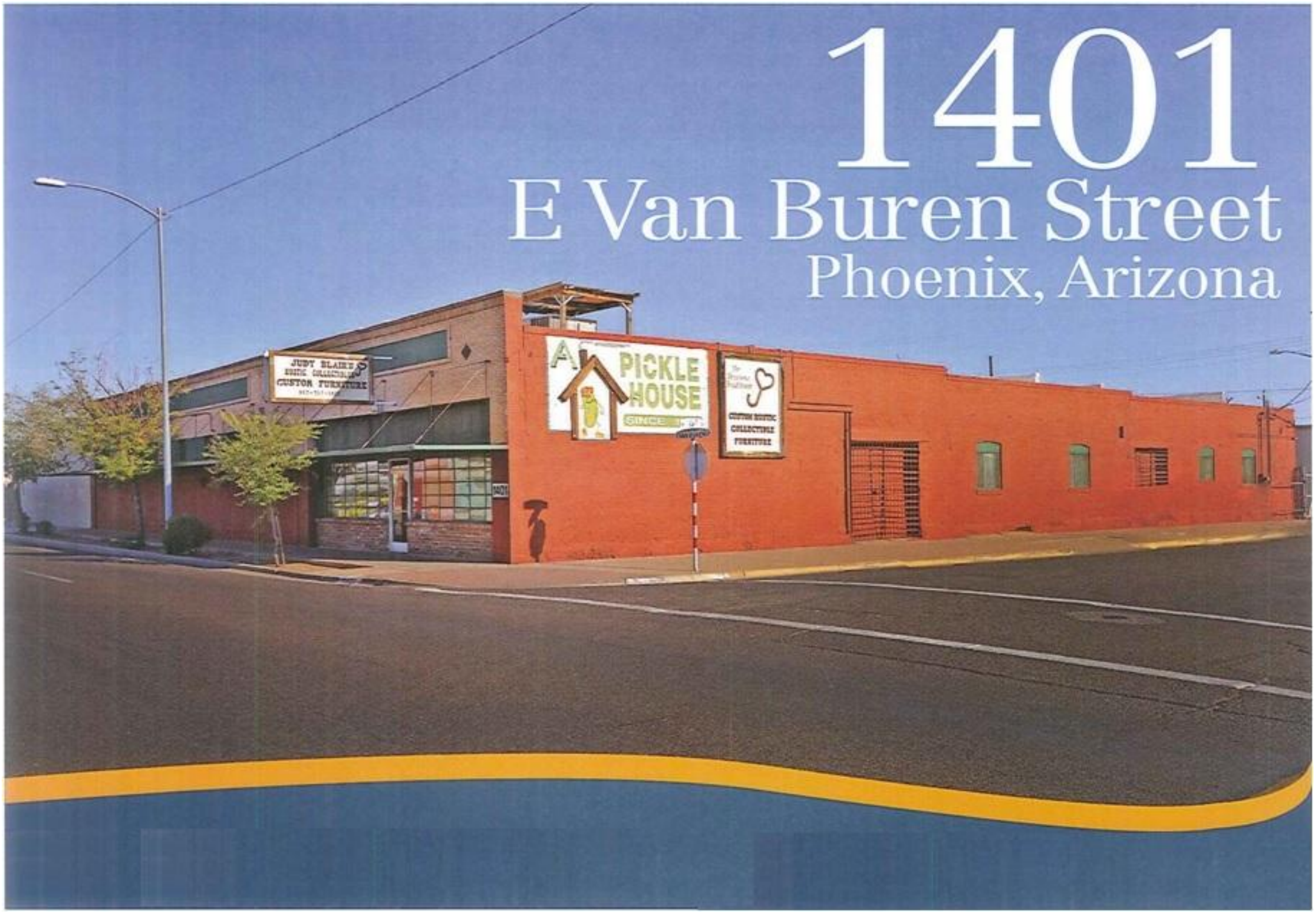
11,000 sf Adaptive Re Use & New Construction

Bank /Office / Retail / Restaurant


WELLS FARGO

CPLC Pickle House Innovation Center

40,000 sf – Restoration & Construction
Light Manufacturing / Maker Space / Business Incubator




40 ft
30 ft
30 ft
50 ft
A
3400 sf
B
3900 sf
C
3900 sf
D
6500 sf
85 ft
130 ft
E
1800 sf
45 ft
116-46-038A
N 14th St
150 ft
F
19,500 sf
130 ft
116-46-039A

Chicanos Por La Causa, Inc.

A PROMISE OF OPPORTUNITY

OTS Commerce Park
Boys & Girls Club,
Office / Industrial /Urban Core Development

A "New Build" and Adaptive Re-Use Strategy

QUESTIONS ?

tiempo

DEVELOPMENT & MANAGEMENT

a subsidiary of CPLC

Council Meeting Date:	February 3, 2015	Contact Person:	Lindsey Duncan, Finance Director
Submitting Department:	Finance Dept	District:	Citywide
Staff Recommendations:	No Action		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Presentation and discussion regarding status of procurement initiatives including the local vendor preference program and asset dispositions program.

Motion:

N/A

Background:

This item is before the Mayor and City Council as an update to two procurement initiatives discussed previsously. Council was presented with a work session discussion on a local vendor preference program in August 2013. In addition, Council and staff have engaged in a number of discussions on the city's procedures for disposition of city assets.

Financial Impact Statement:

None at this time.

ATTACHMENTS:

Click to download

PRESENTATION

External Attachment Links:

Meeting Requirements:

Powerpoint x	Video	White Board	Other x

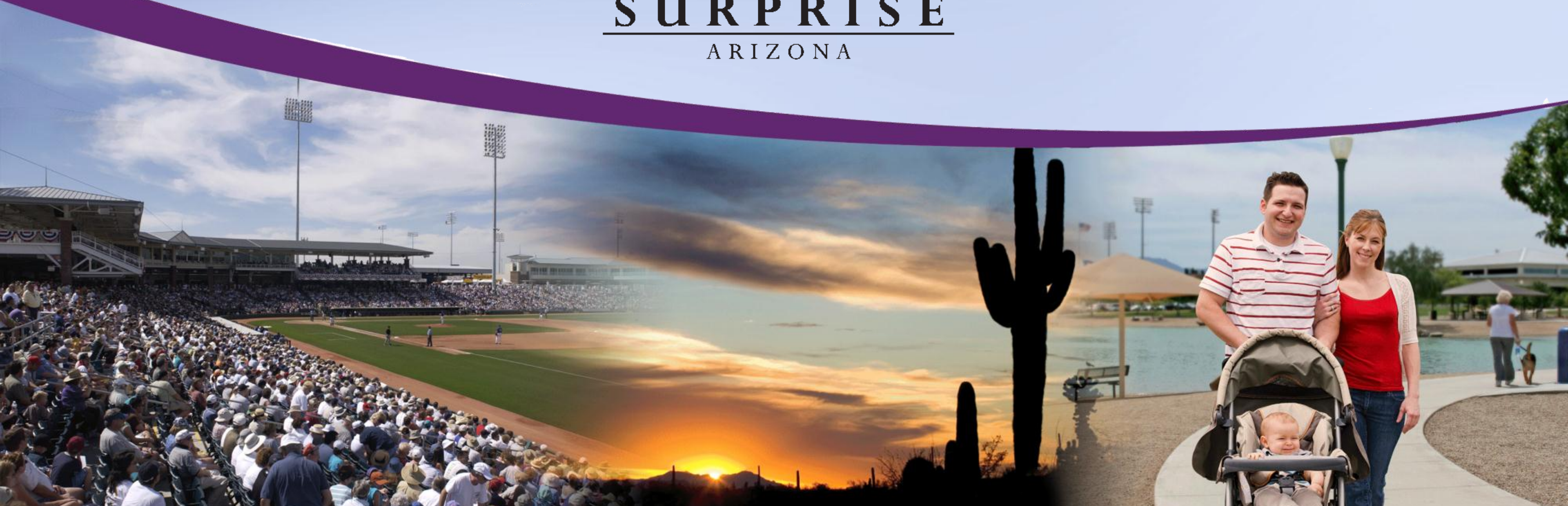
Presentation Speaker Names (spelling and titles for TV captions):

Lindsey Duncan, Finance Director
Dana Garr, Procurement Manager

Procurement Update to Council

February 3, 2015

SURPRISE
ARIZONA



How does the city buy?

SURPRISE ARIZONA

- Procurement Card:
  - Small purchases < $5,000
  - Encourage local sourcing
- Price Based Solicitation:
  - Precise specifications
  - Provided by many vendors
- Qualifications Based Solicitation:
  - Services provided by specialized professionals

Local Vendor Preference Program

- Goals
  - Promote and retain local businesses
  - Promote job creation and retention within Surprise
- Process
  - An amount equal to the city's portion of the Transaction Privilege Tax (TPT) of 2.2% is deducted from the quote or bid price of a Local Vendor

What does the city buy?

SURPRISE ARIZONA

- Supplies:
  - Office supplies, repair parts, uniforms, awards, computers
- Simple Services:
  - Financial, training, printing, landscaping, advertising, repair, jail, rental equipment
- Complex Services:
  - Studies, design, engineering, construction

Local Vendor Preference Program

- Are Surprise vendors selling what the city is buying?
  - 250 Retail (goods/commodities)
  - 1,234 Services and other (majority home occupation)
- How many purchases have qualified?
  - Less than 0.5%

Surplus Personal Property Disposal

- Executed formalized policy and procedure
  - Includes definitions
  - Designates responsibilities by party
  - Outlines disposition process based on asset value
    - Discarding
    - Donating
    - Selling by Negotiation or Auction
    - Recycling
    - Exchanging
  - Describes notice requirements
  - Identifies proper documentation

Surplus Personal Property Disposal

FY2013	FY2014	FY2015 Year to Date
$45,100	$267,300	$131,000

Achievements

- **Process improvements**
  - Developed Policies and Procedures
  - Achieved negotiated contract savings
  - Ensured responsive, detailed, and complete bids
- **Outreach and Communication**
  - Established a Notify Me Link
  - Listed upcoming solicitations on website
  - Conferences and training for city best practices
- **Major Solicitations**
  - Fast Tracked Capital Improvement Projects
  - Technical solicitations awarded
  - Transportation Related

Questions or Comments?

Council Meeting Date:	February 3, 2015	Contact Person:	Terry Lowe, Director Water Resource Management Department
Submitting Department:	Water Resource	District:	Citywide
Staff Recommendations:	No Action		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Discussion and Presentation of Draft Water Acquisition Policy.

Motion:

N/A

Background:

The Council Water Sub-Committee instructed staff to draft policies based on the six policy areas proposed by staff and approved by the subcommittee on November 20, 2014. The Water Acquisition Policy is the third policy in this series.

Financial Impact Statement:

None at this time; however topics covered in this work session could lead to future actions which may have a fiscal impact on city operations.

ATTACHMENTS:

Click to download

- Draft Water Acquisition Policy
- Water Acquisition Presentation

External Attachment Links:

Meeting Requirements:

Powerpoint	x	Video		White Board	Other	x

Presentation Speaker Names (spelling and titles for TV captions):

Terry Lowe, Director Water Resource Management

City of Surprise
Water Acquisition Policy

I. Introduction

The purpose of this policy is to outline the city of Surprise's (City) approach to acquire, develop, and manage safe, adequate, and reliable sources of water for future uses.

This policy applies to all types of rights to water that are appurtenant to or associated the growing a sustainable water portfolio.

II. Goal

The goals of the City's Water Acquisition Policy are to 1) acquire safe, adequate, and sustained sources of water and rights to water that will provide reliable supplies for use within City's water service areas; and 2) to maintain safe yield for the City.

III. Strategies for Water Acquisition

The Water Acquisition Policy outlines the water asset classes and how the City will address each to build and maintain its Water Portfolio.

A. Central Arizona Project (CAP) Allotment

The City will pay for the delivery of 100 percent of its Central Arizona Project (CAP) allocation. The use of said CAP waters will be used for recharge purposes until otherwise deemed necessary for direct use. The City will pursue direct recharge of all CAP allocation waters within the City's limits, were appropriate and lawful.

The City will aggressively seek further acquisition of any available CAP water for future allocation to the City's portfolio, wherever available.

B. Central Arizona Groundwater Replenishment District (CAGRD) Membership

The City will retain membership with CAGRD as a Member Service Area to maintain its Designation of Assured Water Supply (DAWS) until such time as long term water sources are secured for the DAWS.

The City will not exceed its pumping limitations imposed by the state's Assured Water Supply Rules thereby limiting its use of CAGRD replenishment services.

C. Extinguishment Credits

The City will acquire all available pledges for extinguished groundwater rights prior to January 1, 2025, pursuant to Title 12, Chapter 15 of the Arizona Revised Statutes.

The City will require by ordinance that Type 1 Non-Irrigation Grandfathered Groundwater Rights and Irrigation Grandfathered Groundwater Rights within the

City's planning areas be extinguished and the resulting credits pledged to the City's designation as a condition of zoning and/or development.

All existing extinguishment credits pledged to the City will remain banked.

D. Long Term Storage Credits

The City will investigate and purchase Long Term Storage Credits (LTSC) where deemed beneficial to the City.

The City will store all available water resources not used in the calendar year. The City will investigate the feasibility of constructing City-owned recharge facilities for CAP and reclaimed water to continue to grow its storage credit assets.

E. Physical Water

Where deemed beneficial to Surprise, the City will purchase water and water rights. All purchases will be compensated at "fair market value." The following options for purchasing water and water rights:

1. *System Acquisitions*
   The City will purchase other water delivery systems or service areas only if said purchase is beneficial to the affected City residents, water customers, or Water Portfolio. Available delivery systems should:
   a. Possess water resources that have a significant effect on water quality, availability, and supply;
   b. Be located adjacent to or near the City's existing water service area;
   c. Not raise the cost of providing water to existing water customers.

2. *Surface Water Acquisitions*
   The City will investigate delivery opportunities with the Maricopa Water District (MWD), including delivery of MWD water to member lands for urban irrigation, thereby reducing the demand on the City and its groundwater replenishment obligation.

3. *Groundwater Importation*
   The City will explore and where beneficial invest in groundwater importation as a means for acquiring additional water supplies through wheeling agreement or new infrastructure.

4. *Regional Projects:*
   The City will explore partnerships with regional agencies for the acquisition of water and where beneficial invest in regional projects that will provide Surprise with additional sustained supplies of water. Such projects may include southwest valley or statewide desalination projects, or other local, statewide or greater projects for delivery of new waters to Surprise. Conveyance of these sources may require a wheeling agreements, new infrastructure, treatment, or exchanges.

F. Water Leases

City as Lessee

The City will investigate the feasibility of leasing water from other sources as a means to maintain or grow the City's Designation of Assured Water Supply and Water Portfolio.

City as Lessor

The City will consider leasing its water assets in times where it deems these assets as non-critical. Funds generated through said leases will be used to acquire additional water or rights to water to grow the City's Water Portfolio.

G. Water Transfers, Exchanges, and Donations

Where deemed beneficial to Surprise, the City will investigate and invest in future acquisitions of water through transfers of water or rights to water, exchanges, and donations.

H. Future Land Development

The City will require developers of land within Surprise service areas, via Development Agreement, to acquire water rights and transfer them to the City upon completion of the development project.

IV. Minimum Asset Balances

To ensure enough reserves are in place to meet present and future water demands of the city of Surprise, the City will acquire water assets in order to maintain the following minimum asset balances:

1. Long term Storage Credits: 5 years or 5 times the City's service area demand
2. Extinguishments Credits: 10 years or 10 times the City's service area demand
3. Renewable Rights: 200% of the City's service area demand

V. Infrastructure

The City will support and invest in the necessary forms of infrastructure needed to perfect and utilize the City's water resource portfolio, including but not limited to the necessary piping to support regional supply solutions, and a recharge infrastructure system for reclaimed and other sources.

VI. Water Accounting

The City will continue water accounting practices toward the goal of 100% credit recovery.

VII. Water Resources Master Planning

The City will prepare a Water Resources Master Plan every 5 years to provide a guide for quantifying the long-term needs for water resources which will support the City in maintaining its 100-year Designation of Adequate Water Supply.

VIII. Local and Regional Participation

The City will establish and maintain professional relationships to stay informed, work collaboratively, and influence water policy decisions that may affect the City. The City will remain engaged in local, county, regional, state, and national discussions on water supply management and knowledgeable in the regulations that affect the City's water resources or its ability to acquire additional supplies. Participation will include stakeholder processes with the Central Arizona Project, the Arizona Department of Water Resources (ADWR), and Colorado River water user forums.

Water Acquisition Policy

Council Work Session

February 3, 2015
Water Resource Management

SURPRISE
ARIZONA

STRATEGIC VISION FOR WATER

SURPRISE
ARIZONA

The Policies for Council Consideration

1. Water Conservation
2. Use of Reclaimed Water
3. **Water Acquisition**

~~4. Land Use Water Management~~ (To be rolled into General Plan Update)

~~5.~~ 4. Funding

~~6.~~ 5. Infrastructure

WATER ACQUISITION

SURPRISE ARIZONA

Purpose of the Policy:

- Provides framework and direction for staff
- Allows for the proper formation, adoption, and execution of water related initiatives
- **Allows for strategic investment in Surprise's Water Future**
- Support for grants and other possible funding mechanisms

WATER ACQUISITION

SURPRISE
ARIZONA

Water Acquisition Policy Focus

I. Strategies for Water Acquisition

1. CAP Allotment and CARGD Membership
2. Extinguishment Credits
3. Long Term Storage Credits
4. Physical Water
   a. System Acquisitions
   b. Surface Water Acquisitions
   c. Groundwater Importation
   d. Regional Projects
5. Water Leases
6. Water Transfers, Exchanges, and Donations
7. Future Land Development

WATER ACQUISITION

Water Acquisition Policy Focus con.

II. Minimum Asset Balances

III. Infrastructure

IV. Water Resource Accounting and Master Planning

V. Local and Regional Participation

NEXT STEPS

- March/April 2015: Funding
- May/June 2015: Infrastructure (pending)
- Adoption of all 6 policies after Council has reviewed them individually

CITY OF SURPRISE
Regular City Council Meeting

February 3, 2015 @ 6:00:00 PM

Back Print

Council Meeting Date:	February 3, 2015	Contact Person:	Misty Leslie, City Attorney
Submitting Department:	Attorney's Office	District:	1
Staff Recommendations:	Approve		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and approval of a Development Agreement between the City of Surprise and 371 on 163rd, L.L.C. regarding the development of property generally located on the northwest corner of Pinnacle Peak Road and 155th Avenue; Resolution 2015-10.

Motion:

I move to approve Resolution 2015-10.

Background:

The Altamira property consists of 178 acres on the eastern portion of what was originally known as Pinnacle Peak County Estates, generally located at 163rd and Pinnacle Peak Road. The City originally entered into a development agreement for the property in 2003. The property was never developed and consequently sold to new owners. In 2009, the original development agreement was repealed and the property split into two developments; Verdugo on the west and Altamira on the east. Development agreements pertaining to each were approved by council in 2009. The Altamira agreement was subsequently amended in November, 2012. Since 2009 no development has occurred on either portion of the property. The current owners wish to move forward. This development agreement simplifies the relationship with the developers, removes reimbursement requirements and assuring a regional approach to water supply and arsenic treatment at the Desert Oasis water supply facility.

Financial Impact Statement:

None at this time; however the city has an option to participate in water supply facility improvements related to arsenic treatment. If the city opts to participate in such improvements, the cost of the city's portion will be paid out of the water fund. The cost of those improvements will depend on the public bidding process and are not known at this time. Additionally, the city will receive a total of $115,142 in lieu payment to use for transportation related costs benefiting the property.

ATTACHMENTS:

Click to download

Resolution 2015-10

- ☐ Exhibit A - Altamira Legal Description
- ☐ Exhibit B - Termination Statement
- ☐ Exhibit C - Water Master Plan
- ☐ EXHIBIT D - ESTIMATE
- ☐ Exhibit E - Assignment Form
- ☐ ALTAMIRA RESTATED DA FINAL

External Attachment Links:

Meeting Requirements:

Powerpoint x Video White Board Other x

Presentation Speaker Names (spelling and titles for TV captions):

RESOLUTION # 2015-10

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING THE 2015 ALTAMIRA AGREEMENT BETWEEN THE CITY OF SURPRISE AND 371 ON 163RD L.L.C., REPLACING ALL PRIOR DEVELOPMENT AGREEMENTS, AND AMENDMENTS, PERTAINING TO THE PROPERTY GENERALLY LOCATED ON THE NORTHWEST CORNER OF PINNACLE PEAK AND 155TH AVENUE.

WHEREAS, the City is authorized to enter into development agreements pursuant Arizona Revised Statutes §9-500.05 of Surprise;

WHEREAS, the Altamira Development (f/k/a Pinnacle Peak Estates) is generally located on the northwest corner of Pinnacle Peak Road and 155th Avenue, was the subject of previously adopted development agreements and amendments thereto, approved by council on November 12, 2009, and November 13, 2012,respectively; and

WHEREAS, the City of Surprise and representatives of the Altamira development now desire to replace all previously approved development agreements with a new agreement for the purpose of setting forth certain obligations and commitments relative to the development of the property.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows.

Section 1. The Mayor and Council hereby approve of the development agreement between the City of Surprise and 371 on 163, L.L.C., consisting of the "2015 Altamira Development Agreement" and exhibits A through E, and which is incorporated by reference.

Section 2. The Mayor is hereby directed to execute the agreement and any other documents necessary to effectuate the intent of this Resolution.

APPROVED AND ADOPTED this _____day of ___________, 2015.

____
Sharon R. Wolcott, Mayor

Attest: Approved as to form:

______________________________ ______________________________
Sherry Aguilar, City Clerk Misty Leslie, City Attorney

EXHIBIT "A"

A PORTION OF SECTION 7, TOWNSHIP 4 NORTH, RANGE 1 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 7;

THENCE SOUTH 89 DEGREES 55 MINUTES 12 SECONDS EAST ALONG THE SOUTH LINE OF SAID SECTION 7 A DISTANCE OF 533.69 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 00 DEGREES 04 MINUTES 45 SECONDS EAST A DISTANCE OF 786.42 FEET;

THENCE NORTH 00 DEGREES 27 MINUTES 21 SECONDS WEST A DISTANCE OF 36.19 FEET;

THENCE NORTH 02 DEGREES 40 MINUTES 08 SECONDS WEST A DISTANCE OF 113.42 FEET;

THENCE NORTH 06 DEGREES 01 MINUTES 27 SECONDS WEST A DISTANCE OF 113.42 FEET;

THENCE NORTH 09 DEGREES 49 MINUTES 48 SECONDS WEST A DISTANCE OF 143.85 FEET TO THE BEGINNING OF A NON-TANGENT CURVE;

THENCE WESTERLY ALONG SAID CURVE, HAVING A RADIUS OF 480.00 FEET, CONCAVE SOUTHERLY, WHOSE RADIUS BEARS SOUTH 08 DEGREES 36 MINUTES 31 SECONDS EAST, THROUGH A CENTRAL ANGLE OF 01 DEGREES 04 MINUTES 36 SECONDS A DISTANCE OF 9.02 FEET;

THENCE NORTH 09 DEGREES 41 MINUTES 07 SECONDS WEST A DISTANCE OF 40.00 FEET;

THENCE NORTH 14 DEGREES 46 MINUTES 20 SECONDS WEST A DISTANCE OF 108.76 FEET;

THENCE NORTH 17 DEGREES 57 MINUTES 09 SECONDS WEST A DISTANCE OF 105.48 FEET;

THENCE NORTH 21 DEGREES 05 MINUTES 03 SECONDS WEST A DISTANCE OF 105.48 FEET;

THENCE NORTH 24 DEGREES 12 MINUTES 57 SECONDS WEST A DISTANCE OF 105.48 FEET;

THENCE NORTH 27 DEGREES 20 MINUTES 51 SECONDS WEST A DISTANCE OF 105.48 FEET;

THENCE NORTH 30 DEGREES 28 MINUTES 45 SECONDS WEST A DISTANCE OF 105.48 FEET;

THENCE NORTH 33 DEGREES 36 MINUTES 39 SECONDS WEST A DISTANCE OF 105.48 FEET;

THENCE NORTH 36 DEGREES 44 MINUTES 33 SECONDS WEST A DISTANCE OF 106.11 FEET;

THENCE NORTH 33 DEGREES 31 MINUTES 38 SECONDS WEST A DISTANCE OF 121.44 FEET;

THENCE NORTH 23 DEGREES 52 MINUTES 01 SECONDS WEST A DISTANCE OF 148.00 FEET;

THENCE NORTH 08 DEGREES 11 MINUTES 01 SECONDS WEST A DISTANCE OF 151.36 FEET;

THENCE NORTH 00 DEGREES 01 MINUTES 29 SECONDS EAST A DISTANCE OF 60.00 FEET;

THENCE NORTH 89 DEGREES 58 MINUTES 31 SECONDS WEST A DISTANCE OF 19.81 FEET;

THENCE NORTH 00 DEGREES 22 MINUTES 47 SECONDS WEST A DISTANCE OF 164.41 FEET;

THENCE NORTH 44 DEGREES 49 MINUTES 14 SECONDS EAST A DISTANCE OF 56.37 FEET TO THE CENTER OF SAID SECTION 7;

THENCE SOUTH 89 DEGREES 58 MINUTES 44 SECONDS EAST A DISTANCE OF 657.68 FEET;

THENCE SOUTH 89 DEGREES 58 MINUTES 31 SECONDS EAST A DISTANCE OF 176.82 FEET;

THENCE SOUTH 89 DEGREES 59 MINUTES 00 SECONDS EAST A DISTANCE OF 151.91 FEET;

THENCE SOUTH 89 DEGREES 57 MINUTES 40 SECONDS EAST A DISTANCE OF 328.93 FEET;

THENCE NORTH 00 DEGREES 25 MINUTES 42 SECONDS WEST A DISTANCE OF 659.44 FEET;

THENCE NORTH 00 DEGREES 21 MINUTES 05 SECONDS WEST A DISTANCE OF 659.77 FEET;

THENCE SOUTH 89 DEGREES 59 MINUTES 51 SECONDS EAST A DISTANCE OF 1,313.10 FEET TO THE EAST LINE OF SAID SECTION 7;

THENCE SOUTH 00 DEGREES 28 MINUTES 27 SECONDS EAST ALONG THE EAST LINE OF SAID SECTION 7 A DISTANCE OF 659.96 FEET;

THENCE SOUTH 00 DEGREES 29 MINUTES 58 SECONDS EAST A DISTANCE OF 659.57 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 7;

THENCE SOUTH 00 DEGREES 28 MINUTES 48 SECONDS EAST ALONG THE EAST LINE OF SAID SECTION 7 A DISTANCE OF 2638.86 FEET;

THENCE NORTH 89 DEGREES 55 MINUTES 12 SECONDS WEST ALONG THE SOUTH LINE OF SAID SECTION 7 A DISTANCE OF 2101.30 FEET TO THE TRUE POINT OF BEGINNING.

TERMINATION OF DEVELOPMENT AGREEMENT

THIS TERMINATION FO DEVELOPMENT AGREEMENT is made this ____ day of _____________, 2015, by and between the City of Surprise, and Arizona municipal corporation ("City") and 371 on 163rd, L.L.C., an Arizona limited liability company, ("Owner").

WHEREAS, City and Owner previously entered into the Development Agreement (Altamira) recorded in the Office of the Maricopa County Recorder on November 19. 2009, No.2009-1070006, as amended by the First Amendment to Altamira Development Agreement recorded in the Office of the Maricopa County Recorder on November 27, 2012, No. 2012-1070929 (the "Replacement Agreement").

WHEREAS, City and Owner have recently entered into the 2015 Altamira Agreement, establishing the parties rights and obligations relating to the development of the property.

NOW, THEREFORE, pursuant to Section 1 of the 2015 Altamira Agreement, City and Owner, by their signatures below, hereby rescind, cancel and terminate the Replacement Agreement effective as of the date first above written.

IN WITNESS WHEREOF, the undersigned hereby executes this Termination of Development Agreement.

[signatures appear on the following pages]

CITY:

City of Surprise, an Arizona municipal corporation

By:________________________________
Sharon Wolcott, Mayor
Date:______________________________

ATTEST:

____
Sherry Ann Aguilar, Town Clerk

APPROVED AS TO FORM:

____
Misty Leslie, City Attorney

STATE OF ARIZONA
County of Maricopa

On this ________ day of _____________________, 2015, before me personally appeared Sharon Wolcott, the Mayor of the CITY OF SURPRISE, ARIZONA, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here]

____
Notary Public

OWNER:

371 on 163rd, L.L.C., an Arizona
limited liability corporation

By:_______________________________
Keith Miller, Manager

Date:_____________________________

STATE OF ARIZONA
County of Maricopa

On this ________ day of ____________________, 2015, before me personally appeared Keith Miller, Manager, for 371 on 163rd, L.L.C., an Arizona limited liability company, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here] _______________________________________
Notary Public

Desert Oasis Altamira/Verdugo Water System

Surprise, Arizona

Master Plan

Submittal No. 3

December 2014

SURPRISE

ARIZONA

WATERWORKS ENGINEERS

Registered Professional Engineer
CERTIFICATE
30012
JOHN H.
MATTA
(Civil)
Date Signed 12-15-2014
ARIZONA, U.S.A.
Expires 3-31-17

Altamira Verdugo Developments
Surprise, AZ

DESERT OASIS/ALTAMIRA VERDUGO WATER SYSTEM
Master Plan
Report

Submittal #3

December, 2014

Prepared For:
Sandbox Development Consultants
2375 E. Camelback Rd, Suite 600
Phoenix, AZ 85016
Contact: Anthony Sumner

Prepared By:
John Matta, P.E. and Abel Ramarui, P.E.
Water Works Engineers
7580 N Dobson Rd, Suite 200
Scottsdale, AZ 85256

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Appendix A – Desert Oasis Water System Regional Demands

Appendix B – Well Impact Summary with Proposed Well Locations Altamira and Verdugo Developments

Appendix C - Desert Oasis ARF Conceptual Design Report

Appendix D – Altamira Verdugo Water Distribution Model

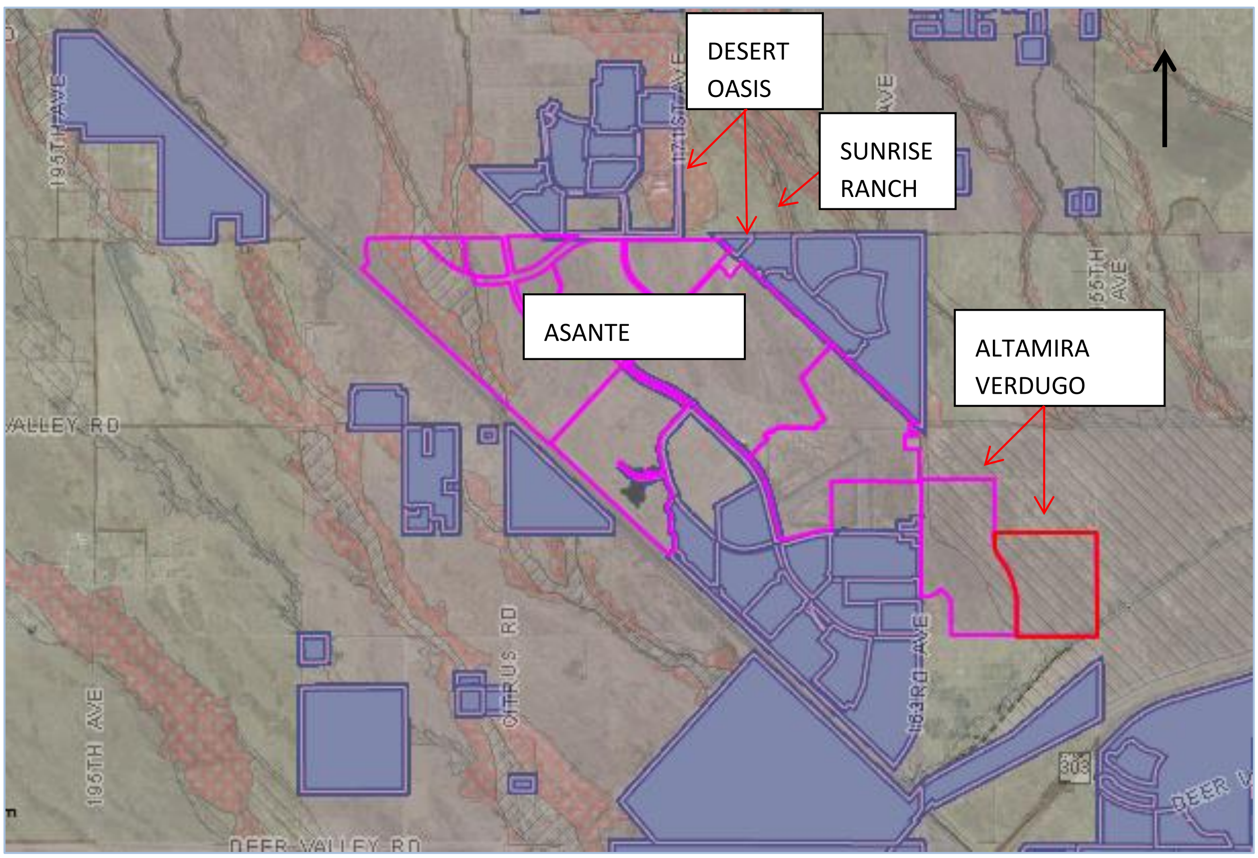
1. Introduction

1.1. Introduction and Project Location

Altamira and Verdugo developments (Altamira Verdugo) are proposed residential communities located at the northeast corner of Pinnacle Peak Rd and 163rd Ave in the City of Surprise, AZ. The Altamira Verdugo consist of approximately 300 acres and are planned for a maximum of 1175 Dwelling Units (per the approved PAD zoning).

The two communities are adjacent to Desert Oasis, Asante developments and Sunrise Ranch as shown in Figure 1.

Figure 1 Area Map



1.2. Topographic Conditions

The site elevations range approximately between contour elevations 1,340 and 1,385 ft above mean sea level (amsl).

2. Projected System Demands

2.1. Demand Calculations

The water demands associated with Desert Oasis, Asante and Altamira Verdugo were analyzed as a single demand since this master plan is based on sharing the water infrastructure between the three developments. The corresponding water demands were revised based on City of Surprise latest water demand criteria. Sunrise Ranch water demands were subsequently added in this analysis as a possible scenario.

Since the water demand calculations associated with the Desert Oasis and Asante developments were estimated based on antiquated criteria dating prior to the City of Surprise Integrated Water Master Plan - Water Infrastructure (July 2009), water demand calculations for these developments were revised using City of Surprise approved demand factors (Reference City of Surprise IWMP: Water Resources Appendix A Table A-4).

A summary of the demands under build-out condition and May 2017 condition are summarized in Table 1 and Table 2, respectively. Details are attached in Appendix A. May 2017 is selected to be consistent with the latest Asante Temporary Arsenic Treatment System Evaluation Technical Memorandum. In the latter document, May 2017 was identified as the date when maximum day demand will exceed the available firm well capacity for the Asante development.

Table 1 Buildout Water Demands Summary

Water Demand - Summary at Build-out					
Development	Dwelling Units(1)	EDU(2)	ADD (gpd)	MDD (gpd)	MDD (gpm)
Desert Oasis	3,526	3,908	1,250,414	2,500,827	1,737
Asante	5,886	7,684	2,458,905	4,917,809	3,415
Altamira Verdugo	1,175	1,358	628,450	1,256,900	872.85
TOTAL - Buildout	10,587	12,950	4,337,768	8,675,537	6,025
Sunrise Ranch		330	105,600	211,200	147
TOTAL – Buildout (w/Sunrise Ranch)		13,280	4,443,368	8,886,737	6,172

1. Include non-residential developments and are calculated based on 3 dwelling units per acre.
2. Equivalent Dwelling Units (EDU) = Average Day Demand divided by 320 gpd/DU.
3. Estimated water demands include irrigation water.
4. Gallons per day - gpd and gallons per minute – gpm
5. Average Day Demand – ADD, and Maximum Day Demand – MDD

Table 2 May 2017 Water Demands Summary

Water Demand - Summary - May 2017[1]					
Development	Dwelling Units	EDU	ADD (gpd)	MDD (gpd)	MDD (gpm)
Desert Oasis	971[2]	1,563	500,000	1,000,000	694
Asante	1070[2]	1,094	350,000	700,000	486
Altamira Verdugo		393	125,690	251,380	175
Sunrise Ranch		0	0	0	0
TOTAL - May 2017		3,049	975,690	1,951,380	1,355

1. May 2017 is the date when the maximum day demand will exceed the available firm well capacity for the Asante development based on the Asante Temporary Arsenic Treatment System Evaluation Technical Memorandum.
2. Reference September 2013 Asante Temporary Arsenic Treatment System Evaluation by Wilson Engineers

3. Water Storage

The current system includes two existing storage tanks as follows:

- Desert Oasis Water Facility includes a 1.5 million gallon (Mgal) tank. This facility was also planned for one additional 2.0 Mgal tank.
- The Asante development has added an adjacent water tank with 1.85 Mgal storage capacity and provided space for two additional domestic water tanks. The Asante tank is not currently connected to the Desert Oasis system.

The fire storage is calculated based on 3,000 gpm for 3-hr duration due to the planned commercial components in the developments. The calculated fire storage requirements is 540,000 gallons (gal). The build-out storage requirements are summarized in Table 3 for each development, and are compared to existing storage capacities.

Table 3 Water Storage Needs (w/o Sunrise Ranch)

Storage Needs – Build-out (gal)				
Development	MDD x 30%	Fire Storage	Storage Needs	Existing Storage
Desert Oasis	750,248	155,661	905,910	1,500,000
Asante	1,475,343	306,104	1,781,447	1,850,000
Altamira Verdugo	377,070	78,234	455,304	-
Total	2,602,661	540,000	3,142,661	3,350,000

In order to provide conservative estimates, the short term storage needs for Desert Oasis and Altamira Verdugo (May 2017) were calculated without the Asante tank. The available storage at Desert Oasis water facility is still in excess of the water storage requirements for Desert Oasis and Altamira Verdugo, as shown in Table 4.

Table 4 Desert Oasis Storage

Storage Capacity Needs based on May 2017 (w/o Asante Tank)				
Development	MDD (gpd)	0.3*MDD (gpd)	Fire Storage (gal)	Total Existing Storage (gal)
Desert Oasis - Available Capacity	-	960,000[2]	540,000	1,500,000
Desert Oasis	1,000,000	300,000	431,524	1,500,000
Altamira Verdugo	251,380[1]	75,414	108,476	-
Desert Oasis and Altamira Verdugo – Capacity Needs	-	375,414	540,000	915,414

1. Based on 20% of buildout MDD
2. Total Storage minus the fire storage requirement

Since the available storage capacity exceeds the build-out storage requirements for Desert Oasis and Altamira Verdugo, additional storage is not proposed.

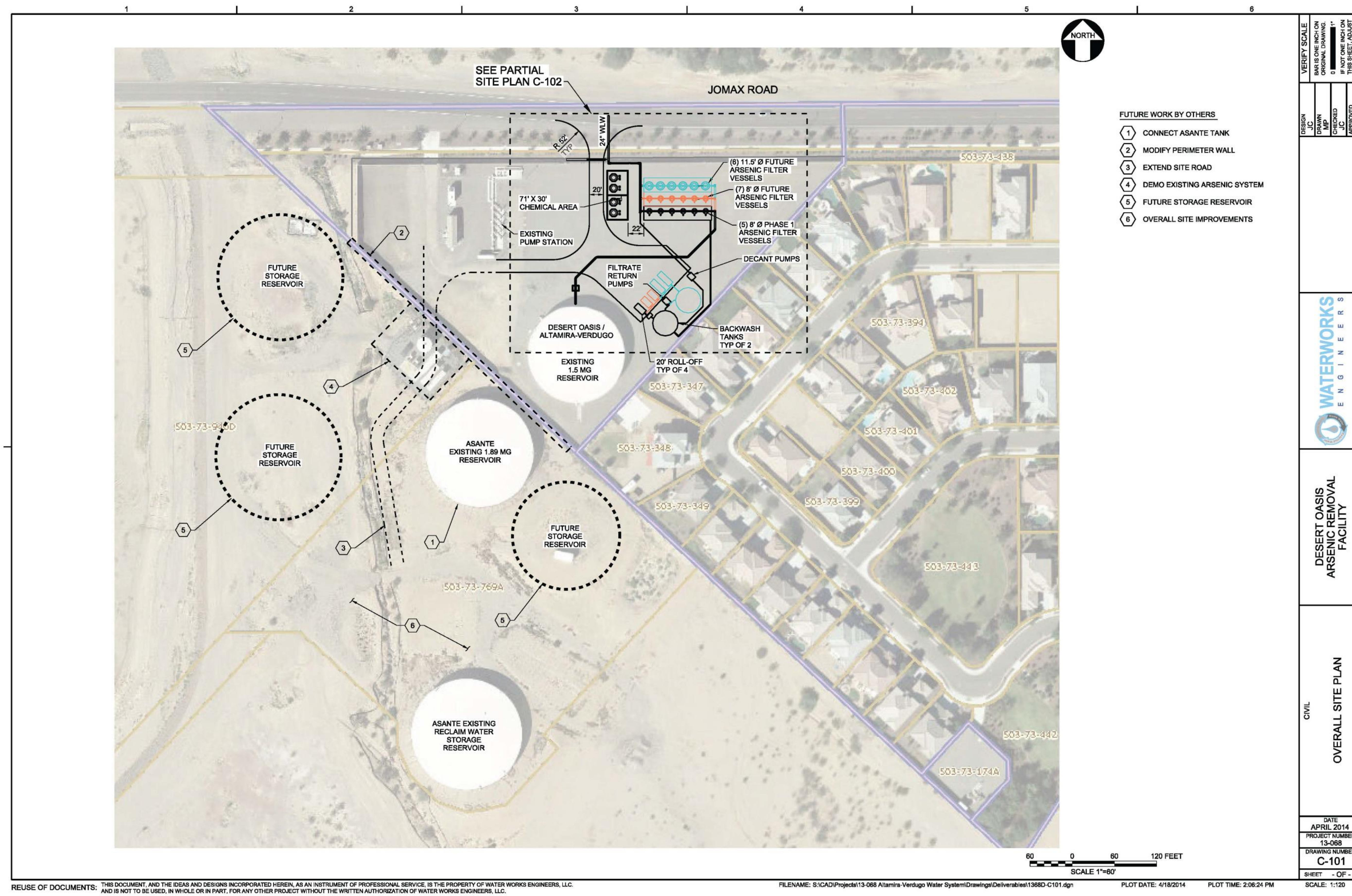
The combined Desert Oasis/Asante site is configured to allow for future storage tanks and accommodate future developments. The following page shows the proposed site plan including three future tanks and an arsenic treatment facility. It is critical to note that the site also includes a reclaimed water tank.

In addition, the storage needs and available capacity was analyzed with Sunrise Ranch. The results are shown in Table 5. There is no storage needs anticipated for Sunrise Ranch by 2017.

Table 5 – Desert Oasis Storage (including Sunrise Ranch)

Storage Needs – Build-out (gal)				
Development	MDD x 30%	Fire Storage	Storage Needs	Existing Storage
Desert Oasis	750,248	151,962	902,210	1,500,000
Asante	1,475,343	298,829	1,774,172	1,850,000
Altamira Verdugo	377,070	76,375	453,445	
Sunrise Ranch	63,360	12,834	76,194	
Total	2,666,021	540,000	3,206,021	3,350,000

Figure 2 Desert Oasis/Asante Proposed Site Plan



3.1. Booster Pump Capacity

The Desert Oasis Water Facility was designed to accommodate two booster stations - one serving pressure zone 5 and the other for pressure zone 6. The Desert Oasis Water Facility currently operates using the pressure zone 6 booster station and feeds pressure zone 5 via three pressure reducing valves.

The existing Zone 6 booster station includes five - 100 HP pumps (1500 gpm at 100 psi) and allows for the installation of a sixth pump. The booster station is also equipped with a hydropneumatic tank.

Pressure Zone 5 booster station was planned to accommodate the installation of 6 pumps and a second hydropneumatic tank.

The booster station sizing is dependent on peak hour flow or maximum day plus fire flow, whichever is greater. The flow demands for the buildout and May 2017 are summarized in Table 6 and Table 7, respectively.

Table 6 Buildout Booster Pump Station Flow Demands

Summary at Buildout w/o Sunrise Ranch					
Development	ADD (gpd)	MDD (gpd)	MDD (gpm)	MDD + FF (gpm)	Peak Hour (gpm)
Desert Oasis	1,250,414	2,500,827	1,737	2,601	2,605
Asante	2,458,905	4,917,809	3,415	5,116	5,123
Altamira Verdugo	628,450	1,256,900	873	1,307	1,240
TOTAL - Buildout	4,337,768	8,675,537	6,025	9,025	8,968
Summary at Buildout w Sunrise Ranch					
Development	ADD (gpd)	MDD (gpd)	MDD (gpm)	MDD + FF (gpm)	Peak Hour (gpm)
Desert Oasis	1,250,414	2,500,827	1,737	2,581	2,605
Asante	2,458,905	4,917,809	3,415	5,075	5,123
Altamira Verdugo	628,450	1,256,900	8,73	1,297	1,240
Sunrise Ranch	105,600	211,200	147	218	220
TOTAL - Buildout	4,443,368	8,886,737	6,171	9,171	9,188

1. Fire Flow – FF

Table 7 May 2017 Booster Pump Station Flow Demands

Summary - May 2017[4]				
Development	MDD (gpd)	MDD (gpm)	MDD + FF (gpm)	Peak Hour (gpm)
Desert Oasis[2]	1,000,000	694	1,638	1,042[1]
Asante[2]	700,000	486	2,125	729[1]
Altamira Verdugo[3]	251,380	175	592	262[1]
TOTAL - May 2007	1,951,380	1,355	4,355	2,033[1]

1. Peak hour = 1.5 x MDD
2. Refer to September 2013, Asante Temporary Arsenic Treatment System Evaluation Final Technical Memorandum, Wilson Engineers.
3. Based on 20% of buildout MDD
4. There is no booster station need anticipated for Sunrise Ranch by 2017

The max day plus fire flow condition appears to be governing under the ultimate condition and under Phase 1 condition. If Sunrise Ranch is included, the MDD + FF condition is almost equal to the peak hour condition.

The pumping capacity available at the Desert Oasis facility is rated at 6,000 gpm (4 X 1500 gpm) plus a standby pump. This value is well in excess of the pumping needs estimated for 2017 (4,355 gpm).

Without Sunrise Ranch, The Altamira Verdugo ultimate pumping needs are estimated at 1,307 gpm. This will require the addition of a 1,500 gpm pump to match the existing pumps. The pump can be installed in the Zone 6 line-up to provide additional capacity for both pressure zones. This will provide the City with extra capacity that will compensate for the redundant pump.

If Sunrise Ranch is included, the addition of a single 1500 gpm pump is marginally adequate (1297+218=1515 gpm > 1500 gpm) to support Altamira Verdugo and Sunrise Ranch.

3.2.Water Supply

The Desert Oasis Water Facilities are supplied from two wells (Well 1 and 2). The two wells currently feed the Asante temporary arsenic treatment facility and supply arsenic treated water to Asante and Desert Oasis developments. Table 8 presents the ADWR permit requirements for Desert Oasis Wells 1 and 2.

Table 8 Well 1 and 2

Well	Maximum Annual Volume (acre-ft)	Average Day Production[1] (gpm)	Maximum Pumping Capacity (gpm)
Desert Oasis Well 1	702	435	1,000
Desert Oasis Well 2	702	435	1,000

1. Based on Maximum Annual Volume

ADWR limits the annual groundwater withdrawn (e.g. maximum annual volume in acre-ft) at 702 acre-ft per year which is equivalent to 435 gpm and maximum pumping capacity at 1,000 gpm.

The number of wells needed under the ultimate condition was estimated based on these two criteria.

- The Average Day Demand condition (628,450 gpd = 436 gpm) was compared to the Maximum Annual Volume allowed (435 gpm), and
- The Maximum Day Demand (873 gpm) was compared to the maximum pumping capacity allowed (1000 gpm).

Based on this, it was determined that one well is adequate to support the water demands associated with the Altamira Verdugo development.

Based on the demands presented above, and a well production capacity of 1000 gpm, the number of wells required is shown in Table 9 to satisfy the demand of Desert Oasis, Asante and Altamira Verdugo.

Under this scenario, Altamira Verdugo will have to provide one equivalent well (1000 gpm capacity) plus 10% of the cost of a future redundant well.

Table 9 Well Requirements Without Sunrise Ranch (1000 gpm/well)

Description	Buildout	Yr 2017
No. of Wells (1000 gpm) + 1	7 (7.03)	3 (2.7)
Desert Oasis	1.74	0.87
Asante	3.42	0.61
Altamira Verdugo	0.87	0.22
Standby	1	1

A second scenario is considered which consists of the following:

- Include Sunrise Ranch demands
- Obtain a waiver regarding the well located within Sunrise Ranch to allow a higher pumping rate for the two existing Desert Oasis Wells and the proposed Altamira Verdugo Well. The maximum pumping rate is estimated at 1100 gpm

The number of wells needed based on this scenario is shown in Table 10 below. Under this scenario, Altamira Verdugo is relieved from contributing to any other future wells.

Table 10 - Well Requirements With Sunrise Ranch

Description	Buildout	Yr 2017
No. of Wells (1100 gpm) + 1	7 (6.6)	3 (2.2)
Desert Oasis	1.58	0.63
Asante	3.10	0.44
Altamira Verdugo	0.8	0.16
Sunrise Ranch	0.1	-
Standby	1	1

The information pertaining to the well(s) proposed for the Altamira Verdugo development, including location, technical specifications and other pertinent details are shown in Appendix B.

In case the proposed well is located within Asante or Altamira Verdugo, a transmission line located approximately 0.7 miles west of Verdugo along Pat Tillman Blvd will be used to convey the water from the proposed well site to the treatment and storage facilities. The transmission line consists of a 12 inch pipe that connects Asante Well 4 site to Asante Well 3 site followed by a 16 inch line that conveys the combined Asante Well 4 and Well 3 flows to the water storage and treatment facility. A proposed 10 inch pipeline will connect the Altamira Verdugo well site to the existing transmission main. The velocities estimated in each pipe segment are shown in Table 11.

Table 11 Pipeline Segment Velocities

Pipe Route	Pipe Diameter (in)	Flow / Well (gpm)	Flow (gpm)	Velocity (ft/sec)
Altamira Verdugo Well to Asante Well 4	10	800	800	3.64
Asante Well 4 to Asante Well 3	12	800	1600	5.06
Asante Well 3 to Water Facility	16	800	2400	4.27
Pipe Route	Pipe Diameter (in)	Flow / Well (gpm)	Flow (gpm)	Velocity (ft/sec)
Altamira Verdugo Well to Asante Well 4 WELL MAY NOT BE NEEDED	10	1000	1000	4.55
Asante Well 4 to Asante Well 3	12	1000	1600	6.32
Asante Well 3 to Water Facility	16	1000	2400	5.33

In case the existing Desert Oasis wells and/or Asante wells were allowed to increase pumping based on a waiver from the Sunrise Ranch Well, then an extension to the transmission main is not needed.

The proposed number of wells will provide adequate water supply under the maximum day conditions. Under these conditions, the well pumping rate will exceed the annual allowed withdrawal for a short period of time but will not exceed the maximum pumping rate. During the lower demand month, less wells and lower pumping rate will be needed which will compensate for the maximum demand periods.

Under average conditions, the City will have twice the well capacity needed which will allow for well maintenance. Under the maximum day condition, one redundant well will be available.

4. Water Treatment

The water quality observed in the existing wells and proposed well sites have shown arsenic levels that exceed regulatory limits. This required the installation of a temporary arsenic treatment facility for the Asante development. The details associated with the replacement of this facility and the sizing/master-planning is included in Appendix C.

The existing arsenic treatment system is a 1,200 gpm temporary system that will not be included in the capacity calculations associated with the permanent system. The treatment system requirements are shown in Table 12.

Table 12 Water Treatment Requirements

Arsenic Treatment System	Ultimate (gpm)	2017 (gpm)
Phase 1 - Asante (Developer)	3,415	-
Phase 2 - Desert Oasis (City)	1,737	694

Arsenic Treatment System	Ultimate (gpm)	2017 (gpm)
Altamira Verdugo	873	175
Total (Without Sunrise Ranch)	6,025	869
Sunrise Ranch	147	-
Total (With Sunrise Ranch)	6,172	-

Since the proposed system is intended to replace the existing temporary arsenic treatment system, the proposed system will have a capacity that matches the temporary system (1200 gpm). This will require Altamira Verdugo to construct a 1200 gpm capacity (327 gpm or 37% larger than its needs). The proposed arsenic treatment system will accommodate future phases up to 8,000 gpm.

5. Distribution System

5.1. Pressure Zone

The project area lies within Pressure Zone 5 of the City of Surprise as shown in the Asante Water Master Plan (DEI, November 2006).

5.2. Distribution System Model

A computer model of the proposed water system was prepared using Bentley WaterGEMS to evaluate the proposed water system distribution system under a variety of flow demand conditions. Table 13 presents the pipe network parameters used for modeling the Altamira Verdugo distribution system.

Table 13 Pipe Network Parameters

Parameter[1]	Value
Pipe Flow Velocity	<5 feet per second (ft/sec)
Allowable Pipe Sizes	Minimum 16” diameter pipe on arterial streets Minimum 12” diameter pipe on collector streets Minimum 8” diameter pipe on other locations
Pressures	Maximum distribution system pressure – 100 psi Maximum day and peak hour - 40 to 50 psi Minimum residual pressure for fire flow – 20 psi Pressures exceeding 80 psi will require an individual pressure reducing valve on the customer side of the meter.
Fire Flow analysis	Based on 2,000-GPM flow and pressure equal to or greater than 20 psi
Hazen C Value	130
Pipe Material	Ductile Iron

1. City of Surprise Integrated Water Master Plan: Water Infrastructure

The Altamira Verdugo water distribution system will be connected to an existing 16" waterline on 163rd Avenue. A hydrant pressure test was performed on a fire hydrant connected to the existing 16" waterline. The fire hydrant is located approximately 1,060 feet north of San Ysidro Road on 163rd Avenue. The hydrant test pressure data serves as the upstream hydraulic grade (e.g. reservoir) for the Altamira Verdugo distribution system.

The following list the pressure test information:

- Field Measure Pressure – 60 psi
- Field Measure Flow – 1,300 gpm
- Approximate Elevation – 1,389.4 ft

The following demand scenarios will be analyzed.

- Average Day Demand
- Maximum Day Demand
- Maximum Day Demand plus fire flow
- Peak Hour

5.3.Modeling Results

Figure 3, Figure 4 and Figure 5 show the node pressures for average day, maximum day and peak hour demand, respectively. The pressures at selected nodes (identified with a red arrow) for each demand scenarios are summarized in Table 14 and Table 15.

.

Figure 3 **Average Day Demand Pressures**

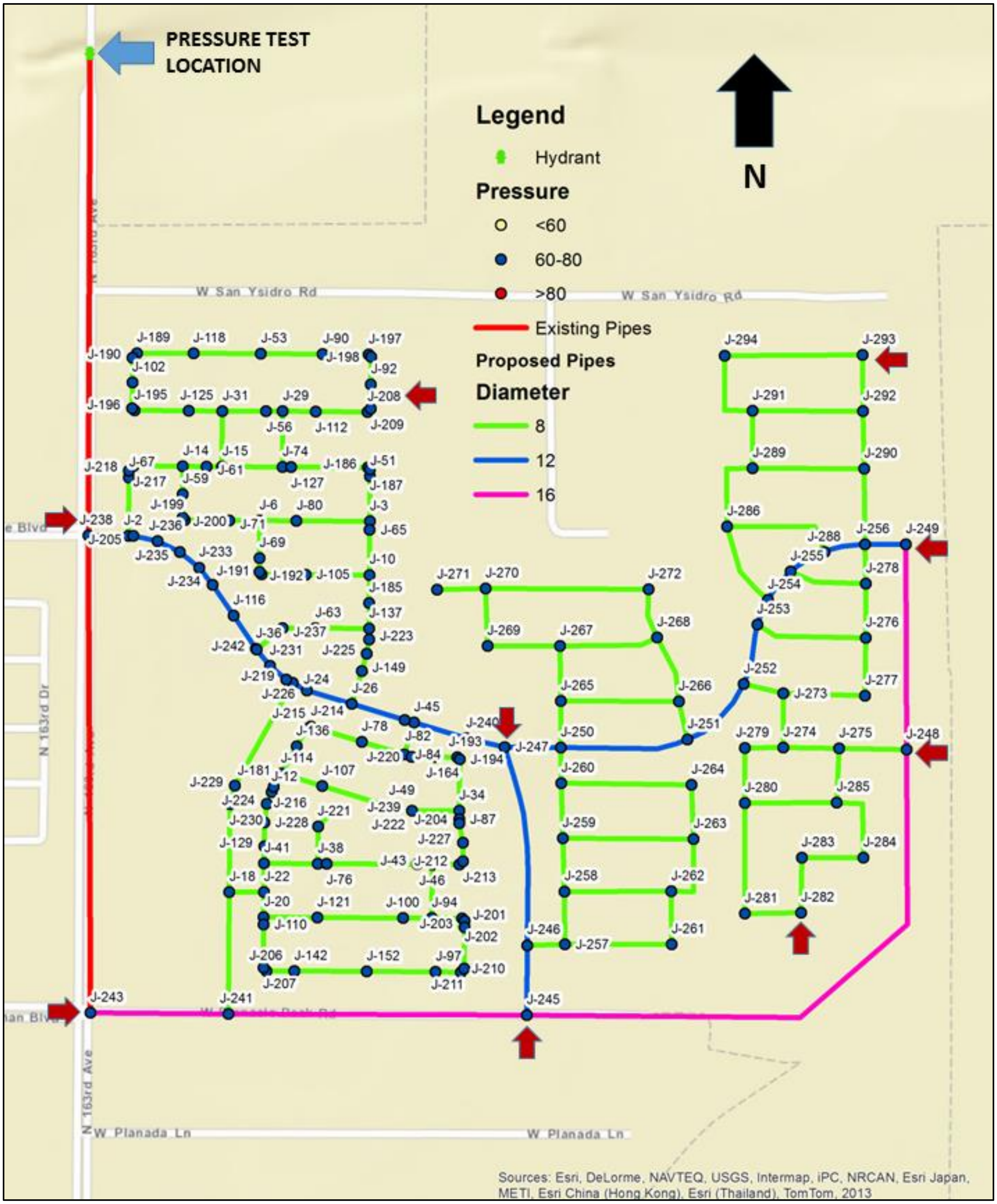


Figure 4 **Maximum Day Demand Pressures**

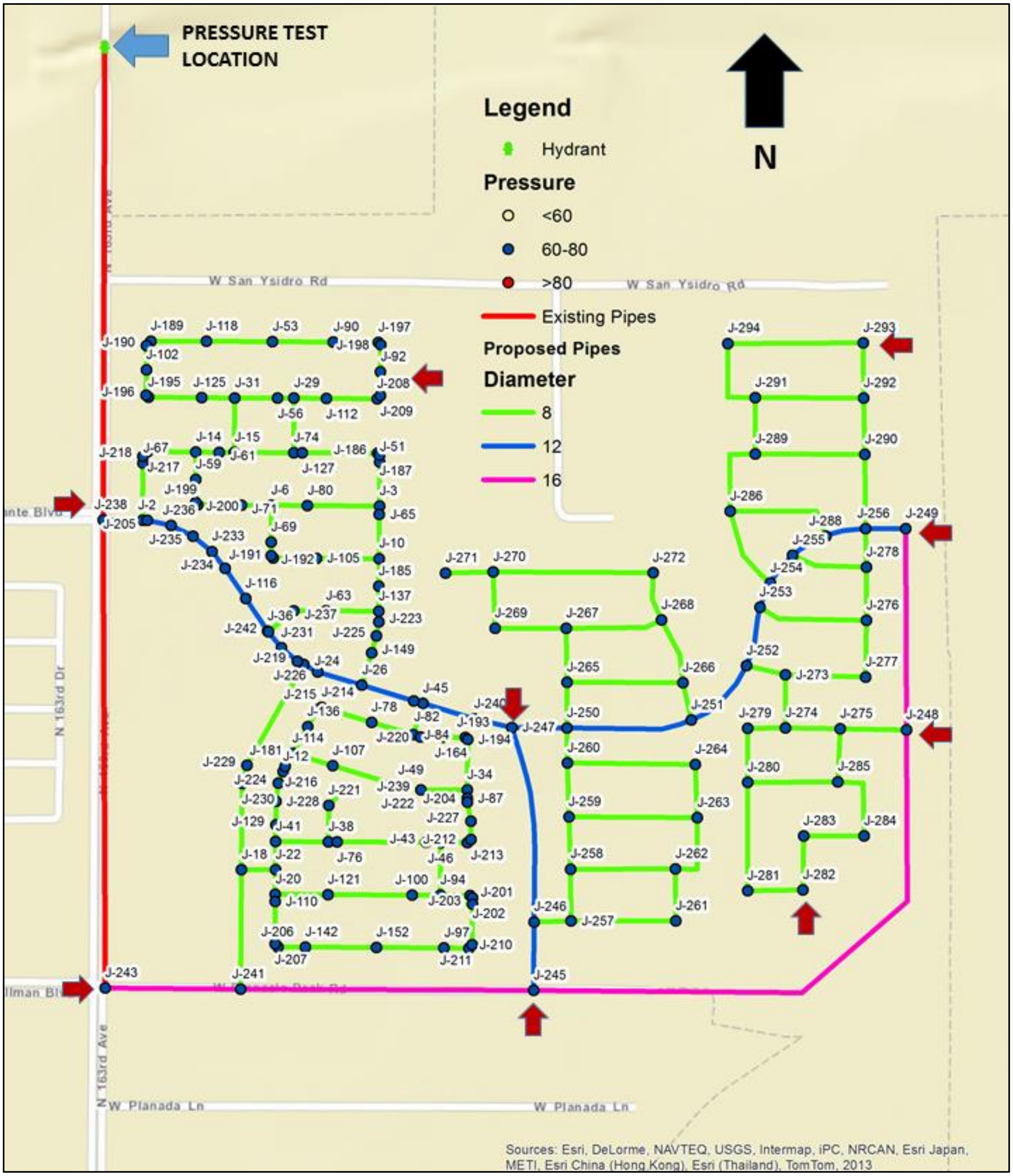


Figure 5 **Peak Hour Pressures**

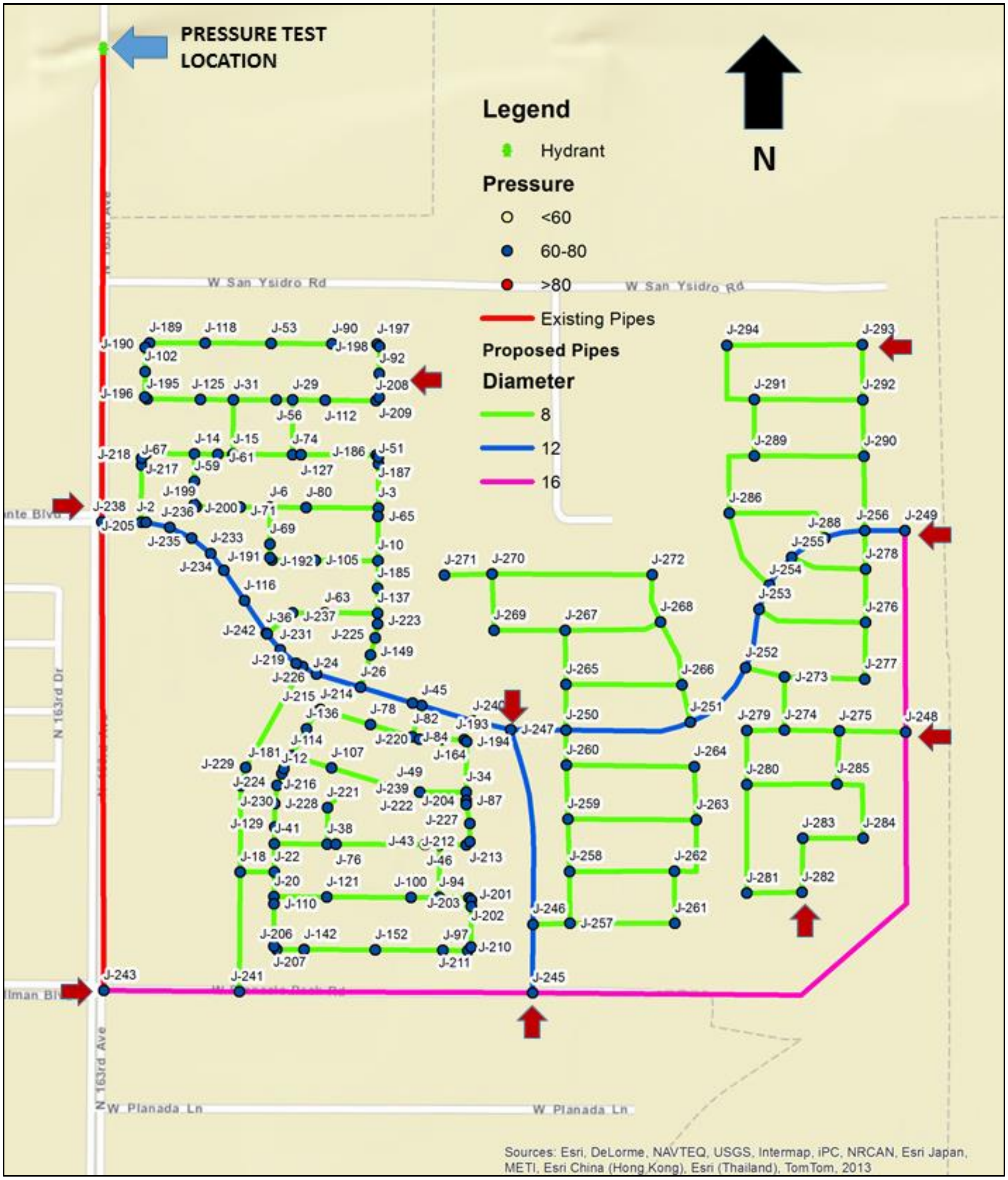


Table 14 Summary of Pressures at Various Junctions

Junction	ADD, (psi)	MDD (psi)	Peak Hour (psi)
J-208	67	67	66
J-210	77	76	75
J-238	67	67	66
J-243	74	73	73
J-245	78	78	77
J-247	74	73	72
J-248	78	77	76
J-249	74	74	73
J-282	79	79	78
J-293	71	70	69

Table 15 Summary of MDD + FF Pressures at Various Junctions

Junction	MDD + FF (psi)	Corresponding Junction with Minimum Pressure	
		Junction	Pressure (psi)
J-208	43	35	43
J-210	57	J-211	57
J-238	62	J-189	59
J-243	67	J-189	59
J-245	69	J-189	58
J-247	65	J-189	58
J-248	66	J-189	58
J-249	62	J-294	57
J-282	54	J-283	55
J-293	47	J-294	49

Refer to Appendix D for the complete modeling results.

6. Summary

The following summarizes the Water Storage Requirements:

- The existing Desert Oasis storage tank can provide short term water storage for the Desert Oasis, Altamira Verdugo and Sunrise Ranch (e.g. 0.3 x MDD plus 540,000 gal fire flow storage)
- The existing Desert Oasis and Asante storage tanks can provide the required buildout water storage for the Asante, Desert Oasis , Altamira Verdugo and Sunrise Ranch (e.g. 0.3 x MDD plus 540,000 gal fire flow storage)
- Altamira Verdugo shall not be required to construct any additional water storage tanks

The following summarizes the Booster Pump Station Requirements:

- The pumping capacity available at the Desert Oasis facility is rated at 6,000 gpm (4 X 1500 gpm) plus a standby pump
- The ultimate pumping needs for Altamira Verdugo is estimated at 1,307 gpm
- The Altamira Verdugo will require the addition of a 1,500 gpm pump to match the existing Desert Oasis pumps and can be installed in the Zone 6 line-up to provide additional capacity for Zone 5 and Zone 6. This additional pump could also address the Sunrise Ranch demands.

The following summarizes the water supply requirements:

- Altamira Verdugo will need to provide an additional well with a minimum of 1000 gpm of capacity in addition to a 10% contribution to a future redundant well or a waiver from Sunrise Ranch wells.
- A 10 inch transmission main connecting to the Asante Well 3 and 4 transmission may be used to deliver water to the Desert Oasis water facility
- Nine wells are required for the buildout of Asante, Desert Oasis and Altamira Verdugo
- If a waiver is obtained from Sunrise Ranch, the well pumping capacity can be increased and the number of wells can be reduced to 6 wells. This may also eliminate the need for additional transmission lines

The following summarizes the water treatment requirements:

- Altamira Verdugo shall construct the first 1,200 gpm phase of the permanent arsenic treatment system
- The permanent arsenic treatment system is expandable to accommodate future phases up to 8,000 gpm

The following summarizes the modeling results:

- A 16 inch main is proposed along the southern (Pinnacle Peak Rd) and eastern edge of the developments (Reams Rd)
- A 12 inch main is proposed along Asante Blvd and 159th Avenue
- The distribution laterals are proposed as 8 inch pipes

- Distribution system velocities were less than the 5 ft/sec requirements for all demand scenarios
- Distribution system pressures ranged between 60 psi and 80 psi for all demand scenarios
- Distribution system met the requirements of 2,000 gpm fire flow and minimum residual pressure of 20 psi

CVL
CONSULTANTS

4550 North 12th Street | Phoenix, AZ 85014
602.264.6831

OPINION OF PROBABLE COSTS
ALTAMIRA - SAN YSIDRO ROAD
HALF STREET IMPROVEMENT - LOCAL STREET

Date Prepared:1-29-15

Item	Quantity	Unit	Unit Price	Amount
Grading	610	CY	$ 2.50	$ 1,525
Subtotal				$ 1,525
Paving and Stormdrain System:				
3" AC Pavement on 8" Base Coarse	2,012	SY	$ 20.00	$ 40,240
Brass Cap	2	EA	$ 115.00	$ 230
4" Roll Curb and Gutter	1,294	LF	$ 7.50	$ 9,705
Concrete Sidewalk - MAG STD. DET. 230	6,470	SF	$ 2.00	$ 12,940
Thickened Edge - MAG STD. DET. 201-B	1,314	LF	$ 3.00	$ 3,942
Sidewalk Ramp - MAG STD. DET. 235-3	4	EA	$ 450.00	$ 1,800
8' Valley Gutter and Apron - C.O.G. Std. Det. G-3226	112	SF	$ 6.00	$ 672
Street Sign Base - C.O.G. STD. DET. G-3209-2	13	EA	$ 120.00	$ 1,560
Catch Basin C.O.G. STD. DET. 3535 M	1	EA	$ 2,500.00	$ 2,500
Scupper	1	EA	$ 2,500.00	$ 2,500
Rip Rap	20	SY	$ 25.00	$ 500
Subtotal				$ 76,589
Misc.				
Streetlights	8	EA	$ 2,000.00	$ 16,000
Striping	1	EA	$ 4,000.00	$ 4,000
Subtotal				$ 20,000
Construction Total				$ 98,114
Contingency	15%			$ 14,717
Soft Costs	10%			$ 9,811
TOTAL				**$ 122,643**

Registered Professional Engineer (Civil)
CERTIFICATE NO.
37325
RYAN
WEED
Date Signed: 1/30/15
ARIZONA, U.S.A.
Expires: 3/31/17

EXPIRES 12/30/15

EXHIBIT E

Assignment Form

ADDENDUM NO. ____

This Addendum No.___ ("Addendum") is made and entered into by and between Owner and New Owner (defined herein) with respect to the Agreement, and, when countersigned below by City Manager on behalf of City, it shall become an addendum to the Agreement for all purposes, and shall thereafter be construed to be integrated into such document.

Pursuant to Section 15.2 of the Agreement, the Parties hereby approve the following assignment (attach a copy of the title report).

Owner (Assignor)	"New Owner" (Assignee)
________________________	________________________
________________________	________________________
________________________	________________________
________________________	________________________

"Affected Property" (attach a depiction of the property transferred)

____

____

The definition of Owner and Parties within the Agreement shall now include New Owner, and New Owner shall be entitled to the rights, and responsible for the following obligations within the Agreement.

____

____

____

Unless otherwise separately defined in this Addendum, all capitalized terms contained herein shall be given the meaning set forth for such terms in the Agreement. All of the terms, provisions and conditions of the Agreement that are not expressly modified, amended or clarified by this Addendum (or which, in context, must be deemed modified, amended or clarified hereby) shall remain in full force and effect.

OWNER:

371 on 163rd, L.L.C., an Arizona
limited liability company

By:______________________________
Keith Miller, Manager

Date:____________________________

STATE OF ARIZONA
County of Maricopa

On this ________ day of ____________________, 2015, before me personally appeared Keith Miller, Manager, for 371 on 163rd, L.L.C., an Arizona limited liability company, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here] ______________________________________
Notary Public

NEW OWNER:

____

By:_______________________________

Its:_______________________________

Date:______________________________

STATE OF ARIZONA
County of Maricopa

On this _________ day of ______________________, 2015, before me personally appeared _____________________, _____________________________, of _________ ____________________________________, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here] ____
Notary Public

CITY:

City of Surprise, an Arizona municipal corporation

By:_________________________________
City Manager

Date:______________________________

WHEN RECORDED RETURN TO:

SURPRISE Clerk, City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374-74470

ALTAMIRA DEVELOPMENT AGREEMENT

THIS ALTAMIRA DEVELOPMENT AGREEMENT ("**2015 Altamira Agreement**") is entered into by and between the City of Surprise, an Arizona municipal corporation ("**City**"), and 371 on 163rd, L.L.C., an Arizona limited liability company ("**Owner**). The City and Owner are referred to herein individually as a "**Party**" or collectively the "**Parties**."

RECITALS:

A. The property subject to this Agreement includes approximately one hundred seventy eight (178) acres generally bounded by the Verdugo development on the West, Pinnacle Peak Road on the South, San Ysidro Road on the North and Reems Road on the East, and is more particularly described in the legal description attached hereto as Exhibit A (the "**Property**").

B. The Property generally comprises of the east half of the project formerly known as "Pinnacle Peak Country Estates" ("**Previous Owner**").

C. The City and Previous Owner entered into the Development Agreement (Pinnacle Peak Country Estates), recorded in the Office of the Maricopa County Recorder, No. 2003-1448858, which was repealed by Council Action on November 16, 2009 (the "**Original Agreement**").

D. Pursuant to an obligation in the Original Agreement, City acknowledges that the Previous Owner paid One Hundred Thousand Dollars ($100,000) to the City to address all of Owner's obligations relative to the off-site sewer line from the SPA 2 Regional Water Reclamation Facility to the intersection of Asante Boulevard and Reems Road alignments.

E. The Original Agreement was rescinded, cancelled and terminated and replaced with two separate development agreements (1) Development Agreement (Altamira) recorded in the Office of the Maricopa County Recorder on November 19. 2009, No.2009-1070006, as amended by the First Amendment to Altamira Development Agreement recorded in the Office of the Maricopa County Recorder on November 27, 2012, No. 2012-1070929 (herein after collectively referred to as the "**Replacement Agreement**"); and (2) the Development Agreement (Verdugo) recorded in the Office of the Maricopa County Recorder on March 17, 2009, No. 2009-0343298, both of which are currently in force and effect.

F. Due to changing conditions within the City, as well as Owner's desire to revise the water plans for the Property, the Replacement Agreement no longer adequately addresses the development plans for the Property and the Parties wish to rescind, cancel and terminate the Replacement Agreement and replace it with this 2015 Altamira Agreement.

G. The Parties desire to enter into this 2015 Altamira Agreement for the purpose of outlining and setting forth certain obligations and commitments relative to the contemplated development of the Property, intending this document to be a "Development Agreement" within the meaning of ARS § 9-500.05.

H. The City confirms that, prior to the execution of this 2015 Altamira Agreement, the City has given all required public notice and has held all required public hearings to receive comment, discuss, and otherwise consider and approve the terms and conditions of this 2015 Altamira Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing premises and mutual promises set forth in this 2015 Altamira Agreement, the Parties state, confirm and agree as follows:

1. <u>Incorporation of Recitals</u>. The accuracy of the above Recitals is confirmed and all of the above-mentioned Recitals are incorporated herein and made a part hereof with the same force and effect as if set forth in the "Agreement" section of this 2015 Altamira Agreement.

2. <u>Rescission and Termination of the Replacement Agreement</u>. The Parties hereby agree to rescind, cancel, and terminate the Replacement Agreement with respect to the Property, and that, as of the Effective Date, the Replacement Agreement will no longer be of any force or effect. The Parties agree that, unless otherwise specifically stated herein, any duty or obligation set forth in the Replacement Agreement has been satisfied or rescinded. The recordation of this 2015 Altamira Agreement and the Termination Statement, attached hereto as <u>Exhibit B</u>, will provide notice to all future successors in interest of either Party that the Replacement Agreement has been terminated with respect to the Property.

3. <u>Defined Terms</u>.

3.1. "*City Standards*" means applicable master plans, specific plans, rules, ordinances, regulations, standards, and administrative policies of the City that are in effect at the time of the respective application or submittal, whichever is later, filed by the applicant.

3.2. "*Necessary Public Infrastructure*" means any infrastructure required to provide standard service levels to all parcels and individual pads within the

Property, including but not limited to streets, water, wastewater and flood control. Necessary Infrastructure does not include fire or police stations, parks, trails or other public recreation areas.

3.3. "*Design and Construction Costs*" means the costs of labor, materials and supplies, architectural, engineering, design and consultant related fees and costs, blue printing services, construction staking, demolition, soil amendments or compaction, legal and engineering services required to obtain permits, costs of any bonds, warranty costs, any corrections, changes or additions to work required by the City or necessitated by site conditions, state and county sales taxes imposed in connection with the construction, and any independent third party construction management fees.

4. Necessary Public Infrastructure; Obligation to Construct. Owner must provide all Necessary Public Infrastructure and incur all Design and Construction Costs related thereto; none of which is eligible for reimbursement unless otherwise specifically stated in this 2015 Altamira Agreement.

5. Approvals. All approvals, conveyances, and acceptances of either Party, must be in writing and may not be unreasonably withheld, conditioned, or delayed. Permits for structures on platted lots or commercial pads will not be issued to any parcel, lot, or pad within the Property unless the Necessary Public Infrastructure related to that parcel, lot, or pad has been completed and accepted by the City.

6. Regulatory Compliance/Construction Standards. Owner will develop the Property in accordance with this 2015 Altamira Agreement, the applicable City approved Altamira Planned Area Development ("**PAD**"), as amended, and all City Standards.

7. Vested Rights. City acknowledges that Owner's right to develop the Property in accordance with the PAD is vested during the term of this 2015 Altamira Agreement.

8. Water and Wastewater.

8.1. Service. The Property is located within the water and wastewater service area of the City, and the City is designated as having an assured water supply pursuant to ARS § 45-576, which shall apply to the development of the Property. Upon the completion and acceptance by the City of the Necessary Public Infrastructure related to water and wastewater serving the Property, City commits to provide municipal water and wastewater service to all portions of the Property, with service-related fees imposed in accordance with the City's then current generally applicable rate structure.

8.2. Water Rights; Credit. Prior to the recordation of any final plat relating to the Property, Owner will convey to the City, at no cost to the City, all Type I and

Type II water rights, and any extinguished irrigation grandfathered water rights or credits, in existence relating to the Property.

8.3. Water Master Plan. The Desert Oasis/Altamira Verdugo Water System Master Plan, dated December 15, 2014 and approved by the City on January 7, 2015, and attached hereto as Exhibit C (“**Water Master Plan**”), has been approved by the City and identifies all demands, resources, capacities, delivery/service details and Necessary Public Infrastructure related to water for the full build out of the Property. The Parties acknowledge and agree that to the extent City Standards related to water change prior to the commencement of construction, Owner must update the Water Master Plan to reflect changes in applicable standards prior to construction on the Property. Additionally, if City has not accepted the water infrastructure and Owner fails to request a building permit for the Property within five (5) years following the completion of the water infrastructure on the Property as identified in the Water Master Plan, then Owner must (a) update the Water Master Plan to reflect then existing City Standards, and (b) at City's request, bring all of the water infrastructure into compliance with the updated Water Master Plan. No building permit will be issued by the City unless Owner has satisfied the provisions of this section. Any amendment to the Water Master Plan will be automatically incorporated into Exhibit C upon acceptance by the City.

8.4. Wells

8.4.1. Waivers. Owner will provide well impact waivers to the City for any well dedicated to the City pursuant to this 2015 Altamira Agreement.

8.4.2. Well / Well Site(s). Any well site provided by Owner will comply with City Standards for such well site, the location of which will be determined by Owner and City using the results of a professional well impact analysis paid for by Owner. If the well site is located on the Property, the site will be reflected on a final plat for the applicable portion of the Property, or, if located outside the Property, secured in a manner acceptable to the City prior to final plat approval. If necessary, Owner will dedicate to the City any necessary flowage easement(s). To the extent the Water Master Plan requires a water supply greater than a single well is permitted to supply, but less than two wells would supply, Owner will either, (a) provide well impact waivers for a well or wells agreeable to both Parties that is sufficient to meet the supply required by the Water Master Plan, or (b) pay to the City an amount equal to five percent (5%) of the construction costs for a second well. The construction costs for a second well will be based on construction costs at the time the payment is made. City will not issue building permits beyond 30% of the residential lots on the property until the requirements of this section are satisfied. Both Parties agree that a well impact waiver for the Sunrise Ranch well would satisfy the requirements of this section.

8.4.3. Performance and Water Quality.

8.4.3.1. Well performance criterions have been established within the Water Master Plan. Owner will ensure, at its own cost, that any well provided by Owner complies with the well performance criterions on the date the City accepts the well. Actual well performance and water quality data must be provided to the City for review and analysis prior to acceptance of any well by the City.

8.4.3.2. Should the performance of any well provided by Owner not comply with the well performance criterions in the Water Master Plan, as determined exclusively by the City, then Owner will provide the City with a solution to improve well performance to meet or exceed the well performance criterions in the Water Master Plan, or drill an alternative well that will meet said performance criterions.

8.5. Regional Water Supply Facility; Site Plan.

8.5.1. The Desert Oasis Regional Water Supply Facility ("**Water Supply Facility**"), generally located along the south side of Jomax Road between 168th Avenue and 170th Avenue, will supply water to a number of developments including the Property.

8.5.2. Owner will develop a master site plan for the entire Water Supply Facility consistent with the Water Master Plan, and will incur all associated design costs. The Water Supply Facility master site plan must be complete prior to the approval of any application or submission for construction of any water related Necessary Public Infrastructure.

8.5.3. Owner will design and construct arsenic treatment facilities as per the Water Supply Facility master site plan, sufficient to treat 2000 gpm. Owner is responsible for the costs associated with constructing an arsenic treatment system sufficient to treat 1200 gpm, and the City is responsible for the additional costs associated with increasing the size of the arsenic treatment system by 800 gpm to a system capable of treating 2000 gpm. Owner must publicly bid the arsenic treatment system construction as a 1200 gpm system with an additional/alternate bid for the additional 800 gpm. The City's share will be the cost of the bid for the additional 800 gpm. Owner will provide written notice to the City of the winning bidder for the construction contract and identify the City's share of the construction costs. Within thirty (30) days following receipt of such written notice, both Owner and the City will each place their respective share of the construction costs into an escrow account. The date funding is due to the escrow account is the "Funding Date". Owner and the City agree to cooperate and establish the escrow account during the public bidding process. If at any time prior to the Funding Date, the City either (a) elects to withdraw its financial participation in the 2,000 gpm arsenic treatment facility, or (b) fails to deposit its share of construction costs, then Owner's obligation under this section is to design and construct a 1,200 gpm arsenic treatment facility. Owner will have no obligation to publicly bid the arsenic treatment system if the City withdraws its financial participation and there are no development fee credits applicable to the arsenic treatment system.

8.6. Interim Use of Existing City Water Infrastructure.

8.6.1. The Parties acknowledge that the water distribution line in 163rd Avenue could provide potable water to the Property on an interim basis. In order to develop an initial phase of the Property, which will consist of no more than one hundred fifty (150) residential units, Owner may utilize potable water from the existing water distribution line in 163rd Avenue, provided: (a) the City determines that excess water exists in the 163rd Avenue water distribution line, (b) financial assurances have been provided to the City covering the construction costs of the arsenic treatment system prior to any building permits being issued for residential units, and (c) the arsenic treatment system has been designed, and approved by the City, and (d) an approval to construct has been issued by Maricopa County, and such is valid and current at the time the interim use begins. If the Maricopa County approval to construct lapses prior to construction of the applicable water infrastructure, Owner is responsible for obtaining a new approval to construct at Owner's sole expense.

8.6.2. Owner will be required to make any improvements to the water distribution line in 163rd Avenue necessary to utilize such water within the Property, including but not limited the installation of a pressure reducing valve. Owner may also be required to ensure that the water delivered to the Property during Owner's interim use meets the City drinking water standards in effect at the time. All costs associated with improving the water distribution line in 163rd Avenue, as well as any costs associated with providing water treatment, and all costs associated with returning the line to is pre-use state, will be borne solely by the Owner and not be eligible for reimbursement. Owner's interim use of existing City water infrastructure will not alleviate Owner's obligation to finance, design, and construct the Necessary Public Infrastructure as specified in the Water Master Plan.

8.7 Wastewater Service. Owner is a party to both the SPA 2 Water Reclamation Facility Development Agreement, recorded in the Office of the Maricopa County Recorder, No. 2006-0659511 and the First Amendment to the SPA 2 Water Reclamation Facility Development Agreement, recorded in the Office of the Maricopa County Recorder, No. 2008-0739011. Wastewater will be provided to the Property pursuant to that agreement, as may be amended from time to time by the parties to that agreement.

9. Transportation.

9.1. Traffic Impact/Access Analysis. During the preliminary and final platting process Owner will provide a traffic analysis completed by a qualified, independent, third-party traffic engineer registered in Arizona ("**Traffic Analysis**"). The Traffic Analysis will identify all Necessary Public Infrastructure related to transportation needs and traffic demands of the Property. Except for San Ysidro Road as addressed in Section 9.4, Owner is responsible for designing, constructing and installing half-street improvements where the planned street abuts the Property on one side and full-street improvements where the planned street abuts the Property on both sides. The Parties acknowledge and agree that to the extent City Standards related to traffic change prior to commencement of construction on the Property, Owner must update the Traffic Analysis to reflect such changes prior to construction on the Property. The Traffic Analysis, and any subsequent amendment thereto, will be automatically incorporated into this 2015 Altamira Agreement by reference upon acceptance by the City.

9.2. Minimum Property Access. The Property must have at least two non-intersecting routes of access, as identified in the Traffic Analysis, leading to 163rd Avenue and Pinnacle Peak Road.

9.3. Street Lights. Street lights for the Property will be maintained by a Street Light Improvement District ("SLID"). A single SLID must be formed over the entirety of the Property. All Design and Construction Costs associated with installing the street light poles and street lights will be borne by Owner. Owner will make an initial contribution of Five Thousand Dollars ($5,000) at the time of applying for the SLID to fund any potential shortfall in tax revenues. If the initial contribution is insufficient to fund any actual shortfall, Owner will pay the actual shortfall within 60 days of issuance of a notice of such shortfall is sent pursuant to the notice provision of this 2015 Altamira Agreement.

9.4 San Ysidro. The Parties agree that, in lieu of any design or construction obligations related to San Ysidro Road, Owner will pay to the City on or before the City issues the 151st building permit within the property, One Hundred Twenty Two Thousand Six hundred Forty Three Dollars ($122,643), which amount reflects Owner's proportionate share of the construction costs for San Ysidro pursuant to the engineer's estimate attached hereto as Exhibit D. The City is obligated to use the in lieu funds for transportation related improvements benefiting the Property. Additionally, upon written request from the City, Owner will dedicate up to 27½ feet of right of way along the northern boundary of the Property. Satisfaction of the terms set forth in this Section satisfies the obligations of the Owner as they relate to San Ysidro Road.

10. Emergency Services. The City acknowledges that the provision of fire service, emergency medical service, and police service to the Property will not require the reservation of land on the Property.

11. Parks. The recreation areas, parks, and trails located within the Property must be designed and constructed in accordance with the City of Surprise Parks and Trails Master Plan. Owner acknowledges that the Design and Construction Costs associated with recreation areas, trails, and parks within the Property will be borne by Owner, and such costs are not eligible for development fee reimbursement. The Parties acknowledge that the current zoning anticipates that the recreation areas, trails, and parks within the Property will be private and maintained by a homeowners' association. Consequently, Owner is not required to dedicate or construct any City owned neighborhood, community or regional parks. Notwithstanding the above, the Parties agree to enter into a public easement for the public use of trails within the property; such agreement to be negotiated and entered into separate from this Agreement.

12. Drainage. The Necessary Public Infrastructure related to drainage improvements for the Property are identified in the approved Conditional Letter of Map Revision (CLOMR) Request for Altamira and Verdugo, dated February 27, 2013, revised on June 13, 2013, and as further revised or amended in accordance with FEMA standards and as approved by FEMA. The City agrees to not impose drainage obligations in excess of those required by the applicable CLOMR at time of construction. Such improvements will be maintained by Owner or the homeowners association for the Property in the manner required by law. The City acknowledges that Owner will need to apply for a letter of map revision (LOMR) and the City agrees: (i) to treat the Owner's LOMR application relating to the Property no differently than any other LOMR application submitted to the City, and (ii) to execute a guarantee of LOMR operations and maintenance, acceptable to the City and as required by FEMA.

13. Public Improvements.

13.1. Phasing of Improvements. Owner may construct the public improvements in phases, subject to City approval and as shown on the approved preliminary plat for the Property.

13.2. Construction Access.

13.2.1. Owner and their agents will have the right to enter, remain upon, and cross over any City easement or right-of-way to the extent reasonably necessary to design, construct, or install the public improvements, provided that: (i) Owner's use does not unreasonably impede the use and enjoyment of the subject property by the City or public; (ii) Owner must obtain any required permit for the use of such easement or right-of-way, as required by the City; and (iii) Owner must restore such easement or right-of-way to substantially the same condition as existed prior to Owner's entry.

13.2.2. The City and its employees, agents and contractors, will have the right to enter, remain upon, and cross over any portion of the Property to the extent reasonably necessary to inspect, test, maintain, or operate the public improvements, provided that: (i) the City's use does not materially impede or adversely affect Owner's use and enjoyment of the subject property, and (ii) the City will restore such portion of the Property to substantially the same condition as existed prior to the entry thereon.

13.3. Public Procurement. All construction contracts for public improvements that require or anticipate a contribution of City funds, special district funds, or a reimbursement of development fees must be publicly procured by Owner pursuant to Arizona Revised Statutes (“ARS”), as if the projects were being performed by the City. Owner agrees to provide the City with documentation evidencing compliance with ARS. This public procurement requirement will not apply to the procurement of architects, engineers, assayers and other professional services exempted under the ARS from the public procurement requirements.

13.4. Conveyance of Property & Improvements.

13.4.1. On the final plats (or by some other instrument in the event a final plat is not required or in the event the City requires dedication prior to the completion of the final plat), Owner will dedicate to the City all parcels, rights-of-way, and easements within the Property needed for the Improvements, or as required pursuant to this 2015

Altamira Agreement, free and clear of all encumbrances which could affect marketability of title.

13.4.2. Subject to necessary legislative action, City may use its power of eminent domain to acquire title to any property Owner is obligated to obtain and dedicate under this 2015 Altamira Agreement, to the extent such property is not owned by Owner. If the City uses its power of eminent domain to acquire such property, Owner agrees to pay any and all associated costs. To the extent necessary legislative action is not taken by the City under this section during the term of this 2015 Altamira Agreement, Owners obligation to convey such property under this section is waived.

13.4.3. After the City has inspected and approved any public improvement required under this 2015 Altamira Agreement, evidenced in writing: (i) Owner will convey such to the City free and clear of all liens and encumbrances that could affect marketability of title; and (ii) the City will conditionally accept the improvement subject only to the Warranty Period. At the time of conveyance, Owner will warrant all public improvements against defects in materials or workmanship for two (2) years after the conditional acceptance by the City (the "**Warranty Period**"). City will thereafter own, operate, and maintain the public improvement at the City's sole cost and expense, subject to the Warranty Period. Owner may convey the public improvements to the City in City approved phases.

13.5 Development Fees. In the event any portion of the Necessary Public Improvements is included within a City adopted development impact fee, then Owner will be entitled to a credit against the applicable development impact fee for such portion of the Necessary Public Improvements.

13.6 Oversizing. Except as otherwise set forth in this 2015 Altamira Agreement, following the recordation of a final plat for the Property, should one or more of the City’s master plans change and require some portion of the Necessary Public Infrastructure to increase in size, Owner will be eligible for reimbursement for Design and Construction Costs associated with such increase in size through applicable impact fee reimbursement or the City’s reimbursement ordinance.

14. Cooperation and Development Regulation.

14.1. Representatives. The Parties agree to designate and appoint a representative to act as a liaison between the City and its various departments and Owner. The initial representative for the City will be Community Development Director and the initial representative for Owner will be Keith Miller. The representatives will be available at all reasonable times to discuss and review the performance of the Parties and the development of the Property.

14.2. Review Process. The implementation of this 2015 Altamira Agreement will be in accordance with the development review process of the City. At the Owner's request, the City may retain independent consultants, reviewers, inspectors, and advisers at any Owner's request in order to expedite the review, inspection, and approval process. Owner will pay all costs incurred by the City under this section. All such individuals retained will take instruction from, be controlled by, and be responsible to the City, not Owner.

15. General Provisions.

15.1. Term. This 2015 Altamira Agreement shall become effective upon recordation (the "**Effective Date**") and shall automatically terminate on the earlier of: (a) completion of all obligations contained in this 2015 Altamira Agreement, or (b) the fifteenth (15th) anniversary of the Effective Date. Following termination of this 2015 Altamira Agreement either Party may record a Termination Statement consistent with Exhibit B.

15.2. Assignment. The provisions of this 2015 Altamira Agreement are binding upon and will inure to the benefit of the Parties, and all of their successors in interest and assigns; provided; however, that Owner's rights and obligations hereunder may be assigned, in whole or in part, only to a person or entity that has acquired title to the Property or a portion thereof and only by a written instrument recorded in the Official Records of Maricopa County, Arizona, expressly assigning such rights and obligations. In the event of a complete or partial assignment by Owner, all or a portion of Owner's rights and obligations hereunder will terminate effective upon the assumption by Owner's assignee of such rights and obligations and the execution of an addendum that recognizes the assignment. Each such addendum will be submitted by Owner on the form attached hereto as Exhibit E, and when such addendum has been countersigned by the City Manager, it will be incorporated into and become a part of this 2015 Altamira Agreement.

15.3. Choice of Law, Venue and Attorneys' Fees. The laws of the State of Arizona will govern any dispute, controversy, claim, or cause of action arising out of or related to this 2015 Altamira Agreement. The venue for any such dispute will be Maricopa County, Arizona, and each Party waives the right to object to venue in Maricopa County for any reason. Neither Party will be entitled to recover any of its attorneys' fees or other costs from the other Party incurred in any such dispute, controversy, claim, or cause of action, but each Party will bear its own attorneys' fees and costs, whether the same is resolved through arbitration, litigation in a court, or otherwise.

15.4. Computation of Time. In computing any period of time under this 2015 Altamira Agreement, the date of the act or event from which the designated period of time begins to run will not be included. The last day of the period so completed will be included unless it is a Saturday, Sunday, or legal holiday, in which event the period will run until the end of the next day which is not a Saturday, Sunday, or legal holiday. The time for performance of any obligation or taking any action under this 2015 Altamira Agreement will be deemed to expire at 5:00 p.m. (Arizona time) on the last day of the applicable time period provided herein.

15.5. Conflict of Interest. Pursuant to A.R.S. § 38-503 and § 38-511, no member, official, or employee of the City will have any personal interest, direct or indirect, in this 2015 Altamira Agreement, nor will any such member, official, or employee participate in any decision relating to this 2015 Altamira Agreement which affects his or her personal interest or the interest of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. This 2015 Altamira Agreement is subject to cancellation pursuant to the terms of A.R.S. § 38-511.

15.6. Counterparts. This 2015 Altamira Agreement may be executed in any number of counterparts, each of which will be an original but all of which will constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all Parties may be physically attached to a single document.

15.7. Default. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any term or provision of this 2015 Altamira Agreement constitutes a breach of this 2015 Altamira Agreement ("**Event of Default**").

15.7.1. "Default" means any one of the following:

15.7.1.1. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any term or provision of this 2015 Altamira Agreement.

15.7.1.2. The issuance of an order of a court having jurisdiction over any of the Parties for relief in any involuntary case commenced against the applicable Party as debtor under the Federal Bankruptcy Code or the entry of a court decree or order appointing a custodian, receiver, liquidator, assignee, trustee, or other similar official.

15.7.2. Any failure to pay money or failure related to any other monetary obligation hereunder not cured within five (5) days after written notice is received from another Party will constitute an Event of Default under this 2015 Altamira Agreement by the non-paying Party.

15.7.3. Any other breach not cured within thirty (30) days after written notice is received from another Party will constitute an Event of Default by the breaching Party under this 2015 Altamira Agreement; except that, if more than thirty (30) days but no more than ninety (90) days would reasonably be required to perform such action or comply with any term or provision hereof, then the breaching Party will have such additional time as may be necessary to perform or comply so long as the breaching Party commences performance or compliance within said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation within ninety (90) days after written notice is received from another Party.

15.7.4. Any notice of an Event of Default will specify the nature of the alleged breach and the manner in which said breach may be satisfactorily cured, if possible. The obligations of the Parties under this 2015 Altamira Agreement are several obligations, and not joint and several obligations.

15.7.5. Upon the occurrence of an "Event of Default," the non-defaulting Party: (1) will have all the remedies afforded by law and in equity; and (2) will have the right to terminate this 2015 Altamira Agreement.

15.8. Entire Agreement. This 2015 Altamira Agreement, together with the following Exhibits attached hereto and incorporated herein by this reference, constitutes the entire agreement between the Parties.

Exhibit A: Legal description of the Property
Exhibit B: Termination Statement
Exhibit C: Water Master Plan
Exhibit D: Engineer's Estimate
Exhibit E: Assignment Form

All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written are superseded by and merged in this 2015 Altamira Agreement.

15.9. Fair Interpretation. The Parties have been represented by counsel in the negotiation and drafting of this 2015 Altamira Agreement and this 2015 Altamira Agreement will be construed according to the fair meaning of its language. The rule of construction that ambiguities will be resolved against the Party who drafted a provision will not be employed in interpreting this 2015 Altamira Agreement.

15.10. Further Documentation. The Parties agree in good faith to execute such further or additional instruments and documents and to take such further acts as may be necessary or appropriate to fully carry out the intent and purpose of this 2015 Altamira Agreement.

15.11. Good Standing; Authority. Each Party represents and warrants that it is a duly formed and legally valid existing entity under the laws of the State of Arizona with respect to Owner, or a municipal corporation within Arizona with respect to the City, and that the individuals executing this 2015 Altamira Agreement on behalf of their respective Party are authorized and empowered to bind the Party on whose behalf each such individual is signing.

15.12. Headings. The headings of this 2015 Altamira Agreement are for purposes of reference only and will not limit or define the meaning of any provision of this 2015 Altamira Agreement.

15.13. Notices and Filings. All notices specifically required by this 2015 Altamira Agreement, excluding approvals, notices or other communications made as part of the customary development processes of the City, must be given in writing and delivered personally or sent by United States Mail, postage pre-paid, return receipt requested, to:

City:
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374
Attn: Community Development Director

With a copy to:
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374
Attn: City Attorney

Owner:
371 on 163rd, L.L.C.
14400 N. 76th Place
Scottsdale, AZ 85260
Attn: Keith Miller

With a copy to:
Beus Gilbert PLLC
701 N. 44th Street
Phoenix, AZ 85008
Attn: Jeffrey M, Blilie

Any changes to the above recipients must be in writing consistent with this section. Any notice or other communication directed to any Party must become effective upon the earliest of the following: (a) actual receipt by that Party; or (b) thirty-six (36) hours after deposit with the United States Postal Service, addressed to the Party.

15.14. Proposition 207 Waiver. Developer hereby waives and releases the City from any and all claims under A.R.S. § 12-1134 et seq., including any right to compensation for reduction to the fair market value of the Property as a result of the City's approval of this 2015 Altamira Agreement. The terms of this waiver will run with the land and will be binding upon all subsequent landowners and will survive the expiration or earlier termination of this 2015 Altamira Agreement.

15.15. Recordation. This 2015 Altamira Agreement must be recorded in its entirety in the Official Records of Maricopa County, Arizona, not later than ten (10) days after its full execution by the City.

15.16. Termination upon Sale of Residential Lots. Except as otherwise provided for herein, this 2015 Altamira Agreement is not intended to and will not create conditions or exceptions to title or covenants running with the individual residential lots within the Property. Therefore, in order to alleviate any concern as to the effect of this 2015 Altamira Agreement on the status of title to any of the Property, so long as not prohibited by law, this 2015 Altamira Agreement will terminate without the execution or recordation of any further document or installment as to any finally subdivided residential lot, and thereupon such residential lot will be released from and no longer be subject to or burdened by the provisions of this 2015 Altamira Agreement. Any title insurer can rely on this paragraph when issuing any commitment to insure title or when issuing a title policy in connection with the sale of a particular residential lot within the Property and, accordingly, not show this 2015 Altamira Agreement as an exception to the title of such residential lot.

15.17. Third Parties. It is not intended by this 2015 Altamira Agreement to, and nothing contained in this 2015 Altamira Agreement will, create any partnership, joint venture, or other agreement between the Parties. No term or provision of this 2015 Altamira Agreement is intended to, or will be for the benefit of any person or entity not a party hereto, and no such other person or entity will have any right or cause of action hereunder.

15.18. Waiver. No delay in exercising any right or remedy will constitute a waiver thereof; and no waiver of any breach will be construed as a waiver of any preceding or succeeding breach of the same or any other covenant, or condition of this 2015 Altamira Agreement. No waiver will be effective unless it is in writing and is signed by the Party asserted to have granted such waiver.

[signatures appear on following pages]

IN WITNESS WHEREOF, the parties have executed this 2015 Altamira Agreement, and this 2015 Altamira Agreement shall be effective, as of the 23 day of JANUARY, 2015.

OWNER:

371 on 163rd, L.L.C., an Arizona limited liability company

By: [signature]
Keith Miller, Manager

Date: 1/23/15

STATE OF ARIZONA
County of Maricopa

On this 23 day of January, 2015, before me personally appeared Keith Miller, Manager, for 371 on 163rd, L.L.C., an Arizona limited liability company, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

Kim Overman
Notary Public

[Affix notary seal here]

KIM OVERMAN
Notary Public - Arizona
Maricopa County
My Comm. Expires Oct 30, 2017

CITY:

City of Surprise, an Arizona municipal corporation

By:________________________________
Sharon Wolcott, Mayor
Date:______________________________

ATTEST:

____
Sherry Ann Aguilar, Town Clerk

APPROVED AS TO FORM:

____
Misty Leslie, City Attorney

STATE OF ARIZONA
County of Maricopa

On this ___________ day of_____________________________, 2015, before me personally appeared Sharon Wolcott, the Mayor of the CITY OF SURPRISE, ARIZONA, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here] ____
Notary Public

CITY OF SURPRISE
Regular City Council Meeting

February 3, 2015 @ 6:00:00 PM

Back Print

Council Meeting Date:	February 3, 2015	Contact Person:	Misty Leslie, City Attorney
Submitting Department:	Attorney's Office	District:	1
Staff Recommendations:	Approve		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Consideration and approval of a Development Agreement between the City of Surprise and Verdugo Land, L.L.C. regarding the development of property generally located on the northwest corner of Pinnacle Peak Road and 163rd Avenue; Resolution 2015-11.

Motion:

I move to approve Resolution 2015-11.

Background:

The Verdugo property consists of 173 acres on the western portion of what was originally known as Pinnacle Peak County Estates, generally located at 163rd and Pinnacle Peak Road. The City originally entered into a development agreement for the property in 2003. The property was never developed and consequently sold to new owners. In 2009, the original development agreement was repealed and the property split into two developments; Verdugo on the west and Altamira on the east. Development agreements pertaining to each were approved by council in 2009. The Altamira agreement was subsequently amended in November, 2012. Since 2009 no development has occurred on either portion of the property. The current owners wish to move forward. This development agreement simplifies the relationship with the developers, removes reimbursement requirements and assuring a regional approach to water supply and arsenic treatment at the Desert Oasis water supply facility.

Financial Impact Statement:

None at this time; however the city has an option to participate in water supply facility improvements related to arsenic treatment. If the city opts to participate in such improvements, the cost of the city's portion will be paid out of the water fund. The cost of those improvements will depend on the public bidding process and are not known at this time. Additionally, the city will receive a total of $166,090 in lieu payment to use for transportation related costs benefiting the property.

ATTACHMENTS:

Click to download

Resolution 2015-11

- Exhibit A - Verdugo Legal Description
- Exhibit B - Termination Statement
- Exhibit C - Water Master Plan
- EXHIBIT D - ESTIMATE
- Exhibit E - Assignment Form
- VERDUGO RESTATED DA FINA

External Attachment Links:

Meeting Requirements:

Powerpoint x Video White Board Other x

Presentation Speaker Names (spelling and titles for TV captions):

RESOLUTION # 2015-11

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING THE 2015 VERDUGO AGREEMENT BETWEEN THE CITY OF SURPRISE AND VERDUGO LAND, L.L.C., REPLACING ALL PRIOR DEVELOPMENT AGREEMENTS, AND AMENDMENTS, PERTAINING TO THE PROPERTY GENERALLY LOCATED ON THE NORTHEAST CORNER OF PINNACLE PEAK AND 163RD AVENUE.

WHEREAS, the City is authorized to enter into development agreements pursuant Arizona Revised Statutes §9-500.05 of Surprise;

WHEREAS, the Verdugo Development (f/k/a Pinnacle Peak Estates) is generally located on the northeast corner of Pinnacle Peak Road and 163rd Avenue, was the subject of previously adopted development agreements approved by council on March 17, 2009; and

WHEREAS, the City of Surprise and representatives of the Altamira development now desire to replace all previously approved development agreements with a new agreement for the purpose of setting forth certain obligations and commitments relative to the development of the property.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows.

Section 1. The Mayor and Council hereby approve of the development agreement between the City of Surprise and Verdugo Land, L.L.C., consisting of the "2015 Verdugo Development Agreement" and exhibits A through E, and which is incorporated by reference.

Section 2. The Mayor is hereby directed to execute the agreement and any other documents necessary to effectuate the intent of this Resolution.

APPROVED AND ADOPTED this _____day of ___________, 2015.

____
Sharon R. Wolcott, Mayor

Attest: Approved as to form:

________________________________ ________________________________
Sherry Aguilar, City Clerk Misty Leslie, City Attorney

Legal Description

PINNACLE PEAK COUNTRY ESTATES-PARCEL A

A portion of Section 7, Township 4 North, Range 1 West, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the Southwest corner of said Section 7;

THENCE North 00 degrees 04 minutes 45 seconds East, along the West line of said Section 7, a distance of 976.17 feet to the TRUE POINT OF BEGINNING;

THENCE continuing North 00 degrees 04 minutes 45 seconds East, along the West line of said Section 7, a distance of 1657.96 feet to the West quarter corner of said Section 7;

THENCE North 00 degrees 04 minutes 46 seconds East, along the West line of said Section 7, a distance of 1317.20 feet;

THENCE leaving the West line of said Section 7, South 89 degrees 59 minutes 23 seconds East, a distance of 1861.31 feet;

THENCE South 00 degrees 22 minutes 47 seconds East, a distance of 1318.19 feet to the center of said Section 7;

THENCE South 44 degrees 49 minutes 14 seconds West, a distance of 56.37 feet;

THENCE South 00 degrees 22 minutes 47 seconds West, a distance of 164.41 feet;

THENCE South 89 degrees 58 minutes 31 seconds East, a distance of 19.81 feet;

THENCE South 00 degrees 01 minutes 29 seconds West, a distance of 60.00 feet;

THENCE South 08 degrees 11 minutes 01 seconds East, a distance of 151.36 feet;

THENCE South 23 degrees 52 minutes 01 seconds East, a distance of 148.00 feet;

THENCE South 33 degrees 31 minutes 38 seconds East, a distance of 121.44 feet;

THENCE South 36 degrees 44 minutes 33 seconds East, a distance of 106.11 feet;

THENCE South 33 degrees 36 minutes 39 seconds East, a distance of 105.48 feet;

THENCE South 30 degrees 28 minutes 45 seconds East, a distance of 105.48 feet;

THENCE South 27 degrees 20 minutes 51 seconds East, a distance of 105.48 feet;

THENCE South 24 degrees 12 minutes 57 seconds East, a distance of 105.48 feet;

THENCE South 21 degrees 05 minutes 03 seconds East, a distance of 105.48 feet;

THENCE South 17 degrees 57 minutes 09 seconds East, a distance of 105.48 feet;

THENCE South 14 degrees 46 minutes 20 seconds East, a distance of 108.76 feet;

THENCE South 09 degrees 41 minutes 07 seconds East, a distance of 40.00 feet to the beginning of a non-tangent curve;

THENCE Easterly along said curve, having a radius of 480.00 feet, concave Southerly, whose radius bears South 09 degrees 41 minutes 07 seconds East, through a central angle of 01 degrees 04 minutes 36 seconds, a distance of 9.02 feet;

THENCE South 09 degrees 49 minutes 48 seconds East, a distance of 143.85 feet;

THENCE South 06 degrees 01 minutes 27 seconds East, a distance of 113.42 feet;

THENCE South 02 degrees 40 minutes 08 seconds East, a distance of 113.42 feet;

THENCE South 00 degrees 27 minutes 21 seconds East, a distance of 36.19 feet;

THENCE South 00 degrees 04 minutes 45 seconds West, a distance of 786.42 feet to the South line of said Section 7;

THENCE along the South line of said Section 7, North 89 degrees 55 minutes 12 seconds West, a distance of 533.69 feet to the South quarter corner of said Section 7;

THENCE North 89 degrees 54 minutes 10 seconds West, along the South line of said Section 7, a distance of 1128.31 feet;

THENCE leaving the South line of said Section 7, North 00 degrees 04 minutes 45 seconds East, a distance of 785.66 feet to the beginning of a curve;

THENCE Northwesterly along said curve, having a radius of 275.00 feet, concave Southwesterly through a central angle of 40 degrees 46 minutes 42 seconds, a distance of 195.72 feet;

THENCE North 40 degrees 41 minutes 57 seconds West, a distance of 230.35 feet to the beginning of a curve;

THENCE Westerly along said curve, having a radius of 35.00 feet, concave Southerly, through a central angle of 90 degrees 00 minutes 00 seconds, a distance of 54.98 feet;

THENCE South 49 degrees 18 minutes 03 seconds West, a distance of 52.96 feet to the beginning of a curve;

THENCE along said curve, having a radius of 550.00 feet, concave Northerly, through a central angle of 37 degrees 02 minutes 09 seconds, a distance of 355.52 feet;

THENCE North 89 degrees 55 minutes 15 seconds West, a distance of 135.00 feet to the TRUE POINT OF BEGINNING.

TERMINATION OF DEVELOPMENT AGREEMENT

THIS TERMINATION OF DEVELOPMENT AGREEMENT is made this ____ day of _____________, 2015, by and between the City of Surprise, and Arizona municipal corporation ("City") and Verdugo Land L.L.C., an Arizona limited liability company, ("Owner").

WHEREAS, City and Owner previously entered into the Development Agreement (Verdugo) recorded in the Office of the Maricopa County Recorder on March 17, 2009, No. 2009-0343298 (the "Replacement Agreement").

WHEREAS, City and Owner have recently entered into the 2015 Verudgo Agreement, establishing the parties rights and obligations relating to the development of the property.

NOW, THEREFORE, pursuant to Section 1 of the 2015 Verdugo Agreement, City and Owner, by their signatures below, hereby rescind, cancel and terminate the Replacement Agreement effective as of the date first above written.

IN WITNESS WHEREOF, the undersigned hereby executes this Termination of Development Agreement.

[signatures appear on the following pages]

CITY:

City of Surprise, an Arizona municipal corporation

By:________________________________
Sharon Wolcott, Mayor
Date:______________________________

ATTEST:

____
Sherry Ann Aguilar, Town Clerk

APPROVED AS TO FORM:

____
Misty Leslie, City Attorney

STATE OF ARIZONA
County of Maricopa

On this ________ day of ____________________, 2015, before me personally appeared Sharon Wolcott, the Mayor of the CITY OF SURPRISE, ARIZONA, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here] ____
Notary Public

Desert Oasis Altamira/Verdugo Water System
Surprise, Arizona
Master Plan

Submittal No. 3

December 2014

SURPRISE
ARIZONA

WATERWORKS ENGINEERS

Registered Professional Engineer
CERTIFICATE
30012
JOHN H.
MATTA
(Civil)
Date Signed 12-15-2014
ARIZONA, U.S.A.
Expires 3-31-17

Altamira Verdugo Developments
Surprise, AZ

DESERT OASIS/ALTAMIRA VERDUGO WATER SYSTEM
Master Plan
Report

Submittal #3

December, 2014

Prepared For:
Sandbox Development Consultants
2375 E. Camelback Rd, Suite 600
Phoenix, AZ 85016
Contact: Anthony Sumner

Prepared By:
John Matta, P.E. and Abel Ramarui, P.E.
Water Works Engineers
7580 N Dobson Rd, Suite 200
Scottsdale, AZ 85256

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Appendix A – Desert Oasis Water System Regional Demands

Appendix B – Well Impact Summary with Proposed Well Locations Altamira and Verdugo Developments

Appendix C - Desert Oasis ARF Conceptual Design Report

Appendix D – Altamira Verdugo Water Distribution Model

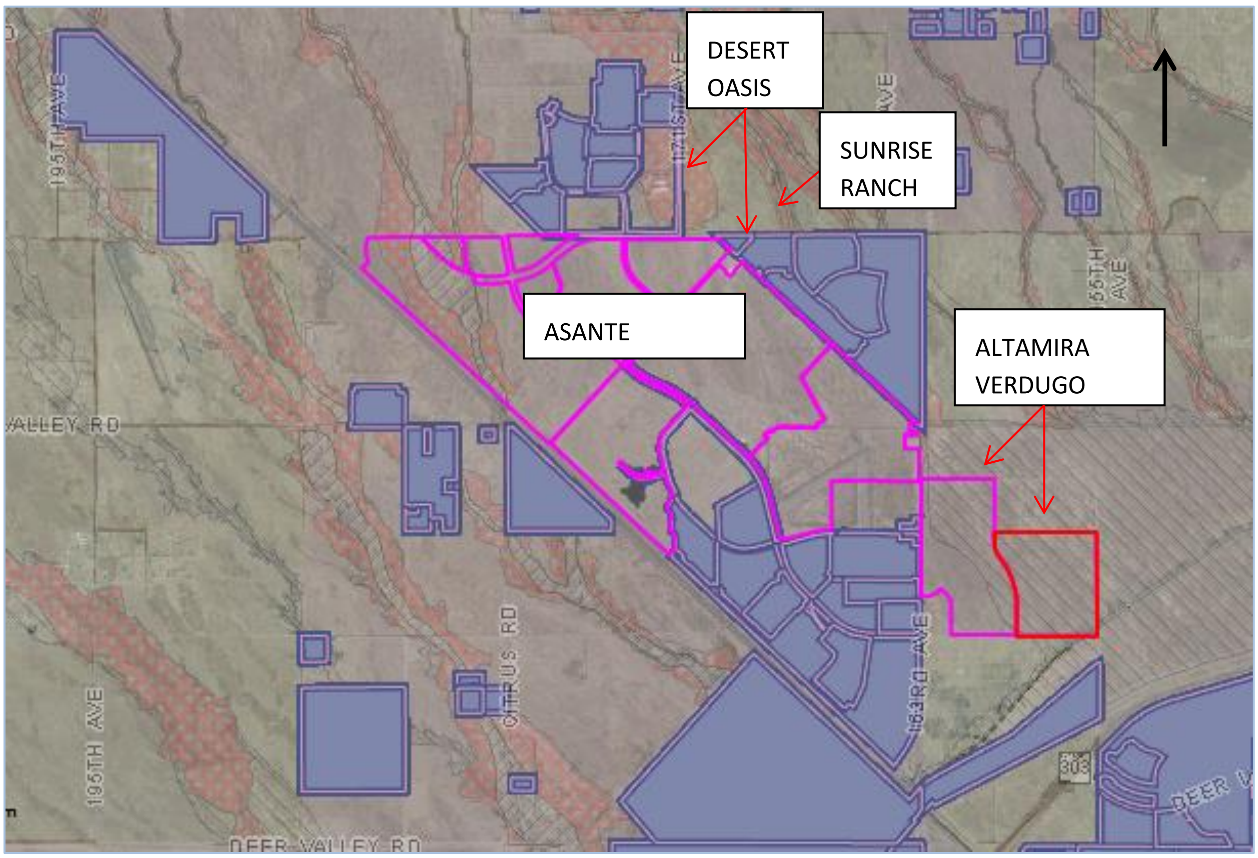
1. Introduction

1.1. Introduction and Project Location

Altamira and Verdugo developments (Altamira Verdugo) are proposed residential communities located at the northeast corner of Pinnacle Peak Rd and 163rd Ave in the City of Surprise, AZ. The Altamira Verdugo consist of approximately 300 acres and are planned for a maximum of 1175 Dwelling Units (per the approved PAD zoning).

The two communities are adjacent to Desert Oasis, Asante developments and Sunrise Ranch as shown in Figure 1.

Figure 1 Area Map



1.2. Topographic Conditions

The site elevations range approximately between contour elevations 1,340 and 1,385 ft above mean sea level (amsl).

2. Projected System Demands

2.1.Demand Calculations

The water demands associated with Desert Oasis, Asante and Altamira Verdugo were analyzed as a single demand since this master plan is based on sharing the water infrastructure between the three developments. The corresponding water demands were revised based on City of Surprise latest water demand criteria. Sunrise Ranch water demands were subsequently added in this analysis as a possible scenario.

Since the water demand calculations associated with the Desert Oasis and Asante developments were estimated based on antiquated criteria dating prior to the City of Surprise Integrated Water Master Plan - Water Infrastructure (July 2009), water demand calculations for these developments were revised using City of Surprise approved demand factors (Reference City of Surprise IWMP: Water Resources Appendix A Table A-4).

A summary of the demands under build-out condition and May 2017 condition are summarized in Table 1 and Table 2, respectively. Details are attached in Appendix A. May 2017 is selected to be consistent with the latest Asante Temporary Arsenic Treatment System Evaluation Technical Memorandum. In the latter document, May 2017 was identified as the date when maximum day demand will exceed the available firm well capacity for the Asante development.

Table 1 Buildout Water Demands Summary

Water Demand - Summary at Build-out					
Development	Dwelling Units(1)	EDU(2)	ADD (gpd)	MDD (gpd)	MDD (gpm)
Desert Oasis	3,526	3,908	1,250,414	2,500,827	1,737
Asante	5,886	7,684	2,458,905	4,917,809	3,415
Altamira Verdugo	1,175	1,358	628,450	1,256,900	872.85
TOTAL - Buildout	10,587	12,950	4,337,768	8,675,537	6,025
Sunrise Ranch		330	105,600	211,200	147
TOTAL – Buildout (w/Sunrise Ranch)		13,280	4,443,368	8,886,737	6,172

1. Include non-residential developments and are calculated based on 3 dwelling units per acre.
2. Equivalent Dwelling Units (EDU) = Average Day Demand divided by 320 gpd/DU.
3. Estimated water demands include irrigation water.
4. Gallons per day - gpd and gallons per minute – gpm
5. Average Day Demand – ADD, and Maximum Day Demand – MDD

Table 2 May 2017 Water Demands Summary

Water Demand - Summary - May 2017 (1)					
Development	Dwelling Units	EDU	ADD (gpd)	MDD (gpd)	MDD (gpm)
Desert Oasis	971 (2)	1,563	500,000	1,000,000	694
Asante	1070 (2)	1,094	350,000	700,000	486
Altamira Verdugo		393	125,690	251,380	175
Sunrise Ranch		0	0	0	0
TOTAL - May 2017		3,049	975,690	1,951,380	1,355

1. May 2017 is the date when the maximum day demand will exceed the available firm well capacity for the Asante development based on the Asante Temporary Arsenic Treatment System Evaluation Technical Memorandum.
2. Reference September 2013 Asante Temporary Arsenic Treatment System Evaluation by Wilson Engineers

3. Water Storage

The current system includes two existing storage tanks as follows:

- Desert Oasis Water Facility includes a 1.5 million gallon (Mgal) tank. This facility was also planned for one additional 2.0 Mgal tank.
- The Asante development has added an adjacent water tank with 1.85 Mgal storage capacity and provided space for two additional domestic water tanks. The Asante tank is not currently connected to the Desert Oasis system.

The fire storage is calculated based on 3,000 gpm for 3-hr duration due to the planned commercial components in the developments. The calculated fire storage requirements is 540,000 gallons (gal). The build-out storage requirements are summarized in Table 3 for each development, and are compared to existing storage capacities.

Table 3 Water Storage Needs (w/o Sunrise Ranch)

Storage Needs – Build-out (gal)				
Development	MDD x 30%	Fire Storage	Storage Needs	Existing Storage
Desert Oasis	750,248	155,661	905,910	1,500,000
Asante	1,475,343	306,104	1,781,447	1,850,000
Altamira Verdugo	377,070	78,234	455,304	-
Total	2,602,661	540,000	3,142,661	3,350,000

In order to provide conservative estimates, the short term storage needs for Desert Oasis and Altamira Verdugo (May 2017) were calculated without the Asante tank. The available storage at Desert Oasis water facility is still in excess of the water storage requirements for Desert Oasis and Altamira Verdugo, as shown in Table 4.

Table 4 Desert Oasis Storage

Storage Capacity Needs based on May 2017 (w/o Asante Tank)				
Development	MDD (gpd)	0.3*MDD (gpd)	Fire Storage (gal)	Total Existing Storage (gal)
Desert Oasis - Available Capacity	-	960,000[2]	540,000	1,500,000
Desert Oasis	1,000,000	300,000	431,524	1,500,000
Altamira Verdugo	251,380[1]	75,414	108,476	-
Desert Oasis and Altamira Verdugo – Capacity Needs	-	375,414	540,000	915,414

1. Based on 20% of buildout MDD
2. Total Storage minus the fire storage requirement

Since the available storage capacity exceeds the build-out storage requirements for Desert Oasis and Altamira Verdugo, additional storage is not proposed.

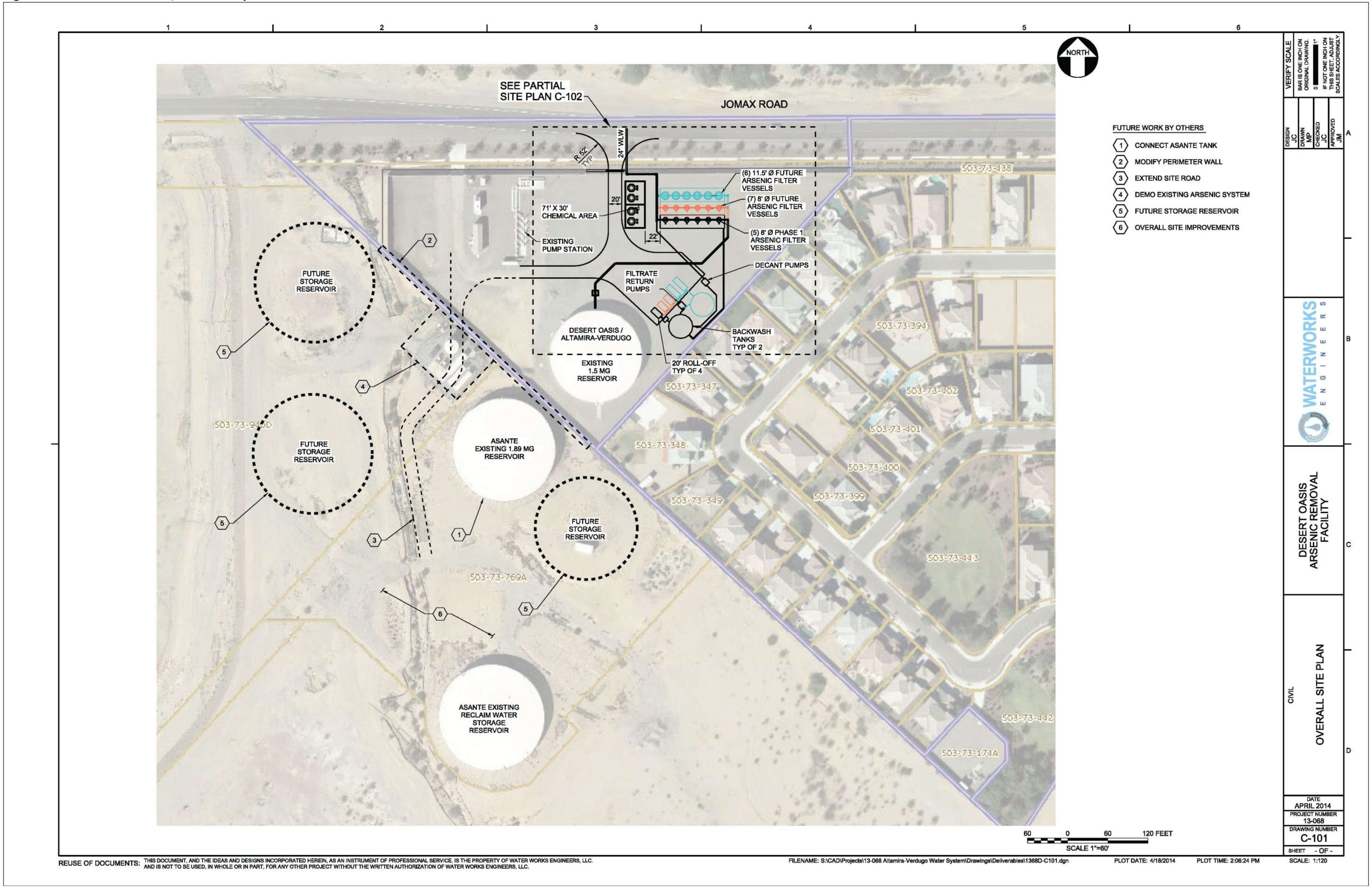
The combined Desert Oasis/Asante site is configured to allow for future storage tanks and accommodate future developments. The following page shows the proposed site plan including three future tanks and an arsenic treatment facility. It is critical to note that the site also includes a reclaimed water tank.

In addition, the storage needs and available capacity was analyzed with Sunrise Ranch. The results are shown in Table 5. There is no storage needs anticipated for Sunrise Ranch by 2017.

Table 5 – Desert Oasis Storage (including Sunrise Ranch)

Storage Needs – Build-out (gal)				
Development	MDD x 30%	Fire Storage	Storage Needs	Existing Storage
Desert Oasis	750,248	151,962	902,210	1,500,000
Asante	1,475,343	298,829	1,774,172	1,850,000
Altamira Verdugo	377,070	76,375	453,445	
Sunrise Ranch	63,360	12,834	76,194	
Total	2,666,021	540,000	3,206,021	3,350,000

Figure 2 Desert Oasis/Asante Proposed Site Plan



3.1. Booster Pump Capacity

The Desert Oasis Water Facility was designed to accommodate two booster stations - one serving pressure zone 5 and the other for pressure zone 6. The Desert Oasis Water Facility currently operates using the pressure zone 6 booster station and feeds pressure zone 5 via three pressure reducing valves.

The existing Zone 6 booster station includes five - 100 HP pumps (1500 gpm at 100 psi) and allows for the installation of a sixth pump. The booster station is also equipped with a hydropneumatic tank.

Pressure Zone 5 booster station was planned to accommodate the installation of 6 pumps and a second hydropneumatic tank.

The booster station sizing is dependent on peak hour flow or maximum day plus fire flow, whichever is greater. The flow demands for the buildout and May 2017 are summarized in Table 6 and Table 7, respectively.

Table 6 Buildout Booster Pump Station Flow Demands

Summary at Buildout w/o Sunrise Ranch					
Development	ADD (gpd)	MDD (gpd)	MDD (gpm)	MDD + FF (gpm)	Peak Hour (gpm)
Desert Oasis	1,250,414	2,500,827	1,737	2,601	2,605
Asante	2,458,905	4,917,809	3,415	5,116	5,123
Altamira Verdugo	628,450	1,256,900	873	1,307	1,240
TOTAL - Buildout	4,337,768	8,675,537	6,025	9,025	8,968
Summary at Buildout w Sunrise Ranch					
Development	ADD (gpd)	MDD (gpd)	MDD (gpm)	MDD + FF (gpm)	Peak Hour (gpm)
Desert Oasis	1,250,414	2,500,827	1,737	2,581	2,605
Asante	2,458,905	4,917,809	3,415	5,075	5,123
Altamira Verdugo	628,450	1,256,900	8,73	1,297	1,240
Sunrise Ranch	105,600	211,200	147	218	220
TOTAL - Buildout	4,443,368	8,886,737	6,171	9,171	9,188

1. Fire Flow – FF

Table 7 May 2017 Booster Pump Station Flow Demands

Summary - May 2017[4]				
Development	MDD (gpd)	MDD (gpm)	MDD + FF (gpm)	Peak Hour (gpm)
Desert Oasis[2]	1,000,000	694	1,638	1,042[1]
Asante[2]	700,000	486	2,125	729[1]
Altamira Verdugo[3]	251,380	175	592	262[1]
TOTAL - May 2007	1,951,380	1,355	4,355	2,033[1]

1. Peak hour = 1.5 x MDD
2. Refer to September 2013, Asante Temporary Arsenic Treatment System Evaluation Final Technical Memorandum, Wilson Engineers.
3. Based on 20% of buildout MDD
4. There is no booster station need anticipated for Sunrise Ranch by 2017

The max day plus fire flow condition appears to be governing under the ultimate condition and under Phase 1 condition. If Sunrise Ranch is included, the MDD + FF condition is almost equal to the peak hour condition.

The pumping capacity available at the Desert Oasis facility is rated at 6,000 gpm (4 X 1500 gpm) plus a standby pump. This value is well in excess of the pumping needs estimated for 2017 (4,355 gpm).

Without Sunrise Ranch, The Altamira Verdugo ultimate pumping needs are estimated at 1,307 gpm. This will require the addition of a 1,500 gpm pump to match the existing pumps. The pump can be installed in the Zone 6 line-up to provide additional capacity for both pressure zones. This will provide the City with extra capacity that will compensate for the redundant pump.

If Sunrise Ranch is included, the addition of a single 1500 gpm pump is marginally adequate (1297+218=1515 gpm > 1500 gpm) to support Altamira Verdugo and Sunrise Ranch.

3.2.Water Supply

The Desert Oasis Water Facilities are supplied from two wells (Well 1 and 2). The two wells currently feed the Asante temporary arsenic treatment facility and supply arsenic treated water to Asante and Desert Oasis developments. Table 8 presents the ADWR permit requirements for Desert Oasis Wells 1 and 2.

Table 8 Well 1 and 2

Well	Maximum Annual Volume (acre-ft)	Average Day Production[1] (gpm)	Maximum Pumping Capacity (gpm)
Desert Oasis Well 1	702	435	1,000
Desert Oasis Well 2	702	435	1,000

1. Based on Maximum Annual Volume

ADWR limits the annual groundwater withdrawn (e.g. maximum annual volume in acre-ft) at 702 acre-ft per year which is equivalent to 435 gpm and maximum pumping capacity at 1,000 gpm.

The number of wells needed under the ultimate condition was estimated based on these two criteria.

- The Average Day Demand condition (628,450 gpd = 436 gpm) was compared to the Maximum Annual Volume allowed (435 gpm), and
- The Maximum Day Demand (873 gpm) was compared to the maximum pumping capacity allowed (1000 gpm).

Based on this, it was determined that one well is adequate to support the water demands associated with the Altamira Verdugo development.

Based on the demands presented above, and a well production capacity of 1000 gpm, the number of wells required is shown in Table 9 to satisfy the demand of Desert Oasis, Asante and Altamira Verdugo.

Under this scenario, Altamira Verdugo will have to provide one equivalent well (1000 gpm capacity) plus 10% of the cost of a future redundant well.

Table 9 Well Requirements Without Sunrise Ranch (1000 gpm/well)

Description	Buildout	Yr 2017
No. of Wells (1000 gpm) + 1	7 (7.03)	3 (2.7)
Desert Oasis	1.74	0.87
Asante	3.42	0.61
Altamira Verdugo	0.87	0.22
Standby	1	1

A second scenario is considered which consists of the following:

- Include Sunrise Ranch demands
- Obtain a waiver regarding the well located within Sunrise Ranch to allow a higher pumping rate for the two existing Desert Oasis Wells and the proposed Altamira Verdugo Well. The maximum pumping rate is estimated at 1100 gpm

The number of wells needed based on this scenario is shown in Table 10 below. Under this scenario, Altamira Verdugo is relieved from contributing to any other future wells.

Table 10 - Well Requirements With Sunrise Ranch

Description	Buildout	Yr 2017
No. of Wells (1100 gpm) + 1	7 (6.6)	3 (2.2)
Desert Oasis	1.58	0.63
Asante	3.10	0.44
Altamira Verdugo	0.8	0.16
Sunrise Ranch	0.1	-
Standby	1	1

The information pertaining to the well(s) proposed for the Altamira Verdugo development, including location, technical specifications and other pertinent details are shown in Appendix B.

In case the proposed well is located within Asante or Altamira Verdugo, a transmission line located approximately 0.7 miles west of Verdugo along Pat Tillman Blvd will be used to convey the water from the proposed well site to the treatment and storage facilities. The transmission line consists of a 12 inch pipe that connects Asante Well 4 site to Asante Well 3 site followed by a 16 inch line that conveys the combined Asante Well 4 and Well 3 flows to the water storage and treatment facility. A proposed 10 inch pipeline will connect the Altamira Verdugo well site to the existing transmission main. The velocities estimated in each pipe segment are shown in Table 11.

Table 11 Pipeline Segment Velocities

Pipe Route	Pipe Diameter (in)	Flow / Well (gpm)	Flow (gpm)	Velocity (ft/sec)
Altamira Verdugo Well to Asante Well 4	10	800	800	3.64
Asante Well 4 to Asante Well 3	12	800	1600	5.06
Asante Well 3 to Water Facility	16	800	2400	4.27
Pipe Route	Pipe Diameter (in)	Flow / Well (gpm)	Flow (gpm)	Velocity (ft/sec)
Altamira Verdugo Well to Asante Well 4 WELL MAY NOT BE NEEDED	10	1000	1000	4.55
Asante Well 4 to Asante Well 3	12	1000	1600	6.32
Asante Well 3 to Water Facility	16	1000	2400	5.33

In case the existing Desert Oasis wells and/or Asante wells were allowed to increase pumping based on a waiver from the Sunrise Ranch Well, then an extension to the transmission main is not needed.

The proposed number of wells will provide adequate water supply under the maximum day conditions. Under these conditions, the well pumping rate will exceed the annual allowed withdrawal for a short period of time but will not exceed the maximum pumping rate. During the lower demand month, less wells and lower pumping rate will be needed which will compensate for the maximum demand periods.

Under average conditions, the City will have twice the well capacity needed which will allow for well maintenance. Under the maximum day condition, one redundant well will be available.

4. Water Treatment

The water quality observed in the existing wells and proposed well sites have shown arsenic levels that exceed regulatory limits. This required the installation of a temporary arsenic treatment facility for the Asante development. The details associated with the replacement of this facility and the sizing/master-planning is included in Appendix C.

The existing arsenic treatment system is a 1,200 gpm temporary system that will not be included in the capacity calculations associated with the permanent system. The treatment system requirements are shown in Table 12.

Table 12 Water Treatment Requirements

Arsenic Treatment System	Ultimate (gpm)	2017 (gpm)
Phase 1 - Asante (Developer)	3,415	-
Phase 2 - Desert Oasis (City)	1,737	694

Arsenic Treatment System	Ultimate (gpm)	2017 (gpm)
Altamira Verdugo	873	175
Total (Without Sunrise Ranch)	6,025	869
Sunrise Ranch	147	-
Total (With Sunrise Ranch)	6,172	-

Since the proposed system is intended to replace the existing temporary arsenic treatment system, the proposed system will have a capacity that matches the temporary system (1200 gpm). This will require Altamira Verdugo to construct a 1200 gpm capacity (327 gpm or 37% larger than its needs). The proposed arsenic treatment system will accommodate future phases up to 8,000 gpm.

5. Distribution System

5.1. Pressure Zone

The project area lies within Pressure Zone 5 of the City of Surprise as shown in the Asante Water Master Plan (DEI, November 2006).

5.2. Distribution System Model

A computer model of the proposed water system was prepared using Bentley WaterGEMS to evaluate the proposed water system distribution system under a variety of flow demand conditions. Table 13 presents the pipe network parameters used for modeling the Altamira Verdugo distribution system.

Table 13 Pipe Network Parameters

Parameter[(1)]	Value
Pipe Flow Velocity	<5 feet per second (ft/sec)
Allowable Pipe Sizes	Minimum 16” diameter pipe on arterial streets Minimum 12” diameter pipe on collector streets Minimum 8” diameter pipe on other locations
Pressures	Maximum distribution system pressure – 100 psi Maximum day and peak hour - 40 to 50 psi Minimum residual pressure for fire flow – 20 psi Pressures exceeding 80 psi will require an individual pressure reducing valve on the customer side of the meter.
Fire Flow analysis	Based on 2,000-GPM flow and pressure equal to or greater than 20 psi
Hazen C Value	130
Pipe Material	Ductile Iron

1. City of Surprise Integrated Water Master Plan: Water Infrastructure

The Altamira Verdugo water distribution system will be connected to an existing 16” waterline on 163rd Avenue. A hydrant pressure test was performed on a fire hydrant connected to the existing 16” waterline. The fire hydrant is located approximately 1,060 feet north of San Ysidro Road on 163rd Avenue. The hydrant test pressure data serves as the upstream hydraulic grade (e.g. reservoir) for the Altamira Verdugo distribution system.

The following list the pressure test information:

- Field Measure Pressure – 60 psi
- Field Measure Flow – 1,300 gpm
- Approximate Elevation – 1,389.4 ft

The following demand scenarios will be analyzed.

- Average Day Demand
- Maximum Day Demand
- Maximum Day Demand plus fire flow
- Peak Hour

5.3. Modeling Results

Figure 3, Figure 4 and Figure 5 show the node pressures for average day, maximum day and peak hour demand, respectively. The pressures at selected nodes (identified with a red arrow) for each demand scenarios are summarized in Table 14 and Table 15.

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Figure 3 **Average Day Demand Pressures**

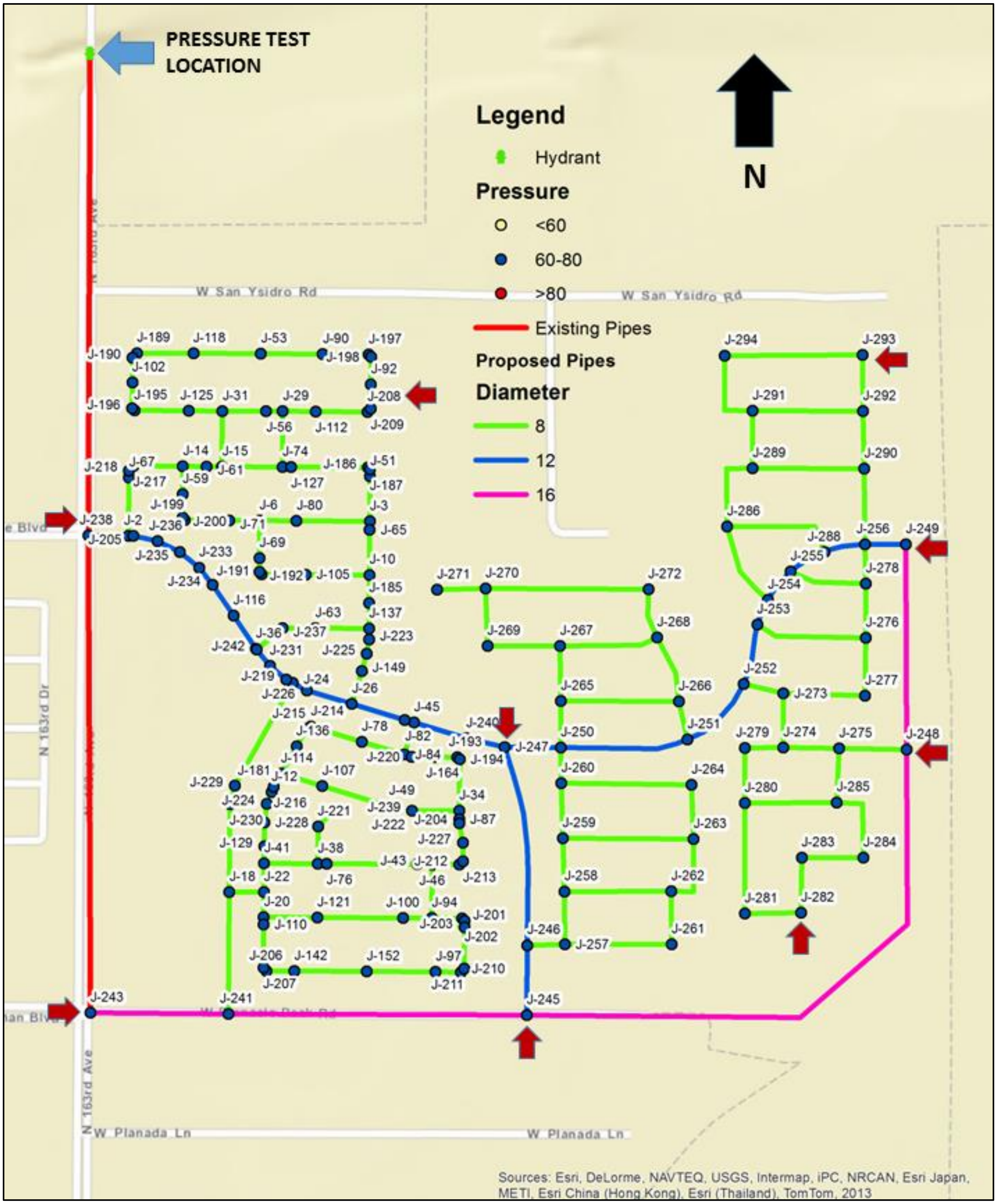


Figure 4 **Maximum Day Demand Pressures**

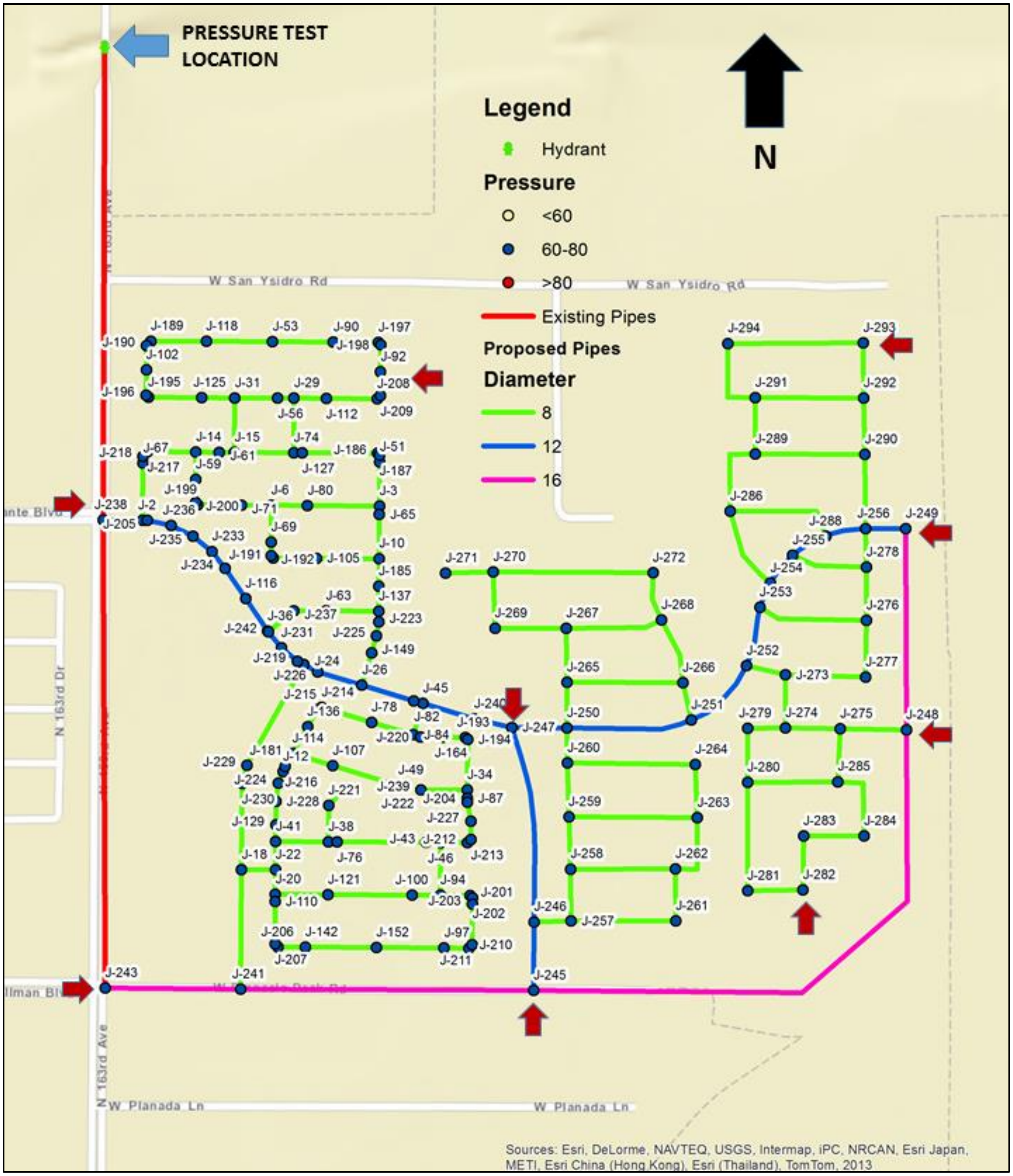


Figure 5 Peak Hour Pressures

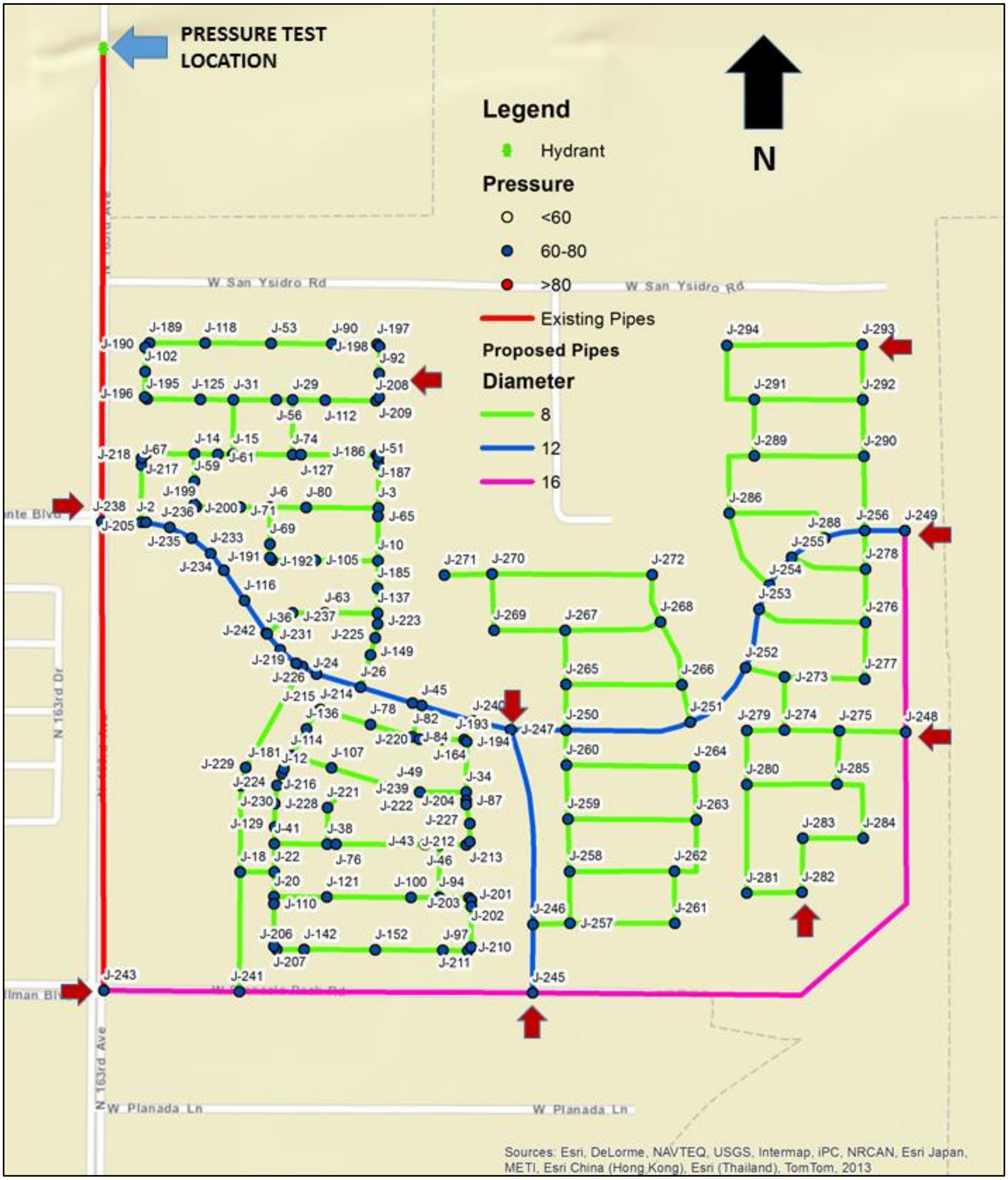


Table 14 Summary of Pressures at Various Junctions

Junction	ADD, (psi)	MDD (psi)	Peak Hour (psi)
J-208	67	67	66
J-210	77	76	75
J-238	67	67	66
J-243	74	73	73
J-245	78	78	77
J-247	74	73	72
J-248	78	77	76
J-249	74	74	73
J-282	79	79	78
J-293	71	70	69

Table 15 Summary of MDD + FF Pressures at Various Junctions

Junction	MDD + FF (psi)	Corresponding Junction with Minimum Pressure	
		Junction	Pressure (psi)
J-208	43	35	43
J-210	57	J-211	57
J-238	62	J-189	59
J-243	67	J-189	59
J-245	69	J-189	58
J-247	65	J-189	58
J-248	66	J-189	58
J-249	62	J-294	57
J-282	54	J-283	55
J-293	47	J-294	49

Refer to Appendix D for the complete modeling results.

6. Summary

The following summarizes the Water Storage Requirements:

- The existing Desert Oasis storage tank can provide short term water storage for the Desert Oasis, Altamira Verdugo and Sunrise Ranch (e.g. 0.3 x MDD plus 540,000 gal fire flow storage)
- The existing Desert Oasis and Asante storage tanks can provide the required buildout water storage for the Asante, Desert Oasis , Altamira Verdugo and Sunrise Ranch (e.g. 0.3 x MDD plus 540,000 gal fire flow storage)
- Altamira Verdugo shall not be required to construct any additional water storage tanks

The following summarizes the Booster Pump Station Requirements:

- The pumping capacity available at the Desert Oasis facility is rated at 6,000 gpm (4 X 1500 gpm) plus a standby pump
- The ultimate pumping needs for Altamira Verdugo is estimated at 1,307 gpm
- The Altamira Verdugo will require the addition of a 1,500 gpm pump to match the existing Desert Oasis pumps and can be installed in the Zone 6 line-up to provide additional capacity for Zone 5 and Zone 6. This additional pump could also address the Sunrise Ranch demands.

The following summarizes the water supply requirements:

- Altamira Verdugo will need to provide an additional well with a minimum of 1000 gpm of capacity in addition to a 10% contribution to a future redundant well or a waiver from Sunrise Ranch wells.
- A 10 inch transmission main connecting to the Asante Well 3 and 4 transmission may be used to deliver water to the Desert Oasis water facility
- Nine wells are required for the buildout of Asante, Desert Oasis and Altamira Verdugo
- If a waiver is obtained from Sunrise Ranch, the well pumping capacity can be increased and the number of wells can be reduced to 6 wells. This may also eliminate the need for additional transmission lines

The following summarizes the water treatment requirements:

- Altamira Verdugo shall construct the first 1,200 gpm phase of the permanent arsenic treatment system
- The permanent arsenic treatment system is expandable to accommodate future phases up to 8,000 gpm

The following summarizes the modeling results:

- A 16 inch main is proposed along the southern (Pinnacle Peak Rd) and eastern edge of the developments (Reams Rd)
- A 12 inch main is proposed along Asante Blvd and 159th Avenue
- The distribution laterals are proposed as 8 inch pipes

- Distribution system velocities were less than the 5 ft/sec requirements for all demand scenarios
- Distribution system pressures ranged between 60 psi and 80 psi for all demand scenarios
- Distribution system met the requirements of 2,000 gpm fire flow and minimum residual pressure of 20 psi

CVL CONSULTANTS

4550 North 12th Street | Phoenix, AZ 85014
602.264.6831

OPINION OF PROBABLE COSTS
VERDUGO - SAN YSIDRO ROAD
HALF STREET IMPROVEMENT - LOCAL STREET

Date Prepared:1-29-15

Item	Quantity	Unit	Unit Price	Amount
Grading	860	CY	$ 2.50	$ 2,150
Subtotal				$ 2,150
Paving and Stormdrain System:				
3" AC Pavement on 8" Base Coarse	2,862	SY	$ 20.00	$ 57,240
Brass Cap	2	EA	$ 115.00	$ 230
4" Roll Curb and Gutter	1,840	LF	$ 7.50	$ 13,800
Concrete Sidewalk - MAG STD. DET. 230	9,200	SF	$ 2.00	$ 18,400
Thickened Edge - MAG STD. DET. 201-B	1,860	LF	$ 3.00	$ 5,580
Sidewalk Ramp - MAG STD. DET. 235-3	2	EA	$ 450.00	$ 900
8' Valley Gutter and Apron - C.O.G. Std. Det. G-3226	112	SF	$ 6.00	$ 672
Street Sign Base - C.O.G. STD. DET. G-3209-2	20	EA	$ 120.00	$ 2,400
Catch Basin C.O.G. STD. DET. 3535 M	1	EA	$ 2,500.00	$ 2,500
Scupper	1	EA	$ 2,500.00	$ 2,500
Rip Rap	20	SY	$ 25.00	$ 500
Subtotal				$ 104,722
Misc.				
Streetlights	12	EA	$ 2,000.00	$ 24,000
Striping	1	EA	$ 4,000.00	$ 4,000
Subtotal				$ 28,000
Construction Total				$ 134,872
Contingency	15%			$ 20,231
Soft Costs	10%			$ 13,487
TOTAL				$ 168,590

Registered Professional Engineer (Civil)
CERTIFICATE NO.
37325
RYAN
WEED
Date Signed 1/29/15
ARIZONA, U.S.A.
Expires: 3/31/17

EXPIRES 12/30/15

EXHIBIT E

Assignment Form

ADDENDUM NO. ____

This Addendum No.___ ("Addendum") is made and entered into by and between Owner and New Owner (defined herein) with respect to the Agreement, and, when countersigned below by City Manager on behalf of City, it shall become an addendum to the Agreement for all purposes, and shall thereafter be construed to be integrated into such document.

Pursuant to Section 15.2 of the Agreement, the Parties hereby approve the following assignment (attach a copy of the title report).

Owner (Assignor)	"New Owner" (Assignee)
______________________	______________________
______________________	______________________
______________________	______________________
______________________	______________________

"Affected Property" (attach a depiction of the property transferred)

____

____

The definition of Owner and Parties within the Agreement shall now include New Owner, and New Owner shall be entitled to the rights, and responsible for the following obligations within the Agreement.

____

____

____

Unless otherwise separately defined in this Addendum, all capitalized terms contained herein shall be given the meaning set forth for such terms in the Agreement. All of the terms, provisions and conditions of the Agreement that are not expressly modified, amended or clarified by this Addendum (or which, in context, must be deemed modified, amended or clarified hereby) shall remain in full force and effect.

OWNER:

Verdugo Land, LLC, an Arizona limited
liability company

By:________________________________
Terry Manley

Date:______________________________

STATE OF ARIZONA
County of Maricopa

On this ________ day of ______________________, 2015, before me personally appeared Terry Manley, _________________________, of VERDUGO LAND, LLC, an Arizona limited liability company, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here] ____
Notary Public

NEW OWNER:

____

By:________________________________

Its:________________________________

Date:______________________________

STATE OF ARIZONA
County of Maricopa

On this _________ day of ______________________, 2015, before me personally appeared _____________________, ____________________________, of _________ ___________________________________, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here]

____
Notary Public

CITY:

City of Surprise, an Arizona municipal corporation

By:________________________________
City Manager

Date:______________________________

WHEN RECORDED RETURN TO:

SURPRISE Clerk, City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374-74470

VERDUGO DEVELOPMENT AGREEMENT

THIS VERDUGO DEVELOPMENT AGREEMENT ("**2015 Verdugo Agreement**") is entered into by and between the City of Surprise, an Arizona municipal corporation ("**City**"), and Verdugo Land L.L.C., an Arizona limited liability company ("**Owner**"). The City and Owner are referred to herein individually as a "**Party**" or collectively the "**Parties**."

RECITALS:

A. The property subject to this Agreement includes approximately one hundred seventy three (173) acres generally bounded by the Altamira development on the East, Pinnacle Peak Road on the South, San Ysidro Road on the North, and 163rd on the West, and is more particularly described in the legal description attached hereto as Exhibit A (the "**Property**").

B. The Property generally comprises of the west half of the project formerly known as "Pinnacle Peak Country Estates" ("**Previous Owner**").

C. The City and Previous Owner entered into the Development Agreement (Pinnacle Peak Country Estates), recorded in the Office of the Maricopa County Recorder, No. 2003-1448858, which was repealed by Council Action on November 16, 2009 (the "**Original Agreement**").

D. Pursuant to an obligation in the Original Agreement, City acknowledges that the Previous Owner paid One Hundred Thousand Dollars ($100,000) to the City to address all of Owner's obligations relative to the off-site sewer line from the SPA 2 Regional Water Reclamation Facility to the intersection of Asante Boulevard and Reems Road alignments.

E. The Original Agreement was rescinded, cancelled and terminated and replaced with two separate development agreements (1) Development Agreement (Altamira) recorded in the Office of the Maricopa County Recorder on November 19. 2009, No.2009-1070006, as amended by the First Amendment to Altamira Development Agreement recorded in the Office of the Maricopa County Recorder on November 27, 2012, No. 2012-1070929; and (2) the Development Agreement (Verdugo) recorded in the Office of the Maricopa County Recorder on March 17, 2009, No. 2009-0343298 (herein after referred to as the "**Replacement Agreement**"), both of which are currently in force and effect.

F. Due to changing conditions within the City, as well as Owner's desire to revise the water plans for the Property, the Replacement Agreement no longer adequately addresses the development plans for the Property and the Parties wish to rescind, cancel and terminate the Replacement Agreement and replace it with this 2015 Verdugo Agreement.

G. The Parties desire to enter into this 2015 Verdugo Agreement for the purpose of outlining and setting forth certain obligations and commitments relative to the contemplated development of the Property, intending this document to be a "Development Agreement" within the meaning of ARS § 9-500.05.

H. The City confirms that, prior to the execution of this 2015 Verdugo Agreement, the City has given all required public notice and has held all required public hearings to receive comment, discuss, and otherwise consider and approve the terms and conditions of this 2015 Verdugo Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing premises and mutual promises set forth in this 2015 Verdugo Agreement, the Parties state, confirm and agree as follows:

1. Incorporation of Recitals. The accuracy of the above Recitals is confirmed and all of the above-mentioned Recitals are incorporated herein and made a part hereof with the same force and effect as if set forth in the “Agreement” section of this 2015 Verdugo Agreement.

2. Rescission and Termination of the Replacement Agreement. The Parties hereby agree to rescind, cancel, and terminate the Replacement Agreement with respect to the Property, and that, as of the Effective Date, the Replacement Agreement will no longer be of any force or effect. The Parties agree that, unless otherwise specifically stated herein, any duty or obligation set forth in the Replacement Agreement has been satisfied or rescinded. The recordation of this 2015 Verdugo Agreement and the Termination Statement, attached hereto as Exhibit B, will provide notice to all future successors in interest of either Party that the Replacement Agreement has been terminated with respect to the Property.

3. Defined Terms.

   3.1. “*City Standards*” means applicable master plans, specific plans, rules, ordinances, regulations, standards, and administrative policies of the City that are in effect at the time of the respective application or submittal, whichever is later, filed by the applicant.

   3.2. “*Necessary Public Infrastructure*” means any infrastructure required to provide standard service levels to all parcels and individual pads within the

Property, including but not limited to streets, water, wastewater and flood control. Necessary Infrastructure does not include fire or police stations, parks, trails or other public recreation areas.

3.3. "*Design and Construction Costs*" means the costs of labor, materials and supplies, architectural, engineering, design and consultant related fees and costs, blue printing services, construction staking, demolition, soil amendments or compaction, legal and engineering services required to obtain permits, costs of any bonds, warranty costs, any corrections, changes or additions to work required by the City or necessitated by site conditions, state and county sales taxes imposed in connection with the construction, and any independent third party construction management fees.

4. Necessary Public Infrastructure; Obligation to Construct. Owner must provide all Necessary Public Infrastructure and incur all Design and Construction Costs related thereto; none of which is eligible for reimbursement unless otherwise specifically stated in this 2015 Verdugo Agreement.

5. Approvals. All approvals, conveyances, and acceptances of either Party, must be in writing and may not be unreasonably withheld, conditioned, or delayed. Permits for structures on platted lots or commercial pads will not be issued to any parcel, lot, or pad within the Property unless the Necessary Public Infrastructure related to that parcel, lot, or pad has been completed and accepted by the City.

6. Regulatory Compliance/Construction Standards. Owner will develop the Property in accordance with this 2015 Verdugo Agreement, the applicable City approved Altamira Planned Area Development ("**PAD**"), as amended, and all City Standards.

7. Vested Rights. City acknowledges that Owner's right to develop the Property in accordance with the PAD is vested during the term of this 2015 Verdugo Agreement.

8. Water and Wastewater.

8.1. Service. The Property is located within the water and wastewater service area of the City, and the City is designated as having an assured water supply pursuant to ARS § 45-576, which shall apply to the development of the Property. Upon the completion and acceptance by the City of the Necessary Public Infrastructure related to water and wastewater serving the Property, City commits to provide municipal water and wastewater service to all potions of the Property, with service-related fees imposed in accordance with the City's then current generally applicable rate structure.

8.2. Water Rights; Credit. Prior to the recordation of any final plat relating to the Property, Owner will convey to the City, at no cost to the City, all Type I and

Type II water rights, and any extinguished irrigation grandfathered water rights or credits, in existence relating to the Property.

8.3. Water Master Plan. The Desert Oasis/Altamira Verdugo Water System Master Plan, dated December 15, 2014 and approved by the City on January 7, 2015, and attached hereto as Exhibit C ("**Water Master Plan**"), has been approved by the City and identifies all demands, resources, capacities, delivery/service details and Necessary Public Infrastructure related to water for the full build out of the Property. The Parties acknowledge and agree that to the extent City Standards related to water change prior to the commencement of construction, Owner must update the Water Master Plan to reflect changes in applicable standards prior to construction on the Property. Additionally, if City has not accepted the water infrastructure and Owner fails to request a building permit for the Property within five (5) years following the completion of the water infrastructure on the Property as identified in the Water Master Plan, then Owner must (a) update the Water Master Plan to reflect then existing City Standards, and (b) at City's request, bring all of the water infrastructure into compliance with the updated Water Master Plan. No building permit will be issued by the City unless Owner has satisfied the provisions of this section. Any amendment to the Water Master Plan will be automatically incorporated into Exhibit C upon acceptance by the City.

8.4. Wells

8.4.1. Waivers. Owner will provide well impact waivers to the City for any well dedicated to the City pursuant to this 2015 Verdugo Agreement.

8.4.2. Well / Well Site(s). Any well site provided by Owner will comply with City Standards for such well site, the location of which will be determined by Owner and City using the results of a professional well impact analysis paid for by Owner. If the well site is located on the Property, the site will be reflected on a final plat for the applicable portion of the Property, or, if located outside the Property, secured in a manner acceptable to the City prior to final plat approval. If necessary, Owner will dedicate to the City any necessary flowage easement(s). To the extent the Water Master Plan requires a water supply greater than a single well is permitted to supply, but less than two wells would supply, Owner will either, (a) provide well impact waivers for a well or wells agreeable to both Parties that is sufficient to meet the supply required by the Water Master Plan, or (b) pay to the City an amount equal to five percent (5%) of the construction costs for a second well. The construction costs for a second well will be based on construction costs at the time the payment is made. City will not issue building permits beyond 30% of the residential lots on the property until the requirements of this section are satisfied. Both Parties agree that a well impact waiver for the Sunrise Ranch well would satisfy the requirements of this section.

8.4.3. Performance and Water Quality.

8.4.3.1. Well performance criterions have been established within the Water Master Plan. Owner will ensure, at its own cost, that any well provided by Owner complies with the well performance criterions on the date the City accepts the well. Actual well performance and water quality data must be provided to the City for review and analysis prior to acceptance of any well by the City.

8.4.3.2. Should the performance of any well provided by Owner not comply with the well performance criterions in the Water Master Plan, as determined exclusively by the City, then Owner will provide the City with a solution to improve well performance to meet or exceed the well performance criterions in the Water Master Plan, or drill an alternative well that will meet said performance criterions.

8.5. Regional Water Supply Facility; Site Plan.

8.5.1. The Desert Oasis Regional Water Supply Facility ("**Water Supply Facility**"), generally located along the south side of Jomax Road between 168th Avenue and 170th Avenue, will supply water to a number of developments including the Property.

8.5.2. Owner will develop a master site plan for the entire Water Supply Facility consistent with the Water Master Plan, and will incur all associated design costs. The Water Supply Facility master site plan must be complete prior to the approval of any application or submission for construction of any water related Necessary Public Infrastructure.

8.5.3. Owner will design and construct arsenic treatment facilities as per the Water Supply Facility master site plan, sufficient to treat 2000 gpm. Owner is responsible for the costs associated with constructing an arsenic treatment system sufficient to treat 1200 gpm, and the City is responsible for the additional costs associated with increasing the size of the arsenic treatment system by 800 gpm to a system capable of treating 2000 gpm. Owner must publicly bid the arsenic treatment system construction as a 1200 gpm system with an additional/alternate bid for the additional 800 gpm. The City's share will be the cost of the bid for the additional 800 gpm. Owner will provide written notice to the City of the winning bidder for the construction contract and identify the City's share of the construction costs. Within thirty (30) days following receipt of such written notice, both Owner and the City will each place their respective share of the construction costs into an escrow account. The date funding is due to the escrow account is the "Funding Date". Owner and the City agree to cooperate and establish the escrow account during the public bidding process. If at any time prior to the Funding Date, the City either (a) elects to withdraw its financial participation in the 2,000 gpm arsenic treatment facility, or (b) fails to deposit its share of construction costs, then Owner's obligation under this section is to design and construct a 1,200 gpm arsenic treatment facility. Owner will have no obligation to publicly bid the arsenic treatment system if the City withdraws its financial participation and there are no development fee credits applicable to the arsenic treatment system.

8.6. Interim Use of Existing City Water Infrastructure.

8.6.1. The Parties acknowledge that the water distribution line in 163rd Avenue could provide potable water to the Property on an interim basis. In order to develop an initial phase of the Property, which will consist of no more than one hundred fifty (150) residential units, Owner may utilize potable water from the existing water distribution line in 163rd Avenue, provided: (a) the City determines that excess water exists in the 163rd Avenue water distribution line, (b) financial assurances have been provided to the City covering the construction costs of the arsenic treatment system prior to any building permits being issued for residential units, and (c) the arsenic treatment system has been designed, and approved by the City, and (d) an approval to construct has been issued by Maricopa County, and such is valid and current at the time the interim use begins. If the Maricopa County approval to construct lapses prior to construction of the applicable water infrastructure, Owner is responsible for obtaining a new approval to construct at Owner's sole expense.

8.6.2. Owner will be required to make any improvements to the water distribution line in 163rd Avenue necessary to utilize such water within the Property, including but not limited the installation of a pressure reducing valve. Owner may also be required to ensure that the water delivered to the Property during Owner's interim use meets the City drinking water standards in effect at the time. All costs associated with improving the water distribution line in 163rd Avenue, as well as any costs associated with providing water treatment, and all costs associated with returning the line to is pre-use state, will be borne solely by the Owner and not be eligible for reimbursement. Owner's interim use of existing City water infrastructure will not alleviate Owner's obligation to finance, design, and construct the Necessary Public Infrastructure as specified in the Water Master Plan.

8.7 Wastewater Service. Owner is a party to both the SPA 2 Water Reclamation Facility Development Agreement, recorded in the Office of the Maricopa County Recorder, No. 2006-0659511 and the First Amendment to the SPA 2 Water Reclamation Facility Development Agreement, recorded in the Office of the Maricopa County Recorder, No. 2008-0739011. Wastewater will be provided to the Property pursuant to that agreement, as may be amended from time to time by the parties to that agreement.

9. Transportation.

9.1. Traffic Impact/Access Analysis. During the preliminary and final platting process Owner will provide a traffic analysis completed by a qualified, independent, third-party traffic engineer registered in Arizona ("**Traffic Analysis**"). The Traffic Analysis will identify all Necessary Public Infrastructure related to transportation needs and traffic demands of the Property. Except for San Ysidro Road as addressed in Section 9.4, Owner is responsible for designing, constructing and installing half-street improvements where the planned street abuts the Property on one side and full-street improvements where the planned street abuts the Property on both sides. The Parties acknowledge and agree that to the extent City Standards related to traffic change prior to commencement of construction on the Property, Owner must update the Traffic Analysis to reflect such changes prior to construction on the Property. The Traffic Analysis, and any subsequent amendment thereto, will be automatically incorporated into this 2015 Verdugo Agreement by reference upon acceptance by the City.

9.2. Minimum Property Access. The Property must have at least two non-intersecting routes of access, as identified in the Traffic Analysis, leading to 163rd Avenue and Pinnacle Peak Road.

9.3. Street Lights. Street lights for the Property will be maintained by a Street Light Improvement District ("SLID"). A single SLID must be formed over the entirety of the Property. All Design and Construction Costs associated with installing the street light poles and street lights will be borne by Owner. Owner will make an initial contribution of Five Thousand Dollars ($5,000) at the time of applying for the SLID to fund any potential shortfall in tax revenues. If the initial contribution is insufficient to fund any actual shortfall, Owner will pay the actual shortfall within 60 days of issuance of a notice of such shortfall is sent pursuant to the notice provision of this 2015 Verdugo Agreement.

9.4. San Ysidro. The Parties agree that, in lieu of any design or construction obligations related to San Ysidro Road, Owner will pay to the City on or before the City issues the 151st building permit within the property One Hundred Sixty Eight Thousand Five Hundred Ninety Dollars ($168,590), which amount reflects Owner's proportionate share of the construction costs for San Ysidro pursuant to the engineer's estimate attached hereto as Exhibit D. The City is obligated to use the in lieu funds for transportation related improvements benefiting the Property. Additionally, upon written request from the City, Owner will dedicate up to 27½ feet of right of way along the northern boundary of the Property. Satisfaction of the terms set forth in this Section satisfies the obligations of the Owner as they relate to San Ysidro Road.

10. Emergency Services. The City acknowledges that the provision of fire service, emergency medical service, and police service to the Property will not require the reservation of land on the Property.

11. Parks. The recreation areas, parks, and trails located within the Property must be designed and constructed in accordance with the City of Surprise Parks and Trails Master Plan. Owner acknowledges that the Design and Construction Costs associated with recreation areas, trails, and parks within the Property will be borne by Owner, and such costs are not eligible for development fee reimbursement. The Parties acknowledge that the current zoning anticipates that the recreation areas, trails, and parks within the Property will be private and maintained by a homeowners' association. Consequently, Owner is not required to dedicate or construct any City owned neighborhood, community or regional parks. Notwithstanding the above, the Parties agree to enter into a public easement for the public use of trails within the property; such agreement to be negotiated and entered into separate from this Agreement.

12. Drainage. The Necessary Public Infrastructure related to drainage improvements for the Property are identified in the approved Conditional Letter of Map Revision (CLOMR) Request for Altamira and Verdugo, dated February 27, 2013, revised on June 13, 2013, and as further revised or amended in accordance with FEMA standards and as approved by FEMA. The City agrees to not impose drainage obligations in excess of those required by the applicable CLOMR at time of construction. Such improvements will be maintained by Owner or the homeowners association for the Property in the manner required by law. The City acknowledges that Owner will need to apply for a letter of map revision (LOMR) and the City agrees: (i) to treat the Owner's LOMR application relating to the Property no differently than any other LOMR application submitted to the City, and (ii) to execute a guarantee of LOMR operations and maintenance, acceptable to the City and as required by FEMA.

13. Public Improvements.

13.1. Phasing of Improvements. Owner may construct the public improvements in phases, subject to City approval and as shown on the approved preliminary plat for the Property.

13.2. Construction Access.

13.2.1. Owner and their agents will have the right to enter, remain upon, and cross over any City easement or right-of-way to the extent reasonably necessary to design, construct, or install the public improvements, provided that: (i) Owner's use does not unreasonably impede the use and enjoyment of the subject property by the City or public; (ii) Owner must obtain any required permit for the use of such easement or right-of-way, as required by the City; and (iii) Owner must restore such easement or right-of-way to substantially the same condition as existed prior to Owner's entry.

13.2.2. The City and its employees, agents and contractors, will have the right to enter, remain upon, and cross over any portion of the Property to the extent reasonably necessary to inspect, test, maintain, or operate the public improvements, provided that: (i) the City's use does not materially impede or adversely affect Owner's use and enjoyment of the subject property, and (ii) the City will restore such portion of the Property to substantially the same condition as existed prior to the entry thereon.

13.3. Public Procurement. All construction contracts for public improvements that require or anticipate a contribution of City funds, special district funds, or a reimbursement of development fees must be publicly procured by Owner pursuant to Arizona Revised Statutes (“ARS”), as if the projects were being performed by the City. Owner agrees to provide the City with documentation evidencing compliance with ARS. This public procurement requirement will not apply to the procurement of architects, engineers, assayers and other professional services exempted under the ARS from the public procurement requirements.

13.4. Conveyance of Property & Improvements.

13.4.1. On the final plats (or by some other instrument in the event a final plat is not required or in the event the City requires dedication prior to the completion of the final plat), Owner will dedicate to the City all parcels, rights-of-way, and easements within the Property needed for the Improvements, or as required pursuant to this 2015

Verdugo Agreement, free and clear of all encumbrances which could affect marketability of title.

13.4.2. Subject to necessary legislative action, City may use its power of eminent domain to acquire title to any property Owner is obligated to obtain and dedicate under this 2015 Verdugo Agreement, to the extent such property is not owned by Owner. If the City uses its power of eminent domain to acquire such property, Owner agrees to pay any and all associated costs. To the extent necessary legislative action is not taken by the City under this section during the term of this 2015 Verdugo Agreement, Owners obligation to convey such property under this section is waived.

13.4.3. After the City has inspected and approved any public improvement required under this 2015 Verdugo Agreement, evidenced in writing: (i) Owner will convey such to the City free and clear of all liens and encumbrances that could affect marketability of title; and (ii) the City will conditionally accept the improvement subject only to the Warranty Period. At the time of conveyance, Owner will warrant all public improvements against defects in materials or workmanship for two (2) years after the conditional acceptance by the City (the "**Warranty Period**"). City will thereafter own, operate, and maintain the public improvement at the City's sole cost and expense, subject to the Warranty Period. Owner may convey the public improvements to the City in City approved phases.

13.5 Development Fees. In the event any portion of the Necessary Public Improvements is included within a City adopted development impact fee, then Owner will be entitled to a credit against the applicable development impact fee for such portion of the Necessary Public Improvements.

13.6 Oversizing. Except as otherwise set forth in this 2015 Verdugo Agreement, following the recordation of a final plat for the Property, should one or more of the City’s master plans change and require some portion of the Necessary Public Infrastructure to increase in size, Owner will be eligible for reimbursement for Design and Construction Costs associated with such increase in size through applicable impact fee reimbursement or the City’s reimbursement ordinance.

14. Cooperation and Development Regulation.

14.1. Representatives. The Parties agree to designate and appoint a representative to act as a liaison between the City and its various departments and Owner. The initial representative for the City will be Community Development Director and the initial representative for Owner will be Terry Manley. The representatives will be available at all reasonable times to discuss and review the performance of the Parties and the development of the Property.

14.2. Review Process. The implementation of this 2015 Verdugo Agreement will be in accordance with the development review process of the City. At the Owner's request, the City may retain independent consultants, reviewers, inspectors, and advisers at any Owner's request in order to expedite the review, inspection, and approval process. Owner will pay all costs incurred by the City under this section. All such individuals retained will take instruction from, be controlled by, and be responsible to the City, not Owner.

15. General Provisions.

15.1. Term. This 2015 Verdugo Agreement shall become effective upon recordation (the "**Effective Date**") and shall automatically terminate on the earlier of: (a) completion of all obligations contained in this 2015 Verdugo Agreement, or (b) the fifteenth (15^{th}) anniversary of the Effective Date. Following termination of this 2015 Verdugo Agreement either Party may record a Termination Statement consistent with Exhibit B.

15.2. Assignment. The provisions of this 2015 Verdugo Agreement are binding upon and will inure to the benefit of the Parties, and all of their successors in interest and assigns; provided; however, that Owner's rights and obligations hereunder may be assigned, in whole or in part, only to a person or entity that has acquired title to the Property or a portion thereof and only by a written instrument recorded in the Official Records of Maricopa County, Arizona, expressly assigning such rights and obligations. In the event of a complete or partial assignment by Owner, all or a portion of Owner's rights and obligations hereunder will terminate effective upon the assumption by Owner's assignee of such rights and obligations and the execution of an addendum that recognizes the assignment. Each such addendum will be submitted by Owner on the form attached hereto as Exhibit E, and when such addendum has been countersigned by the City Manager, it will be incorporated into and become a part of this 2015 Verdugo Agreement.

15.3. Choice of Law, Venue and Attorneys' Fees. The laws of the State of Arizona will govern any dispute, controversy, claim, or cause of action arising out of or related to this 2015 Verdugo Agreement. The venue for any such dispute will be Maricopa County, Arizona, and each Party waives the right to object to venue in Maricopa County for any reason. Neither Party will be entitled to recover any of its attorneys' fees or other costs from the other Party incurred in any such dispute, controversy, claim, or cause of action, but each Party will bear its own attorneys' fees and costs, whether the same is resolved through arbitration, litigation in a court, or otherwise.

15.4. Computation of Time. In computing any period of time under this 2015 Verdugo Agreement, the date of the act or event from which the designated period of time begins to run will not be included. The last day of the period so completed will be included unless it is a Saturday, Sunday, or legal holiday, in which event the period will run until the end of the next day which is not a Saturday, Sunday, or legal holiday. The time for performance of any obligation or taking any action under this 2015 Verdugo Agreement will be deemed to expire at 5:00 p.m. (Arizona time) on the last day of the applicable time period provided herein.

15.5. Conflict of Interest. Pursuant to A.R.S. § 38-503 and § 38-511, no member, official, or employee of the City will have any personal interest, direct or indirect, in this 2015 Verdugo Agreement, nor will any such member, official, or employee participate in any decision relating to this 2015 Verdugo Agreement which affects his or her personal interest or the interest of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. This 2015 Verdugo Agreement is subject to cancellation pursuant to the terms of A.R.S. § 38-511.

15.6. Counterparts. This 2015 Verdugo Agreement may be executed in any number of counterparts, each of which will be an original but all of which will constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all Parties may be physically attached to a single document.

15.7. Default. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any term or provision of this 2015 Verdugo Agreement constitutes a breach of this 2015 Verdugo Agreement ("**Event of Default**").

15.7.1. "Default" means any one of the following:

15.7.1.1. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any term or provision of this 2015 Verdugo Agreement.

15.7.1.2. The issuance of an order of a court having jurisdiction over any of the Parties for relief in any involuntary case commenced against the applicable Party as debtor under the Federal Bankruptcy Code or the entry of a court decree or order appointing a custodian, receiver, liquidator, assignee, trustee, or other similar official.

15.7.2. Any failure to pay money or failure related to any other monetary obligation hereunder not cured within five (5) days after written notice is received from another Party will constitute an Event of Default under this 2015 Verdugo Agreement by the non-paying Party.

15.7.3. Any other breach not cured within thirty (30) days after written notice is received from another Party will constitute an Event of Default by the breaching Party under this 2015 Verdugo Agreement; except that, if more than thirty (30) days but no more than ninety (90) days would reasonably be required to perform such action or comply with any term or provision hereof, then the breaching Party will have such additional time as may be necessary to perform or comply so long as the breaching Party commences performance or compliance within said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation within ninety (90) days after written notice is received from another Party.

15.7.4. Any notice of an Event of Default will specify the nature of the alleged breach and the manner in which said breach may be satisfactorily cured, if possible. The obligations of the Parties under this 2015 Verdugo Agreement are several obligations, and not joint and several obligations.

15.7.5. Upon the occurrence of an "Event of Default," the non-defaulting Party: (1) will have all the remedies afforded by law and in equity; and (2) will have the right to terminate this 2015 Verdugo Agreement.

15.8. Entire Agreement. This 2015 Verdugo Agreement, together with the following Exhibits attached hereto and incorporated herein by this reference, constitutes the entire agreement between the Parties.

Exhibit A: Legal description of the Property
Exhibit B: Termination Statement
Exhibit C: Water Master Plan
Exhibit D: Engineer's Estimate
Exhibit E: Assignment Form

All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written are superseded by and merged in this 2015 Verdugo Agreement.

15.9. Fair Interpretation. The Parties have been represented by counsel in the negotiation and drafting of this 2015 Verdugo Agreement and this 2015 Verdugo Agreement will be construed according to the fair meaning of its language. The rule of construction that ambiguities will be resolved against the Party who drafted a provision will not be employed in interpreting this 2015 Verdugo Agreement.

15.10. Further Documentation. The Parties agree in good faith to execute such further or additional instruments and documents and to take such further acts as may be necessary or appropriate to fully carry out the intent and purpose of this 2015 Verdugo Agreement.

15.11. Good Standing; Authority. Each Party represents and warrants that it is a duly formed and legally valid existing entity under the laws of the State of Arizona with respect to Owner, or a municipal corporation within Arizona with respect to the City, and that the individuals executing this 2015 Verdugo Agreement on behalf of their respective Party are authorized and empowered to bind the Party on whose behalf each such individual is signing.

15.12. Headings. The headings of this 2015 Verdugo Agreement are for purposes of reference only and will not limit or define the meaning of any provision of this 2015 Verdugo Agreement.

15.13. Notices and Filings. All notices specifically required by this 2015 Verdugo Agreement, excluding approvals, notices or other communications made as part of the customary development processes of the City, must be given in writing and delivered personally or sent by United States Mail, postage pre-paid, return receipt requested, to:

City:
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374
Attn: Community Development Director

With a copy to:
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374
Attn: City Attorney

Owner:
Verdugo Land, LLC
5055 W. Patrick Lane
Suite 101
Las Vegas, NV 89118
Attn: Terry Manley

With a copy to:
Beus Gilbert PLLC
701 N. 44th Street
Phoenix, AZ 85008
Attn: Jeffrey M, Blilie

Any changes to the above recipients must be in writing consistent with this section. Any notice or other communication directed to any Party must become effective upon the earliest of the following: (a) actual receipt by that Party; or (b) thirty-six (36) hours after deposit with the United States Postal Service, addressed to the Party.

15.14. Proposition 207 Waiver. Developer hereby waives and releases the City from any and all claims under A.R.S. § 12-1134 et seq., including any right to compensation for reduction to the fair market value of the Property as a result of the City's approval of this 2015 Verdugo Agreement. The terms of this waiver will run with the land and will be binding upon all subsequent landowners and will survive the expiration or earlier termination of this 2015 Verdugo Agreement.

15.15. Recordation. This 2015 Verdugo Agreement must be recorded in its entirety in the Official Records of Maricopa County, Arizona, not later than ten (10) days after its full execution by the City.

15.16. Termination upon Sale of Residential Lots. Except as otherwise provided for herein, this 2015 Verdugo Agreement is not intended to and will not create conditions or exceptions to title or covenants running with the individual residential lots within the Property. Therefore, in order to alleviate any concern as to the effect of this 2015 Verdugo Agreement on the status of title to any of the Property, so long as not prohibited by law, this 2015 Verdugo Agreement will terminate without the execution or recordation of any further document or installment as to any finally subdivided residential lot, and thereupon such residential lot will be released from and no longer be subject to or burdened by the provisions of this 2015 Verdugo Agreement. Any title insurer can rely on this paragraph when issuing any commitment to insure title or when issuing a title policy in connection with the sale of a particular residential lot within the Property and, accordingly, not show this 2015 Verdugo Agreement as an exception to the title of such residential lot.

15.17. Third Parties. It is not intended by this 2015 Verdugo Agreement to, and nothing contained in this 2015 Verdugo Agreement will, create any partnership, joint venture, or other agreement between the Parties. No term or provision of this 2015 Verdugo Agreement is intended to, or will be for the benefit of any person or entity not a party hereto, and no such other person or entity will have any right or cause of action hereunder.

15.18. Waiver. No delay in exercising any right or remedy will constitute a waiver thereof; and no waiver of any breach will be construed as a waiver of any preceding or succeeding breach of the same or any other covenant, or condition of this 2015 Verdugo Agreement. No waiver will be effective unless it is in writing and is signed by the Party asserted to have granted such waiver.

[signatures appear on following pages]

IN WITNESS WHEREOF, the Parties have executed this 2015 Verdugo Agreement, and this 2015 Verdugo Agreement shall be effective, as of the ____ day of ____________, 2015.

OWNER:

Verdugo Land, LLC, an Arizona limited liability company

By:______________________
Terry Manley

Date: 1/29/15

STATE OF ARIZONA
County of Maricopa

STATE OF NEVADA
COUNTY OF CLARK

On this 29th day of JANUARY, 2015, before me personally appeared Terry Manley, MANAGER, of VERDUGO LAND, LLC, an Arizona limited liability company, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here]

____
Notary Public

DENIENNE K. LEED
Notary Public State of Nevada
No. 11-4638-1
My Appt. Exp. April 19, 2015

CITY:

City of Surprise, an Arizona municipal corporation

By:________________________________
Sharon Wolcott, Mayor
Date:_______________________________

ATTEST:

____
Sherry Ann Aguilar, Town Clerk

APPROVED AS TO FORM:

____
Misty Leslie, City Attorney

STATE OF ARIZONA
County of Maricopa

On this ________ day of _____________________, 2015, before me personally appeared Sharon Wolcott, the Mayor of the CITY OF SURPRISE, ARIZONA, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

[Affix notary seal here]

____
Notary Public

Council Meeting Date:	February 3, 2015	Contact Person:	Misty Leslie, City Attorney
Submitting Department:		District:	Internal
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Discussion and possible action regarding APS line siting between Loop 303 and 195th Avenue.

Motion:

Background:

Financial Impact Statement:

ATTACHMENTS:

Click to download

No Attachments Available

External Attachment Links:

Meeting Requirements:

Powerpoint	x	Video		White Board	Other	x

Presentation Speaker Names (spelling and titles for TV captions):

Council Meeting Date:	February 3, 2015	Contact Person:	Hobart Wingard - Community Development
Submitting Department:	CD	District:	Citywide
Staff Recommendations:	Approve		

Consent	Regular	Public Hearing	x	Report/Discussion

Agenda Wording:

Consideration and action on a zoning text amendment regarding the height of structures within the Industrial General (IG/I-2) zoning district; Ordinance 2015-02

Motion:

I move approval of Ordinance 2015-02.

Background:

Due to various requests from prospective industrial businesses, staff is proposing this zoning text amendment to increase the building height from 60 to 85 feet in Industrial General (IG/I-2) zoning districts.

Financial Impact Statement:

There is no financial impact related to the zoning text amendment. However, the amendment will provide additional opportunities for prospective industrial businesses to maximize the use of the land while providing various jobs and economic opportunities for the residents of the City of Surprise.

ATTACHMENTS:

Click to download

- FS14-449 - Industrial Height Zoning Text Amendment - Staff Report
- FS14-449 - Industrial Height Zoning Text Amendment - Language
- FS14-449 - Industrial Height Zoning Text Amendment - Ordinance
- Industrial Height Text Amendment

External Attachment Links:

Meeting Requirements:

Powerpoint x Video White Board Other x

Presentation Speaker Names (spelling and titles for TV captions):

Hobart Wingard, Planner II
Lloyd Abrams, Long Range Planning Manager

SURPRISE
ARIZONA

COMMUNITY DEVELOPMENT DEPARTMENT

Date: February 3, 2015

To: Mayor and City Council

From: Eric Fitzer, Director
Lloyd Abrams, Long Range Planning Manager
Hobart Wingard, Planner
hobart.wingard@surpriseaz.gov 623-222-3156

Re: **FS14-449, Zoning Text Amendment for Structures Located Within Industrial General (IG/I-2) Zoning Districts**

Introduction

Attached is the proposed zoning text amendment for the Council's consideration and action to address recent requests increasing the maximum allowable height of structures within Industrial General (IG/I-2) zoning districts in the City of Surprise.

Background

The current Surprise Municipal Code provides a maximum height of structure in the Industrial General (IG/I-2) zoning district. This district, described as areas for concentrated manufacturing, fabrication, and other industrial uses. The city currently has a limited area of Industrial General zoned property located in the southeastern corner of the city. This area is buffered by less intense zoning districts that maintain a wide separation from residentially zoned property.

Proposal

The proposed amendment will allow for buildings in the Industrial General (IG/I-2) to reach the height of 85 feet. This proposal will also allow for an additional 20 feet of height in all industrial districts if the entire portion that exceeds the maximum building height is so constructed that it cannot be used or occupied by humans for any purpose and The Planning and Zoning Commission approves the increased height.

Staff has also taken this opportunity to correct an oversight in the present Surprise Unified Development Code (SUDC) where Regional Commercial (RC/C-3) was inadvertently left out of the Employment Character Pattern.

Recommendation

Staff recommends approval of FS14-449, a zoning text amendment to increase the building height from 60 to 85 feet in Industrial General (IG/I-2) zoning districts and to include Regional Commercial (CR/C-3) Zoning Districts within the Employment Character Pattern.

Attachment

Zoning text amendment and ordinance

Zoning Text Amendment

Structural Height in Industrially Zoned Properties and the Inclusion of Regional Commercial Zoning Districts in the Employment Character Pattern

Section 122-36 – Employment Character Pattern

(a) *Purpose.* The purpose of the employment character pattern is to provide standards for large-scale employment uses that would not normally be appropriate in residential-based neighborhood districts due to the large size or possible intrusive nature of the employment.

Employment character pattern standards are designed to:

(1) Ensure compatibility with adjacent land uses through both integrated and individual sites;

(2) Buffer industrial uses from potentially incompatible uses;

(3) Ensure adequate access for employees, freight, and products;

(4) Allow a mix of uses within principal buildings; and

(5) Provide a wide range of services and amenities for employees.

Emphasis shall be placed on ensuring that adequate transportation routes and regional transit services are available to and within the employment character pattern.

(b) *Zoning districts allowed.* The following zoning districts (refer to article VI) are allowed within an employment character pattern:

(1) Business park (BP).

(2) Industrial performance (IP).

(3) Industrial general (IG).

(4) Industrial land and mineral extraction (ILM).

(5) Neighborhood commercial (CN).

(6) Community commercial (CC).

(7) REGIONAL COMMERCIAL (CR).

(8) ~~(7)~~ Public facilities (PF).

(9) ~~(8)~~ Open space (OS).

(10)~~(9)~~ Limited residential uses may be allowed. Development projects with proposed residential uses will be reviewed on a case-by-case basis to ensure compatibility with neighboring uses and overall district.

(c) *Character form:*

(1) *Location:*

a. Employment character patterns shall be allowed in all General Plan Villages.

b. Employment character patterns shall be located near major transportation routes.

c. Employment character patterns shall be located in areas having an existing or proposed concentration of population to make more efficient use of the infrastructure, except in those cases when the employment district is specifically created for such less intense employment uses as warehousing.

(2) *Dimensional requirements:*

a. There are no specific size requirements for the employment district.

b. Industrial district dimensional requirements:

1. Any use and/or dimensional requirement not in compliance with the standards for each zoning district shall be a violation of this ordinance.

Table 5-11 Industrial District Dimensional Requirements						
Industrial Zoning Districts						
Zoning District	**Min. Lot Size**	**Min. Lot Width**	**Min. Building Setback (Front and Rear)**	**Min. Side Building Setback (Each Side)**	**Min. Yard Setback From Residential**	**Maximum Building Height**
IP	20,000 sq. ft.	50'	35'	15'	25'	40'
IG	5 acres	100'	35'	25'	50'	~~60'~~ 85'
ILM	40 acres	—	50'	50'	50'	40'

2. Any dimensional requirement not in compliance with the standards in the chart above shall be a violation of this ordinance.

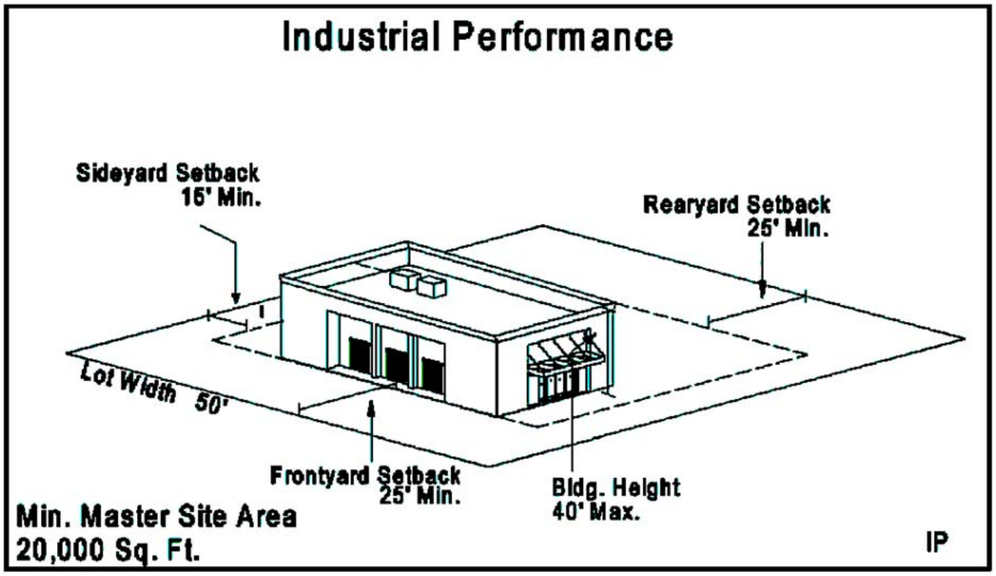
3. THE MAXIMUM BUILDING HEIGHT CAN BE INCREASED BY 20 FEET IF:

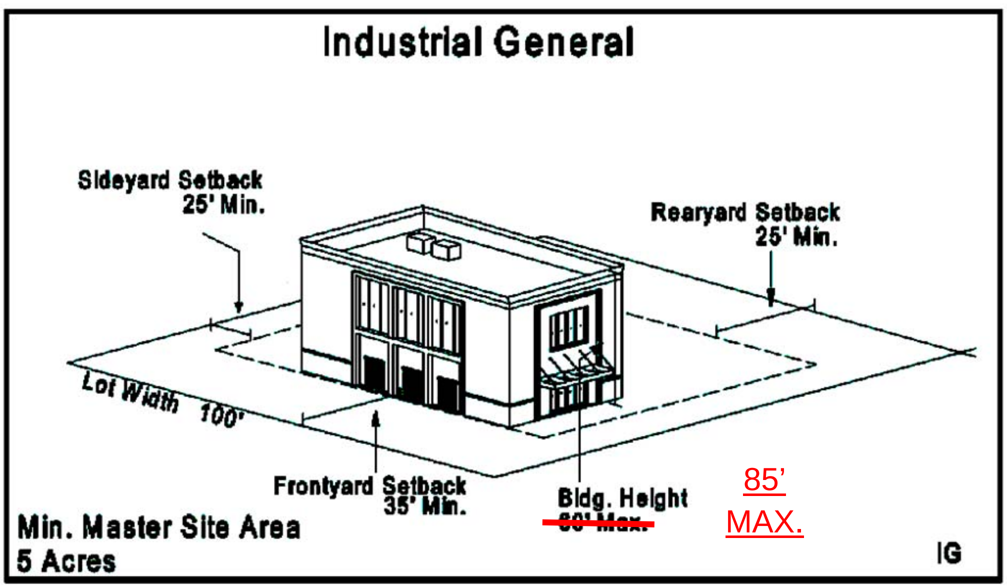
   I. IF THE ENTIRE PORTION THAT EXCEEDS THE MAXIMUM BUILDING HEIGHT IS SO CONSTRUCTED THAT IT CANNOT BE USED OR OCCUPIED BY HUMANS FOR ANY PURPOSE; AND

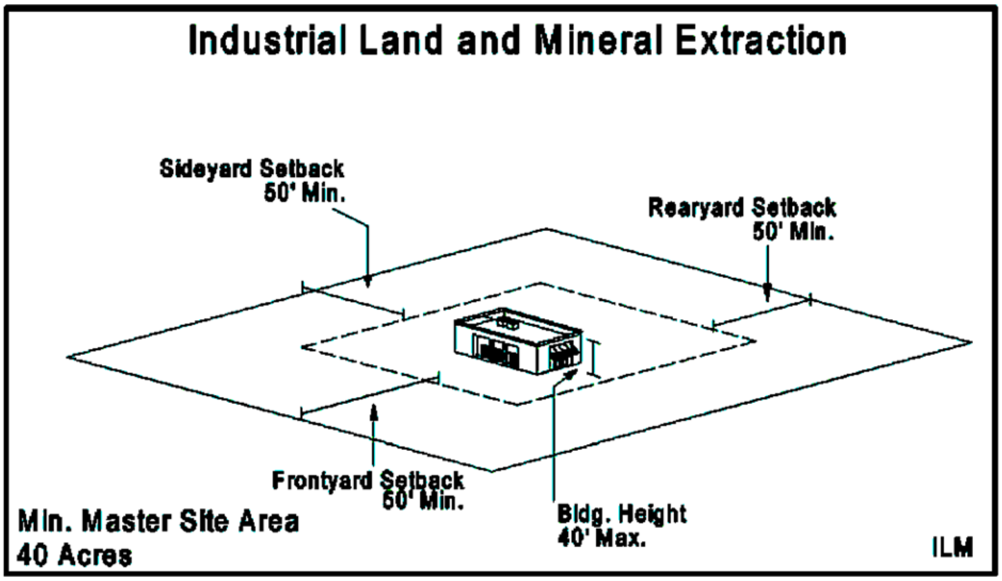
   II. THE PLANNING AND ZONING COMMISSION APPROVES THE INCREASED HEIGHT. IN DETERMINING WHETHER TO APPROVE A HEIGHT EXTENSION, THE PLANNING AND

ZONING COMMISSION SHALL CONSIDER WHETHER THE PROPOSED INCREASED WILL POSE AN UNREASONABLE RISK OF INJURY TO PERSONS OR PROPERTY IN LIGHT OF THE CITIES FIREFIGHTING EQUIPMENT AND CAPABILITIES.

4. ~~2.~~ Graphic interpretation. The tabular format shall prevail in case of any conflict between the table and graphic.







c. Commercial district dimensional requirements:

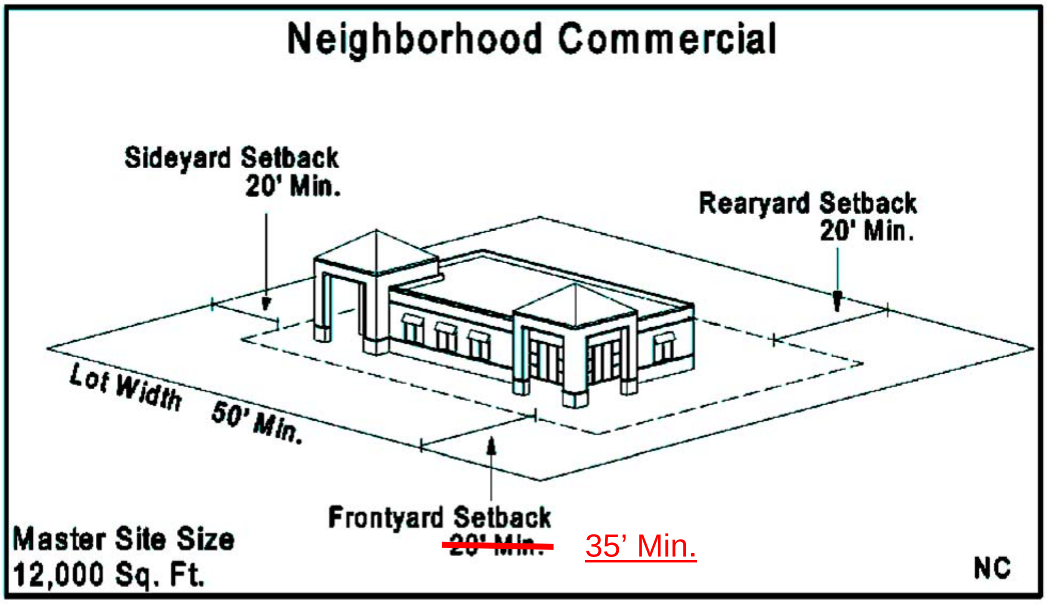
1. Any use and/or dimensional requirement not in compliance with the standards for each zoning district shall be a violation of this ordinance.

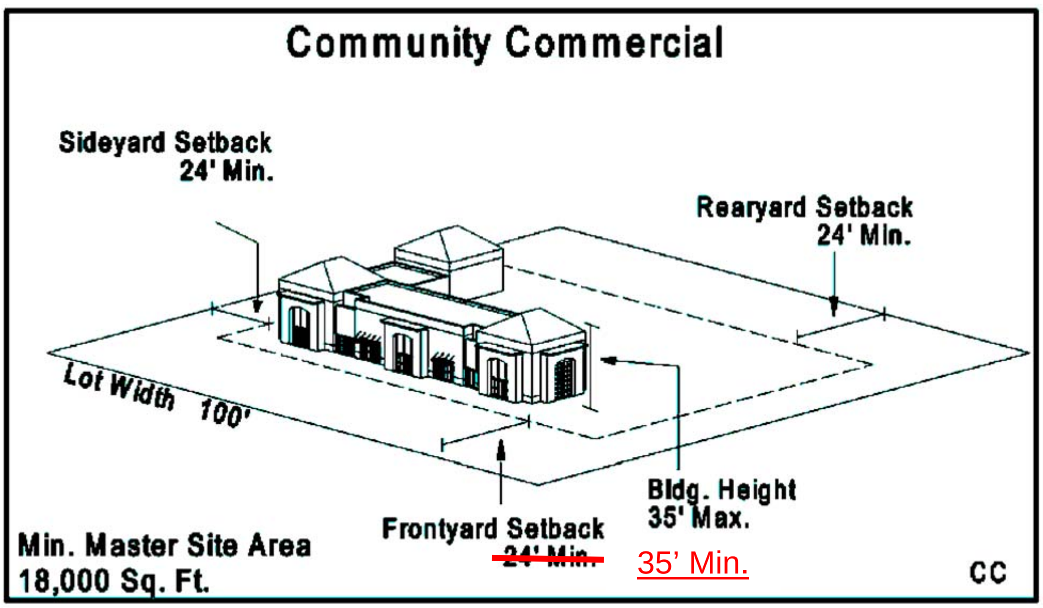
Table 5-12 Commercial District Dimensional Requirements					
Zoning District	**Min. Lot Area**	**Min. Lot Width**	**Min. Front Yard Setback**	**Min. Yard Setback (Side and Rear)**	**Maximum Building Height**
NC	12,000 sq. ft.	50'	35'	20'	30'
CC	18,000 sq. ft.	100'	35'	24'	35'
CR	18,000 SQ. FT.	100'	35'	24'	35'

2. Any dimensional requirement not in compliance with the standards in the chart above shall be a violation of this ordinance.

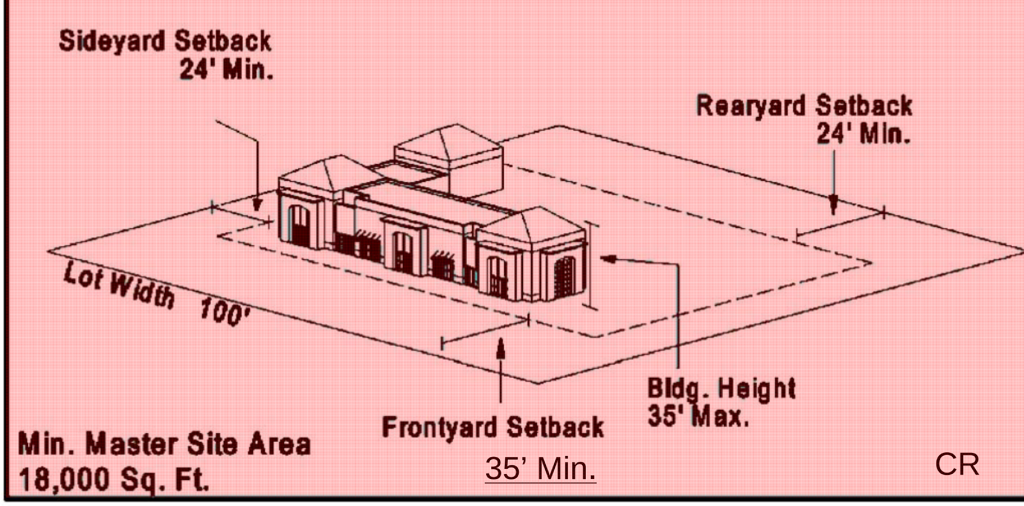
3. ~~2.~~ Flexibility in setbacks may be allowed if shown on a master plan as approved by planning and zoning commission.

4. ~~3.~~ Graphic interpretation. The tabular format shall prevail in case of any conflict between the table and graphic.


Neighborhood Commercial
Sideyard Setback
20' Min.
Rearyard Setback
20' Min.
Lot Width 50' Min.
Frontyard Setback
~~20' Min.~~ 35’ Min.
Master Site Size
12,000 Sq. Ft.
NC


Community Commercial
Sideyard Setback
24' Min.
Rearyard Setback
24' Min.
Lot Width 100'
Bldg. Height
35' Max.
Frontyard Setback
~~24' Min.~~ 35’ Min.
Min. Master Site Area
18,000 Sq. Ft.
CC

Regional Commercial



(3) *Building form and architecture.* The provisions in article VIII shall apply.

(4) *Open space and common areas.* The provisions in the parks and trails master plan and article X shall apply with the following additions:

a. A minimum of 30 percent of the gross land area of the employment character pattern shall be open space.

b. An open space area shall be located within 660 feet of a principal building entrance.

c. Public open space shall conform to the goals and standards of the parks and trails master plan.

(5) *Circulation.* The provisions in article VI shall apply with the following additions:

a. Primary site access shall be designed so major vehicular traffic shall gain access to the site from a major roadway rather than through any adjacent residential areas.

b. In addition to a primary service route, employment character patterns should also have direct access from a minimum of two residential areas within the city unless environmental constraints prohibit the connections. The access shall be designed to move residential neighborhood traffic to and from the employment character pattern.

c. Transit stop(s) and amenities such as shelters, benches, lighting shall be located within 1,320 feet of each principal building entrance. Development projects shall provide transit related site design features and amenities for transit riders such as shelters, benches and lighting.

d. Vehicular and pedestrian circulation between workplace uses and abutting support uses including retail and service commercial establishments is required, through parking lot connections, hard surface walkways, and similar measures.

e. Vehicle access points shall be located to minimize conflict between internal traffic and traffic on adjacent streets.

f. Clearly defined and safe pedestrian access is required from parking areas and adjacent public right-of-way to building entrances.

(6) *Parking and loading.* The provisions in article IX shall apply.

(7) *Landscaping, buffering and screening.* The provisions in the article X shall apply with the following additions.

a. A buffer area shall be designated along the perimeter of any employment character pattern that adjoins an existing or platted residential area.

1. Principal buildings shall be located no closer than 100 feet of the district boundary.
2. Buildings within 300 feet of the district boundary shall not exceed 35 feet in height.

(8) *Lighting.* The provisions in article IX shall apply.

(9) *Signage.* The provisions in chapter 113 of the Surprise Municipal Code shall apply.

(10) Grading and drainage. The provisions in engineering development standards shall apply.

(Ord. No. 09-12, § 2(Exh. A), 5-14-09)

ORDINANCE 2015-XX

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING A TEXT AMENDMENT TO THE SURPRISE UNIFIED DEVELOPMENT CODE AS IT RELATES TO INDUSTRIAL BUILDING HEIGHT AND REGIONAL COMMERCIAL ZONING DISTRICTS.

WHEREAS, this Ordinance was properly noticed for public hearing and the necessary hearings and opportunity for public input were completed;

WHEREAS, the existing language in the Surprise Uniform Development Code is obsolete with respect to the height of structures within the Industrial General Zoning District;

WHEREAS, the existing language in the Surprise Uniform Development Code is deficient in regards to the location of Regional Commercial Zoning Districts;

WHEREAS, on January 8, 2015, the Planning and Zoning Commission recommended approval of the proposed Text Amendment.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows:

Section 1. Section 122-36, Employment Character Pattern, of the Surprise Uniform Development Code is hereby amended as per the attached document, a copy of which was included in the report to Council for this item, is approved and incorporated by this reference.

Section 4. This ordinance will be codified.

Signatures on next page

APPROVED AND ADOPTED this_______day of _____________2015.

____
Sharon R. Wolcott, Mayor

Attest: Approved as to form:

_________________________ _________________________
Sherry Aguilar, City Clerk Misty Leslie, City Attorney

ORDINANCE 2015-02

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING A TEXT AMENDMENT TO THE SURPRISE UNIFIED DEVELOPMENT CODE AS IT RELATES TO INDUSTRIAL BUILDING HEIGHT AND REGIONAL COMMERCIAL ZONING DISTRICTS.

WHEREAS, this Ordinance was properly noticed for public hearing and the necessary hearings and opportunity for public input were completed;

WHEREAS, the existing language in the Surprise Uniform Development Code is obsolete with respect to the height of structures within the Industrial General Zoning District;

WHEREAS, the existing language in the Surprise Uniform Development Code is deficient in regards to the location of Regional Commercial Zoning Districts;

WHEREAS, on January 22, 2015, the Planning and Zoning Commission recommended approval of the proposed Text Amendment.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows:

Section 1: Section 2 of this Ordinance is of a general and permanent nature and will be codified. The remainder of this Ordinance will not be codified.

Section 2. Section 122-36, Employment Character Pattern, of the Surprise Uniform Development Code is hereby amended as per the attached document, a copy of which was included in the report to Council for this item, is approved and incorporated by this reference.

Section 3: All ordinances, resolutions or codes in conflict with the provisions of this Ordinance or the Code adopted herein are repealed upon the effective date of this Ordinance.

Section 4: If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision will not be read to affect the validity of the remaining portions thereof.

Section 5: This ordinance will become effective at the time and in the manner prescribed by law.

.

APPROVED AND ADOPTED this_______day of ______________2015.

____
Sharon R. Wolcott, Mayor

Attest:

____
Sherry Aguilar, City Clerk

Approved as to form:

____
Misty Leslie, City Attorney

Zoning Text Amendment

Structural Height in Industrially Zoned Properties and the Inclusion of Regional Commercial Zoning Districts in the Employment Character Pattern

<u>Section 122-36 – Employment Character Pattern</u>

(a) *Purpose.* The purpose of the employment character pattern is to provide standards for large-scale employment uses that would not normally be appropriate in residential-based neighborhood districts due to the large size or possible intrusive nature of the employment.

Employment character pattern standards are designed to:

(1) Ensure compatibility with adjacent land uses through both integrated and individual sites;

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Emphasis shall be placed on ensuring that adequate transportation routes and regional transit services are available to and within the employment character pattern.

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<u>(8)</u> ~~(7)~~ Public facilities (PF).

<u>(9)</u> ~~(8)~~ Open space (OS).

<u>(10)</u>~~(9)~~ Limited residential uses may be allowed. Development projects with proposed residential uses will be reviewed on a case-by-case basis to ensure compatibility with neighboring uses and overall district.

(c) *Character form:*

(1) *Location:*

a. Employment character patterns shall be allowed in all General Plan Villages.

b. Employment character patterns shall be located near major transportation routes.

c. Employment character patterns shall be located in areas having an existing or proposed concentration of population to make more efficient use of the infrastructure, except in those cases when the employment district is specifically created for such less intense employment uses as warehousing.

(2) *Dimensional requirements:*

a. There are no specific size requirements for the employment district.

b. Industrial district dimensional requirements:

1. Any use and/or dimensional requirement not in compliance with the standards for each zoning district shall be a violation of this ordinance.

Table 5-11 Industrial District Dimensional Requirements						
Industrial Zoning Districts						
Zoning District	**Min. Lot Size**	**Min. Lot Width**	**Min. Building Setback (Front and Rear)**	**Min. Side Building Setback (Each Side)**	**Min. Yard Setback From Residential**	**Maximum Building Height**
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IG	5 acres	100'	35'	25'	50'	~~60'~~ 85'
ILM	40 acres	—	50'	50'	50'	40'

2. Any dimensional requirement not in compliance with the standards in the chart above shall be a violation of this ordinance.

3. THE MAXIMUM BUILDING HEIGHT CAN BE INCREASED BY 20 FEET IF:

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II. THE PLANNING AND ZONING COMMISSION APPROVES THE INCREASED HEIGHT. IN DETERMINING WHETHER TO APPROVE A HEIGHT EXTENSION, THE PLANNING AND

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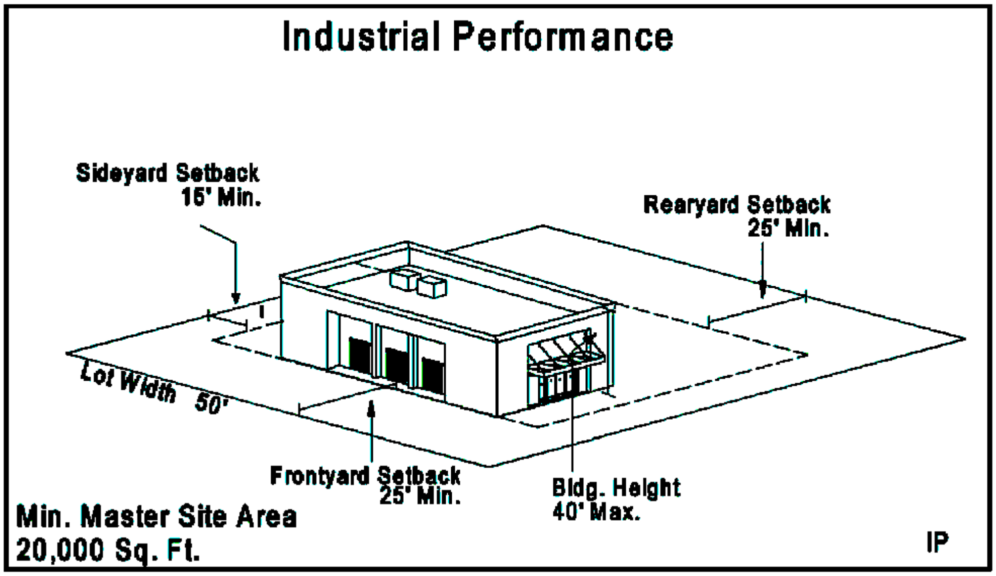

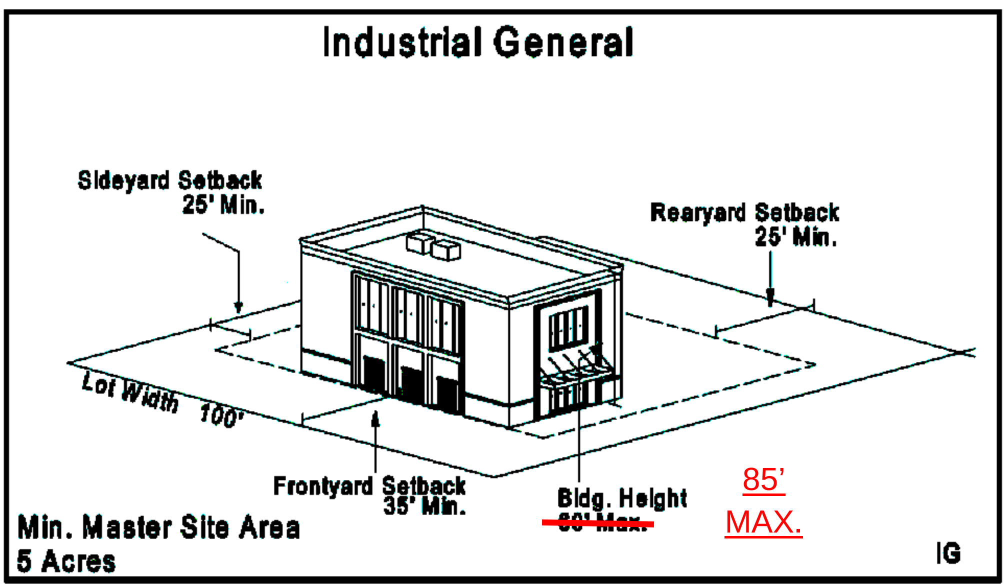

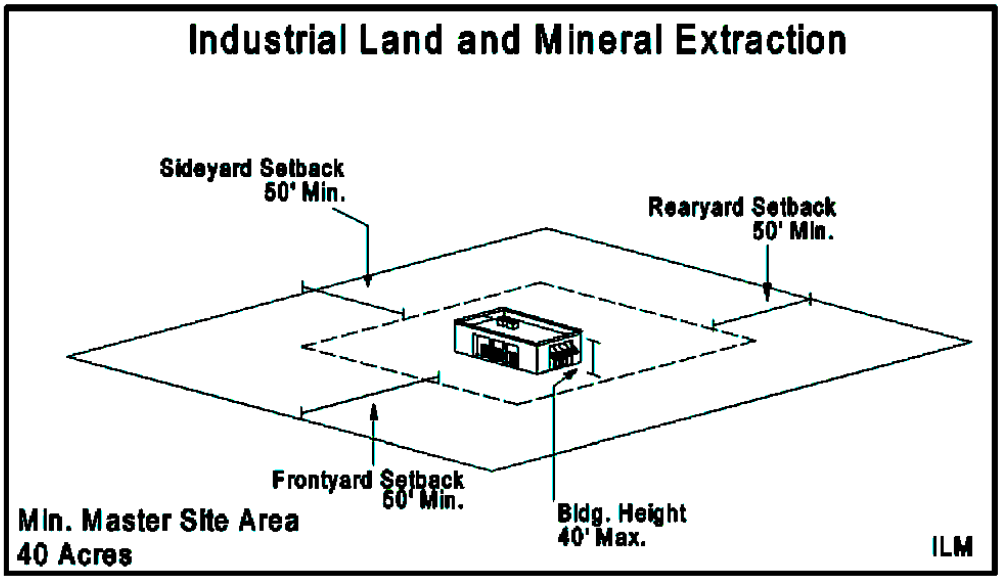

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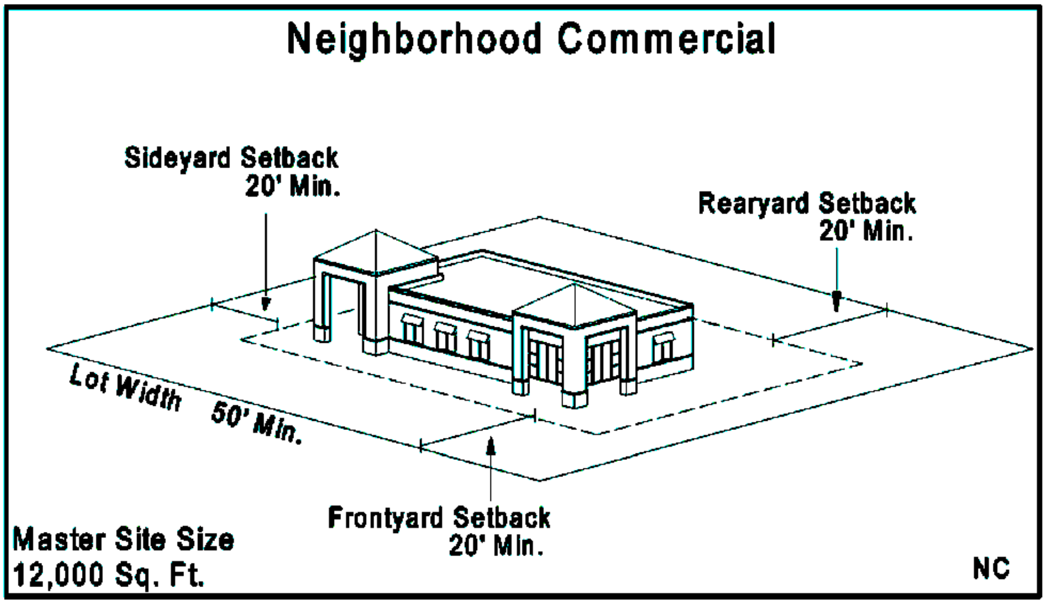
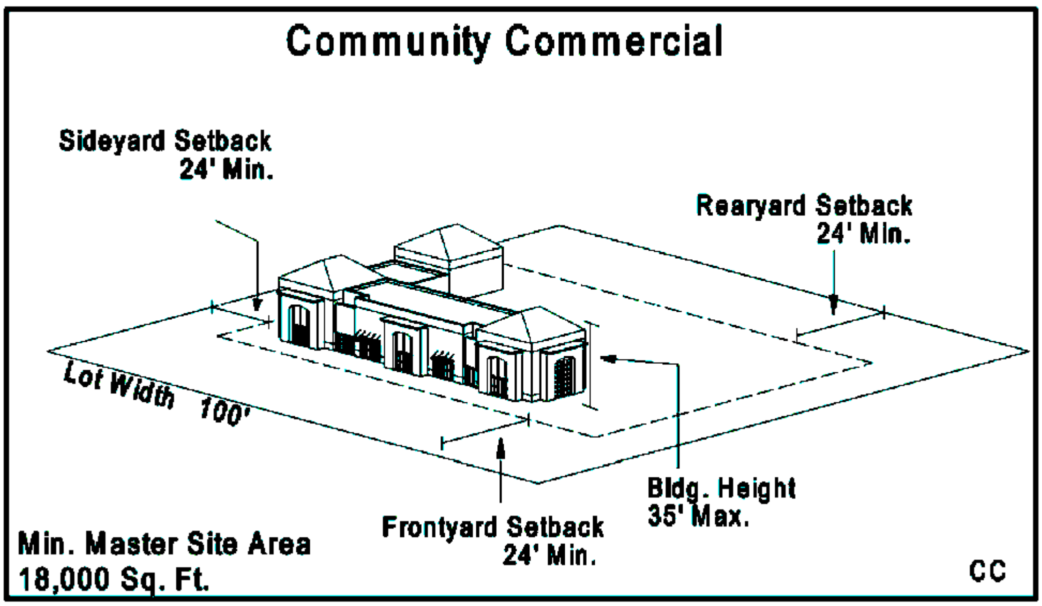

Neighborhood Commercial
Sideyard Setback
20' Min.
Rearyard Setback
20' Min.
Lot Width 50' Min.
Frontyard Setback
20' Min.
Master Site Size
12,000 Sq. Ft.
NC


Community Commercial
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24' Min.
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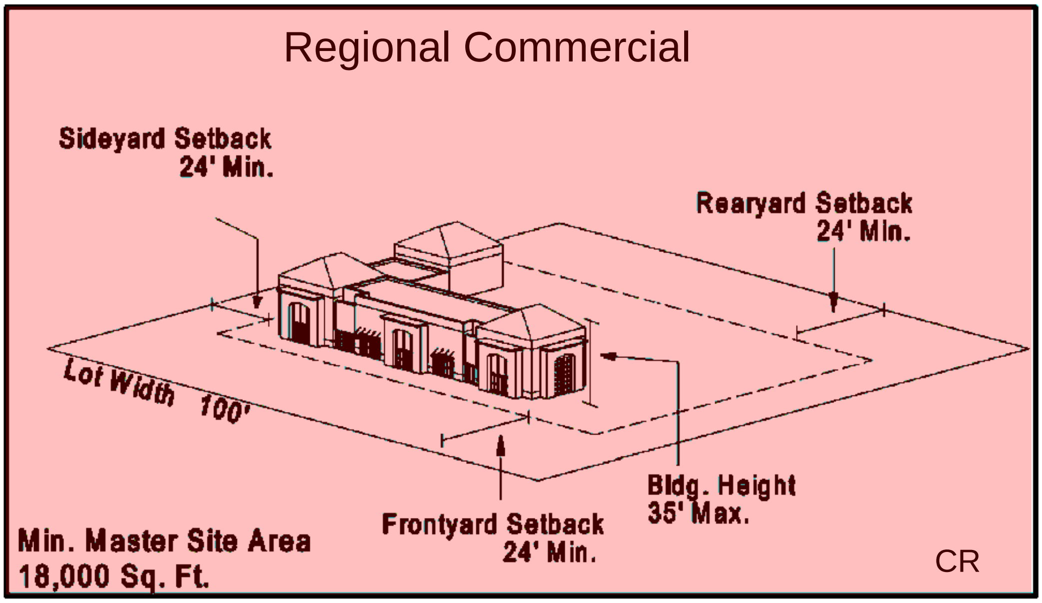
24' Min.
Lot Width 100'
Bldg. Height
35' Max.
Frontyard Setback
24' Min.
Min. Master Site Area
18,000 Sq. Ft.
CC



(3) *Building form and architecture.* The provisions in article VIII shall apply.

(4) *Open space and common areas.* The provisions in the parks and trails master plan and article X shall apply with the following additions:

a. A minimum of 30 percent of the gross land area of the employment character pattern shall be open space.

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(9) *Signage.* The provisions in chapter 113 of the Surprise Municipal Code shall apply.

(10) Grading and drainage. The provisions in engineering development standards shall apply.

CITY OF SURPRISE
Regular City Council Meeting

February 3, 2015 @ 6:00:00 PM

Back Print

Council Meeting Date:	February 3, 2015	Contact Person:	Misty Leslie, City Attorney
Submitting Department:		District:	Internal
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Discussion/consultation with the City Attorney to receive legal advice; and to consider its position on pending/contemplated litigation regarding development on property bounded by Bell, Litchfield, Greenway, and Bullard Roads. (A.R.S. §38-431.03(A)(3) & (4))

Motion:

Background:

Financial Impact Statement:

ATTACHMENTS:

Click to download

No Attachments Available

External Attachment Links:

Meeting Requirements:

Powerpoint	x	Video		White Board	Other	x

Presentation Speaker Names (spelling and titles for TV captions):

CITY OF SURPRISE
Regular City Council Meeting

February 3, 2015 @ 6:00:00 PM

Back Print

Council Meeting Date:	February 3, 2015	Contact Person:	Misty Leslie, City Attorney
Submitting Department:		District:	Internal
Staff Recommendations:	None		

Consent Regular Public Hearing Report/Discussion

Agenda Wording:

Discussion/consultation with the City Attorney to receive legal advice; and to consider its position on pending/contemplated litigation regarding APS line siting between Loop 303 and 195th Avenue. (A.R.S. §38-431.03(A)(3) & (4)).

Motion:

Background:

Financial Impact Statement:

ATTACHMENTS:

Click to download

No Attachments Available

External Attachment Links:

Meeting Requirements:

Powerpoint x Video White Board Other x

Presentation Speaker Names (spelling and titles for TV captions):