



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

Tuesday, February 6, 2018 @ 6:00 PM
COUNCIL CHAMBER

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A. Call To Order

B. Roll Call

C. Pledge of Allegiance

D. PROCLAMATION AND COMMUNITY ACKNOWLEDGEMENTS

District Citywide [A proclamation designating Surprise as a Golden Rule City.](#)

None
Seth Dyson,
Director of
Human
Services and
Community
Vitality

E. City Manager Report:

F. City Attorney Report:

G. City Clerk Report:

District Internal [The City Clerk will conduct the Ceremonial Oath of Office for Vice-Mayor Ken Remley. No action to be taken on this item.](#)

No Action
Sherry Ann
Aguilar, City
Clerk

District 2 [Consideration and action to appoint an applicant to fill the vacancy for District 2 through December 2018. The City Clerk will issue the Oath of Office immediately following the appointment.](#)

None
Sherry Ann
Aguilar, City
Clerk

District Internal [Consideration and action to appoint Krista Watson to fill the vacancy on the Disability Advisory Commission with a term expiration of June 30, 2019 and Connie Bowers to fill the resident vacancy on the Audit Committee with a term expiration of June 30, 2020.](#)

None
Sherry Ann
Aguilar, City
Clerk

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 only on issues within the jurisdiction of the City Council which are not an item on the agenda. At the conclusion of the open call, City Council may respond to criticism, may ask staff to review the matter or may ask that the matter be put on a future agenda. No discussion or action shall take place on any item raised.

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

I. Regular City Council Meeting Agenda:

Consent Agenda:

- | | | | |
|----|-------------------|--|--|
| 1. | District Citywide | <u>Consideration and action on the Regular City Council Work Session, Regular City Council Meeting and Executives Session minutes of January 16, 2018.</u> | None
Sherry Ann Aguilar,
City Clerk |
| 2. | District 6 | <u>Consideration and action to approve a request by Andrea Lewkowitz (Agent) for a Series 06 (New License/Corporation) for AMC Surprise Pointe 14, located at 13649 N. Litchfield Road, Surprise, AZ. 85379 (License #06073627).</u> | None
Sherry Ann Aguilar, City Clerk |
| 3. | District Citywide | <u>Consideration and action pertaining to amending the Fiscal Year 2018 Budget by reallocating appropriations \$10,800 within the General Fund and \$327,100 within Grants Fund to facilitate the acceptance of Victims of Crime Act (VOCA) grant funds in the amount of \$327,079 over three years to fund the City Attorney's Office Victim Services Program; Resolution # 2018-16.</u> | None
Robert Wingo, City Attorney |
| 4. | District Citywide | <u>Consideration and action pertaining to approval of an amendment to the Fiscal Year 2018 Budget by reallocating appropriations of \$145,200 from contingency within the Grants Fund to the 2017 Home Project and approving an Amended Intergovernmental Agreement with Maricopa County for extension of the 2016 HOME contract deadline to September 30, 2019 and accepting additional funds of \$145,126; Resolution # 2018-10.</u> | None
Christina Ramirez,
Human Service & Community Vitality |
| 5. | District Internal | <u>Consideration and action pertaining to approval of an amendment to the Fiscal Year 2018 Budget by reallocating appropriations of \$19,100 from Fire Department General Fund to Fleet General Fund for continued vehicle maintenance costs; Resolution # 2018-15.</u> | None
Tom Abbott,
Fire Chief |
| 6. | District Internal | <u>Consideration and action pertaining to an amendment to the Fiscal Year 2018 Budget Capital and Operating List of items over \$50,000 by increasing the City of Glendale GRPSTC contract to \$103,500; Resolution # 2018-18.</u> | None
Tom Abbott,
Fire Chief |
| 7. | District 6 | <u>Consideration and action to grant a Utility Easement to APS at the Ashton Ranch well site located along Bullard Avenue.</u> | None
Eric Fitzer -
Community Development |

Regular Agenda Item - Public Hearing:

- | | | | |
|-----|-------------------|--|--|
| 8. | District 1 | <u>Consideration and action pertaining to approval of a Preliminary Plat for Austin Ranch East dated November 11, 2017, a property generally located on the southwestern corner of Pinnacle Peak Road and 175th Avenue within the Austin Ranch Planned Area Development (PAD).</u> | None
Hobart
Wingard -
Community
Development |
| 9. | District Citywide | <u>Consideration and action pertaining to an amendment to the Surprise Citywide Comprehensive Fee Schedule regarding locating Wireless Facilities in the ROW; Resolution # 2018-14.</u> | None
Hobart
Wingard -
Community
Development |
| 10. | District Citywide | <u>Consideration and action pertaining to approval of a Text Amendment to Chapter 113 of the Surprise Municipal Code regarding Signs; Ordinance # 2018-04.</u> | Approve
Robert
Kuhfuss -
Community
Development |

Regular Agenda Item - Non-Public Hearing:

- | | | | |
|-----|-------------------|--|---|
| 11. | District Citywide | <u>Discussion pertaining to the fiscal year 2017 annual audit and Comprehensive Annual Financial Report, and associated reports.</u> | No Action
Andrea
Davis,
Assistant
Finance
Director |
| 12. | District 5 | <u>Consideration and action pertaining to acceptance of a Special Warranty Deed from Surprise Center Development Company, LLC for conveyance of Real Property; Resolution # 2018-24.</u> | None
Eric Fitzer -
Community
Development |

J. Other Business and Future Agenda Items:

K. Mayor/Council Reports:

L. Executive Session:

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

- discussion or consideration of personnel matters (A.R.S. §38-431.03 (A)(1));
- discussion or consideration of records exempt by law from public inspection (A.R.S. §38-401.03 (A)(2));
- discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03 (A)(3));
- discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S. §38-431.03 (a)(4));
- discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03

(A)(5)); or

- discussion, consultation or consideration for international and interstate negotiations or for negotiations by a city or town, or its designated representatives, with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city or town. A.R.S. §38-401.03 (A)(6)).

- discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03 (A)(7)).

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

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

M. Adjournment:

SHERRY ANN AGUILAR, CITY CLERK, MMC

POSTED:

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 6, 2018 @ 6:00:00 PM

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Council Meeting Date:	February 6, 2018	Contact Person:	Seth Dyson, Director of Human Services and Community Vitality
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

A proclamation designating Surprise as a Golden Rule City.

Motion:

No action requested.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

[Click to download](#)

No Attachments Available



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

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Council Meeting Date:	February 6, 2018	Contact Person:	Sherry Ann Aguilar, City Clerk
Submitting Department:		District:	Internal
Staff Recommendations:	No Action		

Consent	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

The City Clerk will conduct the Ceremonial Oath of Office for Vice-Mayor Ken Remley. No action to be taken on this item.

Motion:

Ceremonial only, no action to be taken.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

Click to download

No Attachments Available



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

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Council Meeting Date:	February 6, 2018	Contact Person:	Sherry Ann Aguilar, City Clerk
Submitting Department:		District:	2
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

Consideration and action to appoint an applicant to fill the vacancy for District 2 through December 2018. The City Clerk will issue the Oath of Office immediately following the appointment.

Motion:

Consideration and action to appoint _____ to fill the vacancy for District 2 through December 31, 2018. The City Clerk will issue the Oath of Office immediately following the appointment.

Background:

City of Surprise District 2 Council Vacancy Seeking Applications The City of Surprise is currently accepting applications for the position of Councilmember District 2 (Cottonwood) that was vacated by a Councilmember due to passing. All applicants must reside within the District 2 district boundaries. The term expiration for the appointment will be December 31st, 2018 and the remainder of the 4 year term will be placed on the next scheduled Council election in August 2018 per ARS 9-235 (The council shall fill a vacancy that may occur by appointment until the next regularly scheduled council election if the vacancy occurs more than thirty days before the nomination petition deadline. This subsection does not apply to a charter city). The Interview/Selection process is as follows: Section 2-22 of the Surprise City Code – Council/District Vacancy: Vacancies in district office will be advertised beginning no later than 14 days from the date the vacancy is created when caused by death, and seven days from the date the vacancy is created in all other cases. The city clerk will advertise all vacancies in at least one newspaper with local circulation, on the city website, and in all designated posting locations during the application acceptance period. (Date of Advertisement – Wednesday, January 3, 2018). All eligible persons interested in filling the district vacancy must submit an application to the city clerk's office prior to the close of the acceptance period. The application acceptance period will end at 5:00 p.m. on the 14th day following the placement of the advertisement as required by subsection (1) of this section. (Wed., January 17, 2018). (3) No later than the end of the business day following the close of the application acceptance period, the city clerk will forward to the mayor and council and post on the city website a copy of all applications submitted during the application acceptance period (Thursday, January 18, 2018). (4) The council will interview each applicant at a public hearing held no later than ten days following the close of the application acceptance period, followed by a seven-day period during which public comment may be submitted to the city clerk's office (Interview/Public Hearing - Tues. January

23, 2018 - 6:00 p.m. & Close of Comments (Tuesday, January 30, 2018 – 5:00 p.m.). (5) No later than the end of the business day following the close of the public comment period, the city clerk will forward to the mayor and council and post on the city website a copy of all comments submitted during the comment period (Wednesday, January 31, 2018). (6) A district candidate must be selected no later than the second regularly scheduled council meeting following the public hearing (Tuesday, February 6, 2018 – 6:00 p.m.). Applications are available for pick up the City Clerk's Office located at 16000 N. Civic Center Plaza, starting on Wednesday, January 3, 2018 – 8:00 a.m. to 5:00 p.m. Monday – Friday, and the closing date will be Wednesday, January 17, 2018 – 5:00 p.m. Interviews will be scheduled for Tuesday, January 23, 2018 at a Special Council Meeting (Time to be determined). Selection of the applicant will take place on Tuesday, February 6, 2018 @ 6:00 p.m. Regular Council Meeting. Applications are also available online @ www.surpriseaz.gov, under City Clerk section. Please submit applications to the City Clerk's Office. Special Note: Candidate election packets will also be available starting on Wednesday, January 3, 2018 – 8:00 a.m. for interested residents of District 2, to serve for the remainder of the 4 year term ending in December 2020. Please contact City Clerk, Sherry Ann Aguilar at 623-222-1220 for details.

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

Click to download

☐ [District 2 Applications](#)



City of Surprise

APPOINTMENT APPLICATION FOR COUNCIL DISTRICT 2 (COTTONWOOD) VACANCY

Name: Nancy J. Hayden Date Submitted: 1/3/2018
Address: 19250 N. Alhove Sage Way Surprise, AZ 85387
Phone (Home): 623-584-1405 Business: _____
E: Mail Address: hayden-wife@yahoo.com
Resident of District 2 (Cottonwood) Surprise: ☒ Yes ☐ No
Number of Years: 15 years
Education: high school, 3 years college,
Project Management Certificate

EMPLOYMENT BACKGROUND:

Present Employer/Position: ○

Previous Employer(s)/Position (Last 5 Years): ○

Special Qualifications (Include list of Surprise activities or organizations you have participated in and dates):

Supported my husband, Councilman
James Hayden, during his term

(Continued on Reverse Side)

Do you currently serve, or have you previously served on any City of Surprise Boards/Commissions?
If yes, which one(s):

no

Statement as to why you want to serve as a Councilmember for the City of Surprise:

Three reasons come to mind:

- 1.) I would like to insure my husband's dreams and aspirations are fulfilled.
- 2.) During his term I grew to love our cities heart and soul. I want so much to be a part of its growth and development.

Additional Information/Comments: ^{At}

- 3.) I want to serve my constituents. Take care of their needs and develop a strong relationship between our city ^{and} and their life needs.

I, Nancy J. Hayden certify that to the best of my knowledge, all information given herewith is true and correct. I understand that any falsification or misrepresentation of facts will be cause for dismissal from the position if I am appointed by the City Council.

Nancy J. Hayden
Applicant's Signature

Date & Time Received by City Clerk's Office:

Shy An QS 1-3-18
10:18 a.m.



Chamber of Commerce 2009 to Present

(Continued on Reverse Side)

Do you currently serve, or have you previously served on any City of Surprise Boards/Commissions? If yes, which one(s):

Disabled Advisory Commission

Statement as to why you want to serve as a Councilmember for the City of Surprise:

I enjoy bringing people together. Our City includes seniors, working adults, young adults and children. The welfare of all of these groups is vital to the success of our City. While each group may have interests that are specific to them; building relationships that bridge the needs of the individual with the needs of the community requires not only listening but hearing and finding common ground. I understand the view of business owners and the desires of the City to continue to bring new businesses into our community. I would like to expand the opportunities for young people to work in our community and to expand awareness of the need for early literacy programs within the City.

Additional Information/Comments:

2017 First Things First awarded me the Champion for Young Children due to my efforts in support of Early Literacy in the North West Regional area of Maricopa County.

I work well in collaborative groups. I have experience analyzing data and forming strategic plans. I have used and project management software and managed a number of projects concurrently with positive results.

As a representative of District 2 I will be able to understand the needs of the District; evaluate and prioritize them so that they can be included in the overall needs of the City of Surprise.

I, Alyson "Aly" Cline certify that to the best of my knowledge, all information given herewith is true and correct. I understand that any falsification or misrepresentation of facts will be cause for dismissal from the position if I am appointed by the City Council.

Alyson Cline

Applicant's Signature

Date & Time Received by City Clerk's Office:

AJC 1-3-2018
2:07 p.m.



City of Surprise

APPOINTMENT APPLICATION FOR COUNCIL DISTRICT 2 (COTTONWOOD) VACANCY

Name: Robert L Estep Date Submitted: 1/4/2018

Address: 16905 W Bristol Lane, Surprise

Phone (Home): 623-224-9900 Business: 623-556-6123

E: Mail Address: robert@robertestep.net

Resident of District 2 (Cottonwood) Surprise: X Yes No

Number of Years: 13

Education: Associate Degree Business Management

EMPLOYMENT BACKGROUND:

Present Employer/Position: Home Smart Realty Associate Broker

Previous Employer(s)/Position (Last 5 Years): Ken Meade Realty Realtor

Special Qualifications (Include list of Surprise activities or organizations you have participated in and dates): Eve's Place 2016 and 2017

Surprise Chamber 2016 and 2017

Chance Shelter 2017 and Valley View Food Bank 2015, 2016 and 2017

(Continued on Reverse Side)

Do you currently serve, or have you previously served on any City of Surprise Boards/Commissions?

If yes, which one(s):

No

Statement as to why you want to serve as a Councilmember for the City of Surprise:

Very interested in the growth of the city, Surprise has been good to my family and I

so i'm looking for the chance to give back and contribute to the growth of the city

I want to help Surprise to grow in the right direction. The decisions made today

will impact the city and our citizens of tomorrow

Additional Information/Comments:

Negotiated agreements with General Motors and Chrysler in the manufacturing and

Quality control for the automotive industry from 1994 to 2004

I, Robert L Estep certify that to the best of my knowledge, all information given herewith is true and correct. I understand that any falsification or misrepresentation of facts will be cause for dismissal from the position if I am appointed by the City Council.


Applicant's Signature

Date & Time Received by City Clerk's Office:

1-4-18 3:48 P.M.



City of Surprise

APPOINTMENT APPLICATION FOR COUNCIL DISTRICT 2 (COTTONWOOD) VACANCY

Name: Susan de Jong Date Submitted: 1/5/18
Address: 18050 N Key Estrella Dr Surprise AZ 85374
Phone (Home): 625 214 7537 Cell: 623 512 0190
Business:
E: Mail Address: sandbapple@msn.com
Resident of District 2 (Cottonwood) Surprise: ☒ Yes ☐ No
Number of Years: 3 1/2 yrs.
Education: BS NYU

EMPLOYMENT BACKGROUND:

Present Employer/Position: DUSD Substitute Teacher
(mostly retired)

Previous Employer(s)/Position (Last 5 Years):

Special Qualifications (Include list of Surprise activities or organizations you have participated in and dates):

Surprise Arts and Cultural Advisory Commission 2011 - ?
Vice Chair 2013 Chair 2014 - ?

(Continued on Reverse Side) -

Judi Potacku
1-5-18

- I have established
 - Public Art Bus Tours - (in its 3rd year)
 - Humanities Speaker Series (in its 2nd year)
 - Responsible for Gallery in City Hall -
 - Finding stored Joe Tyler Art Benches and working with staff to get them restored and back into use. (City paid over \$30,000 for them and they were stored since 2004)
- 2017- Arts Commission wrote Policy and Procedures that is now accepted by the City Council
- 2012 With Benevilla helped establish Community for all ages program and sat on that Committee.
- Helped establish the Benevilla Farmers Market
- 2012 - Celebrating Roots Event with Benevilla and the OTs to celebrate the mural on the public restroom paid for by an Arts Commission grant. Joint project with the Police Dept. (one of my favorites)
- 2012-16- Worked with Benevilla on their Fall Festivals also when I could I served Thanksgiving or Christmas Dinner at Birt's.
- 2013 - Helped to Establish the Dysart Arts Academy and when it opened I served on its board for 2 years.
- 2015- Began work to Establish Lunch Time Theater
 - Brought together theater works, West Valley Symphony and West Valley Arts Council and then presented the idea and got permission to go ahead. We added The Phoenix Opera after our first year. We are now looking to expand this program. It has been quite successful. Next year will be our 4th.
- 2017- Vision and Sound - An African American Experience Planning Committee
- 2018 - MLK Day Planning Committee
- 2016 - Joined Rotary
 - Tasted of Surprise
 - Volunteered for service days - after MLK Day 2017.
 - at Goodwill 2017
- I am working on MLK Day 2019
- 2016 and 2017 - Organized Veterans Day Art Shows

Do you currently serve, or have you previously served on any City of Surprise Boards/Commissions?

If yes, which one(s):

Arts and Cultural Advisory Commission - July 2011 Chair Since July 2014

Statement as to why you want to serve as a Councilmember for the City of Surprise:

I have served on the Arts Commission since 2011 and helped in many other ways in the City. I would like to step up at this time to serve my community and the City in a greater way.

Additional Information/Comments:

Outside of Surprise I have worked in the court system in New Jersey helping women and children dealing with domestic abuse find help.

In Phoenix I have been a mentor in group homes through TreeArts AZ and helped with their fund raising and their arts camp.

I have also been acting with the Phoenix Opera and was President of their support group for 3 years. I rec'd grants for the AZ Commission of the Arts.

I, Susan de Jong certify that to the best of my knowledge, all information given herewith is true and correct. I understand that any falsification or misrepresentation of facts will be cause for dismissal from the position if I am appointed by the City Council.

Susan de Jong
Applicant's Signature

Date: 1-18-17
Time: 3:05 pm
Served by: _____
Badge No.: _____
Accepted by: [Signature]
LIT/NOC No.: _____

Date & Time Received by City Clerk's Office: _____

1-8-2018
Stevens
2:30 PM

FOUNTAIN ASSOCIATES
BUSINESS & MANAGEMENT CONSULTANTS
15029 W. Gentle Breeze Way (Sun City Grand) Surprise, AZ 85374

Home/Office Phone: 623-975-5285 – Cell: 702-420-0204
Website: www.wendellfountain.com

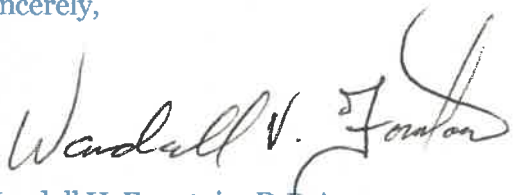
January 8, 2018

Ms. Sherry Ann Aguilar
City Clerk
16000 N. Civic Center Plaza
Surprise, Arizona 85374

Dear Ms. Aguilar:

I am most interested in completing the term of Councilmember Jim Hayden. From all accounts I've read, Mr. Hayden served District 2 quite well, and I want the opportunity to continue that legacy.

Sincerely,



Wendell V. Fountain, D.B.A.
President/CEO



City of Surprise

APPOINTMENT APPLICATION FOR COUNCIL DISTRICT 2 (COTTONWOOD) VACANCY

Name: Wendell V. Fountain Date Submitted: 1-8-2018

Address: 15029 W. Gentle Breeze Way (SCG), Surprise, AZ 85374

Phone (Home): 623-975-5285 Business: 702-420-0204

E: Mail Address: WendellFountain@yahoo.com

Resident of District 2 (Cottonwood) Surprise: ☒ Yes ☐ No

Number of Years: 5 mos.

Education: B.A. in Psychology, University of North Florida;
M.A. in Human Resources Management, Pepperdine University;
D.B.A (Doctor in Business Administration) Nova Southeastern University

EMPLOYMENT BACKGROUND:

Present Employer/Position: Fountain Associates Business & Management Consultants;
Grand Canyon University, Adjunct in Jerry Colangelo College of Business

Previous Employer(s)/Position (Last 5 Years): Fountain Associates &
Writer/Author - Website @ WendellFountain.com

Special Qualifications (Include list of Surprise activities or organizations you have participated in and dates):

Served on the Board of Directors of Vistar
Credit Union From 1982-2006 (a multibillion dollar
Financial Institution).

(Continued on Reverse Side)

Do you currently serve, or have you previously served on any City of Surprise Boards/Commissions?

If yes, which one(s):

No, I have not served.

Statement as to why you want to serve as a Councilmember for the City of Surprise:

My Wife, Grace, and I have studied the Sun City Grand and Surprise area since 2014 and concluded that this is the best place to live. I have skills & ability to apply to our local government. I want to make a difference, in that, I care about this area relative to quality of life and economic progress.

Additional Information/Comments:

Please, give me an opportunity, and that decision will never be regretted. I'm a team player, and I excel at working with others.

Please review cv/resume (attached)

I, Dr. Wendell V. Fountain certify that to the best of my knowledge, all information given herewith is true and correct. I understand that any falsification or misrepresentation of facts will be cause for dismissal from the position if I am appointed by the City Council.

Wendell V. Fountain
Applicant's Signature

Date & Time Received by City Clerk's Office: _____

CV/Résumé

Dr. Wendell Vanderbilt Fountain

15029 W Gentle Breeze Way (Sun City Grand) Surprise, Arizona 85374 USA

Email: wendellfountain@yahoo.com

Website: www.wendellfountain.com

Phone: 623-975-5285 or 702-420-0204

Executive Summary

I have been President & CEO of Fountain & Associates Business & Management Consultants since November 1984. Additionally, in 1993, I began my writing and publishing career, while working extensively in higher education, mostly in adjunct teaching roles at the graduate (master's & doctorate) and even undergraduate levels to a lesser degree. Business consulting and teaching assignments have taken me to diverse places. I have taught graduate MBA courses in many states throughout the USA, Puerto Rico, Jamaica, Nassau, and western Canada in subjects such as Human Resources Management, Organizational Theory, Administrative Theory, Organizational Behavior, Management, Business & Management Ethics, International Business, Business Strategy & Policy, and Thesis Writing. Additionally, my duties included student advising and faculty mentoring. In my business consulting role, I have worked in Ireland, England, and many countries on the Continent—such as France, Germany, Austria, and Switzerland. Additionally, we provided training services for the Army Corps of Engineers in Seoul, Korea. In that regard, we provided training services for the Army Corps of Engineers in many states throughout the USA through competitive federal bids we were awarded.

Education: Nova Southeastern University – Doctor of Business Administration (D.B.A.)
June 1985

Pepperdine University – Master of Arts of Human Resources Management
April 1976

University of North Florida – Bachelor of Arts of Psychology
June 1974

Post-doctoral

Executive Studies: Harvard Business School – June 1996; June 1997; Nov 2004

The University of Chicago Graduate School of Business
June 2002

The Wharton School
August 2003

Hillsdale College of Hillsdale, Michigan (many noncredit online courses)
2015-2017

Institutions of Higher Education for which I have taught:

Florida Community College, Jacksonville, FL - ***Jacksonville University***, Jacksonville, FL - ***University of North Florida***, Jacksonville, FL - ***Nova Southeastern University***, Fort Lauderdale, FL - ***Central Michigan University***, Mount Pleasant, MI - ***Webster University***, St. Louis, MO - ***Eckerd College***, St. Petersburg, FL

CAREER POSITIONS AND RESPONSIBILITIES

- 1968-1972 GS-4 Civilian Substitute – Admiral’s Staff of Commander Fleet Air Jacksonville (COMFAIRJAX) Naval Air Station, Jacksonville, FL
- 1972-1974 Student @ University of North Florida majoring in psychology.
- 1974-1979 GS-5 to GS-9 Technical Manual Writer - Naval Air Rework Facility, Jacksonville, FL
- 1979-1980 GS-9 Industrial Engineering Analyst – Naval Air Rework Facility, Jacksonville, FL
- 1980-1982 GS-11 Supervisor Manpower Office for the Director of the Production Department of 3,000 employees @ the Naval Air Rework Facility of Jacksonville, FL
- 1982-1985 Team Manager @ American Transtech an AT&T Stock Transfer Company, tasked with divestiture of AT&T and issue of stock for seven different Bell Companies. I was responsible for one team of 20 stock transfer employees out of eight teams.
- 1985-1989 Director & Founder of the College of Weekend Studies & Assistant Professor at Jacksonville University (JU) in which I was tasked by the Chairman of the Board & President of JU with creating a weekend undergraduate study program for mature adults within the limits of a microbudget. We were successful. We attracted and enrolled 141 students in less than six months. In the summer of 1986, we graduated our first five students. I evaluated life experience for college credit & combined that with courses taken at JU & other college credits from other accredited institutions. I had to hire full-time faculty, including adjunct faculty.
- 1990-2006 Returned to full-time consulting work & adjunct graduate teaching for various colleges and universities. At Central Michigan University, I served as an adjunct faculty member, student advisor, and mentor to other adjunct faculty in the Master of Science (MSA) Program in the southeast. I also taught doctoral courses in Educational Leadership for Nova Southeastern University. During this time, I increased my work in the Credit union industry, speaking and presenting at educational conferences nationwide and consulting with individual credit unions regarding business strategy and overall competitiveness.
- 2007-present – Relocated to Arizona/Nevada where we have strategically concentrated primarily on three things: entrepreneurial ventures, writing, and consulting opportunities.

Volunteer Work: Served on the Board of Directors of *VyStar Credit Union of Florida* for 25 years, holding board committee positions as: Chairman of Human Resources, Chairman of Strategic Planning, Treasurer, Chairman of the VyStar Credit Union Service Organization (CUSO). I was included in *Who’s Who In America’s Credit Unions* 2007-2008 and as a member of the *Circle of Distinction*. VyStar is the 15th largest Credit Union of 6,000 plus in the U.S.

From 1990-1993, I also served on the Board of Directors of the *Association of Retarded Citizens (ARC)* of Jacksonville, Florida.

Academy of Management

I was active in the Academy of Management as a presenter, discussant, or reviewer of research papers from 1985-2015.

References from Professionals:

Charlene R. Williams, Ph.D.
Central Michigan University, Retired
812 Center Place
Vidalia, GA 30474

Phone: 912-537-2225

Email: crw4444@att.net

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1915 Towne Centre Blvd., #704
Annapolis, MD 21401

Phone: 310-602-6773

Email: mbolognese@erols.com

David C. Moja, D.B.A.
Former Chief, Future Projects Office
NASA Kennedy Space Center
4201 S. Atlantic Avenue
New Smyrna Beach, FL 32169-3927

Phone: 386-402-7176

Email: davemoja@yahoo.com

John T. Skelton, Ph.D.
Dean, Open Campus
St. Johns River Community College (Retired)
33 Ramona Street
Ponte Vedra Beach, FL 32082

Phone: 904-285-7259

Email: johnskeltonphd@gmail.com

Special Qualifications (cont.)

- Established and manage a program where we arranged Mentors to provide information to Veterans and their Family Members that were interested in starting or obtaining a Small Business in Surprise.
- Participated in providing Surprise Welcome Packets to incoming personnel at Luke Air Force Base. As these packets were handed out, often we were asked questions about living in Surprise.
- Arranged November 2017 Chamber Breakfast that was dedicated to Veterans in Surprise and immediate area.
- Participated in several other Veteran Support efforts sponsored by the Military Affairs Committee.

I am a Veteran with over 31 years Active Service in the U.S. Army. I additionally served as a Federal Government Civilian in the Department of Homeland Security for 5 years. As a Combat Veteran, I have had the honor of being the Commander of Nicky D. Bacon VFW Post 285 for almost 2 years. I will be stepping down from that position the summer of 2018. As a member of the Veterans of Foreign Wars, both as the Commander and other positions, I have been involved in several programs, to include:

- Providing guidance to Veterans and their Family Members on benefits that are available to them from the State & Federal Governments or local charitable organizations.
- Participated in numerous "Veterans in the Classroom" sessions at both Dysart School District and Charter Schools. We talk to students on a variety of patriotic subjects and introduce the schools to our Teacher of the Year and Student Scholarship Programs.
- We have conducted several sessions where we are invited into Assisted Living Facilities in Surprise to talk with Veterans that are residents.
- I conduct an annual award presentation in front of the City Council where we recognize a Police Officer, Fire Fighter and Emergency Medical Technician of the Year. This is coordinated with both the Chief of Police and Fire Chief.
- For the past three years I have conducted a Wreath Laying Ceremony on Memorial Day at the Nicky D. Bacon Memorial at City Hall. This is attended by members of the Bacon Family, Surprise City Officials, Members of VFW Post 285 and residents of Surprise.
- This year I was awarded by VFW National the title of "All-American Post Commander". I was one of only 10 Commanders in Arizona to receive this honor.

I am a member of the Surprise Citizens Corps Council, which strives to prepare the Citizens of Surprise in case of a disaster. We work closely with the Surprise Fire and Medical Department.

I have been involved, both as a Small Business Owner and a Veteran, in numerous local charity organizations. Also recently my wife Carla and I have applied for membership in Rotary of Surprise in order to further our reach into the community.

Do you currently serve, or have you previously served on any City of Surprise Boards/Commissions?

If yes, which one(s):

None

Statement as to why you want to serve as a Councilmember for the City of Surprise:

My desire is to help Surprise grow and stay a safe, family friendly community. Growth is needed,

but it needs to be controlled and focused to maintain the family friendly community it is. I have a

specific reason for this desire. I have two daughters and three grandsons living in Surprise.

I want to make sure they feel like staying in Surprise and have the opportunity to grow and

prosper as a family. One of the ways to achieve this is the growth of higher education opportunities in Surprise.

The establishment of a 4-year college, such as Ottawa University is a right step and can lay the

groundwork for others. (see continuation page)

Additional Information/Comments:

I, Glenn L. Stark certify that to the best of my knowledge, all information given herewith is true and correct. I understand that any falsification or misrepresentation of facts will be cause for dismissal from the position if I am appointed by the City Council.


Applicant's Signature

Date: 1-8-18
Time: 11:40
Served by: _____
Badge No.: _____
Accepted by: Jude Petrella
LIT/NOC No.: _____

Date & Time Received by City Clerk's Office: _____

Statement of why I want to serve as Councilman (cont.)

In addition to higher education, we need to ensure we have a viable K-12 system of both Public and Private/Charter schools that will prepare our youth for either higher education or entering the workforce, preferably here in Surprise. A good education system will go a long way to attract the right kind of business to Surprise and allow the desired growth.

Public safety is another area that will need to grow as the community grows. If residents feel safe in their homes and on their streets, they will stay. Also the growth of recreational and entertain venues will also keep families in the area and eliminate much of the traffic to nearby communities to spend their hard earned money.

These are the areas that I will focus my efforts to ensure Surprise stays a community we can all be proud of and happy we have our family and friends with us.



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

+ [Back](#) [Print](#)

Council Meeting Date: February 6, 2018
Submitting Department:
Staff Recommendations: None

Contact Person: Sherry Ann Aguilar, City Clerk
District: Internal

Consent	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

Consideration and action to appoint Krista Watson to fill the vacancy on the Disability Advisory Commission with a term expiration of June 30, 2019 and Connie Bowers to fill the resident vacancy on the Audit Committee with a term expiration of June 30, 2020.

Motion:

I move to approve appointing Krista Watson to fill the vacancy on the Disability Advisory Commission with a term expiration of June 30, 2019 and Connie Bowers to fill the resident vacancy on the Audit Committee with a term expiration of June 30, 2020.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

Click to download

☐ [Bowers & Watson](#)

1-11-18 1:45 p.m.

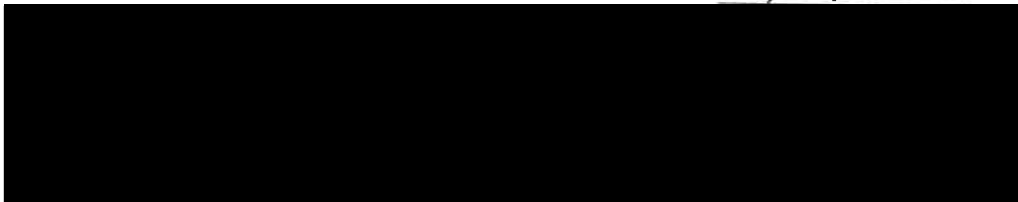
Date/Time/Initials Received by Clerk's Office: _____



City of Surprise

APPOINTMENT APPLICATION FOR ALL SURPRISE COMMISSIONS

Name: Connie Bowers Date Submitted: 12/4/2017



Resident of Surprise: ☒ Yes ☐ No Number of Years: 3+

Board/Commission(s) you are applying for? Audit Committee

Education: BA - Acctg University of New Mexico
MASTERS OF TAXATION - University of Denver

EMPLOYMENT BACKGROUND:

Present Employer/Position: Retired

Previous Employer(s)/Position (Last 5 Years): VICE PRES - Controller NTT Amer.
Qwest Commun. (CenturyLink) Acctg/TAX

Special Qualifications (Include list of Surprise activities or organizations you have participated in and dates):

Regularly Attend City Council mtgs, ATTENDED City Academy,
HOA Academy AND VARIOUS other Education Programs
VITA ~~Program~~ Program - Volunteering for the Curr. Tax Yr.
(Continued on Reverse Side)
I have NOT WORK in GOVERNMENTAL Acctg AREAS but UNDER-
STAND FUND Accounting.

Do you currently serve, or have you previously served on any other City of Surprise Commissions? If yes, which one(s):

NO

Statement as to why you want to serve as a Commission Member for the City of Surprise:

I'm Am interested in being involved with my city AND being A PART OF the future growth. My educational BACKGROUND AND WORK history has been in Acctg & TAX, AND A comfort zone to enter A volunteer position. I would enjoy being PART OF MAKING A difference for the city OF SURPRISE

Additional Information/Comments:

I, CONNIE BOWERS certify that to the best of my knowledge, all information given herewith is true and correct. I understand that any falsification or misrepresentation of facts will be cause for dismissal from the position if I am appointed by the City Council.

Connie Bowers

Applicant's Signature

Please return to:

City Clerk's Office
16000 N. Civic Center Plaza
Surprise, AZ. 85374
623-222-1200

Please note that applications are accepted on an open rolling basis and shall be maintained as an active application for future vacancies.

called

Jan 11, 2018 -
2 p.m.

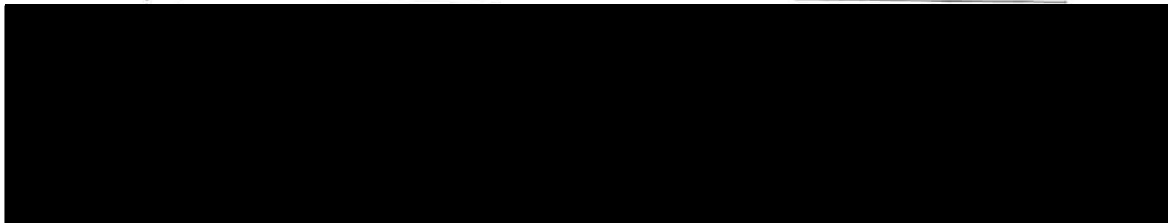
Date/Time/Initials Received by Clerk's Office: _____



City of Surprise

APPOINTMENT APPLICATION FOR ALL SURPRISE COMMISSIONS

Name: Krista Watson Date Submitted: 7-20-2017



Resident of Surprise: ☒ Yes ☐ No Number of Years: 16+

Board/Commission(s) you are applying for? Disability Advisory Commission

Education: M.A. Sociology - 1990

EMPLOYMENT BACKGROUND:

Present Employer/Position: Outreach & Education Coordinator

U.S. EEOC - Equal Employment Opportunity Commission

Previous Employer(s)/Position (Last 5 Years): _____

EEOC - 24 years

Prior U.S. DOJ - 4 years

Special Qualifications (Include list of Surprise activities or organizations you have participated in and dates):

(Continued on Reverse Side)

Do you currently serve, or have you previously served on any other City of Surprise Commissions? If yes, which one(s):

NO

Statement as to why you want to serve as a Commission Member for the City of Surprise:

I am looking for way to give back to Community. I have 24 years experience working with the community and the ADA. I started my career with EEOC as an Investigator, but have served as the Outreach and education Coordinator for over 17 years.

Additional Information/Comments:

I, Krista Watson certify that to the best of my knowledge, all information given herewith is true and correct. I understand that any falsification or misrepresentation of facts will be cause for dismissal from the position if I am appointed by the City Council.

Krista Watson
Applicant's Signature

Please return to:

City Clerk's Office
16000 N. Civic Center Plaza
Surprise, AZ. 85374
623-222-1200

Please note that applications are accepted on an open rolling basis and shall be maintained as an active application for future vacancies.



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

[Back](#) [Print](#)

Council Meeting Date:	February 6, 2018	Contact Person:	Sherry Ann Aguilar, City Clerk
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	x	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

Consideration and action on the Regular City Council Work Session, Regular City Council Meeting and Executives Session minutes of January 16, 2018.

Motion:

I move to approve the meeting minutes.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

Click to download

- ☐ [Regular Work Session Minutes 01162018](#)
 - ☐ [Regular Meeting Minutes 01162018](#)
-

CITY OF SURPRISE
Regular City Council Work Session Minutes
16000 North Civic Center Plaza
Surprise, AZ 85374

Tuesday, January 16, 2018 @ 05:00 PM

Call to Order

Roll Call

Mayor Wolcott called the **Regular City Council Work Session** to order at 05:01p.m. at Surprise City Hall Council Chamber, 16000 North Civic Center Plaza Surprise, Arizona 85374 , on **Tuesday, January 16, 2018**. Also in attendance with Mayor Wolcott were Vice Mayor Tande, Council Member Winters, Council Member Duffy, Council Member Remley, Council Member Hall, and District 2 - Vacant.

Staff City Manager, Bob Wingenroth, City Attorney, Robert Wingo, and City
Present: Clerk, Sherry Ann Aguilar.

Pledge of Allegiance

Proclamation and Community Acknowledgements

Call to the Public

Regular Agenda Item - Non-Public Hearing

1 – Presentation and discussion regarding a proposed Text Amendment to Chapter 113 of the Surprise Municipal Code regarding Signs - NO ACTION

Regular City Council Work Session Minutes – January 16, 2018 – Page 2

City Planner, Robert Kuhfuss gave a powerpoint presentation on this item.

Mayor Wolcott asked what is the time frame for a temporary sign to be displayed?

1 hour before the event and one hour after. Accommodate the traffic on the day of the event, and alternative 2 is for extended amount of time.

Council Member Remley - I am confused, what is alternative #1, and what is #2, and then we can discuss what the differences are.

Mayor Wolcott clarified that there are 2 different classes and 2 different alternatives.

Council Member Hall - There is one thing, there is a 15 feet from the entrance but these are farther, correct?

Mr. Kuhfuss - Correct.

Council Member Hall - What is version 3 as it relates to the temporary signs? What is the difference.

Mr. Kuhfuss - Section 113-09 - Sign classification and types - Active single-family residential subdivision signs.

Monument Signs - 3 classifications - Use along a collector street.

Vice Mayor Tande - Would this apply to adult assisted living centers? No, the use is to remain invisible.

Mayor Wolcott - Political signs are an issue, and I receive more calls during this time. I see that there are some proposals in options 1 & 2 that at least give the planning committee some flexibility and guidance.

Council Member Hall - This is tough on staff, was this graphic intended to show distance from residence only? How close to residence compared to height?

Regular City Council Work Session Minutes – January 16, 2018 – Page 3

You have to be at least 80 feet away from a residency for a monument sign.

Council Member Remley - How frequently can we have one of these signs on the roadway?

Vice Mayor Tande - Sample of photo of what it is today and another what it would look like with this scenario.

Section 113-09 - Freestanding ground signs/billboards.

3 particular areas along Grand Avenue and Loop 303.

Mayor Wolcott - When were all of the signs from WINCO and others approved? Several sign programs approved for Prasad some time ago. Will get back to you on this.

Mayor Wolcott - had a question on billboards, different than freeway monument signs, please clarify the difference.

Vice Mayor Tande - Are you familiar with our neighbors to the east along 303? Scenic corridor billboards.

Mr. Fitzer - We will reach out to Peoria, but we do not know if they are putting this in place yet.

Council Member Hall - Grand Avenue north of Bell, signs on the southwest side, correct? What is the distance from Bell to Reems, could they be north or south facing, or both?

Council Member Remley - Allow north of Grand? Possibility if it meets the requirements.

Public Comments:

Chumita Frazer - no comments.

Regular City Council Work Session Minutes – January 16 2018 – Page 4

Rhett Cooney - Boulevard media company. Involved from the beginning of this process. My comments have been submitted. The other comment is height, typically higher for freeway signs.

Executive Session – None held.

Adjournment: Councilmember Hall made the motion to adjourn the Regular Work Session at 6:04 p.m. Seconded by Vice-Mayor Tande. 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 16, 2018.**

Sherry Ann Aguilar, City Clerk

CITY OF SURPRISE
Regular City Council Meeting Minutes
16000 North Civic Center Plaza
Surprise, AZ 85374

Tuesday, January 16, 2018 @ 06:23 PM

Call to Order

Roll Call

Sharon Wolcott called the **Regular City Council Meeting** to order at 06:23 p.m. at Surprise City Hall Council Chamber, 16000 North Civic Center Plaza Surprise, Arizona 85374 , on **Tuesday, January 16, 2018**. Also in attendance with Sharon Wolcott were Vice Mayor Tande, Council Member Winters, Council Member Remley, Council Member Hall, Council Member Duffy, and (District 2 - vacant).

Staff Present: City Manager, Bob Wingenroth, City Attorney, Robert Wingo, and City Clerk, Sherry Ann Aguilar.

Pledge of Allegiance

Proclamation and Community Acknowledgements

City Manager Report

City Attorney Report

City Clerk Report

City Clerk Aguilar will give an update on upcoming elections.

Call to the Public

Ed Hanzel - Thank Mayor and Council to address them. How prepared are we? Do we have an emergency response system in place? Assigned emergency frequency between cities. System to alert the public of incidents. What if the dam at Lake Pleasant breaks? Nuclear power plant off I-10, do we have a plan in place? Is there a written plan in place? As you prepare the budget for this year, please keep this in mind as you go through the process.

Regular City Council Meeting Minutes – January 16, 2018 – Page 2

Karl Koller - Sierra Montana - West end of Greenway and 183rd Drive, come to the gate and a canal is there. Someone has welded pipes in all 3 locations, and you cannot pass there any longer. Can you please fix this?

Paul Gilbert - I wanted to compliment your staff, they did a fabulous job and made it possible for the business to stay here in Surprise.

Consent Agenda

1 – Consideration and action pertaining to conditional acceptance and maintenance of the streets and public utility improvements for the Zanjero Trails Offsite Improvements, generally located at Desert Cove Road, Perryville Road, and Peoria Avenue; Resolution # 2018-04 - APPROVED

2 – Consideration and action pertaining to approval of the Final Plat entitled, "Replat of Lot 6b of Bell and Dysart Commerce Center" dated December 7, 2017, to allow for a new Vehicle Service – Major Repair facility for Champs Family Automotive generally located north of Bell Road and east of Dysart Road - APPROVED

3 – Consideration and action pertaining to approval of the Final Plat entitled, "Condominium Plat for Offices at 'Surprise Professional Center' " dated November 14, 2017, a property generally located on the southeastern corner of Bell and Reems Roads within the Orchards Planned Area Development (PAD) - APPROVED

4 – Consideration and action pertaining to the conditional acceptance and maintenance of the streets and public utility improvements at Zanjero Trails Parcel 13A Offsites; Resolution # 2018-05 - APPROVED

5 – Consideration and action pertaining to approval of the Replat entitled, "Skyway Commons Phase I" dated October 4, 2017, a property generally located on the southwestern corner of Dysart and Rioglass Solar Roads - APPROVED

6 – Consideration and action pertaining to conditional acceptance and maintenance of the streets and public utility improvements at Zanjero Trails Parcel 12A, generally located at W. Desert Mirage Drive and N. 189th Avenue; Resolution # 2018-06 - APPROVED

7 – Consideration and action pertaining to creation of a lighting improvement district pursuant to A.R.S. 48-616 for the purpose of purchasing facilities and energy for lighting the public streets and parks for the SU-Highland Prep Street Lighting Improvement District; Resolution #2018-03 - APPROVED

8 – Consideration and action for the maintenance of the streets and public utility improvements at Acoma Court, located at W. Acoma Drive and N. 158th Drive. Resolution # 2018-07 - APPROVED

9 – Consideration and action pertaining to approval of an amendment to the Fiscal Year 2018 Capital and Operating list of items over \$50,000 for signage; Resolution #2018-02 - APPROVED

10 – Consideration and action pertaining to a FY2018 budget amendment by reallocating appropriations of \$5,000 from contingency to overtime within the grants fund to cover the overtime expenses for one Surprise police officer to participate in the U.S. Marshals Service Joint Law Enforcement Operations (JLEO) Task Force activities; Resolution # 2018-08- APPROVED

11 – Consideration and action to approve a request by Jeffrey Craig Miller for an Agent Change for Brookside II with existing license (06070137) located at 15170 W. Bell Road, Suite 115, Surprise, AZ 85374 - APPROVED

12 – Consideration and action on the meeting minutes of December 19, 2017 Regular Work Session and Regular City Council Meeting - APPROVED

13 – Consideration and action pertaining to approval of an Intergovernmental Agreement with the City of Phoenix to provide for participation in the Arizona Internet Crimes Against Children (ICAC) Task Force; Resolution # 2018-09 - APPROVED

14 – Consideration and action pertaining to approval of the Final Plat entitled, "CCV Surprise" dated November 6, 2017, a property generally located southwestern corner of Bullard Avenue and Cholla Street within the Rancho Gabriella PAD - APPROVED

This item was removed by Vice Mayor Tande to declare a conflict of interest.

Council Member Hall made the motion to approve item #14. Council Member Duffy seconded the motion. Six yes votes, one abstained (Tande) and one vacancy (D-2), motion carried.

15 – Consideration and action pertaining to approval a Final Plat entitled, "Highland Prep" dated November 14, 2017, located on the northwest corner of Reems Road and Hearn Road - APPROVED

16 – Consideration and action pertaining to approval of a fiscal year 2017 budget amendment to increase appropriations accounting for a change in the way pension expenses were recorded for fiscal year 2017 budget; Resolution # 2018-12 - APPROVED

17 – Consideration and action pertaining to an inter-fund asset transfer for FY2017; Resolution # 2018-13 - APPROVED

Council Member Duffy made the motion to approve the consent agenda excluding item #14. Council Member Hall seconded the motion. Six yes votes, one vacancy (D2), motion carried.

Regular Agenda Item - Public Hearing

18 – Consideration and action amending the Surprise Municipal Code chapter 122, Section 112 regarding Wireless Facilities; Ordinance # 2018-01 - APPROVED

City Planner, Robert Kuhfuss gave a powerpoint presentation for this item.

Council Member Hall - Good job on this. Not allowed on any pitch roofs, opnly flat roofs, correct?

Mr. Kuhfuss - Yes correct.

Council Member Hall made the motion to approve Ordinance 2018-01. Council Member Winters seconded the motion. Six yes votes, one vacancy (D-2), motion carried.

Regular Agenda Item - Non-Public Hearing

19 – Consideration and action to select a Vice Mayor for 2018 – Remley was selected

Mayor Wolcott read the process.

Council Member Hall nominated Council Member Winters

Vice Mayor Tande it's been an honor to serve as Vice Mayor and I nominate Council Member Remley.

Council voted on written ballots.

City Clerk Aguilar read the results:

Regular City Council Meeting Minutes – January 16, 2018 – Page 5

Council Member Hall voted for Winters
Council Member Duffy voted for Remley
Council Member Remley voted for Remley
Vice Mayor Tande voted for Remley
Mayor Wolcott voted for Remley
Council Member Winters - Winters

Mayor Wolcott acknowledged Vice Mayor Tande and thanked him for serving.

20 – Presentation and discussion pertaining to the FY2018 Financial Status Report through October 2017 - NO ACTION

Finance Director, Lindsey Duncan gave a powerpoint presentation regarding this item.

Vice-Mayor Remley - The excess over budget, the revenues have excelled. Great job!

Mayor Wolcott - Increase in homebuilding permits, 146 to 215, this is a one time fee. How much of the cost of providing service is recouped by this one time fee. Would like to have a discussion about sustainability.

Vice Mayor Tande - Covering more of our actual costs with this revenue. The City subsidizes about 60% of these costs.

21 – Consideration and action pertaining to City Council's support of legislation to allow for the expansion and consolidation of street lighting districts and expanding the authority of Arizona cities to acquire, construct, and maintain street lighting facilities; Resolution #2018-11 - APPROVED

Finance Director, Lindsey Duncan gave a brief overview. This item was presented at a work session in December.

Council Member Winters - I am happy to see this come forward, I have never been able to understand how the fees are structured.

Vice Mayor Tande - I also support this. This puts the City in the position of being the bookkeeper. Those are problems that the legislation can fix.

Vice Mayor Tande made the motion to approve Ordinance 2018-01. Council Member Winters seconded the motion. Six yes votes, one vacancy (D-2), motion carried.

22 – Consideration and action pertaining to approval of proposed amendments to the City Council Policies and Procedures Manual.

Regular City Council Meeting Minutes – January 16, 2018 – Page 6

Mayor Wolcott gave history of this item.

Council Member Duffy - The reason I asked that this was tabled, I wanted more time to review.

Council Member Hall - We are making two changes to the Council 1) Freedom of Speech, don't leave that at the door. 2) Biggest part of the policy to complaints. Why the huge dedication to legal language for complaints? Why is that?

Mayor Wolcott asked the City Attorney to clarify.

City Attorney Wingo commented that if it's not broken, don't fix it. However, the changes recommended are to address deficiencies or issues of the application of the policies that I have experienced in the last 10 years. The remainder is a process type provision, I did this in my opinion, upon a Council Member lodging a complaint against another

Council Member Hall - You are the Attorney, we are using a rifle to kill a fly. Total over reaction. I have to voice my concern about this. I am going to vote no on this, don't like the way it is written. We have an Attorney to advise on legal matters.

City Attorney Wingo - Ethically, the City Attorney will have to recuse themselves and all other Attorneys in the office.

Council Member Winters - Read the first page of the document. I have a few concerns on the placement on this document. I recall that Council Member Duffy wanted additional time to review. I feel that the policy we have in place did work and is working. The process was very simple and clear. Not sure how this item ended up on the agenda, the code states that there needs to be 2 Council Members signing to add the item. I see on the agenda item there is only one name, Vice Mayor Tande. Mr. Winters went on to highlight various sections of the handbook. I will be voting no on these changes as well.

Council Member Remley - Concerning how this matter was heard and how it was agendaized, I was hoping for a work session on this matter, but we didn't but now we can discuss. Read section of the handbook on postponing an item. I understand where Hall and Winters are coming from, but we do need to get on with business.

Council Member Duffy - We are all entitled to due process. The due process needs to carry itself out so everyone can hear about it. The way the language is right now, it's incomplete. Not all of us will get along all of the time.

Regular City Council Meeting Minutes – January 16, 2018 – Page 7

Mayor Wolcott - Read a written statement for the record. 72 pages of gotcha politics, accrued over 20 plus years without being reviewed by Council. In my near 30 years of governing, I can assure you of crafting a document is no easy task. In my role as Mayor, I step back to encourage the district representatives to work collaboratively. The only section that I added was the Prologue on page 3. I appreciate the recommended amendments and recommendations of the City Attorney.

Vice Mayor Tande - I think my name is on here because I am the last standing Council Member working on this project. I appreciate all the work our City Attorney has done. I am good to go with the recommended changes. I would like to have this document placed on the City's website.

23 – Consideration and action pertaining to approval of proposed amendments to Surprise Municipal Code, Chapter 2, Article II, Section 2-22 (c) District Vacancy, and Article VIII, Sections 2-293, 295, and 296 pertaining to Boards and Commissions; Ordinance # 2017-21 - FAILED

Vice Mayor Tande gave an overview of proposed changes.

Council Member Remley - There needed to be some kind of a mechanism in place with issues regarding board/commission members. I asked that changes be made to this section. It is wrong when a person has volunteered to serve on a commission, to then throw them in front of the City Council in public. You could simply talk to the members to resolve the issues.

Council Member Winters - This seems to be the night of agenda items being placed on the agenda without following the procedures.

City Attorney Wingo - For clarity, both of these items were created by me by authority of City code. I merely entered his name in the box in the system as the contact person. He was tasked to review these. It doesn't denote that this is his item. I don't see any issue with the way these were added.

Council Member Winters - I was always told that a person added an item needed a second. My biggest concern is a member must resign his seat to run for Council. Why is this in here? Attendance should be taken at every meeting and turned in to the City Clerk. Who decides? 3 or 2 consecutive unexcused absences, which is it? Another area that I disagree with on the changes, I was the Selection Committee Chair, so have good working knowledge, in the past we have always had an open meeting to ask the applicants the same questions. Why does the new change says in Executive Session, why shut the public out?

Regular City Council Meeting Minutes – January 16, 2018 – Page 8

Council Member Hall - Clarification questions, page 2, paragraph 4 - vacancy, public comment, can it be electronic? Needs to be clear.

Council Member Hall - Nomination Committee, you can't make any decisions without the Council, only recommendations. I disagree with the E-session for interviews. Why is it important to interview behind closed doors, they are volunteers.

Council Member Hall - My big issue is the resign to run. Stated several cities that do not require a resign to run for boards and commissions. It seems a little self serving to make a decision like this that we would feel threatened. I don't think it serves our City.

Mayor Wolcott - One thing that I say is that makes us different is we are a statutory City. We try to mirror the laws of the State. Even Charter cities are forced to bow to the will of the state legislature.

Council Member Duffy - I am going to agree with Council Member Hall 100%, I was not asked to resign from my position with the City, what if I hadn't gotten the position. I don't think it is right, so I do not agree with this.

Council Member Winters - Remind the Council that the boards/commissions should be done by the Council, not the Selection Committee.

Vice Mayor Tande made the motion to approve Ordinance 2017-21. Council Member Remley seconded the motion. Three yes votes (Wolcott, Tande and Remley) three no votes (Hall, Winters and Duffy, and one vacancy (D-2). Motion failed.

Other Business

Mayor/Council Report

Mayor and Council reported on the events/meetings that they attended.

Vice Mayor Tande made the motion to recess the Regular City Council Meeting at 8:14 PM and enter into executive session. Council Member Winters seconded the motion. Six yes votes, one vacancy (D-2), motion carried.

Executive Session

24. Consideration and action to enter into Executive Session to discuss and consider mid-year personnel evaluations and goal progress for the City Manager, City Clerk, and City Attorney pursuant to A.R.S. 38-431.03 (A)(1).

Regular City Council Meeting Minutes – January 16, 2018 – Page 9

Adjournment

Council Member Hall made the motion to adjourn the Regular City Council Meeting at 9:05 PM. Council Member Duffy seconded the motion. Six yes votes, one vacancy (D-2), 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 16, 2018.**

Sherry Ann Aguilar, City Clerk



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

[Back](#) [Print](#)

Council Meeting Date: February 6, 2018

Contact Person: Sherry Ann Aguilar, City Clerk

Submitting Department:

District: 6

Staff Recommendations: None

Consent	x	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

Consideration and action to approve a request by Andrea Lewkowitz (Agent) for a Series 06 (New License/Corporation) for AMC Surprise Pointe 14, located at 13649 N. Litchfield Road, Surprise, AZ. 85379 (License #06073627).

Motion:

I move to approve a request by Andrea Lewkowitz (Agent) for a Serie 06 (New License/Corporation) for AMC Surprise Pointe 14, located at 13649 N. Litchfield Road, Surprise, AZ. 85379 (License #06073627).

Background:

This request is of a routine nature and all attached departmental reports have no concerns noted for this request.

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

Click to download

☐ [AMC Dept Reports](#)

**SURPRISE POLICE DEPARTMENT
LIQUOR LICENSE APPLICATION REVIEW**

REFERENCE:

DATE: January 25, 2018

LICENSE NUMBER - 06073627
Series #06 – New License/Corporation

APPLICANT:

AMC Surprise Pointe 14

13649 N. Litchfield Road
Surprise, Arizona 85379

FINDINGS:

- 1) *Evidence concerning the nature of the proposed business, its potential market and its likely customers.*

The movie theater has been in the Surprise Pointe Shopping Center since it opened approximately 10 years ago. AMC is approximately the third owner of this theater and bought it approximately one year ago. AMC Surprise Pointe 14 has been in this shopping center since it's opening approximately 10 years ago. It serves people from all demographics throughout Surprise and the Northwest Valley. The liquor will be sold next to the right of the entrance where the current ticket area is now and the ticket area will be moved to the left of the main entrance. Also, alcohol will be allowed throughout the theater.

- 2) *Effect of vehicular traffic in close proximity.*

AMC Surprise Pointe 14 is in the Surprise Pointe Shopping Center, and has plenty of ingress/egress locations in place. The addition of this license should not affect the amount of traffic in the immediate area.

- 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.*

Over the past five years, there has only been one incident of a juvenile being under the influence of alcohol while in the theater, however it was discovered the juvenile came in that way. There have been no other known liquor violations at this establishment. There have been approximately 25 reports of juvenile problems, in which a few incidents had anywhere between 20 to 50 juveniles congregating either in front or the rear of the theater. In some of these cases a fight either broke out or was about to. There have also been three incidents where counterfeit money was passed or had been attempted to be passed. There have also been approximately five cases of either trespassing or unwanted guests at this location. Most of these aforementioned incidents have involved teenagers.

- 4) *Comparison of hours of operation of the proposed premises to the existing businesses in close proximity.*

AMC Surprise Pointe 14 is open every day of the week beginning at approximately 11 AM and closes when the last movie exits. The movie theater's last movie usually ends around midnight, with the exception of occasional midnight releases. There are other restaurant/bars in the plaza as well that close by 2 AM. They include the bars inside of the Uptown Alley and the stand alone Under Review, which is across the parking lot. There are several other businesses in the plaza, including a family restaurant, various fast casual restaurants, and a Papa John's Pizza delivery that stay opens

until approximately 1 AM. There is also a Fitness One Gym across the parking lot that is open 24 hours a day during the week and closes at 8 PM on Saturdays and Sundays.

5) ***Appropriateness of series license requested.***

A series 06 license is appropriate and applicable for the AMC Surprise Pointe 14, per state guidelines for bar style establishments.

Submitted by Officer Chris Tovar #2059



Surprise Fire-Medical Department
14250 W. Statler Plaza Ste. 101
Surprise, AZ 85374-7479
Phone: 623-222-5000
Fax: 623-222-5001



January 23, 2018

To: Sherry Ann Aguilar, City Clerk
From: James Whitehead, Fire Inspector
Subject: Liquor License Application
Applicant: AMC Surprise Pointe 14
13649 N Litchfield Rd
Surprise, Arizona 85379

The Surprise Fire-Medical Department recently conducted a fire inspection at the above referenced location to ensure compliance with the applicable fire codes within the tenant space and building. There are no known fire code violations at this time. Fire has no comment on the application at this time.

If you have any questions feel free to contact me.

James Whitehead, Fire Inspector
Fire Prevention Division
Surprise Fire-Medical Department



COMMUNITY DEVELOPMENT DEPARTMENT

Date: January 23, 2018
To: Sherry Aguilar, City Clerk
From: Eric Fitzer, Community Development Director
James Stewart, Zoning Specialist
Re: Liquor License Application for:

AMC SURPRISE POINTE 14
New License/Corporation 06073627
13649 N. Litchfield Road
Surprise, Arizona 85379

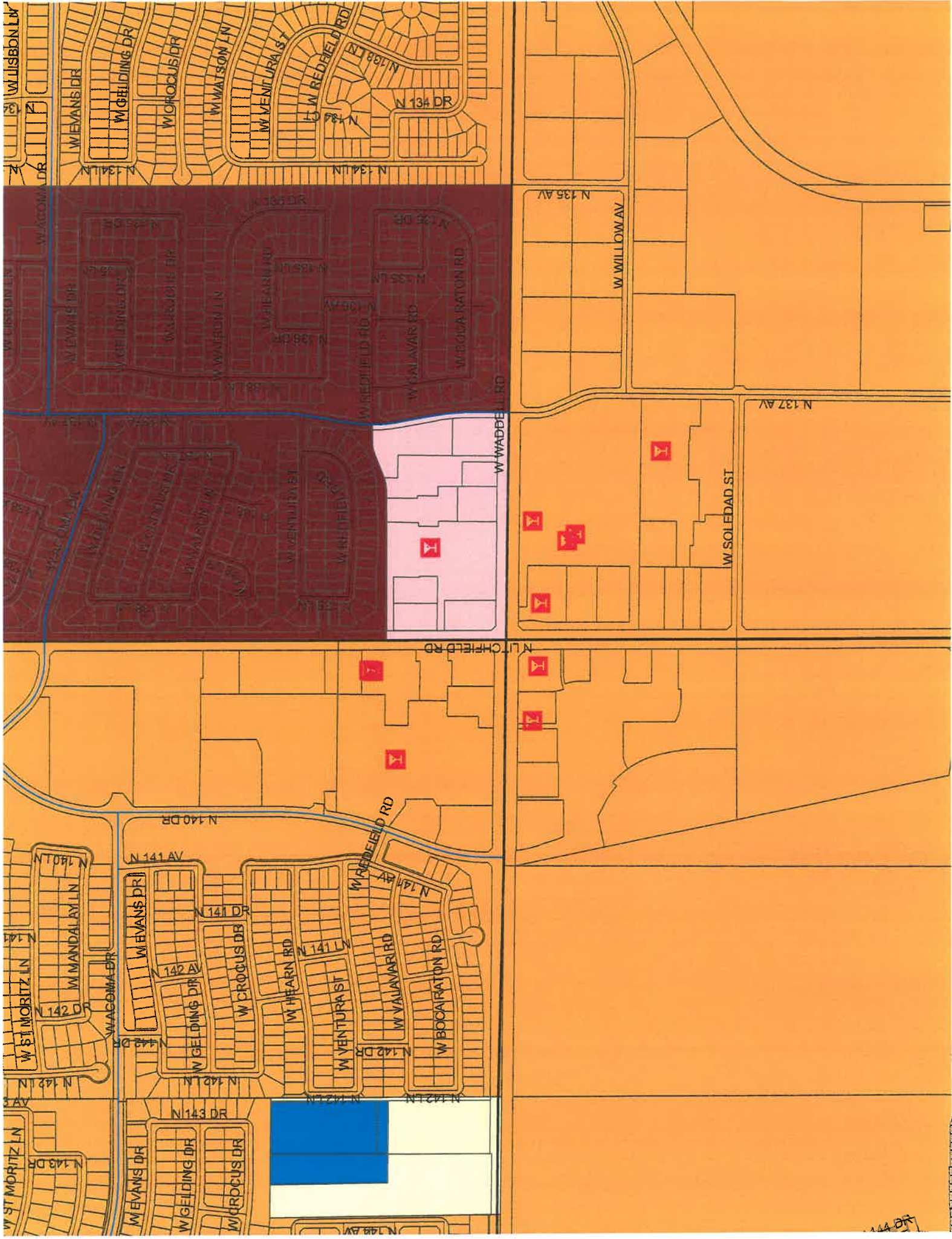
The number and series of licenses in close proximity to the subject site are:

1. Bronco Billy's Pizza (Series 12) – 13982 W. Waddell Rd. (Expired)
2. N & B Pizza (Series 12) – 14010 N. Litchfield Rd. #212
3. Fry's Marketplace #674 (Series 9) – 13982 W. Waddell Rd.
4. Safeway Food & Drug # 2699 (Series # 9) – 13828 W Waddell Rd.
5. Quiktrip #466 (Series 10) – 14057 W. Waddell Rd. (Expired)
6. Native New Yorker (Series 12) – 13929 W. Waddell Rd.
7. Walgreen's #12087 (Series 10) – 13723 N. Litchfield Rd.
8. Las Fuentes Mexican Bar & Grill (Series 12) – 13261 N. Litchfield Rd. #131
9. Uptown Alley II (Series 6) – 13525 N. Litchfield Rd.
10. Under Review Sports Grill, LLC (Series 12) – 13699 N. Litchfield Rd.
11. PT Noodles (Series 12) – 13749 N. Litchfield Rd.
12. Nicks Diner II (Series 12) – 13765 N. Litchfield Rd. (Not Shown)

The immediate area is comprised of commercial establishments. The property is zoned PAD C-2 which is consistent with the proposed use.

Commercial and residential growth is expected to remain static.

If managed properly, the effects of granting this liquor license on surrounding residences will be minimal. This license will have little to no affect on parking in the area. Staff believes that granting this liquor license will not directly impact the surrounding business and residential areas in a negative way.





MEMO

Date: 01/24/2018

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

RE: Liquor License Application – AMC Surprise Pointe 14

Business License Status:

Application link and instructions emailed to Amy Schroff and Andrea Lewkowitz with Lewkowitz Law Office, PLC on 1/24/18.

Emailed to:

Ms. Andrea Lewkowitz	andrea@lewklaw.com
Ms. Amy Schroff	amy@lewklaw.com



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

[Back](#) [Print](#)

Council Meeting Date:	February 6, 2018	Contact Person:	Robert Wingo, City Attorney
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	x	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

Consideration and action pertaining to amending the Fiscal Year 2018 Budget by reallocating appropriations \$10,800 within the General Fund and \$327,100 within Grants Fund to facilitate the acceptance of Victims of Crime Act (VOCA) grant funds in the amount of \$327,079 over three years to fund the City Attorney's Office Victim Services Program; Resolution # 2018-16.

Motion:

I move to approve Resolution # 2018-16.

Background:

The City of Surprise City Attorney's Office Criminal Division, in its efforts to promote safety and wellness within the community, developed a Victim Services Program. This program is aimed at keeping victims apprised of their rights during the pendency of the criminal proceedings in which they are listed as the victim, and connecting them with shelter, counseling and other social and economic services they may need in the aftermath of their victimization.

In order to fund this program, the Criminal Division applies for certain grants, for instance, the Victim's of Crime Act (VOVA) Victim Assistance Grant Program being one of the them. The City Attorney's Office has been awarded \$327,079 in VOCA grant money for the next three years. An amendment to the budget is necessary to allocate the grant funds and the City's matching fund obligations.

Objective Analysis:

The acceptance of this grant will enable the City Attorney's Office to continue to provide victims services to the community. It directly pays a portion of the current victim advocate's salary as well as the salary of an additional part-time victim advocate. It also provides funding for training for employees and volunteers within the Victim Services Program and partial payment of the software utilized by the office.

Policy Compliant:

This budget amendment is consistent with council's financial policies.

Financial Impact:

The one-time VOCA grant award includes \$327,079 for salary and employee related expenses [benefits] over a three year federal fiscal year period. There is a City match requirement of \$48,320 and in-kind match of \$33,450 for a total project amount of \$408,849. The City match will be met with the City Attorney's Office General Fund operating budget.

Budget Impact:

Funds in the amount of \$327,100 from the Grants Funds contingency are reallocated to Grant Fund #G13070 for the Victims of Crime Act (VOCA) City Attorney's Office Victim Assistance Program.

FTE Impact:

This budget adjustment does not impact the number of FTE's for this fiscal year; however, this will have an impact in FY20.

ATTACHMENTS:

Click to download

☐ [Resolution 2018-16](#)

RESOLUTION # 2018-16

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AUTHORIZING THE ACCEPTANCE OF GRANT FUNDING FROM THE ARIZONA DEPARTMENT OF PUBLIC SAFETY VICTIM OF CRIMES ACT (VOCA) PROGRAM AND AMENDING THE FISCAL YEAR 2018 BUDGET BY REALLOCATING APPROPRIATIONS OF \$10,800 WITHIN THE GENERAL FUND FOR PERSONNEL SERVICES AND \$327,100 WITHIN THE GRANTS FUND FROM CONTINGENCY TO THE FY18 PROSECUTOR'S OFFICE VOCA PROJECT.

WHEREAS, the Department of Public Safety, State of Arizona, as a sub-Recipient of the Victims of Crime Act (VOCA) Victim Assistance Grant Program, has awarded the City of Surprise a grant award in the amount of \$327,079 over a three-year performance period (October 1st, 2017 through September 30th, 2020) to support the City Attorney's Office Victim Assistance Program;

WHEREAS, the City of Surprise City Attorney's Office desires to accept the aforementioned grant award for the Victim Assistance Program;

WHEREAS, this agreement requires the City to provide matching funds in the amount of \$10,743 in FY2018 plus \$8,325 of in-kind match, \$14,798 in FY2019 plus \$11,100 of in-kind match, \$18,019 in FY2020 plus \$11,213 of in-kind match, and \$4,760 in FY2021 plus \$2,812 of in-kind match resulting in a total project budget of \$408,849;

WHEREAS, in addition to supplies and services, the grant funding will be used to support one full-time position and one part-time position within the City Attorney's Office Victim Assistance Program in FY2018, FY2019, FY2020, and FY2021 plus the addition of one new part-time position in FY2020;

WHEREAS, unspent grant funding will be carried over from year to year, match funding will be identified as part of the annual budget process, and one part-time position will be included as part of the FY2020 in accordance with the grant agreement;

WHEREAS, this grant award was not included as part of the FY2018 budget;

WHEREAS, the FY2018 budget was adopted by Council Resolution #2017-64 on June 6, 2017;

WHEREAS, this action will necessitate a budget amendment; and

WHEREAS, the City of Surprise Administrative Policies requires the approval of the Mayor and Council for budget amendments of this nature.

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

Section 1. The City of Surprise is authorized to accept a grant funding in the amount of \$327,079 from the Department of Public Safety, State of Arizona, Victim Assistance Grant Program to continue support of its Victim Assistance Program.

Section 2. The City Manager, or his designee, are hereby authorized to conduct all negotiations and to execute and submit all documents and other necessary instruments in connection with this grant.

Section 3. That the statements and schedules attached as *Exhibit A* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2017 through June 30, 2018.

APPROVED AND ADOPTED this ____ day of _____, 2018.

Sharon R. Wolcott, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2018-16

1. Appropriation - The allocations below represent a reallocation of appropriations in the amount of \$327,100 from contingency within the Grants Fund to the Victims Rights Fund and reallocates appropriations of \$10,800 within the General Fund to accept grant funding from Department of Public Safety Victim of Crimes Act (VOCA) program. These allocations do not represent an actual transfer of funds, but only a transfer of spending authority. Additionally, these reallocations do not increase or decrease the total budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Grants	Legal	#G13070 FFY 18 Pros Office VOCA	E	-	327,100	327,100
Grants	Legal	#G13070 FFY 18 Pros Office VOCA	R	-	327,100	327,100
Grants	General Operations	Other	R	12,748,200	(327,100)	12,421,100
Grants	General Operations	Contingency	E	13,504,400	(327,100)	13,177,300
General Fund	Legal	#G13070 FFY 18 Pros Office VOCA	E	-	10,800	10,800
General Fund	Legal	Personnel Services	E	1,841,400	(10,800)	1,830,600
Expense Total				15,345,800	-	15,345,800
Revenue Total				12,748,200	-	12,748,200



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

[Back](#) [Print](#)

Council Meeting Date:	February 6, 2018	Contact Person:	Christina Ramirez, Human Service & Community Vitality
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	x	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

Consideration and action pertaining to approval of an amendment to the Fiscal Year 2018 Budget by reallocating appropriations of \$145,200 from contingency within the Grants Fund to the 2017 Home Project and approving an Amended Intergovernmental Agreement with Maricopa County for extension of the 2016 HOME contract deadline to September 30, 2019 and accepting additional funds of \$145,126; Resolution # 2018-10.

Motion:

I move to approve Resolution # 2018-10.

Background:

HOME funding is provided by the U.S. Department of Housing and Urban Development (HUD) to municipalities in order to provide decent and affordable housing, for income qualified residents of Surprise. This funding will be applied towards the continuation of the Housing Rehabilitation program that addresses homes that are in need of health and safety repairs. The City of Surprise receives funding as a member of the Maricopa County Housing Consortium through an intergovernmental agreement. This is necessary as Surprise does not meet the necessary thresholds to receive HOME funding directly from HUD.

Objective Analysis:

The approval of this contract will allow the City to continue to provide services to residents for housing rehabilitation.

Policy Compliant:

The requested action is consistent with City and Council policies.

Financial Impact:

This one-time grant award includes \$145,126 for professional and outside services with a City match requirement of \$36,281.50 for a total project amount of \$181,407.50. The full City match requirement

has been met prior to FY2018 and will be tracked by the Human Service and Community Vitality Department during this project's performance period.

Budget Impact:

This item would require a reallocation of appropriations in the amount of \$145,200 from contingency within the Grants Fund to the Neighborhood Revitalization Fund to accept grant funding from Maricopa County via the Department of Housing and Urban Development 2017 HOME Program funds. These allocations do not represent an actual transfer of funds, but only a transfer of spending authority.

FTE Impact:

The item does not impact the overall full-time equivalent (FTE) count

ATTACHMENTS:

Click to download

- ☐ [Staff Report](#)
 - ☐ [Resolution 2018-10](#)
 - ☐ [Exhibit B - Intergovernmental Agreement](#)
 - ☐ [2017 Work Statement](#)
-



HUMAN SERVICE AND COMMUNITY VITALITY

Date: February 6, 2018

To: Mayor and City Council

From: Seth Dyson, Human Service and Community Vitality Department
Christina Ramirez, Neighborhood Services Supervisor

Re: Approval of 2016 HOME Intergovernmental Agreement extension and acceptance of the 2017 HOME Intergovernmental Agreement between Maricopa County and City of Surprise.

Introduction

The Neighborhood Services Division requests the approval of an amendment to the 2016 HOME Intergovernmental Agreement (IGA) between Maricopa County and the City of Surprise, as well as the acceptance of the 2017 HOME IGA. The 2016 HOME IGA was initially approved on December 6, 2016 through resolution 2016-129.

Background

The Neighborhood Services Division has requested and been awarded grant funding in the amount of \$145,126 under the 2017 HOME IGA. The City was also previously awarded \$136,692 in 2016, with both awards amounts intended use is to complete Major Rehabilitation/Reconstruction activities under the HOME program. To date \$51,253.60 has been expended on eligible activities under the 2016 HOME allocation. The remaining \$64,970.84 will be applied towards eligible projects currently going through the application approval process. The intention of the program is to provide decent and affordable housing to income qualified residents of Surprise. Each qualifying applicant must maintain this home as their primary residence during the agreement period. If they fail to do so the pro-rated loan amount is due and payable. City of Surprise has been receiving HOME grant funding since 2006 under the condition that Surprise participate in a Consortium led by Maricopa County to include several surrounding major cities and towns. The City of Surprise has been able to successfully expend previous years grant funds on Home Replacement and Home Rehabilitation by addressing applicants on a wait list.

Previous Actions

Through the City's Annual Action Plan, HOME grant funds have previously been received for FY 2006-2017 through the HOME Consortium and approved for the proposed activities.

Conclusion

It is the intent of staff to support projects that will foster neighborhood sustainability, vibrancy and to keep residents in their neighborhoods. It is believed that the recommended approval of the extension to the expenditure deadline of the Intergovernmental Agreement and the acceptance of the 2017 HOME allocation will help further this intent. With this grant funding available, it is the goal for staff to identify five or more residents in Surprise through owner occupied rehabilitation projects.

Recommendations

Approval of the Amended IGA between Maricopa County and the City of Surprise and approval of the 2017 HOME IGA.

RESOLUTION # 2018-10

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING THE FISCAL YEAR 2018 BUDGET BY REALLOCATING APPROPRIATIONS OF \$145,200 FROM CONTINGENCY WITHIN THE GRANTS FUND TO THE 2017 HOME PROJECT WITHIN THE NEIGHBORHOOD REVITALIZATION FUND AND AMENDING THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF SURPRISE AND MARICOPA COUNTY.

WHEREAS, pursuant to Arizona Revised Statute §11-951, *et seq.*, the City of Surprise has the authority to enter into intergovernmental agreements with other governmental entities;

WHEREAS, the Cities and Towns of Avondale, Chandler, Gilbert, Glendale, Peoria, Scottsdale, Surprise and Tempe, and Maricopa County have previously entered into an Intergovernmental Agreement (IGA) to form the Maricopa HOME Consortium (HOME Consortium IGA) to receive, distribute and administer HOME Investment Partnerships Funds (HOME);

WHEREAS, the intergovernmental agreement between City of Surprise and Maricopa County in the amount of \$136,692 was approved by Council on December 6, 2016 through Resolution 2016-129;

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) has established statutory and regulatory encumbrance and expenditure deadlines for the HOME funds,

WHEREAS, Maricopa County has amended the approved Intergovernmental Agreement, to extend the contract compliance due date to September 30, 2019 for 2016 HOME funds;

WHEREAS, Maricopa County is also awarding City of Surprise via United States Department of Housing and Urban Development additional funding under the 2017 HOME agreement in the amount of \$145,126 set to have an expenditure deadline of September 30, 2021.

WHEREAS, the FY2018 budget was adopted by Council Resolution #2017-64 on June 6, 2017;

WHEREAS, this action will necessitate a budget amendment; and

WHEREAS, City of Surprise Administrative Policies requires the approval of the Mayor and Council for amendments of this nature.

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

Section 1. That the statements and schedules attached as *Exhibit A* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2017 through June 30, 2018.

Section 2. The Intergovernmental Agreement between the City of Surprise and the *Maricopa County*, attached as *Exhibit B*, is approved

Section 3. The City Manager, or his designee, is hereby authorized to execute and submit all documents and other necessary or desirable instruments in connection with said agreement.

Section 4. The amendment between the City of Surprise and Maricopa County, attached as *Exhibit B*, is hereby approved and the Mayor is hereby directed to execute the agreement and any related documents on behalf of the City.

APPROVED AND ADOPTED this ____ day of _____, 2018.

Sharon R. Wolcott, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

Exhibit A

1. Appropriation - The allocations below represent a reallocation of appropriations in the amount of \$145,200 from contingency within the Grants Fund to the Neighborhood Revitalization Fund to accept grant funding from Maricopa County via the Department of Housing and Urban Development 2017 HOME Program funds. These allocations do not represent an actual transfer of funds, but only a transfer of spending authority. Additionally, these allocations do not increase or decrease

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Neighborhood Revitalization	Human Svcs and Comm Vitality	#G51560 2017 HOME	E	-	145,200	145,200
Neighborhood Revitalization	Human Svcs and Comm Vitality	#G51560 2017 HOME	R	-	145,200	145,200
Grants	General Operations	Contingency	E	13,509,400	(145,200)	13,364,200
Grants	General Operations	Other	R	12,753,200	(145,200)	12,608,000
Expense Total				13,509,400	-	13,509,400
Revenue Total				12,753,200	-	12,753,200

RESOLUTION # 2018-10

Exhibit B

INTERGOVERNMENTAL AGREEMENT BETWEEN

THE CITY OF SURPRISE AND *Maricopa County*



AMENDMENT No. 1 TO THE
INTERGOVERNMENTAL AGREEMENT
BETWEEN
MARICOPA COUNTY
ADMINISTERED BY ITS
HUMAN SERVICES DEPARTMENT
AND
CITY OF SURPRISE



- I. Maricopa County ("County") by and through the Maricopa County Human Services Department and the City of Surprise ("City") entered into a financial Intergovernmental Agreement ("IGA" or "Agreement") on or about March 08, 2017. The Agreement effective date is July 1, 2016 through February 08, 2019. The County provided the City \$136,692 in HOME Investment Partnerships Program funds from the U.S. Department of Housing and Urban Development (HUD) to provide funding for owner occupied single family housing rehabilitation. The County and the City may be referred to individually as "Party" or collectively as "Parties." This Amendment shall revise the Agreement termination date to September 30, 2021 and shall increase the funding amount by \$136,692 to \$281,818.
- II. The Parties wish to amend the Agreement as follows:
 - A. Add an additional Work Statement hereinafter referred to as "2017a Work Statement." Funding for 2017a Work Statement shall consist of HOME funds in the amount of \$145,126 for owner occupied single family housing rehabilitation. The expenditure term for this work statement shall expire on September 30, 2021.
 - B. All work performed or costs incurred or expended under the previously approved Work Statement (2016a) in the amount of \$136,692 shall remain reimbursable under the terms of the original Agreement. The expenditure term for this work statement shall expire on September 30, 2019.
- III. This agreement is subject to A.R.S. §38-511. The foregoing paragraphs, contain all the changes made by this Amendment. All other terms and conditions of the original agreement remain the same and in full force and effect as approved and amended.

[SECTION INTENTIONALLY LEFT BLANK]

IN WITNESS THEREOF, the Parties have signed this Amendment:

APPROVED BY:
CITY OF SURPRISE

APPROVED BY:
MARICOPA COUNTY

Chairman, Board of Supervisors

Date: _____

Date: _____

Attested To:

Attested To:

City Clerk

Fran McCarroll, Clerk of the Board

IN ACCORDANCE WITH A.R.S. §§ 11-952, 11-201, AND 11-251, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED DEPUTY COUNTY ATTORNEY, AND, IN ACCORDANCE WITH A.R.S. § 11-952, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY FOR CITY ON BEHALF OF CITY, AND, AS TO THEIR RESPECTIVE CLIENTS ONLY, EACH ATTORNEY HAS DETERMINED THAT THIS AGREEMENT IS IN PROPER FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

CITY OF SURPRISE

MARICOPA COUNTY

BY: _____
City Attorney

BY: _____
Deputy County Attorney

Date: _____

Date: _____



AMENDMENT No. 1 TO THE
INTERGOVERNMENTAL AGREEMENT
BETWEEN
MARICOPA COUNTY
ADMINISTERED BY ITS
HUMAN SERVICES DEPARTMENT
AND
CITY OF SURPRISE



- I. Maricopa County ("County") by and through the Maricopa County Human Services Department and the City of Surprise ("City") entered into a financial Intergovernmental Agreement ("IGA" or "Agreement") on or about March 08, 2017. The Agreement effective date is July 1, 2016 through February 08, 2019. The County provided the City \$136,692 in HOME Investment Partnerships Program funds from the U.S. Department of Housing and Urban Development (HUD) to provide funding for owner occupied single family housing rehabilitation. The County and the City may be referred to individually as "Party" or collectively as "Parties." This Amendment shall revise the Agreement termination date to September 30, 2021 and shall increase the funding amount by \$136,692 to \$281,818.
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[SECTION INTENTIONALLY LEFT BLANK]

IN WITNESS THEREOF, the Parties have signed this Amendment:

APPROVED BY:
CITY OF SURPRISE

APPROVED BY:
MARICOPA COUNTY

Chairman, Board of Supervisors

Date: _____

Date: _____

Attested To:

Attested To:

City Clerk

Fran McCarroll, Clerk of the Board

IN ACCORDANCE WITH A.R.S. §§ 11-952, 11-201, AND 11-251, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED DEPUTY COUNTY ATTORNEY, AND, IN ACCORDANCE WITH A.R.S. § 11-952, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY FOR CITY ON BEHALF OF CITY, AND, AS TO THEIR RESPECTIVE CLIENTS ONLY, EACH ATTORNEY HAS DETERMINED THAT THIS AGREEMENT IS IN PROPER FORM AND WITHIN THE POWER AND AUTHORITY GRANTED UNDER THE LAWS OF THE STATE OF ARIZONA.

CITY OF CHANDLER

MARICOPA COUNTY

BY: _____
City Attorney

BY: _____
Deputy County Attorney

Date: _____

Date: _____

MARICOPA COUNTY
HOME Investment Partnerships Program
Program Year 2017

Consortium Member: Surprise, Arizona

Project: Housing Rehabilitation

2017 HOME Funds: \$145,100

Activity: Single Family Housing Rehabilitation

A. DETAILED SCOPE OF WORK:

Include the following-

- a. Consolidated Plan goals as it relates to this activity, include the priority rating i.e. High, Low. The improvement and reinvestment of current housing stock within the City of Surprise is a High priority in the Consolidated Plan.
- b. Type of assistance/activity to be provided with HOME funds: Owner Occupied Single Family Housing Rehabilitation.
- c. Methods and instruments used for ensuring affordability: Recapture provision. The HOME funds will be secured by a Deed of Trust and Promissory Note and recorded with Maricopa County to ensure the home is not sold or transferred to another owner.
- d. Anticipated use of program income/project proceeds: Any program income will be used to supplement the completion if any additional single family housing rehab projects.

B. OBJECTIVES AND OUTCOMES:

OBJECTIVE	OUTCOMES		
	AVAILABILITY/ ACCESSIBILITY	AFFORDABILITY	SUSTAINABILITY
DECENT HOUSING	☒ Single Family Housing Rehab and Emergency Rehab, Homebuyer Assistance	☐ Homebuyer Activities, Acquisition/Rehab of rental housing, Acquisition/New Construction of rental housing, Preservation of existing public housing units and TBRA, Expansion of assisted rental units in the private marketplace	☐ Housing Activities in a targeted revitalization area

C. PROPOSED BENEFICIARIES:

Targeted Population by Income Level	Number of Households	Total Number of Units	Number of <u>HOME Assisted</u> Units in program (if rental)
Households at or below 50%	1	1	
Households at or below 60%	1	1	
Households at or below 80%	3	3	
TOTAL	5	5	

D. **PRIORITY POPULATIONS:** None

E. **PERFORMANCE REPORTING GOALS-TIMELINE OF ACTIVITIES:**

<u>MILESTONES</u>	<u>COMPLETION DATE</u>
HOME Amendment signed County	02/07/2018
Client Pre-qualification	5/15/2018
Environmental Review	7/30/2018
RFQ Issued	8/1/2018
Developer Selected and Signed Development Contract	9/30/2018
Home Set up Report to County	10/15/2018
Acquisition and Rehab to commence	11/15/2018
Rehab complete	2/30/2019
Unit Occupied by Low/Moderate Income Household	5/15/2019
Completion Report submitted to County	7/15/2019

Any change to the Timeline will need to be submitted to and approved by Maricopa County.

F. **ACTIVITY BUDGET SUMMARY:**

<u>ACTIVITY</u>	2017 HOME FUNDS	Additional Sources* (defined in Table G.)	TOTAL COST
<u>REHABILITATION</u>			
Construction Costs-Materials	\$100,000	\$25,000	\$125,000
Builder Overhead			
Builder Profit	\$10,000	\$2,500	\$12,500
General Requirements			
Consultant/Specialist			
Permits & Fees	\$5,000	\$1250	\$6250
Construction Contingency	\$17,401	\$4,350.25	\$21,751.25
Sales Tax	\$12,725	\$3,181.25	\$15,906.25
Other-Infrastructure			
TOTAL	\$145,126	\$36,281.50	\$181,407.50

G. **SOURCE AND AMOUNT OF OTHER RESOURCES:**

FUNDING AGENCY	CASH AMOUNT	VOLUNTEER/ IN-KIND AMOUNT
City of Surprise General Fund	\$36,281.50	

- H. **MATCH:** Match commitment must equal 25% of the HOME funds requested. Documentation is due at the time of request for payment(s). Match Logs must be submitted with each request for payment.

TYPE	SOURCE/FUNDING AGENCY	TOTAL
Cash or cash equivalents from a non-federal source	City of Surprise General Fund	\$36,281.50
Value of waived taxes, fees or charges associated with HOME projects		
Value of donated land or real property		
Cost of infrastructure improvements associated with HOME projects		
Percentage of proceeds from single- or multi-family state housing bonds		
Value of donated materials, equipment, labor and professional services		
Sweat equity		
TOTALS		\$36,281.50



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

[Back](#) [Print](#)

Council Meeting Date:	February 6, 2018	Contact Person:	Tom Abbott, Fire Chief
Submitting Department:		District:	Internal
Staff Recommendations:	None		

Consent	☒	Regular	☐	Public Hearing	☐	Report/Discussion	☐
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Agenda Wording:

Consideration and action pertaining to approval of an amendment to the Fiscal Year 2018 Budget by reallocating appropriations of \$19,100 from Fire Department General Fund to Fleet General Fund for continued vehicle maintenance costs; Resolution # 2018-15.

Motion:

I move to approve Resolution # 2018-15.

Background:

This amendment represents a reallocation of \$19,100 from SFMD's general fund operations budget fuel line to Fleet's supplies and services lines. When Fire opted to keep their pumper (E305) to use for their SAFER grant, additional funding was included in their package for ongoing O&M of the apparatus. This \$19,100 is being moved to Fleet's budget so that they can use it to cover associated costs for maintaining E305.

Objective Analysis:

This is the appropriate transfer since Fleet does all the repairs and maintenance on the vehicle. At the time that the budget was set, the software did not allow for cross departmental allocations. This transfer is fiscally responsible and allows the funding to be allocated where the expense will be incurred.

Policy Compliant:

This action is compliant with City and Council policy.

Financial Impact:

The Fire department will have an overall reduction of \$19,100 to their supplies budget and the Public Works department will have an increase of \$19,100 to their budget which will be made up of an increase of \$12,900 to their supplies budget, and a \$6,200 increase to their services budget. Public Works is currently managing the fuel and maintenance for E305, this change will better align the expenses associated with the fuel and maintenance of E305 from Fire to Public Works.

Budget Impact:

There will be a movement of budget from the Fire Department to the Public Works Department in the amount of \$19,100. This will decrease Fire department's supplies budget by \$19,100 and increase Public Works department's budget \$19,100, \$12,900 for supplies and \$6,200 services. The overall impact to the City budget's is neutral.

FTE Impact:

There is no FTE impact

ATTACHMENTS:

Click to download

☐ [Res 2018-15 Budget Amendment for SFMD and Fleet](#)

RESOLUTION # 2018-15

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING THE FISCAL YEAR 2018 BUDGET BY REALLOCATING APPROPRIATIONS OF \$19,100 FROM GAS AND FUEL, FIRE DEPARTMENT GENERAL FUND, TO AUTO PARTS LUBRICANTS AND VEHICLE MAINTENANCE, FLEET GENERAL FUND FOR THE CONTINUING MAINTENANCE OF THE PUMPER FOR THE SAFER PROJECT.

WHEREAS, the FY2018 budget was adopted and included ongoing funding for fuel and maintenance of SFMD's Pumper (E305) which is being utilized for the SAFER grant staffing and operations;

WHEREAS, the funding was allocated in Fire's budget with other associated ongoing costs, however Fleet is responsible for the fuel and maintenance of the apparatus;

WHEREAS, Fire would like to transfer Fleet's appropriation to cover their associated costs;

WHEREAS, the FY2018 budget was adopted by Council Resolution #2017-64 on June 6, 2017;

WHEREAS, this action will necessitate a budget amendment; and

WHEREAS, the City of Surprise Administrative Policies requires the approval of the Mayor and Council for budget amendments of this nature.

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

Section 1. That the statements and schedules attached as *Exhibit A* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2017 through June 30, 2018.

APPROVED AND ADOPTED this ____ day of _____, 2018.

Sharon R. Wolcott, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2018-15

1. Appropriation - This allocation represents a reallocation of \$19,100 from SFMD's general fund operations budget fuel line to Fleets supplies and services lines. When Fire opted to keep their pumper (E305) to use for their SAFER grant, additional funding was included in their package for ongoing O&M of the apparatus. This \$19,100 is being moved to Fleet's budget so that they can use it to cover associated costs for maintaining E305. These allocations do not represent an actual transfer of funds, but only a transfer of spending authority.

Fund	Department	Project/Category	Rev/Exp	Current Budget	Increase/ (Decrease)	Amended Budget
General Fund	Fire - Medical	Supplies	E	510,100	(19,100)	491,000
General Fund	Public Works	Supplies	E	713,900	12,900	726,800
General Fund	Public Works	Services	E	2,429,200	6,200	2,435,400
Expense Total				3,653,200	-	3,653,200



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

+ Back Print

Council Meeting Date:	February 6, 2018	Contact Person:	Tom Abbott, Fire Chief
Submitting Department:		District:	Internal
Staff Recommendations:	None		

Consent	x	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

Consideration and action pertaining to an amendment to the Fiscal Year 2018 Budget Capital and Operating List of items over \$50,000 by increasing the City of Glendale GRPSTC contract to \$103,500; Resolution # 2018-18.

Motion:

I move to approve Resolution # 2018-18.

Background:

During the FY18 budget process, departments were required to enter estimated costs for POs on the operating list of items over \$50K. SFMD annually pays GRPSTC for their proportionate share of ongoing operations and maintenance costs. This year the GRPSTC governing board made some maintenance decisions that influenced those costs. SFMD did not have that information at the time they were planning budgets and preparing the operating PO lists and as a result has incurred an increase in costs of \$17,300.

Objective Analysis:

The City of Glendale has since done an extensive review of all maintenance needs for the facility. SFMD, likewise has reviewed their budget capabilities relative to the GRPSTC contract and included packages in both the operating budget and the CIP to cover such cost increases in the future.

Policy Compliant:

This action is compliant with City and Council policy.

Financial Impact:

This request is not requesting any budget amendment or re-allocation of appropriations from contingency or from department to department. SFMD has re-allocated the funding for the increase from within their existing budget. There will be a decrease in dispatch services line and an increase in professional service agreements line.

Budget Impact:

SFMD is doing an internal reallocation of funds within their existing budget. While there will be an impact to supplies and services, it will be managed internally within the Fire-Medical Department's budget. Fire will have a reduction in their medical services dispatch line and an increase in their administration professional service agreements line.

FTE Impact:

No FTE Impact

ATTACHMENTS:

Click to download

☐ [Resolution 2018-18 GRPSTC PO Change](#)

RESOLUTION # 2018-18

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING THE FISCAL YEAR 2018 CAPITAL AND OPERATING LIST OF ITEMS OVER \$50,000 BY INCREASING THE CITY OF GLENDALE GRPSTC CONTRACT ITEM TO \$103,500.

WHEREAS, the FY2018 budget was adopted included funding for the Glendale Regional Public Safety Training Center annual operations and maintenance costs;

WHEREAS, the estimated needs for ongoing operations and maintenance exceeded what was submitted during the FY18 budget process by \$17,300.

WHEREAS, Fire has located the additional funding within their existing budget to cover the additional costs.

WHEREAS, the FY2018 budget, including the FY2018 Capital and Operating List of Items Over \$50,000, was adopted by Council Resolution #2017-64 on June 6, 2017; and

WHEREAS, the City of Surprise Procurement Code §2-338 (d) requires the approval of the Mayor and Council as awarding authority when the cost to the city is greater than \$50,000.

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

Section 1. That the statements and schedules attached as *Exhibit A*, the Fiscal Year 2018 Capital and Operating List of Items Over \$50,000 of the City of Surprise, Arizona for the fiscal year July 1, 2017 through June 30, 2018, are hereby adopted and incorporated by reference.

APPROVED AND ADOPTED this ____ day of _____, 2018.

Sharon R. Wolcott, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2018-18
Exhibit A

1. List of Operating Items Over \$50,000 – Council approved \$86,200 for the purpose of Glendale Regional Public Safety Training Center (GRPSTC) contract included on the Fiscal Year 2018 Capital and Operating List of Items Over \$50,000. This amount was based on the contract Surprise has with Glendale Regional Public Safety Training Center. An additional \$17,300 is necessary to pay for additional costs.

Reference #	Description	Current Amount	Increase/ (Decrease)	Amended Amount
18034	Glendale Regional Public Safety Training Center (GRPSTC) contract	\$86,200	\$17,300	\$103,500



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

+ Back Print

Council Meeting Date: February 6, 2018 Contact Person: Eric Fitzer - Community Development
Submitting Department: District: 6
Staff Recommendations: None

Consent	x	Regular	Public Hearing	Report/Discussion
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Agenda Wording:

Consideration and action to grant a Utility Easement to APS at the Ashton Ranch well site located along Bullard Avenue.

Motion:

I move to approve granting a Utility Easement to APS.

Background:

The City has put in a well site and equipment at the Ashton Ranch well site. APS needs to run electrical to the equipment. An easement needs to be granted to APS in order for the electric to be connected.

Objective Analysis:

Without the Easement, the City will not be able to provide additional service to the Ashton Ranch community.

Policy Compliant:

This action is consistent with City and Council Policy.

Financial Impact:

All activity related to ongoing development of the City of Surprise has an economic and fiscal impact on the city and the region.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

Click to download

☐ [01 - Utility Easement - WA400602](#)

☐ [02 - WA400602 Exhibit B](#)

NE 8 3N 1W
33.618732, -112.377004
APN 509-02-302
CCW-17-99
WA400602
SER RLM

UTILITY EASEMENT

CITY OF SURPRISE, an Arizona municipal corporation, (hereinafter called "Grantor"), is the owner of the following described real property located in Maricopa County, Arizona (hereinafter called "Grantor's Property"):

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Grantor, for and in consideration of One Dollar (\$1.00) and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant and convey to **ARIZONA PUBLIC SERVICE COMPANY**, an Arizona corporation, (hereinafter called "Grantee"), and to its successors and assigns, a non-exclusive right, privilege, and easement at locations and elevations, in, upon, over, under, through and across, a portion of Grantor's Property described as follows (herein called the "Easement Premises"):

SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF

Grantee is hereby granted the right within the Easement Premises to: construct, reconstruct, replace, repair, operate and maintain electrical lines, together with appurtenant facilities and fixtures for use in connection therewith, for the transmission and distribution of electricity to, through, across, and beyond Grantor's Property; install, operate and maintain telecommunication wires, cables, conduits, fixtures and facilities incidental to supplying electricity or for Grantee's own use (said electrical and telecommunication lines, facilities and fixtures collectively herein called "Grantee Facilities"); utilize the Easement Premises for all other purposes connected therewith; and permit the installation of the wires, fixtures, conduits, or cables of any other company.

Grantee is hereby granted the right, but not the obligation, to trim, prune, cut, and clear away trees, brush, shrubs, or other vegetation on, or adjacent to, the Easement Premises whenever in Grantee's judgment the same shall be necessary for the convenient and safe exercise of the rights herein granted.

Grantee shall at all times have the right of full and free ingress and egress to and along the Easement Premises for the purposes herein specified.

Grantor shall maintain clear areas that extend: 1) 3 feet from and around all edges of all switching cabinet pads and 2 feet from and around all edges of all transformer pads and other equipment pads, and 2) a clear operational area that extends 10 feet immediately in front of all transformer, switching cabinet and other equipment openings, and 3) a 6 feet by 6 feet hot-stick operating area off the front left corner of all transformers. No obstructions, trees, shrubs, large landscape rocks, fences, fixtures, or permanent structures shall be placed by Grantor within said clear areas; nor shall Grantor install landscape irrigation or sprinkler systems within said clear areas. Landscape irrigation or sprinkler systems installed adjacent to the clear areas shall be installed and maintained so that the transformers, switching cabinets or any other equipment do not get wet by spray or irrigation.

Grantor shall not locate, erect or construct, or permit to be located, erected or constructed, any building or other structure or drill any well within the limits of the Easement Premises; nor shall Grantor plant or permit to be planted any trees within the limits of the Easement Premises without the prior written consent of Grantee. However, Grantor reserves the right to use the Easement Premises for purposes that are not inconsistent with Grantee's easement rights herein conveyed and which do not interfere with or endanger any of the Grantee Facilities, including, without limitation, granting others the right to use all or portions of the Easement Premises for utility or roadway purposes and constructing improvements within the Easement Premises such as paving, sidewalks, landscaping, and curbing. Notwithstanding the foregoing, Grantor shall not have the right to lower by more than one foot or raise by more than two feet the surface grade of the Easement Premises, and in no event shall a change in the grade compromise Grantee's minimum cover requirements or interfere with Grantee's operation, maintenance or repair.

By accepting and utilizing this easement, Grantee agrees that following any installation, excavation, maintenance, repair, or other work by Grantee within the Easement Premises, the affected area will be restored by Grantee to as close to original condition as is reasonably possible, at the expense of Grantee; and that Grantee shall indemnify Grantor, to the extent required by law, for any loss, cost or damage incurred by Grantor as a result of any negligent installation, excavation, maintenance, repair or other work performed by Grantee within the Easement Premises.

The easement granted herein shall not be deemed abandoned except upon Grantee's execution and recording of a formal instrument abandoning the easement.

The covenants and provisions herein set forth shall extend and inure in favor and to the benefit of, and shall be binding on the heirs, administrators, executors, successors in ownership and estate, assigns and lessees of Grantor and Grantee.

EXHIBIT “A”

(LEGAL DESCRIPTION OF GRANTOR’S PROPERTY)

TRACT L OF THE FINAL PLAT OF ASHTON RANCH UNIT III, RECORDED IN BOOK 556, PAGE 40, RECORDS OF MARICOPA COUNTY, ARIZONA. (DOC #2001-0185182 M.C.R.)

EXHIBIT "B"

(LEGAL DESCRIPTION OF EASEMENT PREMISES)

A PORTION OF TRACT L OF THE FINAL PLAT OF ASHTON RANCH UNIT III, RECORDED IN BOOK 556, PAGE 40, RECORDS OF MARICOPA COUNTY, ARIZONA, BEING SITUATED IN THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 3 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID TRACT L, SAID CORNER ALSO BEING THE TRUE POINT OF BEGINNING;

THENCE SOUTH $89^{\circ}42'10''$ WEST, ALONG THE SOUTH LINE OF SAID TRACT L, A DISTANCE OF 23.00 FEET;

THENCE NORTH $00^{\circ}17'50''$ WEST, A DISTANCE OF 79.14 FEET;

THENCE SOUTH $89^{\circ}41'42''$ WEST, A DISTANCE OF 7.41 FEET;

THENCE NORTH $00^{\circ}45'52''$ WEST, A DISTANCE OF 11.50 FEET;

THENCE NORTH $89^{\circ}42'10''$ EAST, A DISTANCE OF 15.50 FEET;

THENCE SOUTH $00^{\circ}17'50''$ EAST, A DISTANCE OF 80.64 FEET;

THENCE NORTH $89^{\circ}42'10''$ EAST, A DISTANCE OF 15.00 FEET;

THENCE SOUTH $00^{\circ}17'50''$ EAST, A DISTANCE OF 10.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 960.7994 SQUARE FEET, MORE OR LESS.



EXPIRES 3/31/18



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

+ Back Print

Council Meeting Date:	February 6, 2018	Contact Person:	Hobart Wingard - Community Development
Submitting Department:		District:	1
Staff Recommendations:	None		

Consent	Regular	Public Hearing	x	Report/Discussion
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Agenda Wording:

Consideration and action pertaining to approval of a Preliminary Plat for Austin Ranch East dated November 11, 2017, a property generally located on the southwestern corner of Pinnacle Peak Road and 175th Avenue within the Austin Ranch Planned Area Development (PAD).

Motion:

I move to approve the Preliminary Plat for Austin Ranch East dated November 11, 2017.

Background:

Austin Ranch LLC, seeks approval of a 707-lot, 26-tract Preliminary Plat located on the southwest corner of Pinnacle Peak Road and 175th Avenue within the Austin Ranch Planned Area Development (PAD). The Preliminary Plat, referred to as "Austin Ranch East" will consist of seven (7) parcels containing residential lots from 48 to 58 foot wide lots with a central 3.98 acre active recreation park.

Objective Analysis:

This proposed Preliminary Plat will allow for the development of a 707-lot, 26-tract Preliminary located on the southwest corner of Pinnacle Peak Road and 175th Avenue within the Austin Ranch Planned Area Development (PAD).

Policy Compliant:

The proposed project is consistent with City and Council Policy.

Financial Impact:

All activity related to ongoing development of the City of Surprise has an economic and fiscal impact on the city and the region.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

This item will not have an impact on current staffing levels.

ATTACHMENTS:

Click to download

- ☐ [00 - FS17-207 – Austin Ranch East Preliminary Plat - Staff Report](#)
 - ☐ [01 - FS17-207 – Austin Ranch East Preliminary Plat - Vicinity Map](#)
 - ☐ [02 - FS17-207 – Austin Ranch East Preliminary Plat - Preliminary Plat](#)
 - ☐ [03 - FS17-207 – Austin Ranch East Preliminary Plat - Landscape](#)
 - ☐ [04 - FS17-207 – Austin Ranch East Preliminary Plat - School Letter](#)
 - ☐ [05 - FS17-207 – Austin Ranch East Preliminary Plat - Luke Letter](#)
 - ☐ [06 - FS17-207 – Austin Ranch East Preliminary Plat - Presentation](#)
-

PRELIMINARY PLAT

REPORT TO THE MAYOR AND CITY COUNCIL

Case: FS17-207

Project Name: Austin Ranch East

Council District: 1 - Acacia

Meeting Date: February 6, 2018

Planner: Hobart Wingard, 623-222-3156, hwingard@surpriseaz.gov

Owner: Austin Ranch, LLC

Applicant: Austin Ranch, LLC

Request: 707-lot, 26-tract, Residential Preliminary Plat

Site Location: Generally located on the southwest corner of Pinnacle Peak Road and 175th Avenue within the Austin Ranch Planned Area Development (PAD)

Site Size: Approximately 169.30 acres

Density: 4.18 dwelling units per gross acre (du/A)

General Plan Conformance: The proposal is consistent with the Surprise General Plan 2035

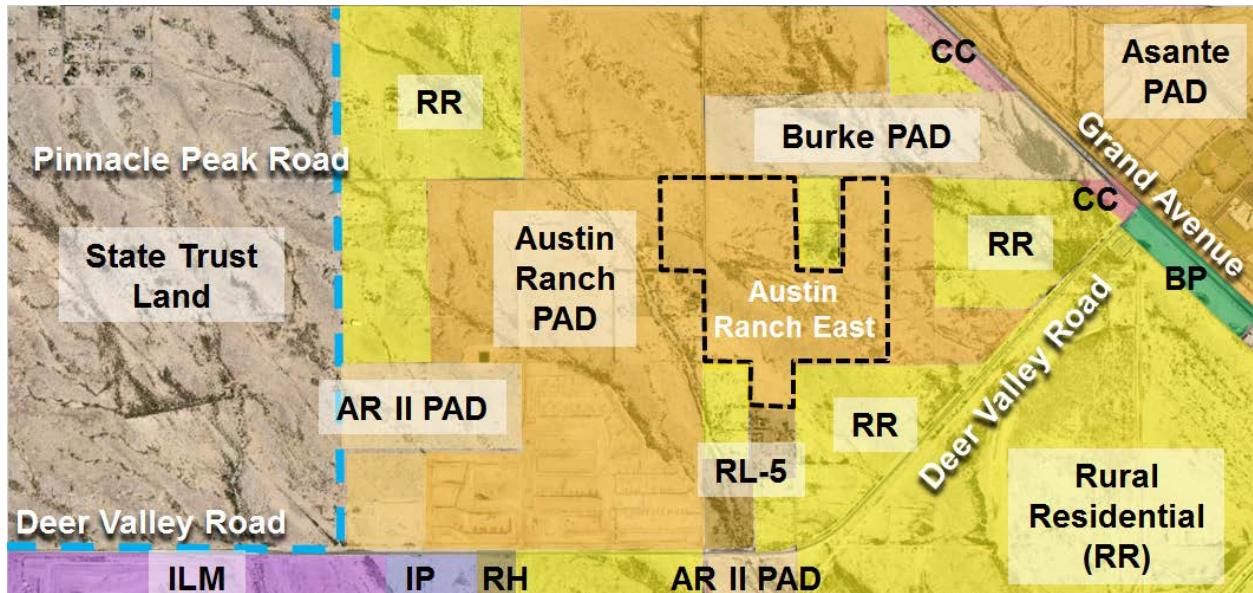
Support/Opposition: No comments received by staff

PROJECT DESCRIPTION:

Austin Ranch LLC, seeks approval of a 707-lot, 26-tract Preliminary located on the southwest corner of Pinnacle Peak Road and 175th Avenue within the Austin Ranch Planned Area Development (PAD). The Preliminary Plat, referred to as "Austin Ranch East" will consist of seven (7) parcels containing residential lots from 48 to 58 foot wide lots with a central 3.98 acre active recreation park.

EXISTING ZONING:

The following map and chart depicts the existing zoning of the subject site and its surroundings:



Austin Ranch PAD Vacant Residential	Burke PAD Vacant Residential	Burke PAD Vacant Residential
Austin Ranch PAD Vacant Residential	Austin Ranch PAD Vacant	Austin Ranch PAD Vacant Residential
Austin Ranch PAD Vacant Residential	Rural and Low Density Residential	Rural Residential

BACKGROUND:

June 8, 1989: The subject parcels were annexed into the City of Surprise.

May 13, 2004: the Mayor and City Council approved a Planned Area Development (PAD) for Austin Ranch under Case PAD03-278.

February 23, 2005: a Map of Dedication for a Fire Station and Park site was approved by the Mayor and City Council under Case MOD05-400.

October 7, 2005: A Development Agreement for Austin Ranch was approved by the Mayor and City Council.

December 20, 2005: a Preliminary Plat for Austin Ranch West was approved by the Mayor and City Council under Case PP05-034.

July 26, 2007: A Preliminary Plat for Austin Ranch East was approved by the Mayor and City Council under Case PP05-490.

April 5, 2016: A Final Plat was approved by The Mayor and City Council for Austin Ranch West, parcel One (1) under Case FS15-274.

April 5, 2016: A Final Plat was approved by The Mayor and City Council for Austin Ranch West, parcel Four (4) under Case FS14-259.

April 28, 2016: Staff met with the applicant to discuss the subject project during a regularly scheduled Concept Review meeting under CR16-174.

April 27, 2017: The applicant filed a request for a revised Preliminary Plat for Austin Ranch East under case FS17-207, the subject case.

November 7, 2017: A Final Plat was approved by The Mayor and City Council for Austin Ranch West, parcel six (6) under Case FS15-104.

January 4, 2018: The Planning and Zoning Commission recommended approval of the Preliminary Plat for Austin Ranch East under case FS17-207, the subject case.

ANALYSIS AND DISCUSSION:

Austin Ranch LLC is requesting preliminary plat approval for 169.30 acres of the overall 850 acre Austin Ranch PAD which was approved in 2004. A total of 707 single family lots are proposed ranging in width from 45 to 58 foot wide with a density of approximately 4.18 du/A. It is anticipated that Austin Ranch East will be developed in several phases that will be reflective of Final Plat requests.

Vehicle circulation throughout the site will be provided from Williams, Citrus, and Pinnacle Peak Roads. Williams Road will be extended off-site to connect with Deer Valley Road, the arterial road serving the PAD.

This proposal is planned to include 11 percent of open space outfitted with amenities such as a tot-lot, BBQ, ramadas, and trails. Landscaping will consist of drought tolerant plant species consistent with the currently built portions of development.

Primary theme columns will consist of single-score Concrete Masonry Units (CMU) columns capped with a single-score split-faced concrete element separated by wall panels consisting of smooth-face single-score CMU and capped with split-face CMU. Where adjacent to open spaces, a view fence consisting of a wrought iron element will be utilized. A single entry monument will be located near the eastern entrance of the project.

The proposed drainage improvements within the eastern portion of Austin Ranch West will provide relief for the proposed lots located in the western portion of Austin Ranch East that are impacted by the existing floodplain. These drainage improvements also provide a benefit to many of those properties (outside Austin Ranch) that lie south of the Williams Road alignment within the floodplain.

Water facilities will be extended along Citrus Road from Austin Ranch well three (3) and from Austin Ranch West to provide water to the project. The Austin Ranch Water Campus and Well three (3) will supply the water with adequate pressure and flow to the project.

Sewer lines currently exist at the intersection of Deer Valley Road and Citrus Road that will be used as the sewer tie-in point for the project. The SPA 3 Water Reclamation Facility and a lift station have been constructed and have capacity for this project.

UTILITY AND SERVICES TABLE:

Electric:	APS
Water:	Beardsley Water
Wastewater:	City of Surprise
Refuse:	City of Surprise
Natural Gas:	SWG
Schools:	Dysart USD
Fire:	City of Surprise
Phone/Cable	Cox and Qwest

CONFORMANCE WITH ADOPTED PLANS:

Surprise General Plan 2035: The Surprise General Plan 2035 shows the subject property lying within the Neighborhood Character Area, which includes the Suburban Development Type at densities of between 2 and 8 du/A. At 4.18 du/A the subject Preliminary Plat meets the density requirement.

REVIEWING AGENCIES:

Dysart Unified School District (DUSD): In a letter dated December 18, 2013, DUSD indicates the developer has entered into an agreement with Austin Ranch. DUSD had no objections to the request.

Arizona Department of transportation (ADOT): In an email dated May 2, 2017, ADOT indicated the subject proposal is located more than ¼ mile from ADOT facilities and had no objection to the request.

Luke Air Force Base (LAFB): In a letter dated September 11, 2015, LAFB indicated the subject proposal will not negatively impact the flying operations at LAFB.

SUMMARY:

The proposed Preliminary Plat is well designed and meets the requirements of the Austin Ranch PAD and the SUDC. The amenities included will provide recreational opportunities for the residents of the community. Once developed, the population base generated by the subdivision contribute to the local schools enrollment, while providing incentive for much needed retail services in the area.

FINDINGS:

- The proposed Preliminary Plat is consistent with the Surprise General Plan 2035
- The proposed Preliminary Plat is consistent with the Austin Ranch PAD.
- The reviewing agencies have indicated no objections to the request.
- The Planning and Zoning Commission recommended approval of the Preliminary Plat.

CONDITIONS:

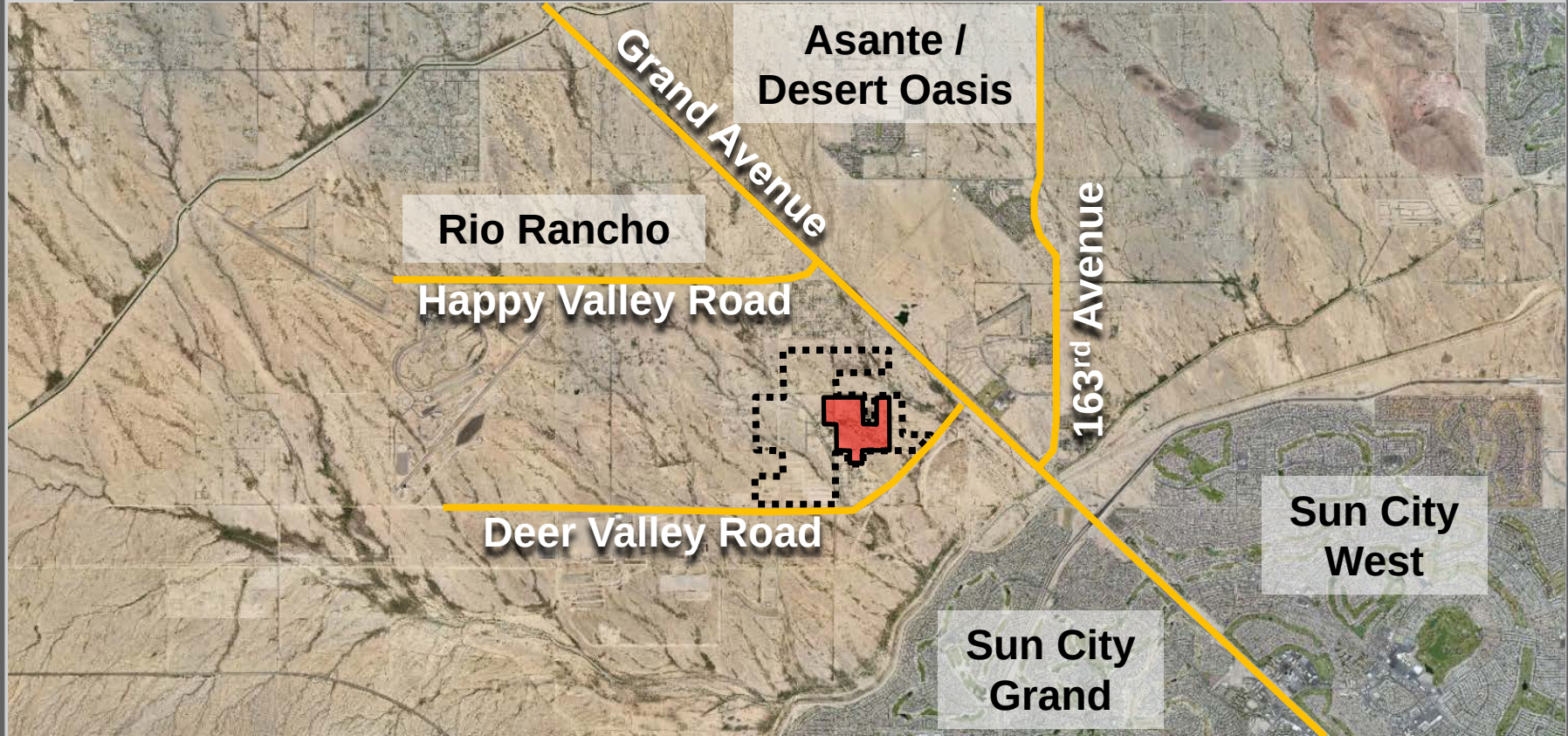
- A. The Traffic Impact Analysis prepared by Michael Baker International, Inc., date received October 2017 is approved with the following stipulation:
 - a. The Development Agreement for Austin Ranch requires the developer to construct dedicated right and left-hand turning lanes at the entrances to the Project, but no other improvements are required for Deer Valley Road. Notwithstanding the Development Agreement, the developer agrees to improve the intersection of Deer Valley Road and Williams Road with a traffic signal, as described below. When the combined number of permits from Austin Ranch West and East reaches 500, the developer will provide annual closed home counts to the City. When these annual closed home counts are within 25% of warranting a signal, per the information shown in the traffic impact analysis, the developer will begin to collect annual turning movement counts and provide a signal warrant analysis for the intersection of Deer Valley Road and Williams Road. Once the traffic signal warrants are met, the developer will be responsible for the design and installation of a traffic signal as needed for the intersection of Deer Valley Road and Williams Road at the time of installation. The construction will be completed within one (1) year of meeting warrants.
- B. The Landscape Plans prepared by the McGough Group, dated October 25, 2017 is approved with the following stipulation:
 - a. The entry monument sign will not be located within the proposed rights-of-way.
 - b. Substitutes and/or alternates and substitutions will be reviewed by city staff prior to building permit review.
- C. Non-compliance with the stipulations of approval of this case will be treated as a violation in accordance with the provisions of Article XIV of the Surprise Unified Development Code.

Attachments:

- 01 - Vicinity Maps
- 02 - Preliminary Plat
- 03 - Landscape Plans
- 04 - Dysart Unified School District Letter
- 05 - Luke Letter
- 06 - PowerPoint

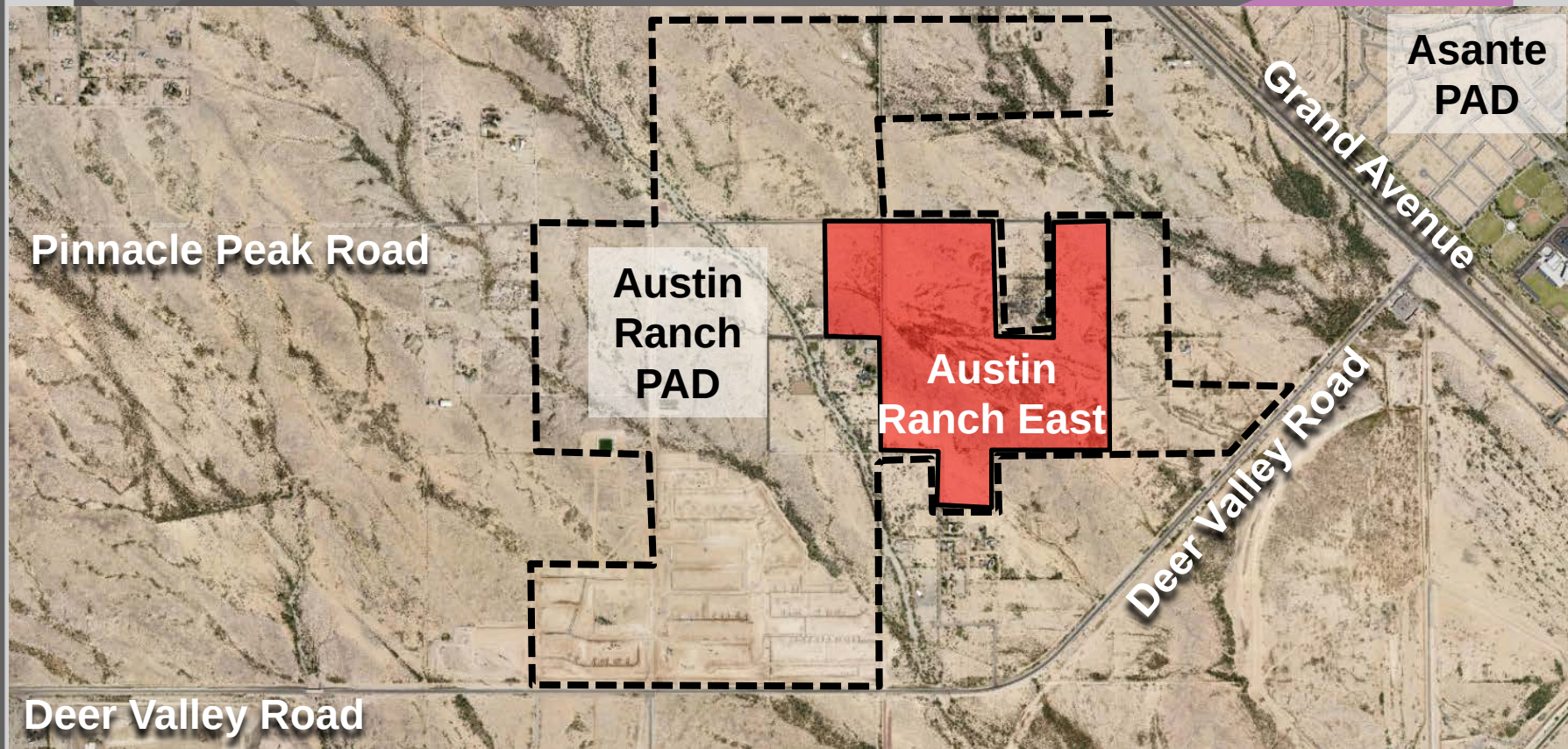
VICINITY MAP

FS17-207
Austin Ranch



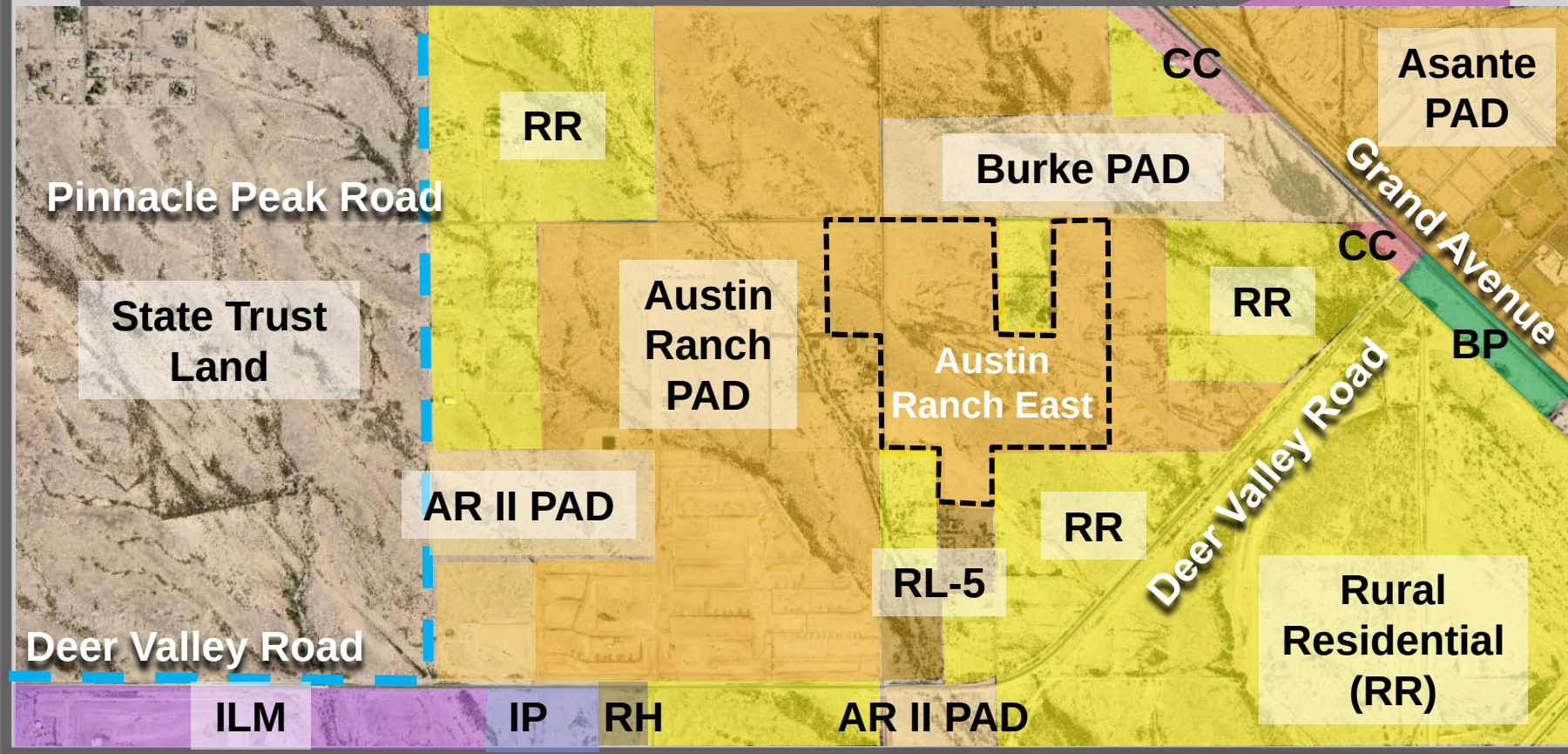
VICINITY MAP

FS17-207
Austin Ranch



ZONING

FS17-207
Austin Ranch



CLOMR NOTE:
A CLOMR FOR THE WITTMAN WASH HAS BEEN SUBMITTED AND APPROVED. THE CASE NUMBER IS
17-09-0516R DATED JUNE 29, 2017.

ALL DEVELOPMENT PHASES DEPICTED ON THIS PRELIMINARY PLAT SHALL BE PROVIDED A MINIMUM OF
(2) SEPARATE POINTS OF UNOBSTRUCTED ACCESS WITH A MINIMUM WIDTH OF TWENTY FEET, INSTALLED
AND MAINTAINED PURSUANT TO THE REQUIREMENTS OF THE CITY OF SURPRISE.

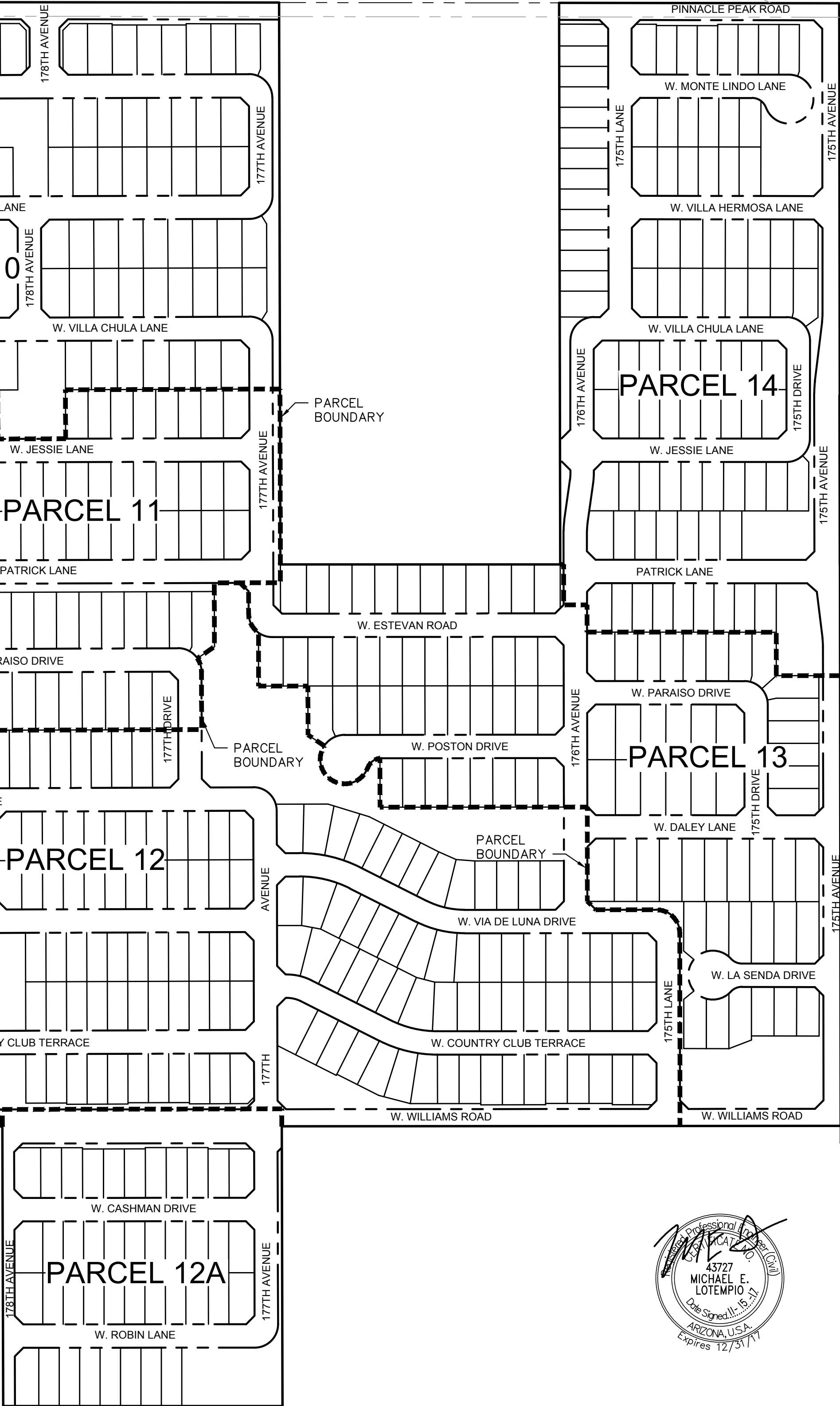
PRELIMINARY PLAT
FOR
AUSTIN RANCH EAST
BEING A PORTION OF THE NORTHEAST QUARTER OF SECTION 15 AND
A PORTION OF THE WEST HALF OF SECTION 14, TOWNSHIP 4 NORTH,
RANGE 2 WEST OF THE GILA AND SALT RIVER MERIDIAN,
CITY OF SURPRISE, MARICOPA COUNTY, ARIZONA.

TRACT TABLE		
TRACT	DESCRIPTION	ACRES
A	LANDSCAPE, RETENTION	1.660
B	LANDSCAPE, RETENTION	0.445
C	LANDSCAPE, RETENTION	0.621
D	LANDSCAPE	0.437
E	LANDSCAPE, DRAINAGE	0.865
F	LANDSCAPE, RETENTION	0.588
G	LANDSCAPE, RETENTION	0.550
H	LANDSCAPE, RETENTION	0.715
I	LANDSCAPE, RETENTION	0.670
J	LANDSCAPE, RETENTION	3.979
K	LANDSCAPE	0.188
L	LANDSCAPE	0.210
M	LANDSCAPE, RETENTION	0.830
N	LANDSCAPE, RETENTION	0.744
O	LANDSCAPE	0.140
P	LANDSCAPE, RETENTION	0.867
Q	LANDSCAPE	0.681
R	LANDSCAPE, RETENTION	1.451
S	LANDSCAPE	0.060
T	LANDSCAPE, RETENTION	0.587
U	LANDSCAPE	0.093
V	LANDSCAPE	0.171
W	LANDSCAPE	0.657
X	LANDSCAPE, RETENTION	0.924
Y	LANDSCAPE	0.023
Z	LANDSCAPE	0.280
TOTAL:		18.44

AUSTIN RANCH DEVELOPMENT STANDARDS TABLE			
PARCEL	9, 12, 12A AND 14	11 AND 13	10
DESCRIPTION	SFR CATEGORY A	SFR CATEGORY A	SFR CATEGORY A
MIN AREA	5,280 SF	5,830 SF	6,380 SF
MAX HOUSE WIDTH	35'	40'	45'
MIN WIDTH	48'	53'	58'
MIN DEPTH	110'	110'	110'
FRONT	*12' FOR LIVING SPACE OR SIDE LOADED GARAGE, 20' FOR FRONT LOADED GARAGE		
SIDE	5'/8'	5'/8'	5'/8'
STREET SIDE	13' **	13' **	13' **
REAR	15' *	15' *	15' *
REAR ADJACEMENT TO ARTERIAL STREET	20'	20'	20'
DISTANCE BETWEEN HOUSE	10'	10'	10'
BLDG HEIGHT	30'	30'	30'

* FIREPLACES, BAY WINDOWS, POP-OUTS, OR PATIO COVERS MAY ENCR OACH 10' INTO REAR SETBACK.
** SETBACK INCLUDES ADJACENT LANDSCAPE TRACT.

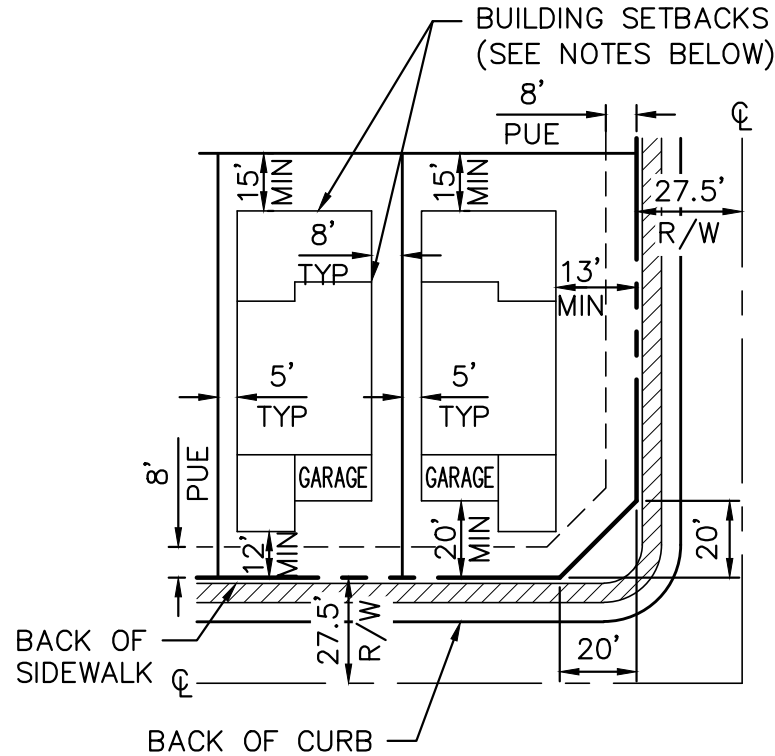
AUSTIN RANCH PADS LOT MIX TABLE								
	A 48'	B 53'	C 58'	D 63'	E 63'	F 63'	G 63'	MULTI-FAMILY/ MEDIUM DENSITY
EXISTING AUSTIN RANCH WEST	285	126	343	176	130	111	27	0
PROPOSED AUSTIN RANCH EAST	410	190	107	0	0	0	0	0
PROPOSED AUSTIN RANCH NORTH	0	0	0	124	305	134	0	103
PROPOSED AUSTIN RANCH SOUTH	0	0	0	0	0	0	0	484
MEDIUM DENSITY	0	0	0	0	0	0	0	484
AUSTIN RANCH EAST MULTI-FAMILY	0	0	0	0	0	0	0	522
TOTAL UNITS	695	316	450	300	435	245	27	1109
MAXIMUM UNIT %	30.0%	30.0%	30.0%	30.0%	25.0%	MAXIMUM	NA	NA
ACTUAL UNIT %	28.16%	12.80%	18.23%	12.16%	17.63%	9.93%	1.09%	100%



BUILDING SETBACK DETAIL

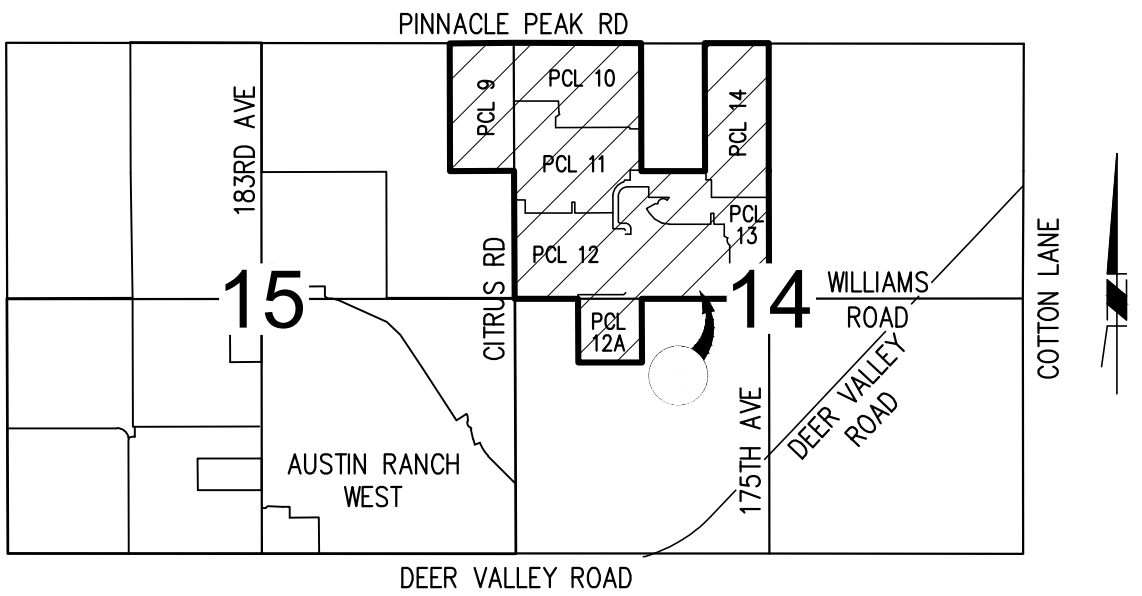
NTS

FRONT-GARAGE	20'
FRONT-HOME	12'
REAR	15'
SIDE	5'&8'
SIDE STREET	13' MIN



VICINITY MAP

NTS



SHEET INDEX

SHEET #	DESCRIPTION
1	COVER SHEET
2	STREET DETAILS AND CROSS-SECTIONS
3-5	PRELIMINARY PLAT

NOTES:
PER THE P.A.D., PHASING WILL DETERMINED BY MARKET CONDITIONS.

SIGHT DISTANCE REQUIREMENTS FOR ARTERIAL AND COLLECTOR STREET INTERSECTIONS SHALL COMPLY WITH ENGINEERING DEVELOPMENT STANDARD (EDS) DETAIL 4-01.

LOCAL STREET SIGHT VISIBILITY TRIANGLES SHALL COMPLY WITH EDS DETAIL 4-02.

LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 14 AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 4 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 14; THENCE S89°55'45"E, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SECTION 14, A DISTANCE OF 1316.24 FEET; THENCE DEPARTING SAID NORTH LINE S00°08'26"E, A DISTANCE OF 1320.02 FEET; THENCE S89°59'10"E, A DISTANCE OF 657.32 FEET; THENCE N00°06'21"W, A DISTANCE OF 1319.36 FEET TO THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 14; THENCE S89°55'45"E, ALONG SAID NORTH LINE A DISTANCE OF 658.12 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 14; THENCE S00°04'16"E, ALONG THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 14, A DISTANCE OF 2637.41 FEET TO THE CENTER OF SAID SECTION 14; THENCE S89°57'25"W, A DISTANCE OF 1313.06 FEET ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 14; THENCE S00°08'47"E, A DISTANCE OF 657.29 FEET; THENCE S89°58'33"W, A DISTANCE OF 656.14 FEET; THENCE N00°10'47"W, A DISTANCE OF 657.07 FEET TO A POINT ON THE EAST-WEST MID-SECTION LINE OF SAID SECTION 14; THENCE S89°57'25"W, ALONG SAID MID-SECTION LINE, A DISTANCE OF 656.52 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 14; THENCE N00°12'34"W, ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 14, A DISTANCE OF 1321.33 FEET; THENCE S89°46'57"W, A DISTANCE OF 660.06 FEET; THENCE N00°12'16"W, A DISTANCE OF 1320.17 FEET TO A POINT ON THE NORTH LINE OF THE NORTHEAST QUARTER OF SECTION 15; THENCE N89°40'54"E, ALONG SAID NORTH LINE, A DISTANCE OF 659.94 FEET TO THE NORTHEAST CORNER OF SAID SECTION 15 AND THE POINT OF BEGINNING.

CONTAINING 169.3388 ACRES.

BENCHMARK

CHISELED SQUARE ON NW COR. HEADWALL
APPROX 35' NORTH OF E/P OF DEER VALLEY RD.
APPROX 1315' WEST OF INTERSECTION OF
DEER VALLEY AND CITRUS ROAD. ALIGNMENT
N 33°40'55.5"
W 112°26'52.6"
ELEVATION: 1375.98 (NAVD88)
CITY OF SURPRISE DATUM (BM# 66)

ENGINEER

MICHAEL BAKER INT'L., INC.
MICHAEL LOTEMPIO, P.E.
2929 N CENTRAL AVE., SUITE 800
PHOENIX, ARIZONA 85012
PHONE (602) 279-1234
FAX (602) 279-1411

DEVELOPER

COURTLAND HOMES, INC.
HANS KOPPENHOEFER
4160 W KITTY HAWK
CHANDLER, ARIZONA 85226
PHONE (480) 493-7515
FAX (480) 885-1634

UTILITY COMPANIES

ELECTRIC	APS
CABLE TV	COX COMMUNICATIONS
TELEPHONE	CENTURYLINK
WATER	BEARDSLEY WATER CO.
SEWER	CITY OF SURPRISE

BASIS OF BEARING

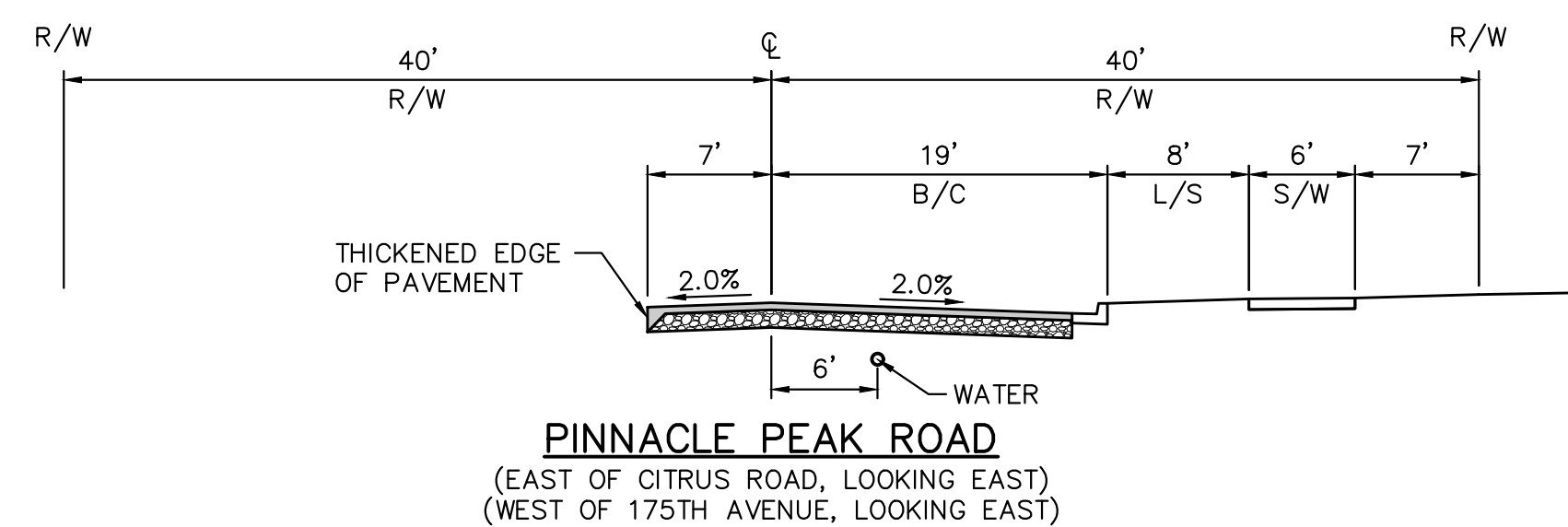
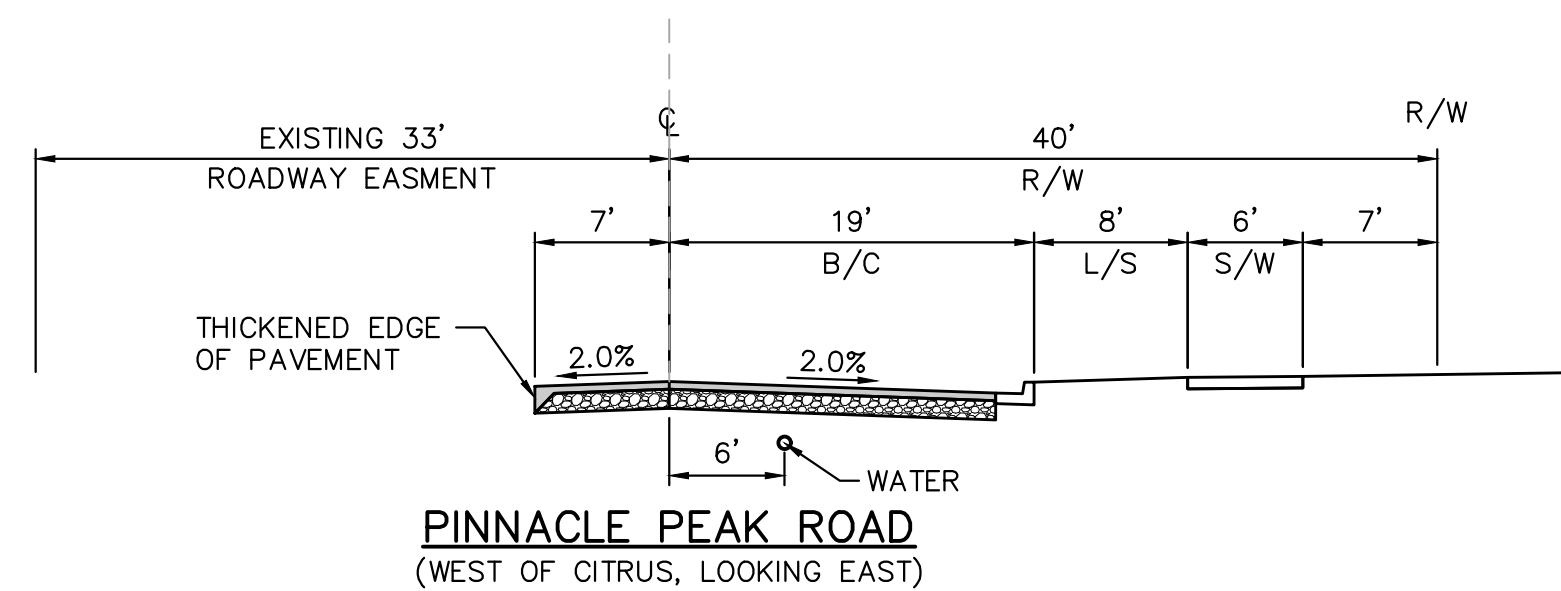
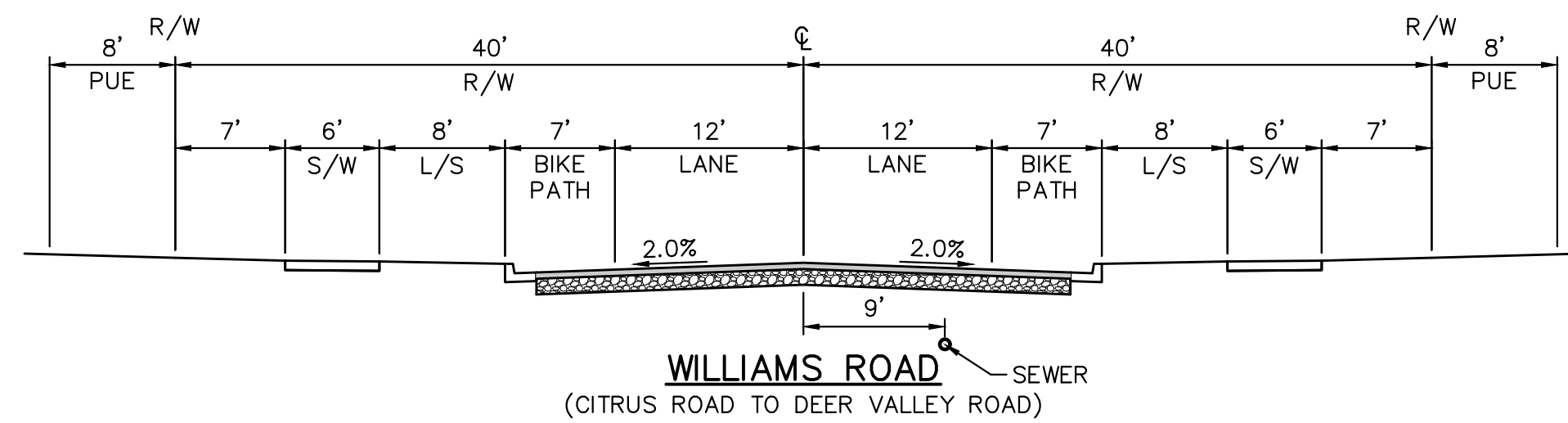
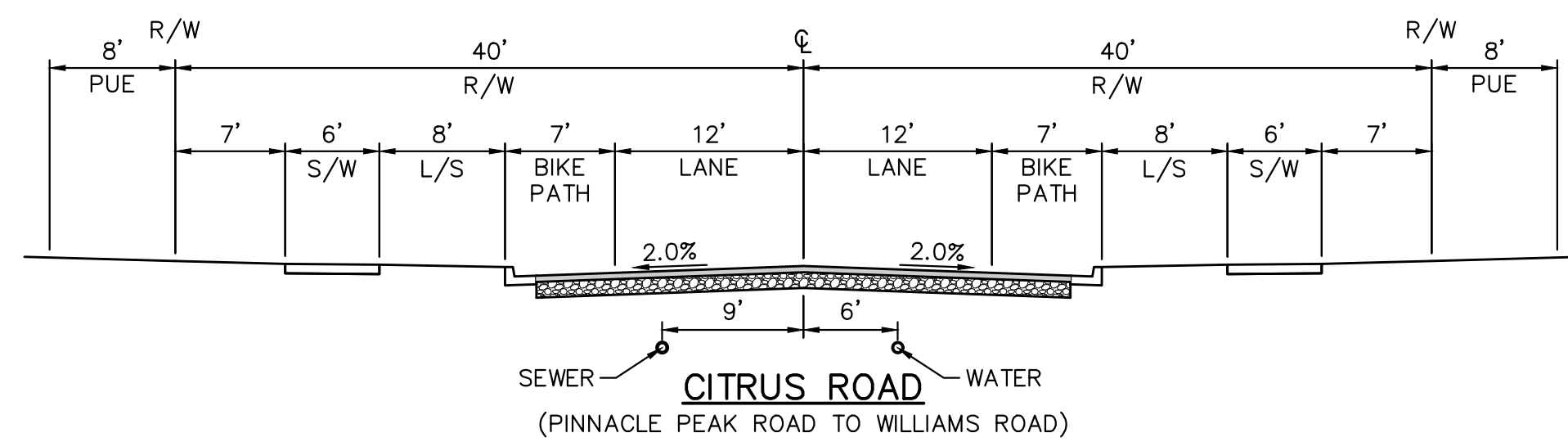
THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 4 NORTH, RANGE 2 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN AS ON THE ALTA/ACSM LAND SURVEY TITLE SURVEY, AS RECORDED IN BOOK 590 OF MAPS AT PAGE 42, OF THE RECORDS OF MARICOPA COUNTY, ARIZONA SAID BEARING BEING: SOUTH 89°56'08" WEST.

AUSTIN RANCH EAST
PRELIMINARY PLAT
SCALE: 1" = 100
SHEET: 1 OF 5

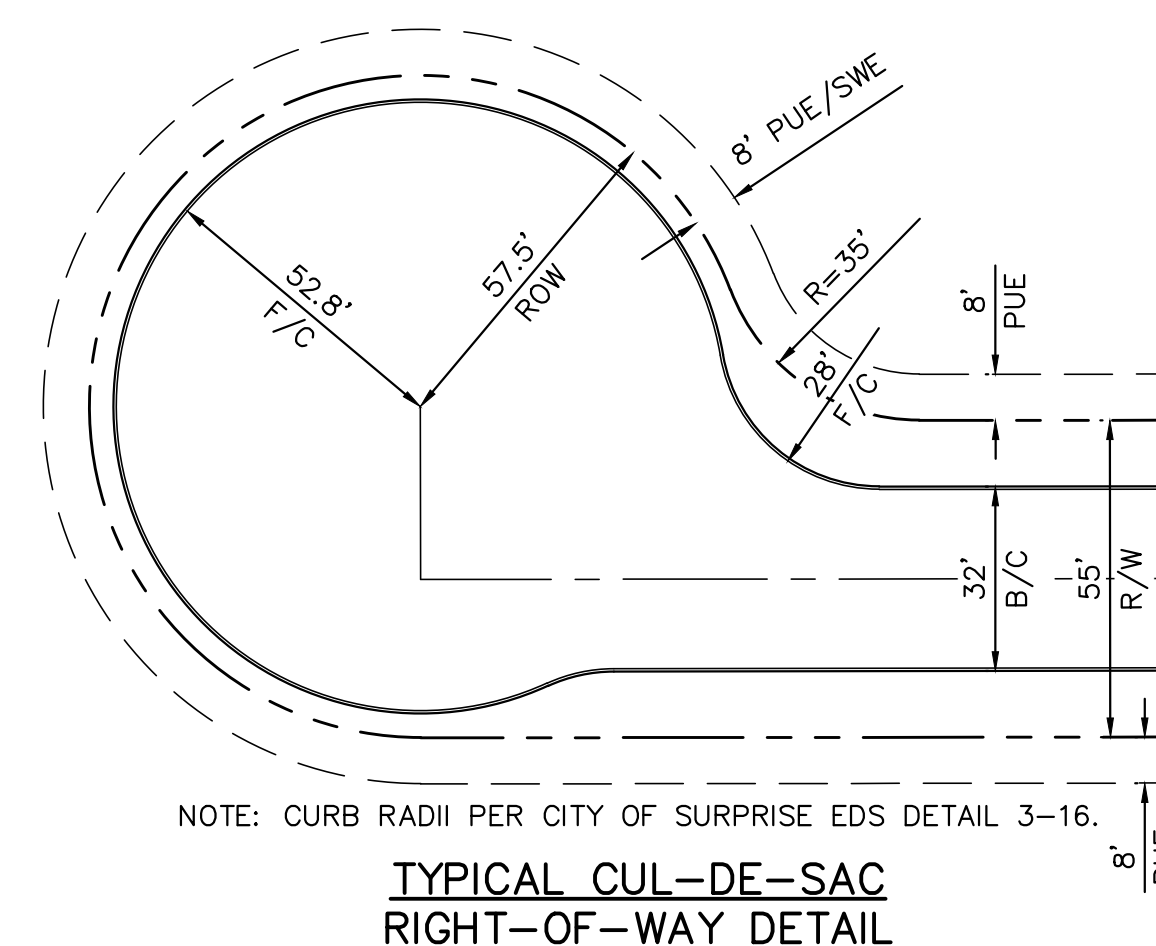
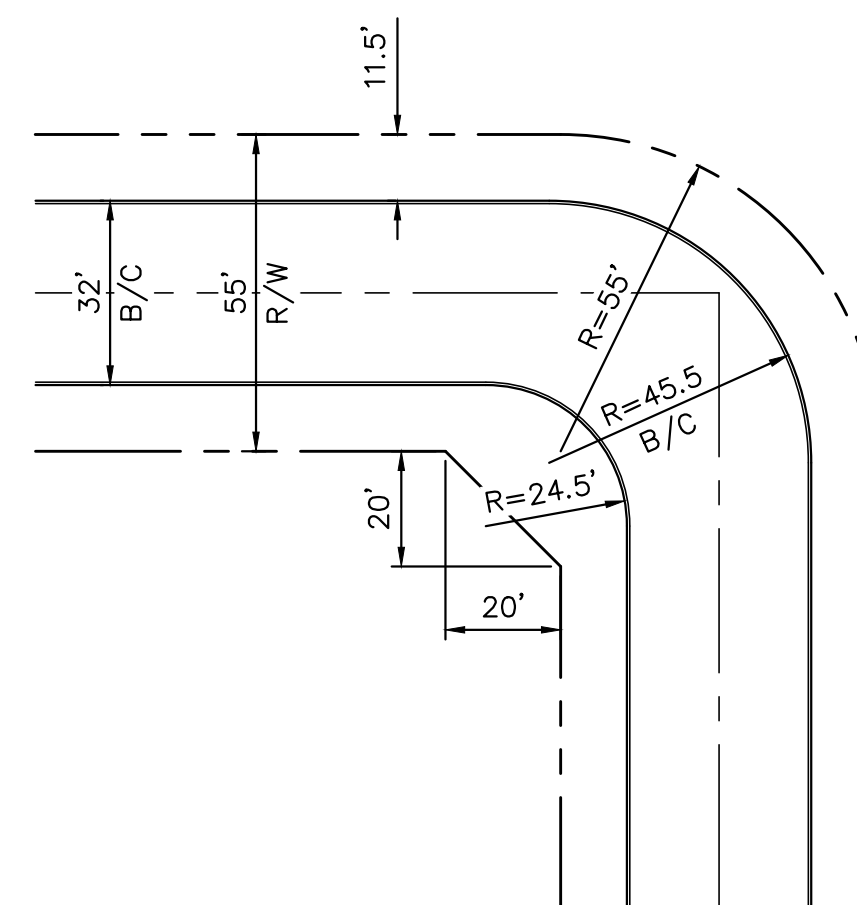
NOV/2017
JOB# 140894

Michael Baker
INTERNATIONAL

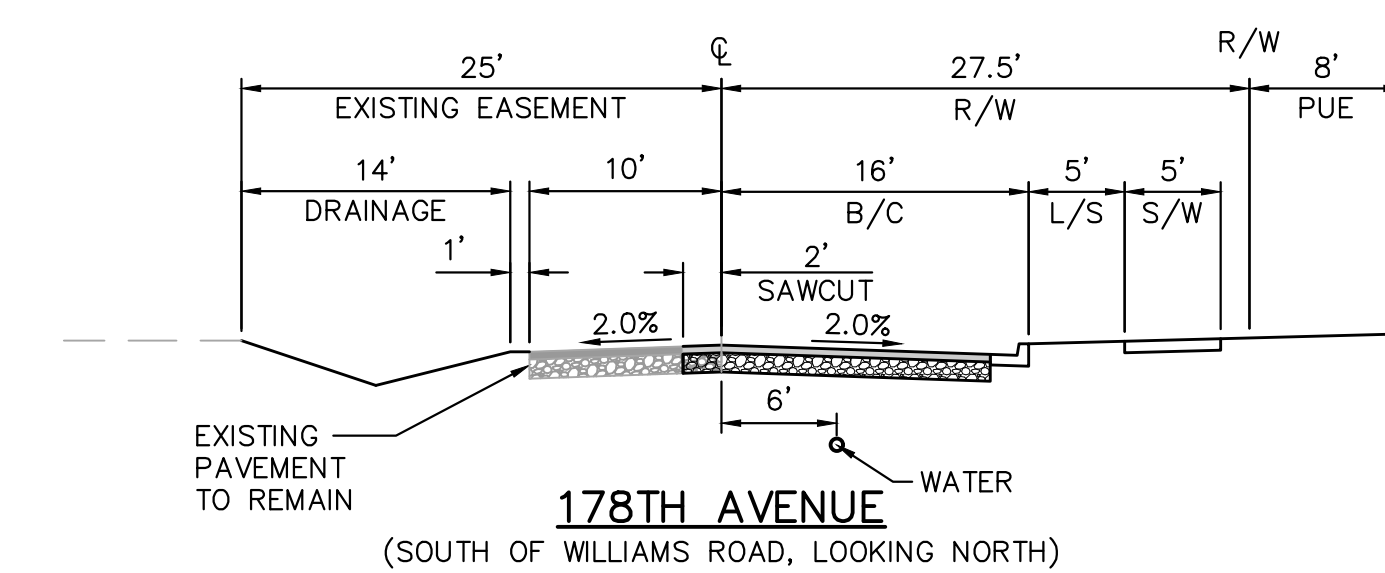
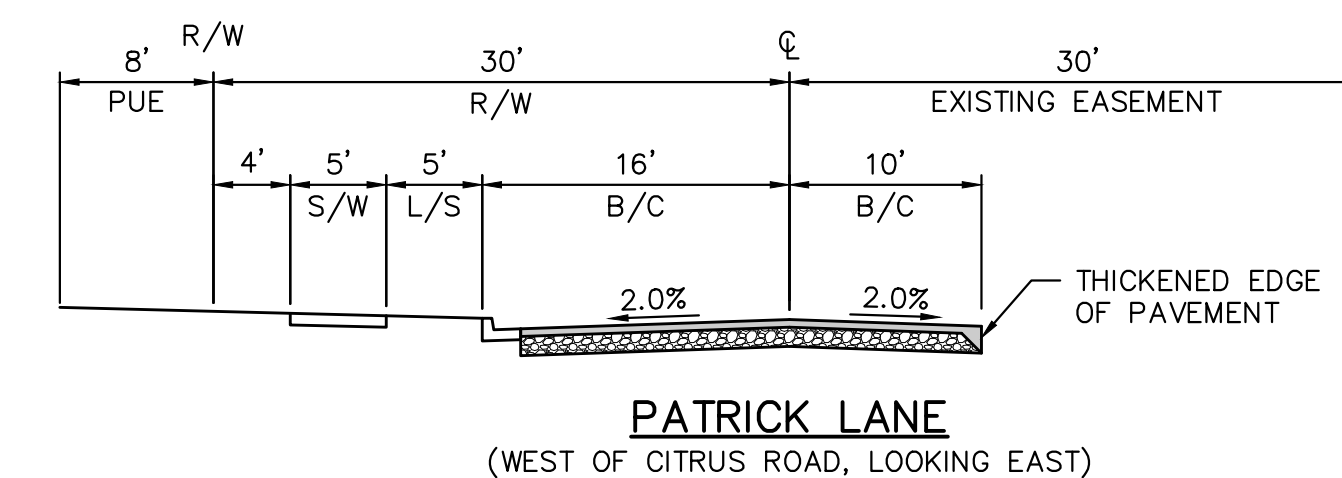
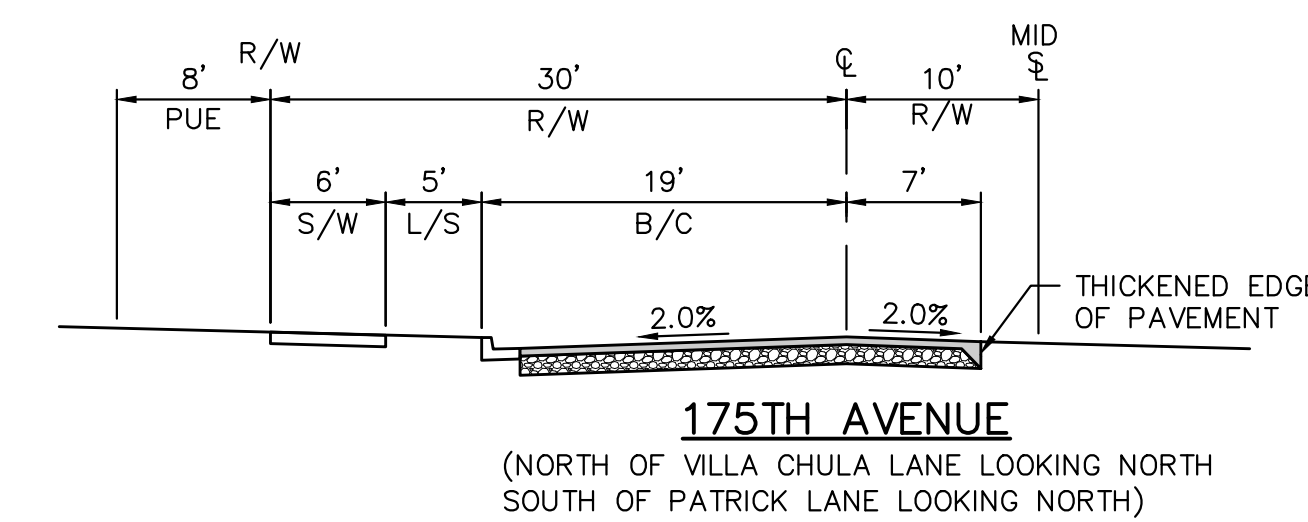
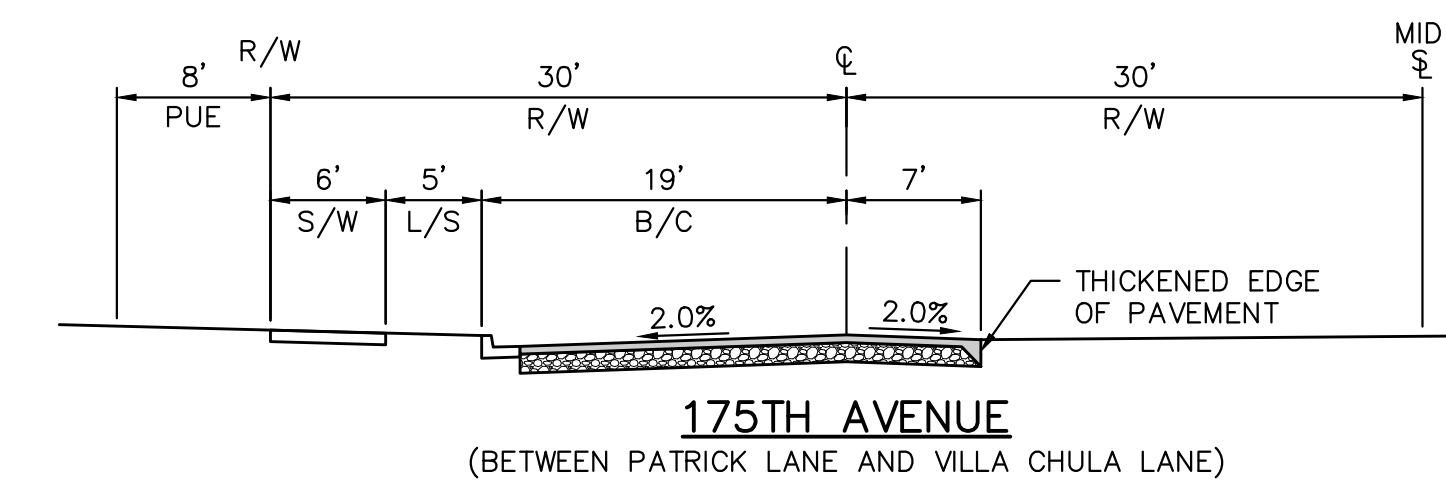
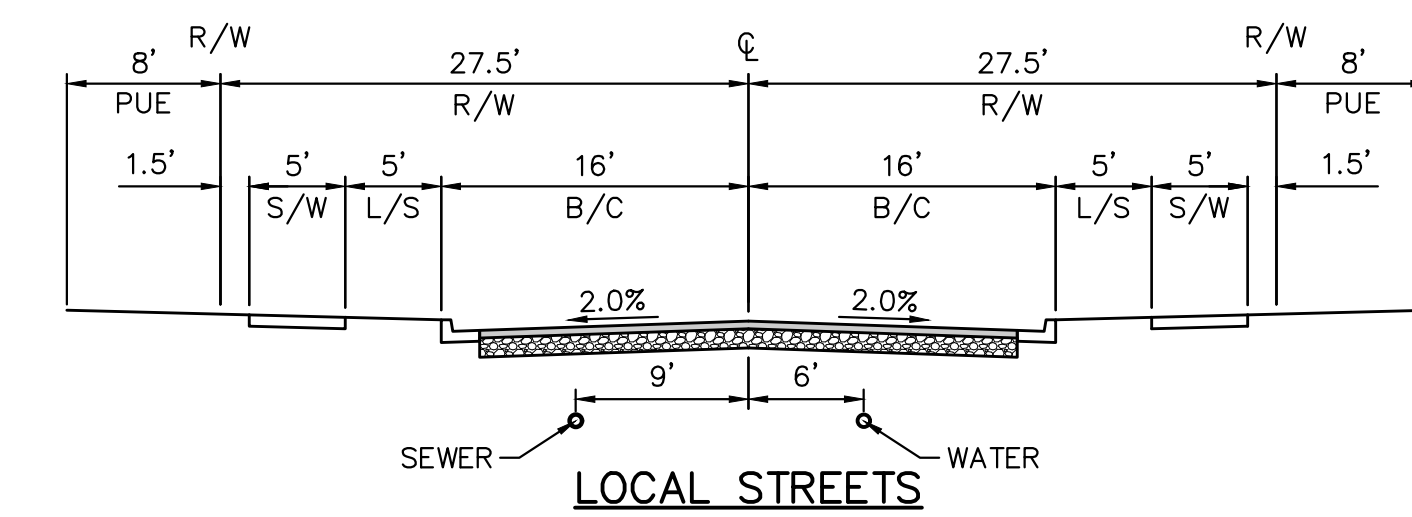
2929 NORTH CENTRAL AVENUE, SUITE 800
PHOENIX, ARIZONA 85012-2794 • 602.279.1234
www.MBAKERINTL.com • FAX 602.279.1411



- LEGEND**
- 6"W PROPOSED WATER
 - PROPOSED FIRE HYDRANT
 - PROPOSED WATER VALVE
 - 8"S PROPOSED SEWER
 - PROPOSED SEWER MANHOLE
 - PROPOSED SEWER CLEANOUT
 - EX 6"W EXISTING WATER
 - EXISTING WATER VALVE
 - EXISTING FIRE HYDRANT
 - EX 8"S EXISTING SEWER
 - EXISTING SEWER MANHOLE
 - EXISTING CONTOURS
 - VNAE VEHICLE NON-ACCESS EASEMENT
 - SWE SIDEWALK EASEMENT
 - PUE PUBLIC UTILITY EASEMENT
 - SHEET BOUNDARY
 - PHASE LINE
 - PROPOSED SEWER FLOW
 - PARCEL BOUNDARY
 - FLOODPLAIN
 - FLOODWAY
 - FLOW ARROW



NOTE: CURB RADII PER CITY OF SURPRISE EDS DETAIL 3-16.



TYPICAL FOR ALL STREET SECTIONS: UTILITY LOCATIONS ARE APPROXIMATE AND MAY VARY BASED ON EXISTING CONDITIONS

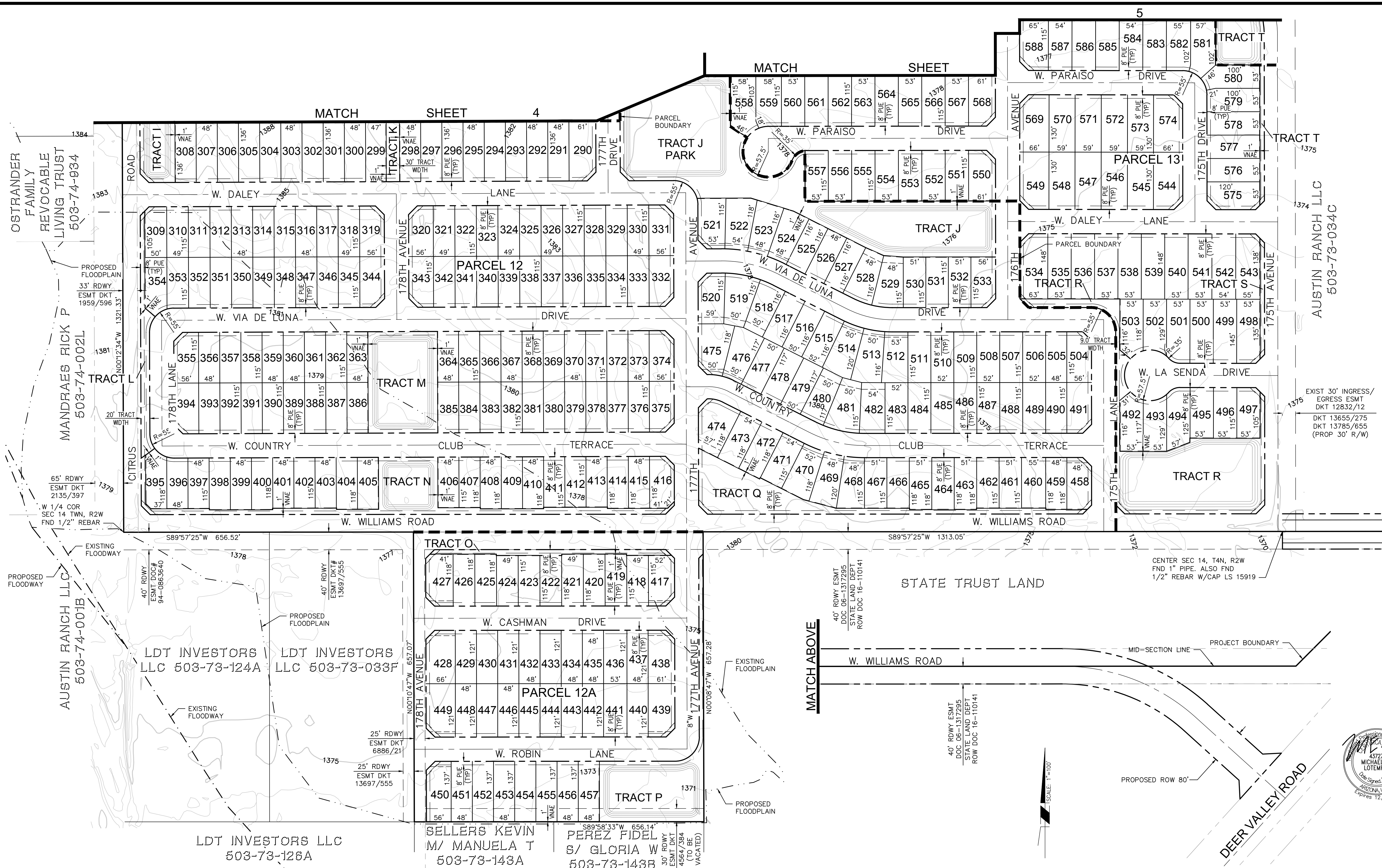


**Michael Baker
INTERNATIONAL**

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AUSTIN RANCH
PRELIMINARY PLAT
SCALE: NTS
SHEET: 2 OF 5

NOV/2017
JOB# 140894



OSTRANDER
FAMILY
REVOCABLE
LIVING TRUST
503-74-934

MANDRAES RICK P
503-74-002L

AUSTIN RANCH LLC
503-74-001B

LDT INVESTORS
LLC 503-73-124A

LDT INVESTORS
LLC 503-73-033F

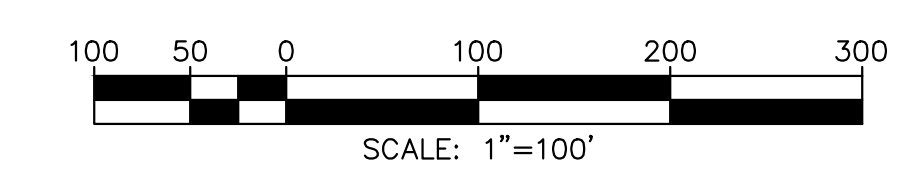
LDT INVESTORS LLC
503-73-126A

SELLERS KEVIN
M/ MANUELA T
503-73-143A

PEREZ FIDEL
S/ GLORIA W
503-73-143B

Michael Baker
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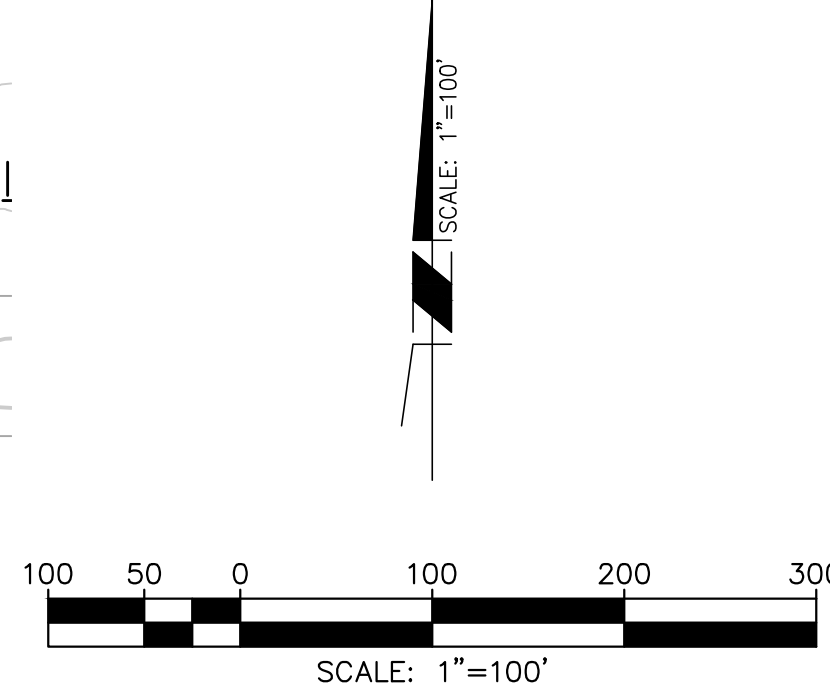
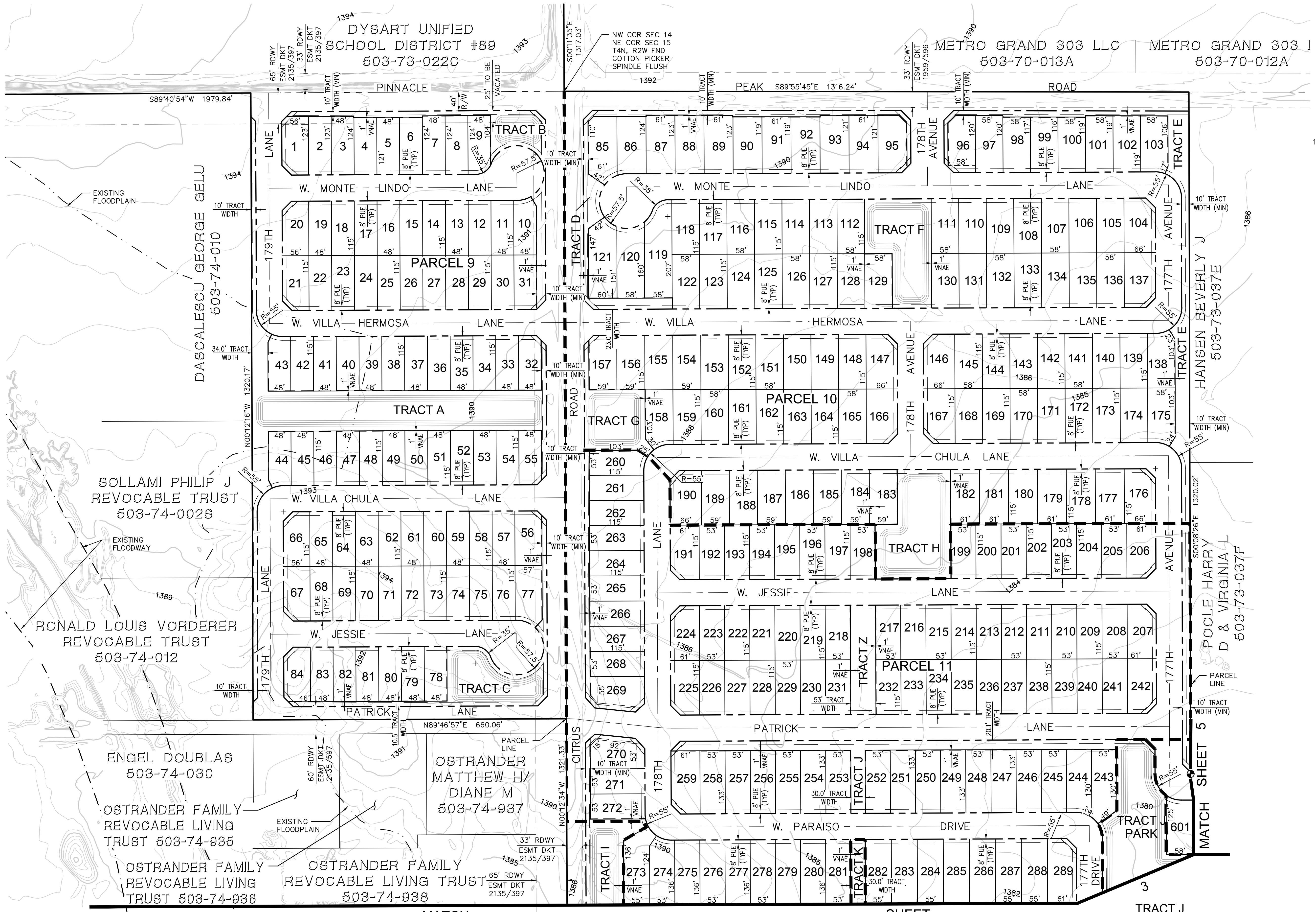
AUSTIN RANCH EAST
PRELIMINARY PLAT
SCALE: 1" = 100
SHEET: 3 OF 5

NOV/2017
JOB# 140894



MATCH ABOVE

MATCH BELOW



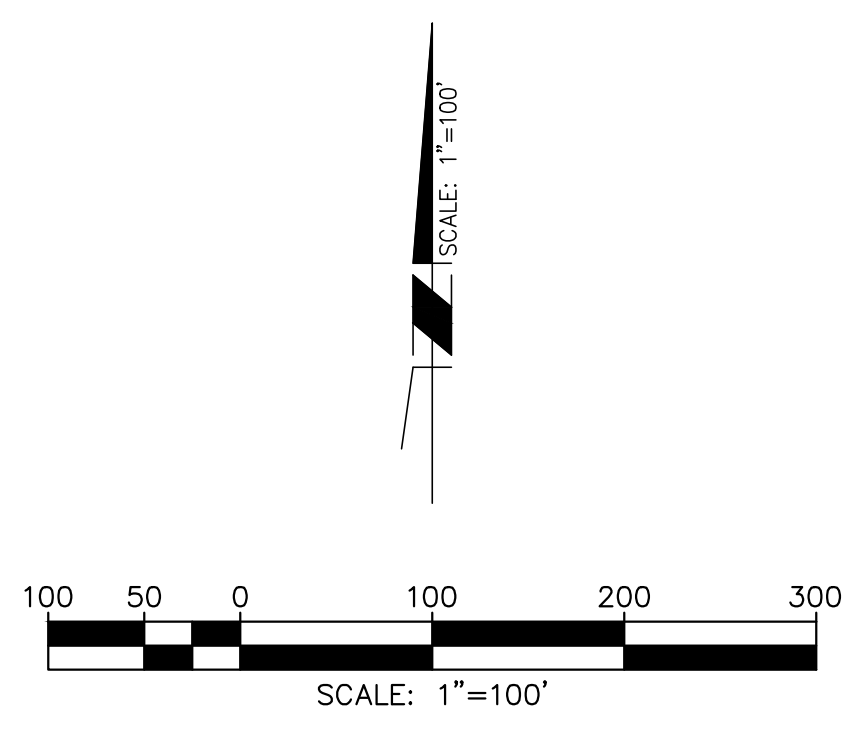
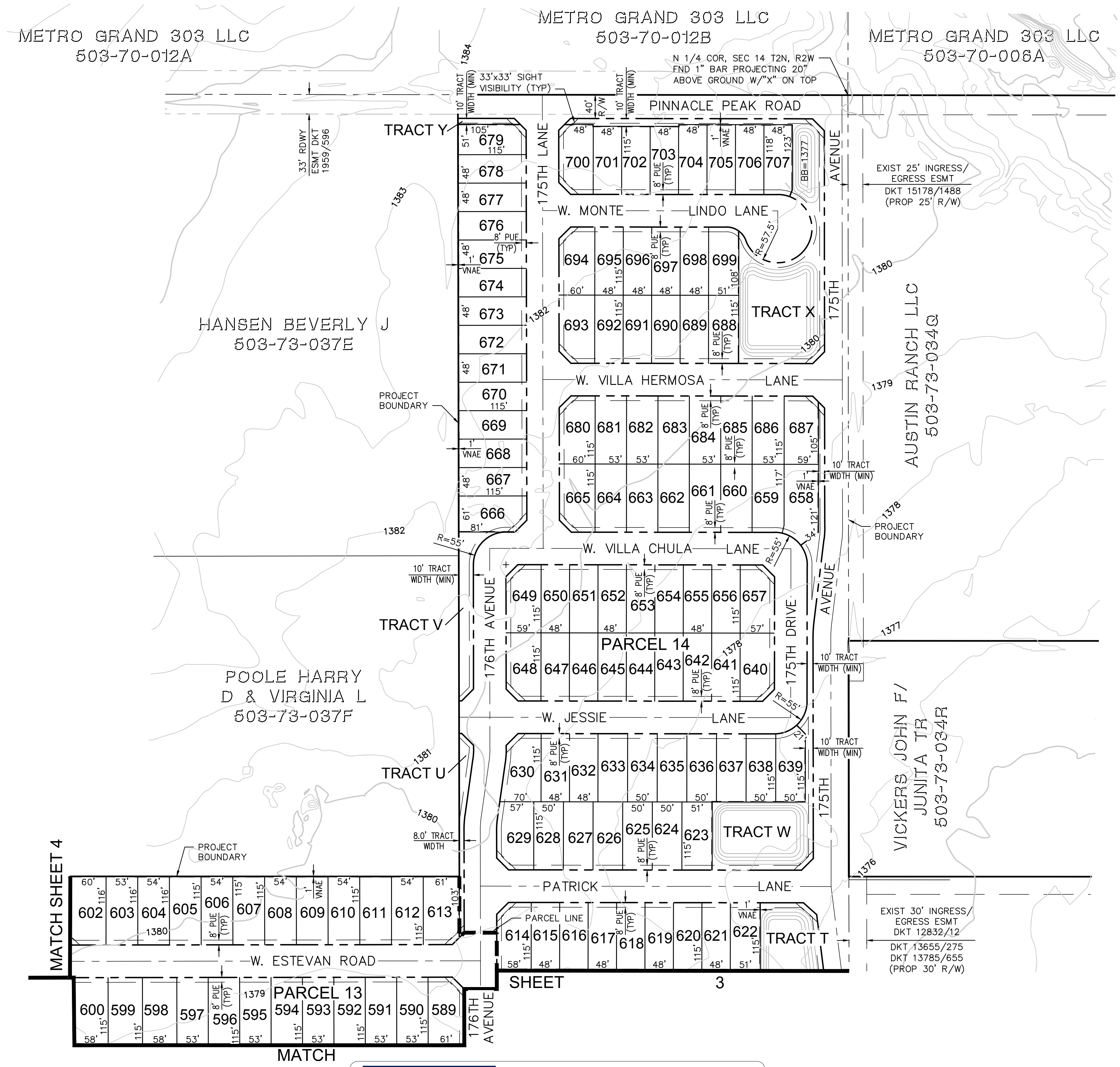
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AUSTIN RANCH EAST
PRELIMINARY PLAT
SCALE: 1" = 100
SHEET: 4 OF 5

NOV/2017
JOB# 140894

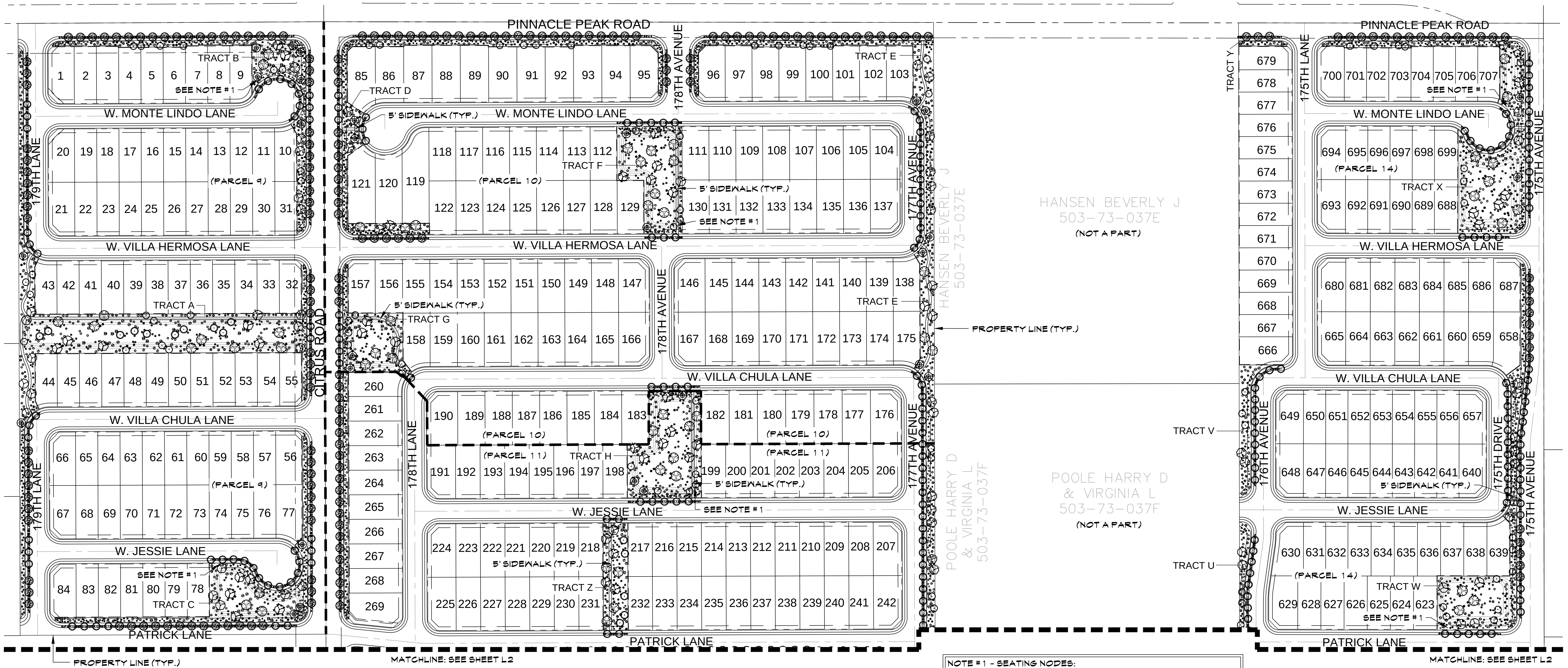


Michael Baker
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AUSTIN RANCH EAST
PRELIMINARY PLAT
SCALE: 1" = 100'
SHEET: 5 OF 5

NOV/2017
JOB# 140894



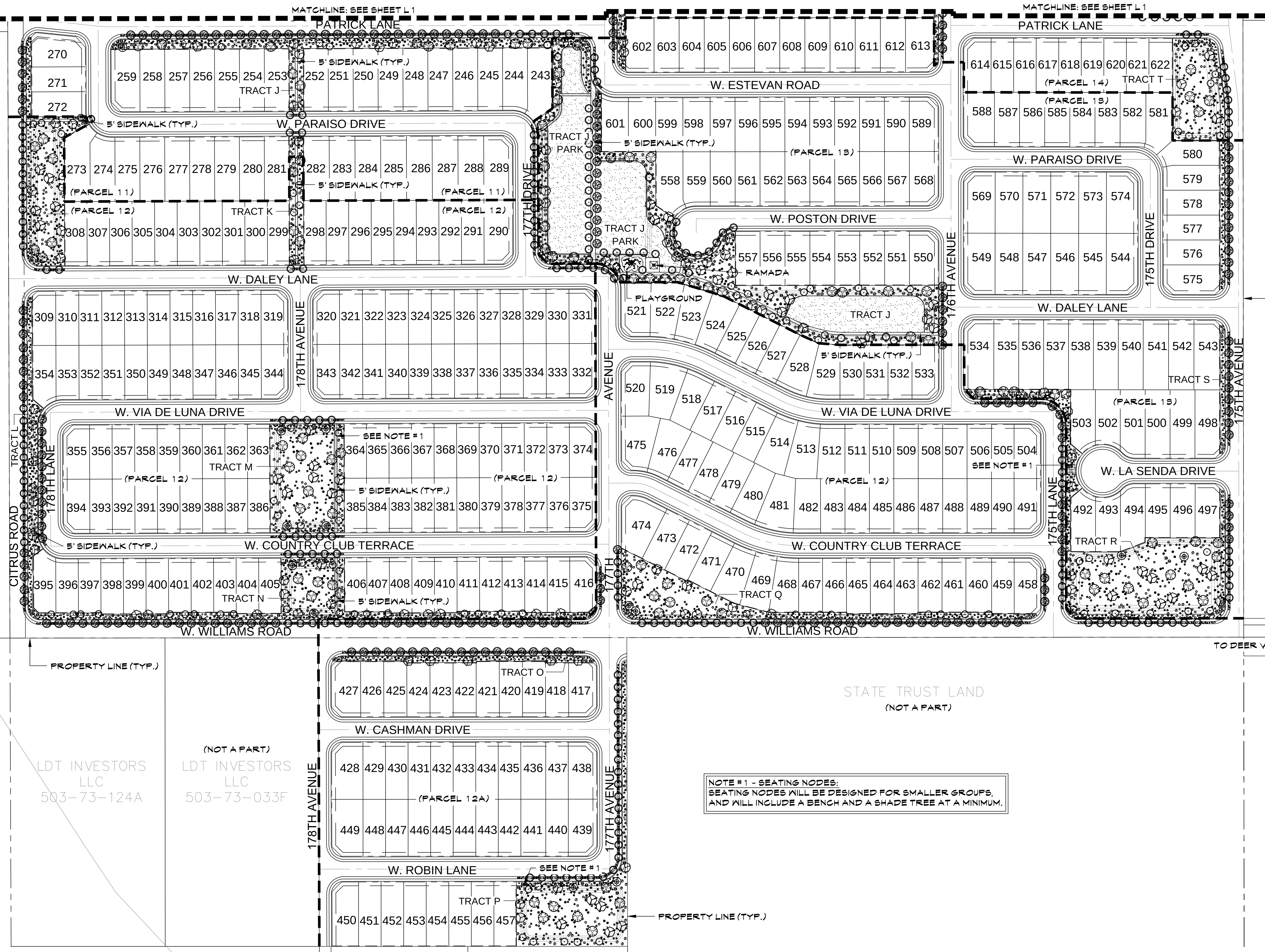
NOTE #1 - SEATING NODES:
SEATING NODES WILL BE DESIGNED FOR SMALLER GROUPS,
AND WILL INCLUDE A BENCH AND A SHADE TREE AT A MINIMUM.

PLANT LEGEND

TREES - ALL 24" BOX	ACACIA ANEURA / MULGA *ACACIA SALICINA/WILLOW ACACIA *CHILOPSIS SP. 'RIO SALADO'/'RIO SALADO' DESERT WILLOW OLNEYA TESOTA / IRONWOOD PARKINSONIA HYBRID / DESERT MUSEUM PALO VERDE PARKINSONIA FLORIDA/BLUE PALO VERDE PROSOPIS HYBRID 'AZT' /'AZT THORNLESS MESQUITE' * INDICATES A CITY APPROVE STREET/R.O.W. TREE THAT IS TO BE INSTALLED WITH DEEP ROOT BARRIERS.	SHRUBS - ALL 5 GAL.	CALLIANDRA ERIOPHYLLA / NATIVE FAIRY DUSTER ENCELIA FARINOA / BRITTLEBUSH HYPTIS EMORYI / DESERT LAVENDER JUSTICIA CALIFORNICA / CHUPAROSA LARREA TRIDENTATA / CREOSOTE BUSH LEUCOPHYLLUM LAEVIGATUM / CHIHUAHUAN SAGE SIMMONDSIA CHINENSIS / JOJOBA SPHAERALCEA AMBIGUA / GLOBE MALLOW	ACCENTS - ALL 5 GAL.	AGAVE AMERICANA / AMERICAN AGAVE AGAVE PARRII / PARRY'S AGAVE ASCLEPIUS SUBULATA/ DESERT MILKWEED BOUTELOUA GRACILIS / BLONDE AMBITION GRASS DASYLIRION WHEELERI/ DESERT SPOON FOUQUERIA SPLENDENS / OCOTILLO HESPERALOE PARVIFLORA 'PERPA' / BRAKELIGHTS RED YUCCA MUHLBERGIA RIGENS / DEER GRASS OPUNTA ENGELMANNII / NATIVE PRICKLY PEAR	GROUND COVERS - ALL 5 GAL.	AMBROSIA DELTOIDEA / TRIANGLELEAF BUR-SAGE BAILEYA MULTIRADIATA / DESERT MARIGOLD EREMOPHILA GLABRA HYB. / 'OUTBACK SUNRISE' ACACIA REDOLENS / TRAILING ACACIA TURF- MID-IRON BERMUDA SOD. (89,165 SQ.FT.) (2.06 AC. TURF AREA = 11.1% OF PROVIDED O.S.) DECOMPOSED GRANITE- TO BE DETERMINED BY OWNER.

- NOTES:
 1. DUE TO PLANT MATERIAL AVAILABILITY, SUBSTITUTIONS FOR PLANT MATERIAL LISTED ABOVE MAY BE USED. ANY ALTERNATES OR SUBSTITUTIONS MUST BE ON THE ADWR LOW WATER USE PLANT LIST.
 2. SUB-SPECIES OR HYBRIDS OF PLANT MATERIAL LISTED ABOVE MAY BE USED AS ALTERNATES/SUBSTITUTIONS.
 3. ADDITIONAL PLANT MATERIAL MAY BE ADDED TO THE LIST ABOVE DUE TO UTILITY COMPANY OR H.O.A. REQUESTS AND/OR PLANTING RESTRICTIONS WITHIN UTILITY EASEMENTS.
 4. NO TREES TO BE LOCATED WITHIN THE P.U.E. OR ANY OTHER NOTED EASEMENTS. FINAL PLANT MATERIAL SIZE AND LOCATION SHALL COMPLY WITH EDS STANDARD DETAILS 4-01 AND 4-02.

AUSTIN RANCH LLC
503-74-001B



NOTE #1 - SEATING NODES:
SEATING NODES WILL BE DESIGNED FOR SMALLER GROUPS,
AND WILL INCLUDE A BENCH AND A SHADE TREE AT A MINIMUM.

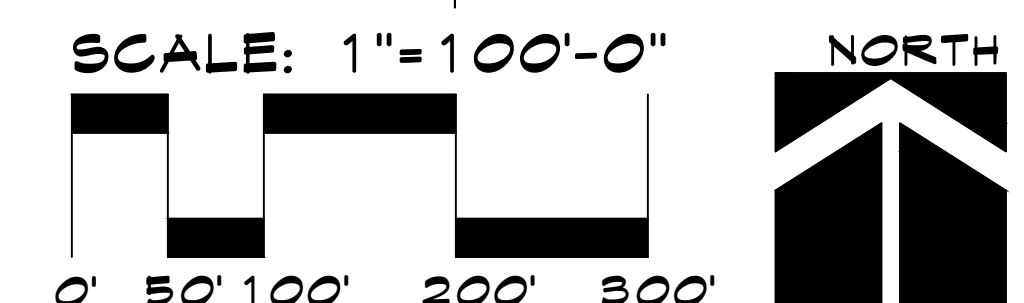


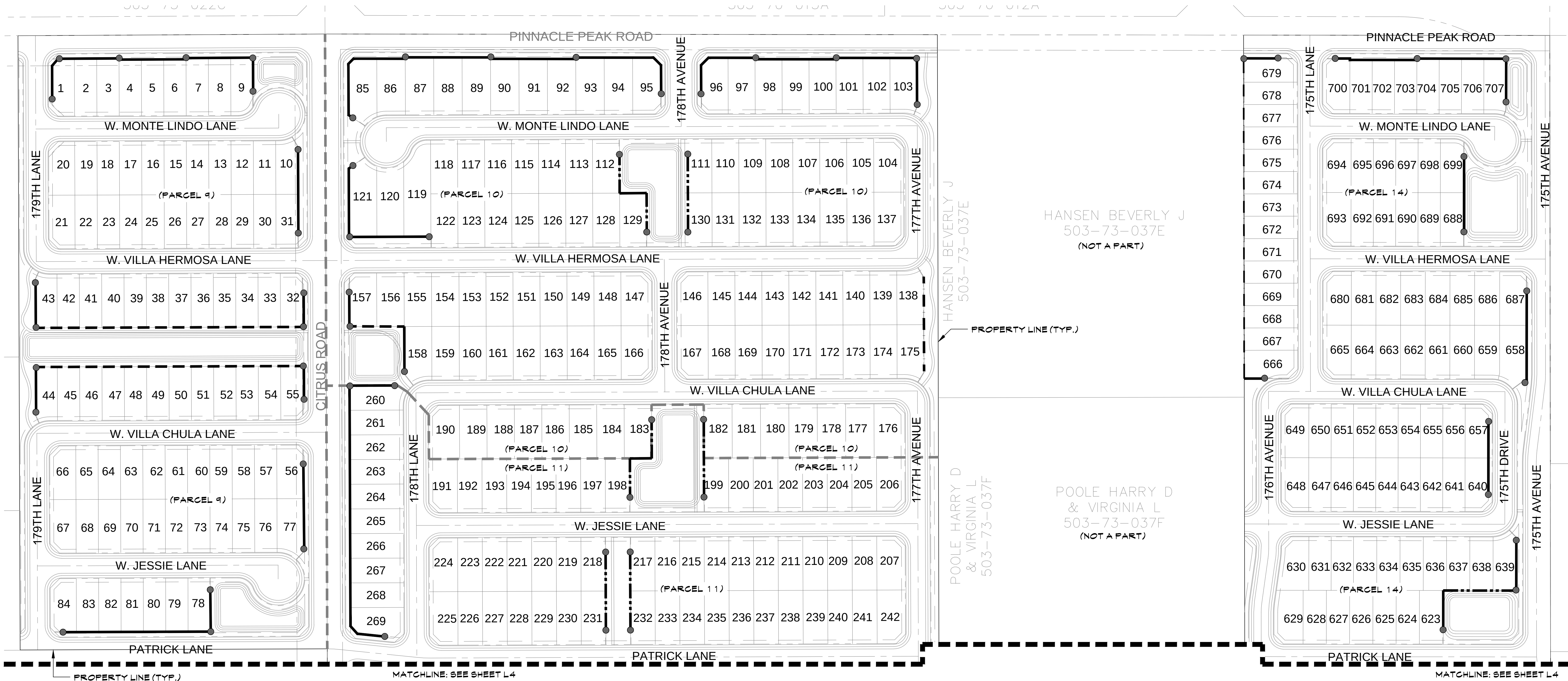
AUSTIN RANCH EAST

PRELIMINARY LANDSCAPE PLAN

WEST OF WILLIAMS RD. & DEER VALLEY INTERSECTION - SURPRISE, AZ
OCTOBER 5, 2017

SHEET L2





WALL PLAN LEGEND

	THEME WALL (≈ 13,020 LN.FT.) - SEE DETAIL 'A' ON SHEET L5.
	VIEW FENCE (≈ 2,385 LN.FT.) - SEE DETAIL 'B' ON SHEET L5.
	PARTIAL VIEW FENCE (≈ 2,780 LN.FT.) - SEE DETAIL 'C' ON SHEET L5.
	BUILDER WALL (≈ 1,935 LN.FT.) - SEE DETAIL 'F' ON SHEET L5.
	PROJECT THEME COLUMNS - (144) TOTAL - SEE DETAIL 'A' ON SHEET L5.

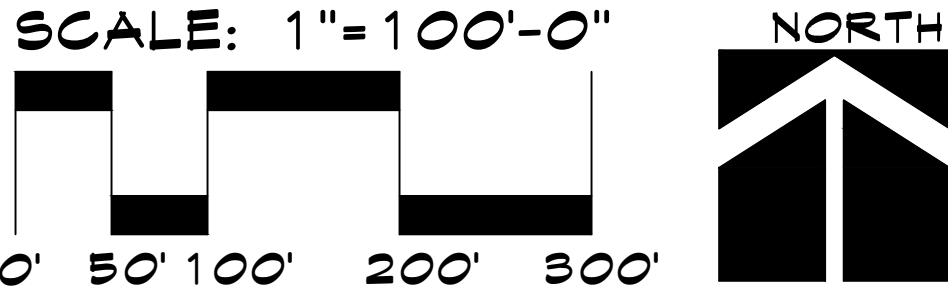
NOTE: QUANTITIES ABOVE ARE PROVIDED FOR CONVENIENCE ONLY. CONTRACTOR TO USE THE FINAL PLAT (SITE PLAN) TO DETERMINE THE QUANTITY OF MATERIALS NECESSARY TO COMPLETE THE WORK.

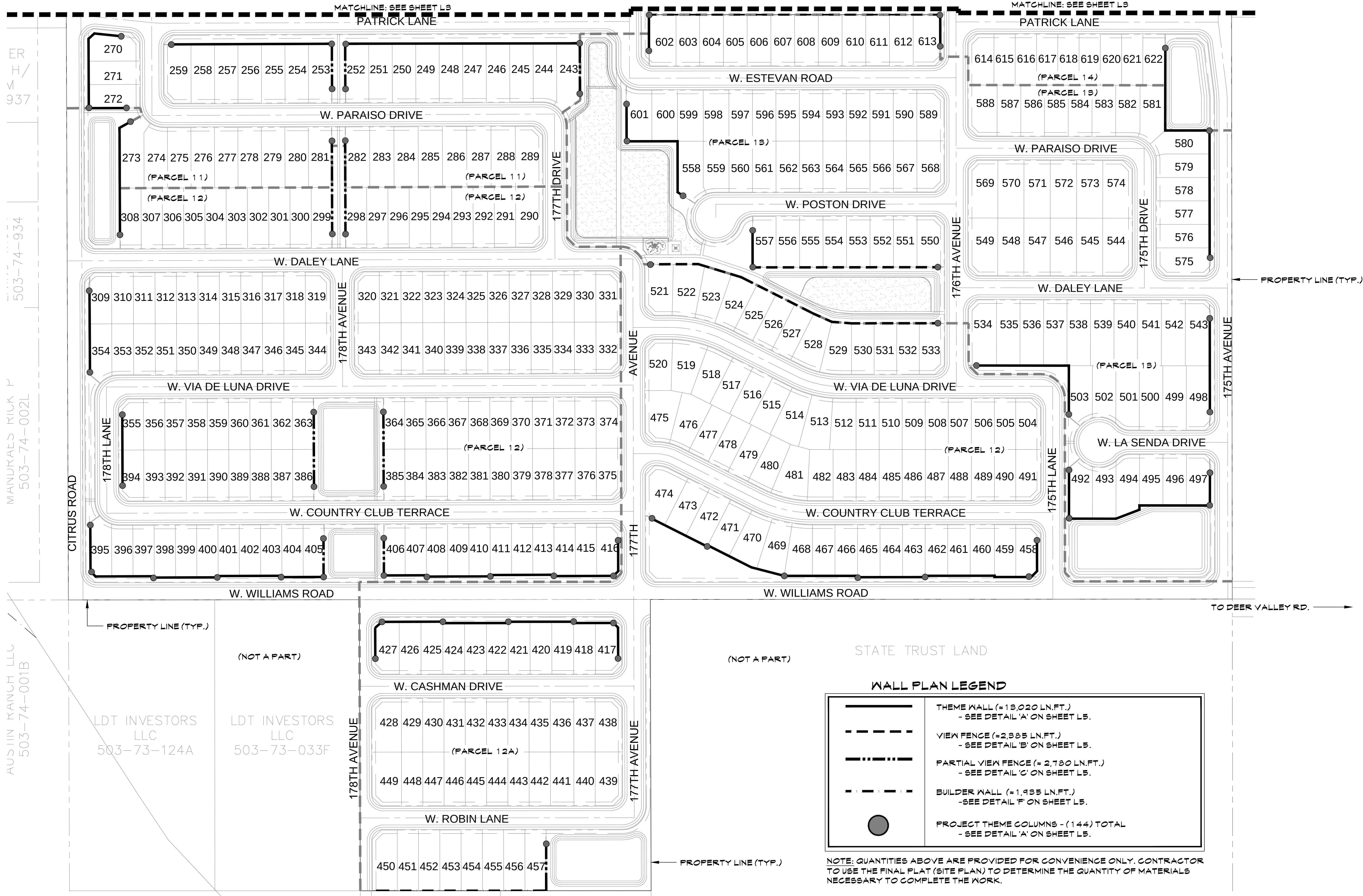


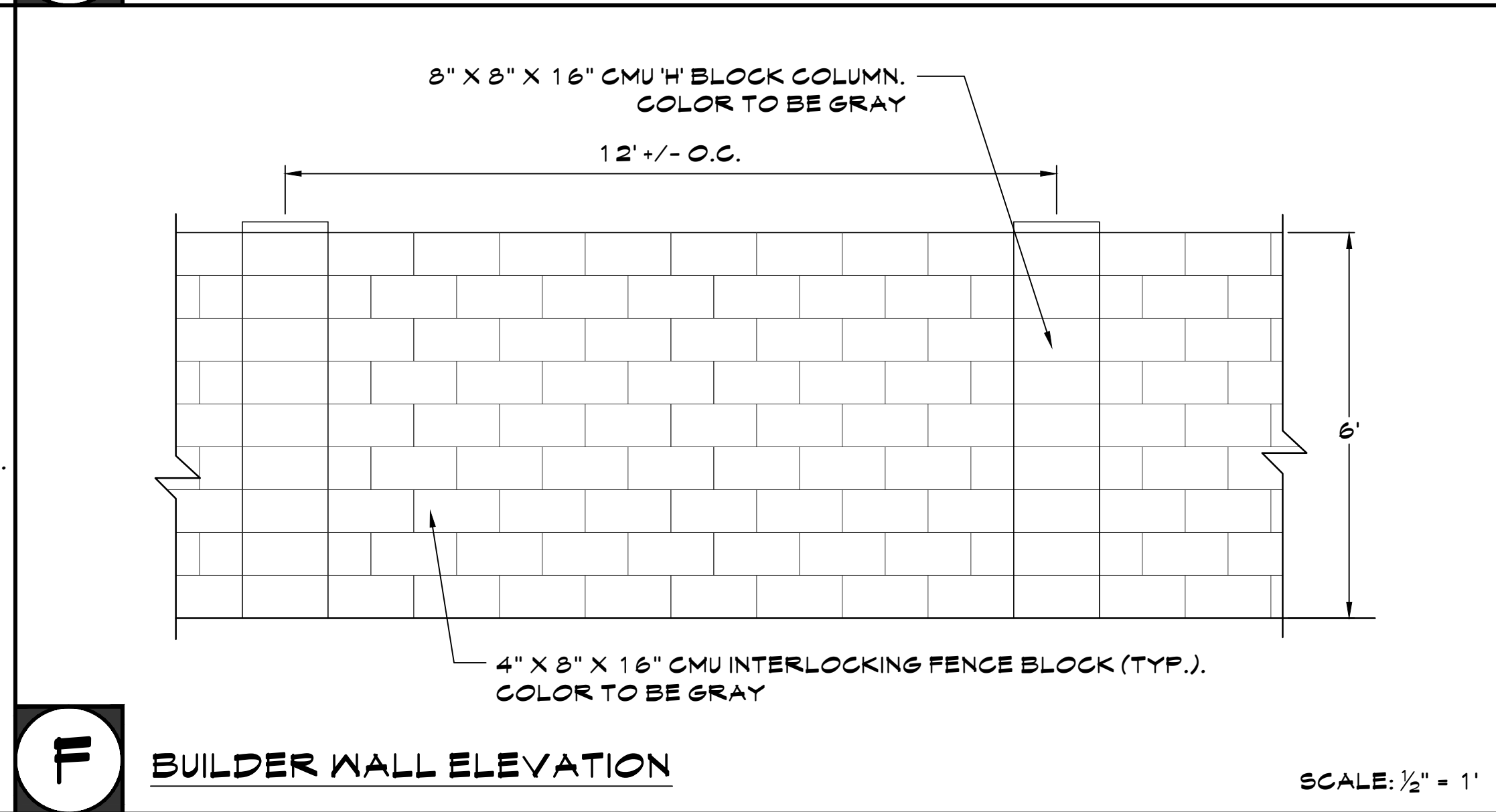
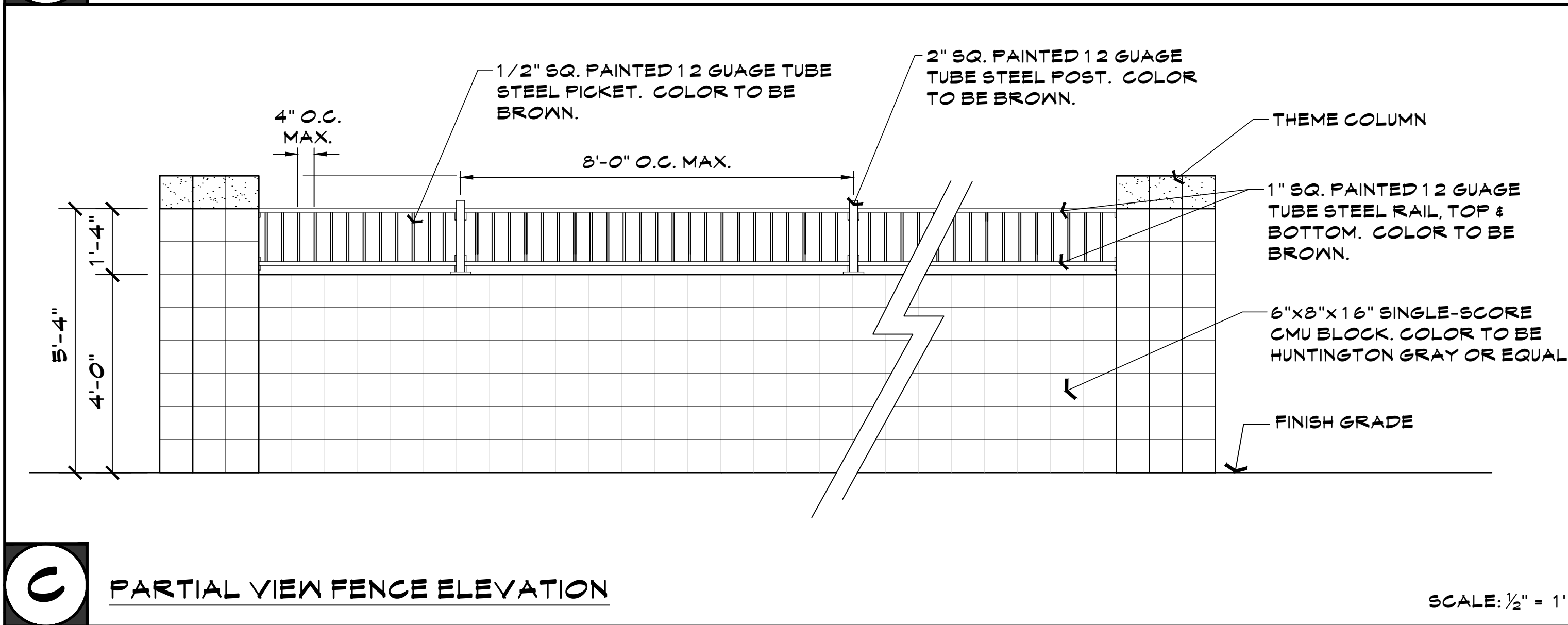
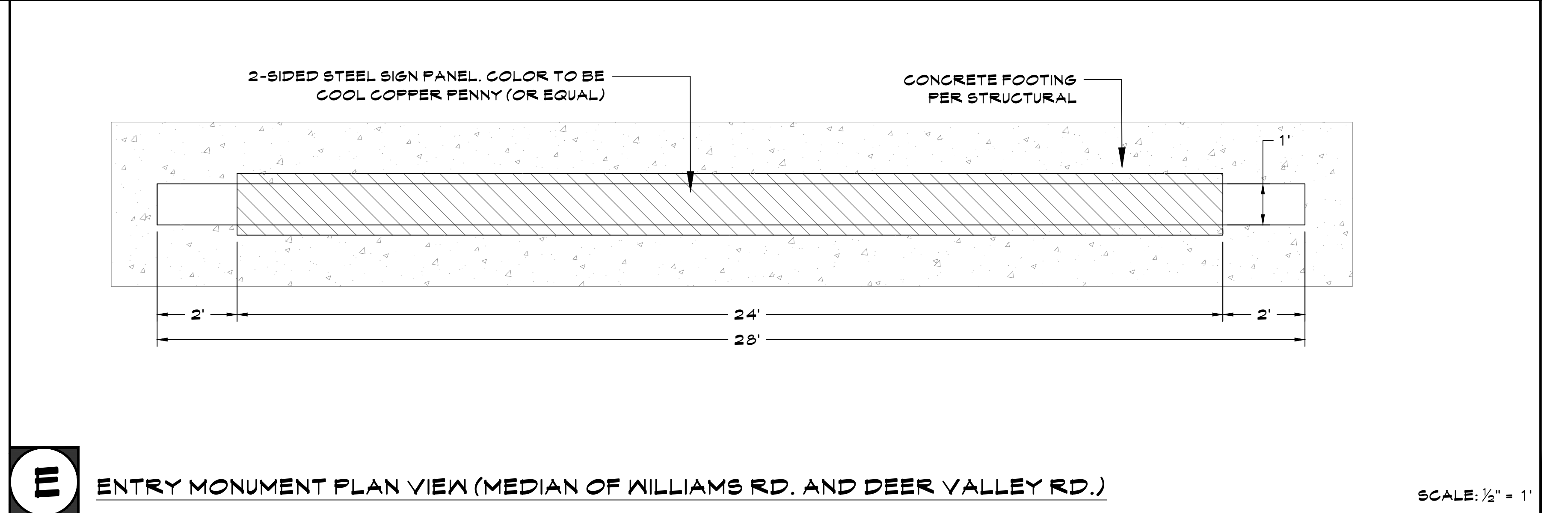
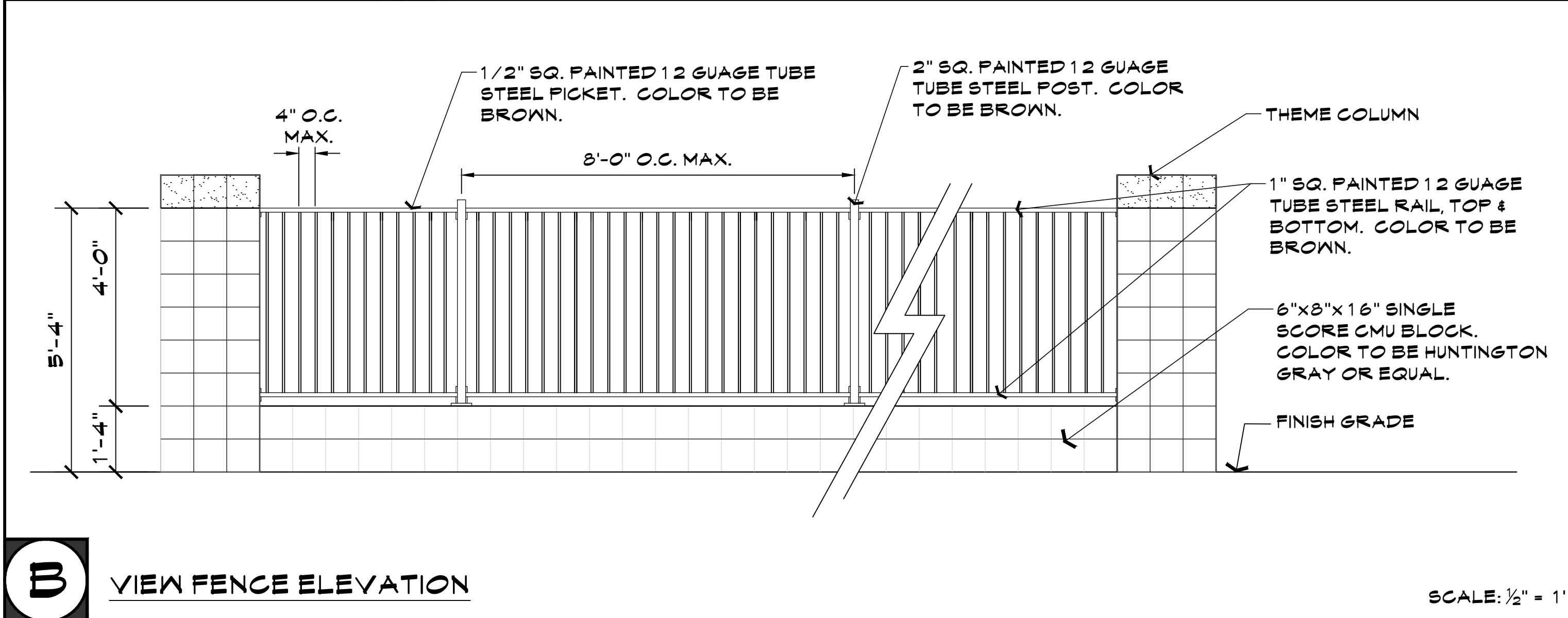
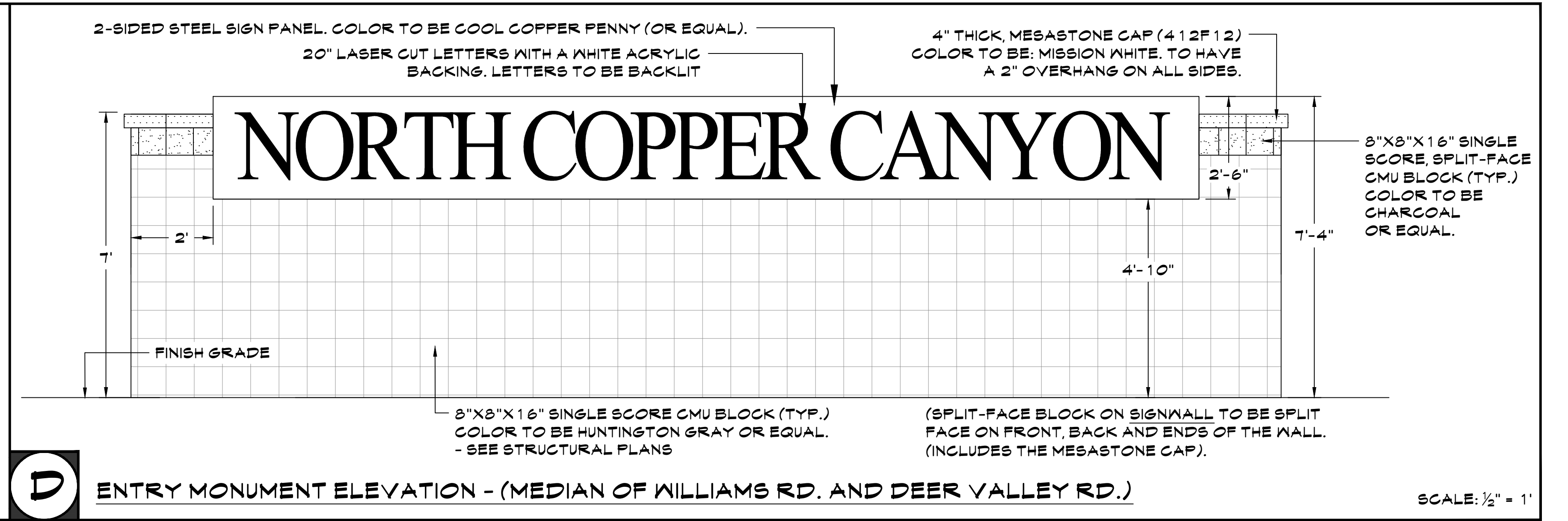
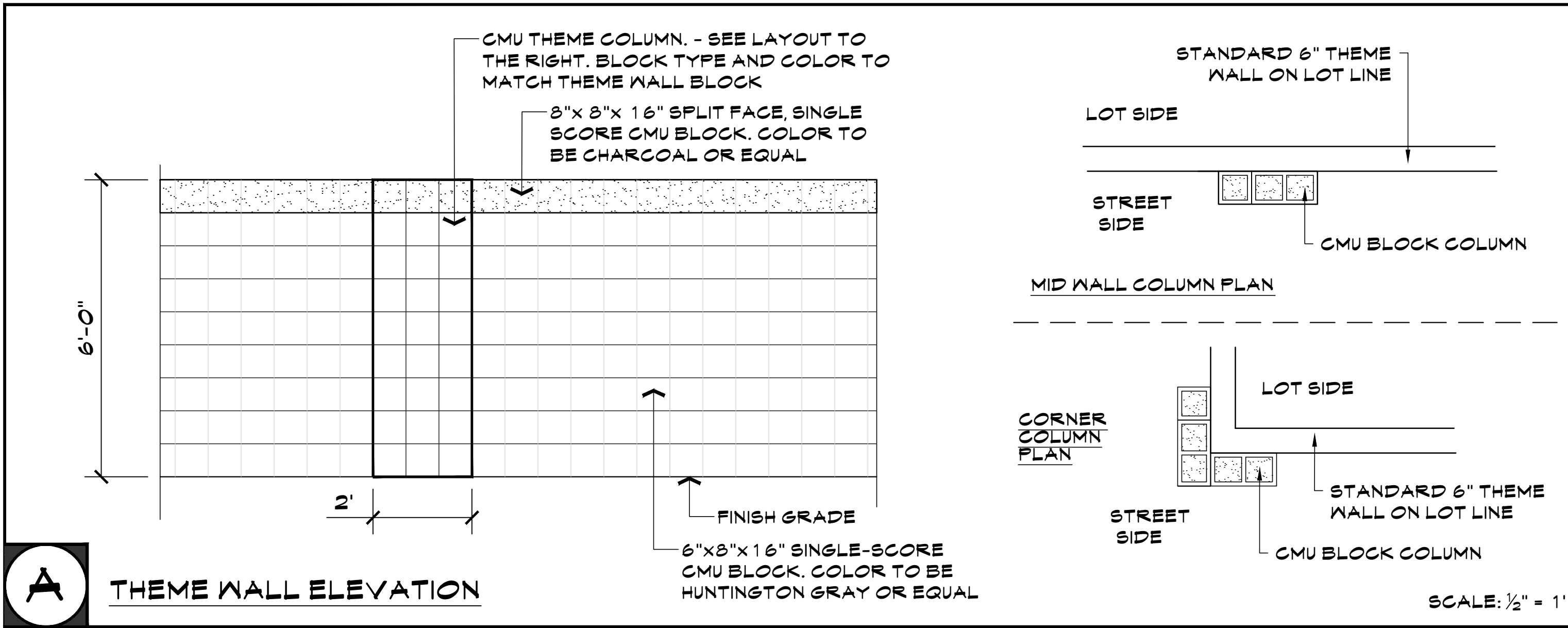
AUSTIN RANCH EAST PRELIMINARY WALL PLAN

SHEET L3

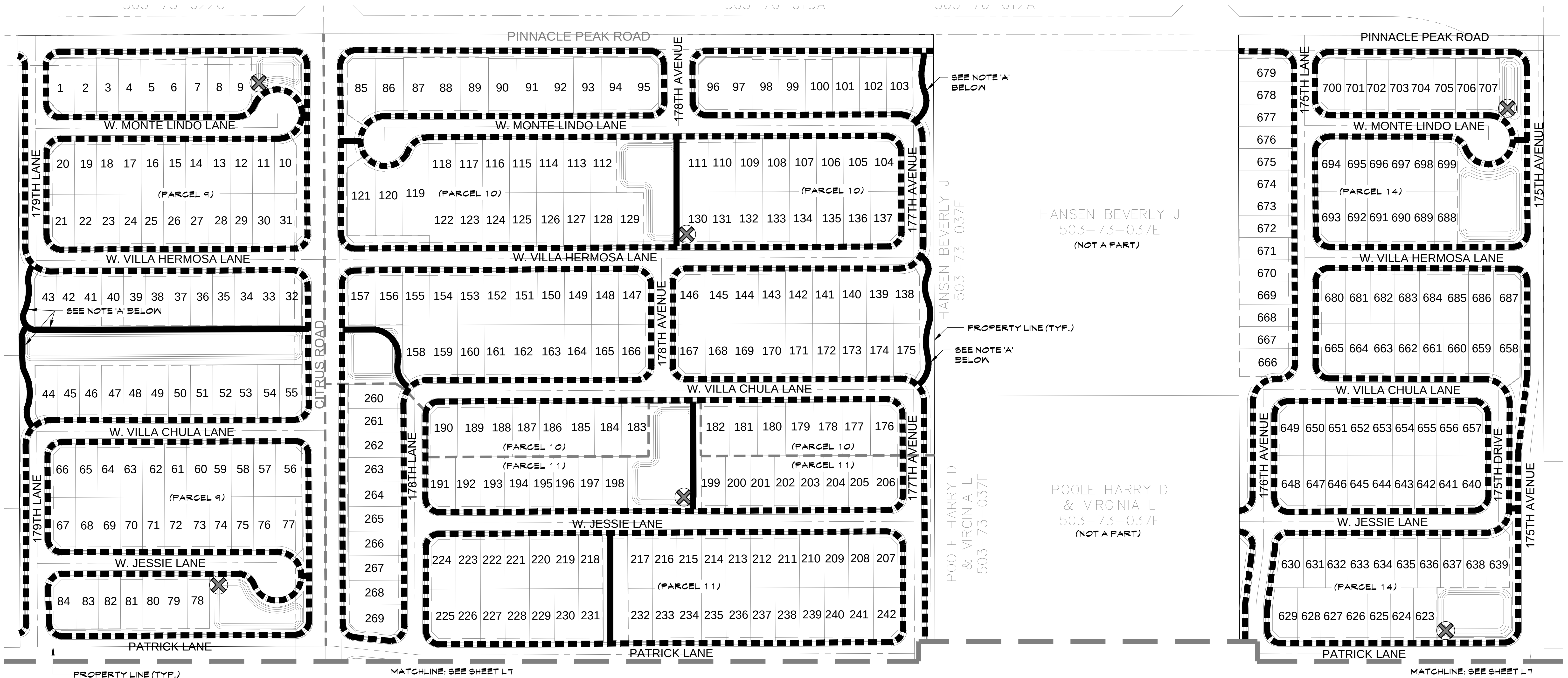
WEST OF WILLIAMS RD. & DEER VALLEY INTERSECTION - SURPRISE, AZ
OCTOBER 5, 2017







- SPECIAL NOTES (ALL DETAILS):**
1. ALL MATERIALS/SPECIFICATIONS ARE CONCEPTUAL. OWNER APPROVED ALTERNATES AND/OR SUBSTITUTIONS MAY BE USED.
 2. IN LIEU OF INTEGRALLY COLORED BLOCK, STANDARD CMU BLOCK THAT IS PAINTED AN APPROVED EQUIVALENT MAY BE USED.
 3. ALL STEEL/IRON TO BE PAINTED WITH EPOXY PRIMER AND THEN WITH URETHANE ELECTROSTATICALLY APPLIED. FINISH COAT AND COLOR TO MATCH SPECIFICATION.



PEDESTRIAN CIRCULATION LEGEND

	STREET FRONTAGE CONCRETE SIDEWALK
	INTERIOR LANDSCAPE TRACT CONCRETE SIDEWALK
	POINT OF INTEREST (SEE NOTE #1 ON PRELIM. LANDSCAPE PLANS).

NOTE 'A': INTERIOR LANDSCAPE TRACT CONCRETE SIDEWALKS THAT REFERENCE NOTE 'A' MAY BE IMPACTED BY DRAINAGE. ENGINEERING DEVELOPMENT STANDARDS WILL TAKE PRECEDENCE AT FINAL DESIGN.



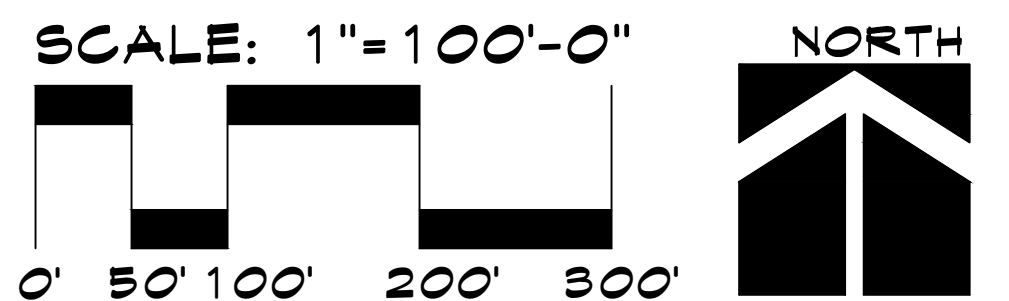
AUSTIN RANCH EAST

PEDESTRIAN CIRCULATION PLAN

SHEET L6

WEST OF WILLIAMS RD. & DEER VALLEY INTERSECTION - SURPRISE, AZ

OCTOBER 5, 2017



Quinn R. Kellis
Assistant Superintendent

15802 North Parkview Place
Surprise, Arizona 85374
Phone: 623-876-7013
Fax: 623-876-7042
quinn.kellis@dysart.org

www.dysart.org

December 18, 2013

Hans Koppenhoefer
Director of Land Operations
Courtland Homes, Inc.
4160 W. Kitty Hawk
Chandler, Arizona 85226

Re: Austin Ranch

Dear Mr. Maguire:

This letter will confirm that the Dysart Unified School District No. 89 of Maricopa County (the "District") has entered into an Agreement with Austin Ranch LLC (the "Developer"), effective December 4, 2007 (the "Agreement"), whereby the Developer has donated two parcels of land for school sites in the Austin Ranch development in Surprise, Arizona (the "Project"). The District does not object to the Austin Ranch Project.

You are hereby authorized to submit this letter to any governmental body with jurisdiction over the Project as proof that such an agreement has been entered into and that the District does not object to you proceeding with your Project.

Sincerely,



Dr. Quinn Kellis
Assistant Superintendent
Dysart Unified School District

Superintendent
Gail Pletnick, Ed.D.

Governing Board
Jerry Eynon
Traci Sawyer-Sinkbeil
Bonnie Schroader
Blossom Tande
Jennifer Tanner



**DEPARTMENT OF THE AIR FORCE
AIR EDUCATION AND TRAINING COMMAND**

9 May 2017

Mr. James R. Mitchell
Director, Community Initiatives Team
56th Fighter Wing
14185 West Falcon Street
Luke AFB AZ 85309-1629

Ms. Heather Donaldson
Planning Project Coordinator
City of Surprise Planning Department
16000 N. Civic Center Plaza
Surprise AZ 85374

Re: FS17-207; Austin Ranch East

Dear Ms. Donaldson

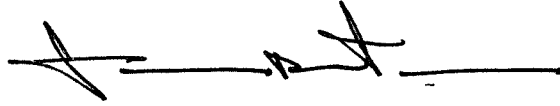
Thank you for the opportunity to comment on the Preliminary Plat Application for Austin Ranch East. The site is located on 169.3 acres at the northwest corner of Williams Road alignment and 175th Avenue and is part of the larger 850 acre Austin Ranch Development. The request is to develop this parcel into 707 residential dwelling units with a density of 4.18 du/acre. The site is located approximately 1.4 miles outside the Luke AFB Auxiliary Field #1 2004 65 Ldn, "high noise or accident potential zone" as defined by A.R.S. § 28-8461 and is inside the "territory in the vicinity of a military airport" also defined by A.R.S. § 28-8461.

In an effort to promote a more compatible co-existence Luke AFB follows the guidelines in the Graduated Density Concept (GDC). The GDC proposes, in the absence of a more restrictive state, county or municipal general or comprehensive plan, graduating densities away from the 65 Ldn as follows: a maximum of 2 du/acre from the 65 Ldn to 1/2 mile, a maximum of 4 du/acre from 1/2 to 1 mile, and a maximum of 6 du/acre from 1 to 3 miles. Austin Ranch East meets these guidelines.

As described in the preliminary plat narrative, this request will not negatively impact the flying operations at Luke AFB. Since Austin Ranch East will be located inside the "territory in the vicinity of a military airport," it will be in close proximity to the Luke AFB Auxiliary Field #1 and will be subjected to noise from approximately 13,000 flight operations per year, with some as low as 1,500 feet above ground level. We recommend you review the sound attenuation requirements found in A.R.S. § 28-8482. In addition, a strong notification program on the part of the applicant is essential to inform potential residents about Luke AFB operations.

If you have any questions, please contact my Community Planner, Ms. Barbara Plante at (623) 856-9981.

Sincerely

A handwritten signature in black ink, appearing to read 'James R. Mitchell', written over a horizontal line.

JAMES R. MITCHELL

cc:

Ms. Cindy L. Calderon, GS-13, General and Environmental Law Attorney, 56th Fighter Wing

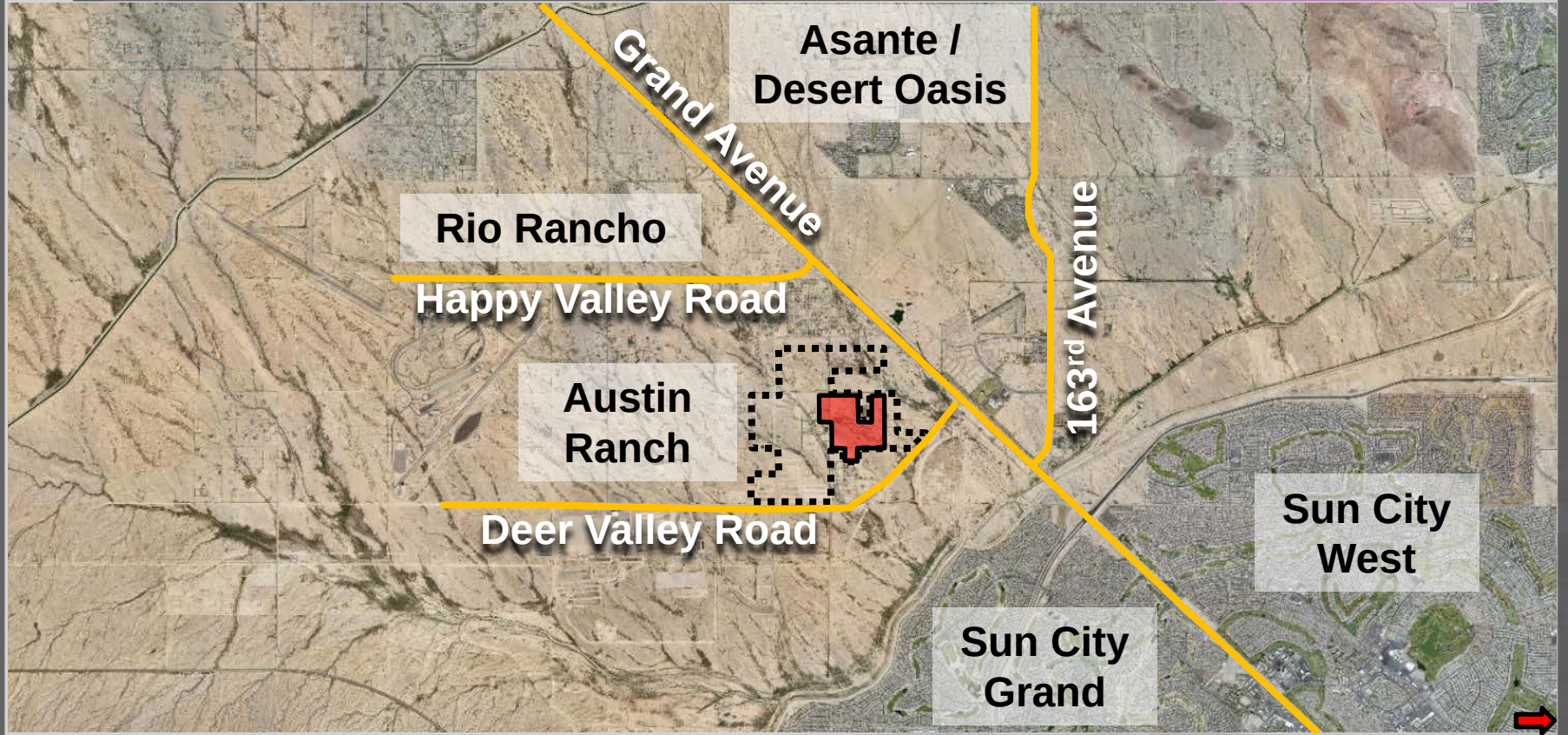


SURPRISE
ARIZONA

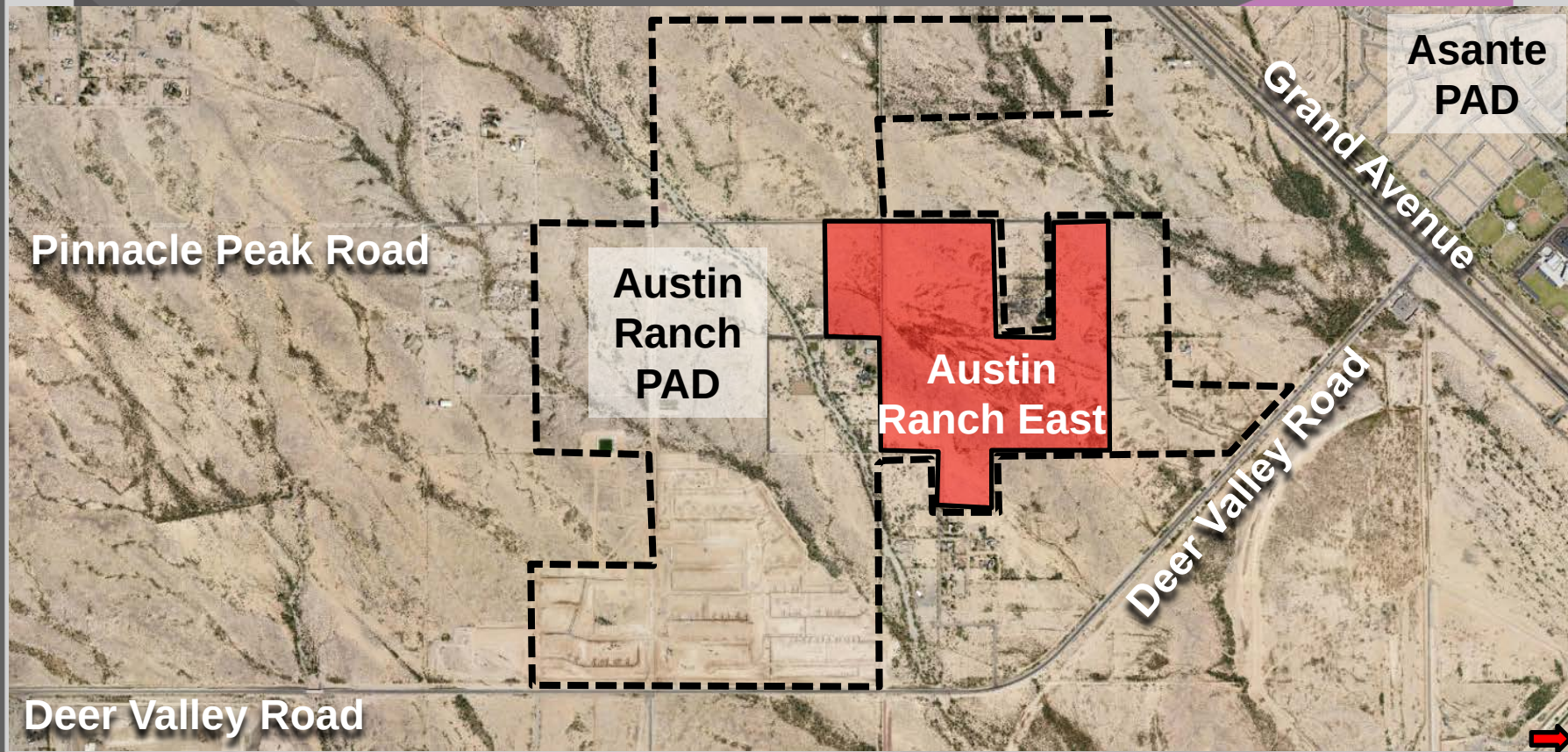
AUSTIN RANCH EAST PRELIMINARY PLAT

MAYOR AND CITY COUNCIL – FEBRUARY 6, 2018

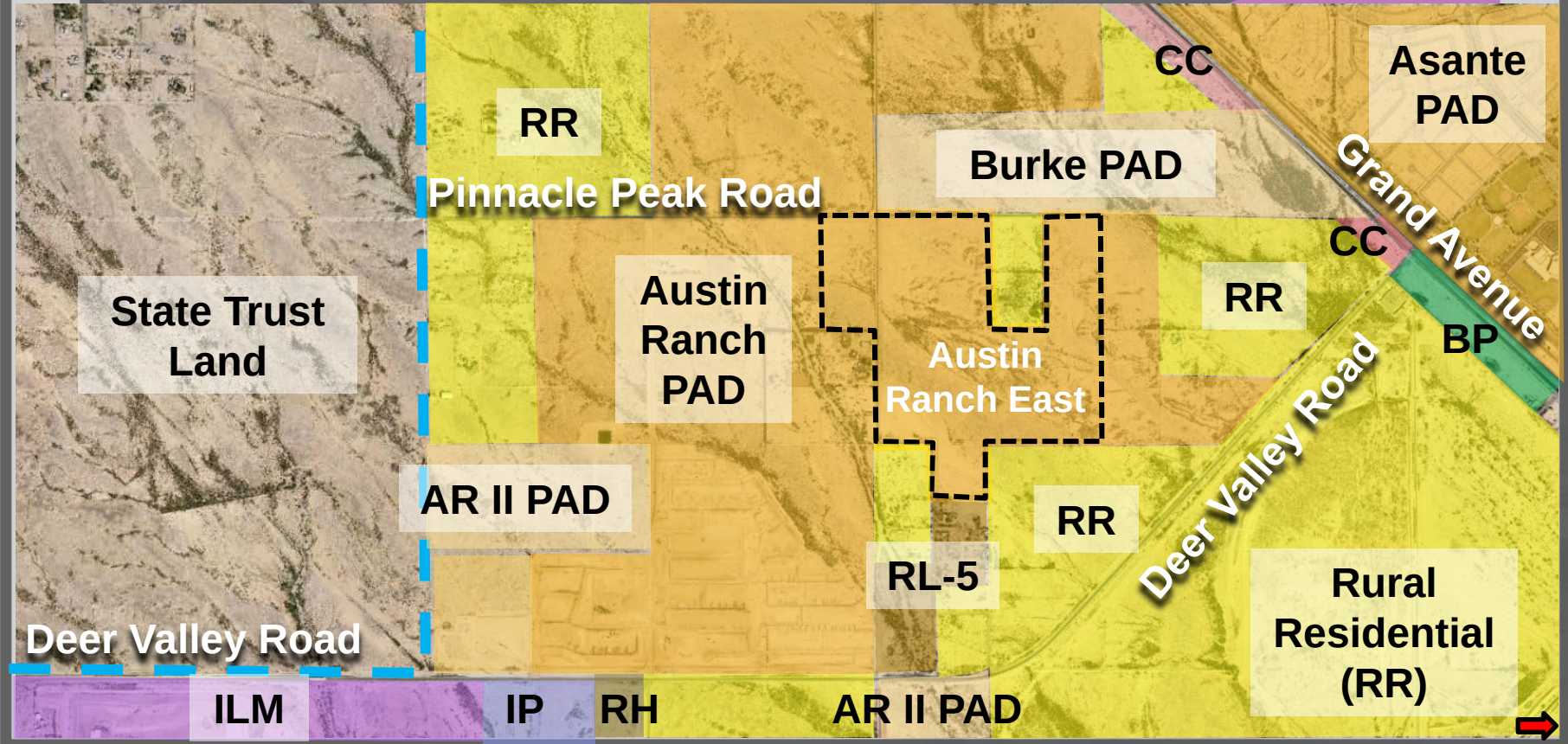
VICINITY MAP



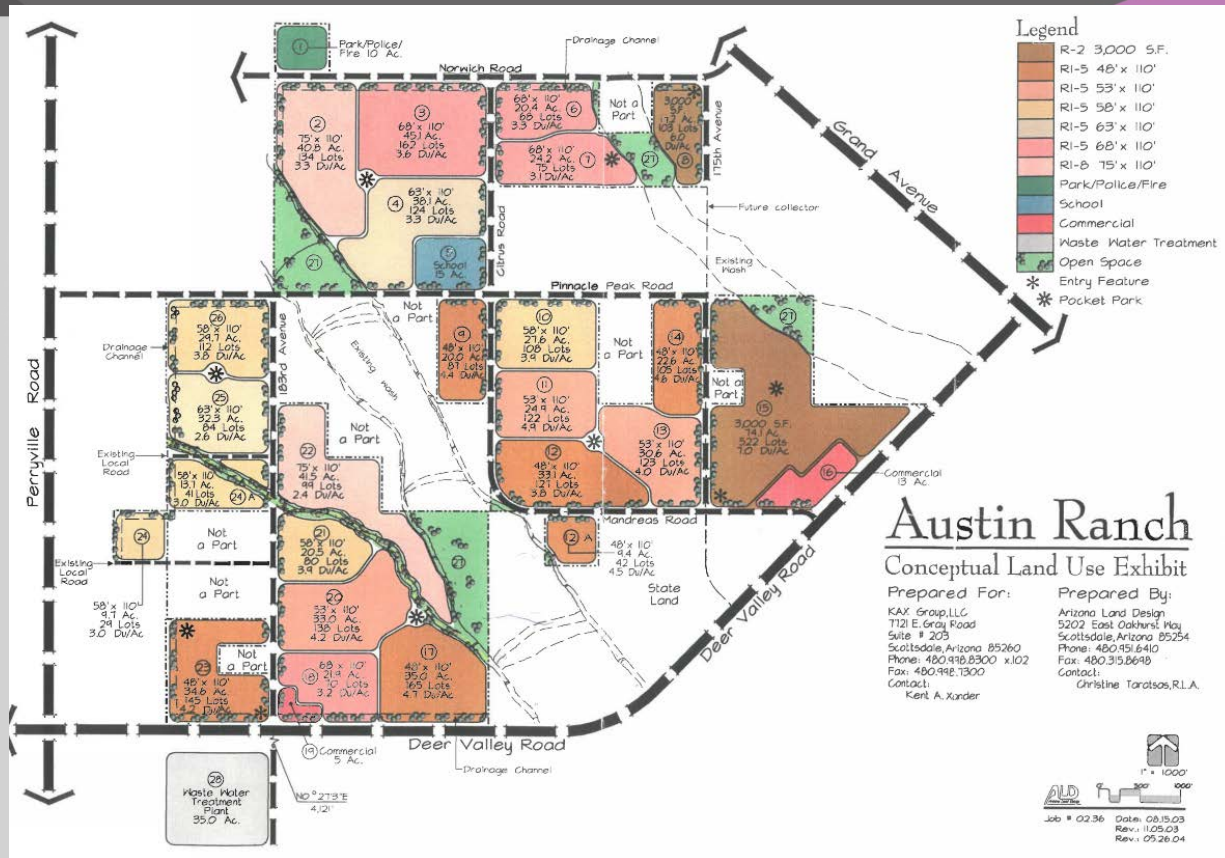
VICINITY MAP



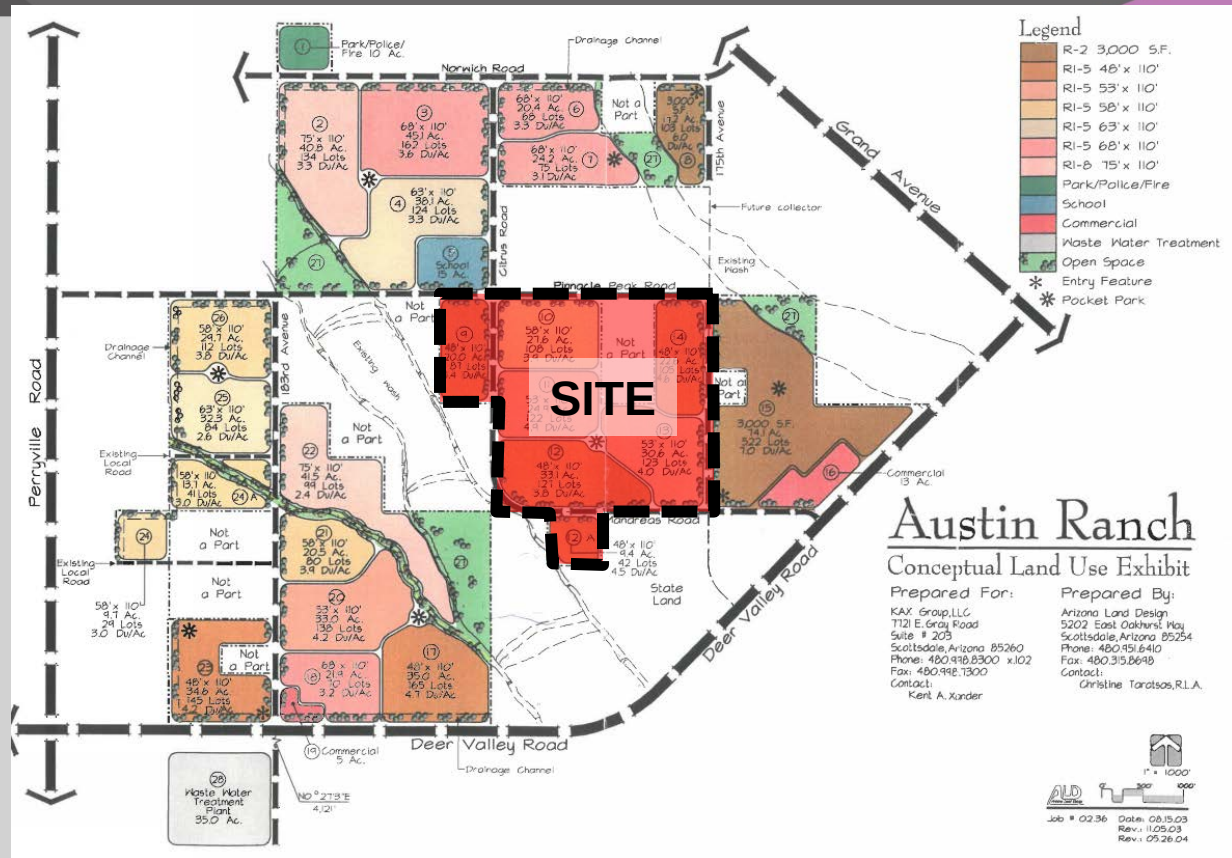
ZONING



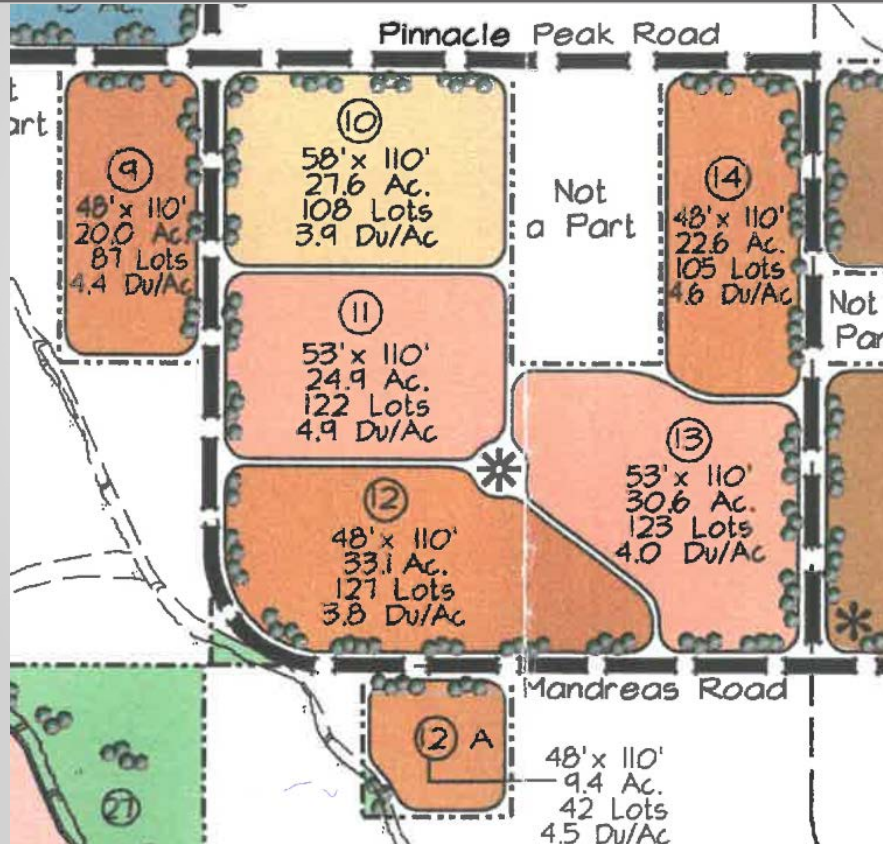
PAD LAND USE



PAD LAND USE



PAD LAND USE



PARCELS

ALL DEVELOPMENT PHASES DEPICTED ON THIS PRELIMINARY FLAT SHALL BE PROVIDED A MINIMUM OF (2) SEPARATE POINTS OF UNOBSTRUCTED ACCESS WITH A MINIMUM WIDTH OF TWENTY FEET, INSTALLED AND MAINTAINED PURSUANT TO THE REQUIREMENTS OF THE CITY OF SURPRISE.

FOR

TION OF THE NORTHEAST QUARTER OF SE

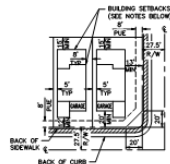
BEING A PORTION OF THE NORTHEAST QUARTER OF SECTION 15 AND
A PORTION OF THE WEST HALF OF SECTION 14, TOWNSHIP 4 NORTH,
RANGE 2 WEST OF THE GILA AND SALT RIVER MERIDIAN,
CITY OF SURPRISE, MARICOPA COUNTY, ARIZONA.

Y

NOTES:
PER THE P.A.D., PHASING WILL BE DETERMINED BY MARKET
CONDITIONS.

SIGHT DISTANCE REQUIREMENTS FOR ARTERIAL AND
COLLECTOR STREET INTERSECTIONS SHALL COMPLY WITH
ENGINEERING DEVELOPMENT STANDARD (EDS) DETAIL
4-01.

LOCAL STREET SIGHT VISIBILITY TRIANGLES SHALL
COMPLY WITH EDS DETAIL 4-02.



LEGAL DESCRIPTION
THAT PORTION OF THE WEST HALF OF SECTION 14 AND THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 4 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

[illegible]

OR. HEADQUARTERS
OF DEER VALLEY RD.
SECTION OF
D. ALIGNMENT

MICHAEL BAKER INTL., INC.
MICHAEL LOTENFPO, P.E.
2929 N CENTRAL AVE, SUITE 800
PHOENIX, ARIZONA 85012
PHONE (602) 279-1234
FAX (602) 726-1451

COURTLAND HOMES, INC.
HANS KOPPENHOEFER
4160 W KITTY HAWK
CHANDLER, ARIZONA 85226
PHONE (480) 493-7515
FAX (480) 885-1834

UTILITY COMPANIES	
ELECTRIC	APS
CABLE TV	COR COMMUNICATIONS
TELEPHONE	CENTURYLINK
WATER	BEARDSLEY WATER CO
SEWER	CITY OF SUBURSE

THE SOUTH LINE OF THE SOUTHWEST QUARTER
OF SECTION 15, TOWNSHIP 4 NORTH, RANGE 2
WEST, OF THE GILA AND SALT RIVER BASIN AREA,
MERIDIAN AS ON THE ALTA/ACSM LAND SURVEY
TITLE SURVEY, AS RECORDED IN BOOK 590 OF
MAPS AT PAGE 42, OF THE RECORDS OF
MARICOPA COUNTY, ARIZONA SAID BEARING
BEING: SOUTH 89°45'08" WEST.

AUSTIN RANCH EAST
PRELIMINARY PLAT
SCALE: 1" = 100'
SHEET: 1 OF 5

NOV/2017
JOB# 140804

Number of children	Percentage of families
0	10
100	85
200	15
300	45
400	25
500	15

Michael Baker
INTERNATIONAL

2009 NORTH CENTRAL AVENUE, SUITE 600
PHOENIX, ARIZONA 85028-2794 • 602.579.1800



LOT COUNT

AUSTIN RANCH PADS LOT MIX TABLE

	A 48'	B 53'	C 58'	D 63'	E 63'	F 63'	G 63'	MULTI- FAMILY/ MEDIUM DENSITY	TOTAL
EXISTING AUSTIN RANCH WEST	285	126	343	176	130	111	27	0	1198
PROPOSED AUSTIN RANCH EAST	410	190	107	0	0	0	0	0	707
PROPOSED AUSTIN RANCH NORTH	0	0	0	124	305	134	0	103	666
PROPOSED AUSTIN RANCH SOUTH MEDIUM DENSITY	0	0	0	0	0	0	0	484	484
AUSTIN RANCH EAST MULTI-FAMILY	0	0	0	0	0	0	0	522	522
TOTAL UNITS	695	316	450	300	435	245	27	1109	3577
MAXIMUM UNIT %	30.0%	30.0%	30.0%	30.0%	25.0% MAXIMUM			NA	NA
ACTUAL UNIT %	28.16%	12.80%	18.23%	12.16%	17.63%	9.93%	1.09%	100%	NA



LOT COUNT

AUSTIN RANCH PADS LOT MIX TABLE

	A 48'	B 53'	C 58'	D 63'	E 63'	F 63'	G 63'	MULTI- FAMILY/ MEDIUM DENSITY	TOTAL
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TOTAL UNITS	695	316	450	300	435	245	27	1109	3577
MAXIMUM UNIT %	30.0%	30.0%	30.0%	30.0%	25.0% MAXIMUM			NA	NA
ACTUAL UNIT %	28.16%	12.80%	18.23%	12.16%	17.63%	9.93%	1.09%	100%	NA



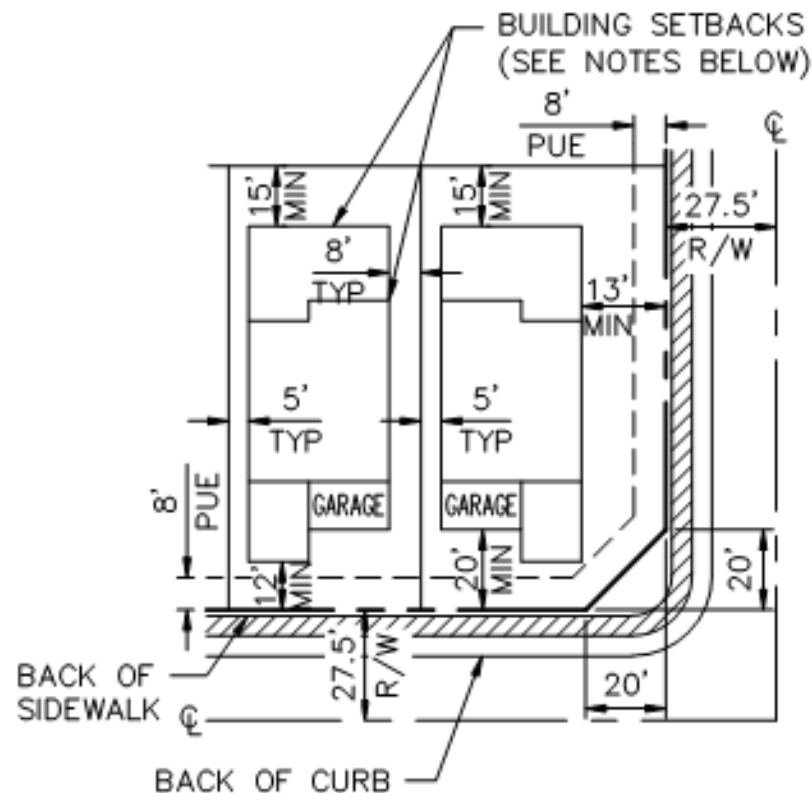
DEVELOPMENT STANDARDS

AUSTIN RANCH DEVELOPMENT STANDARDS TABLE

PARCEL	9, 12, 12A AND 14	11 AND 13	10
DESCRIPTION	SFR CATEGORY A	SFR CATEGORY A	SFR CATEGORY A
MIN AREA	5,280 SF	5,830 SF	6,380 SF
MAX HOUSE WIDTH	35'	40'	45'
MIN WIDTH	48'	53'	58'
MIN DEPTH	110'	110'	110'
FRONT	*12' FOR LIVING SPACE OR SIDE LOADED GARAGE, 20' FOR FRONT LOADED GARAGE		
SIDE	5'/8'	5'/8'	5'/8'
STREET SIDE	13' **	13' **	13' **
REAR	15' *	15' *	15' *
REAR ADJACEMENT TO ARTERIAL STREET	20'	20'	20'
DISTANCE BETWEEN HOUSE	10'	10'	10'
BLDG HEIGHT	30'	30'	30'

* FIREPLACES, BAY WINDOWS, POP-OUTS, OR PATIO COVERS MAY ENCROACH 10' INTO REAR SETBACK.

** SETBACK INCLUDES ADJACENT LANDSCAPE TRACT.



BUILDING SETBACK
DTS

FRONT-GARAGE 20'
FRONT-HOME 12'
REAR 15'
SIDE 5' OR
SIDE STREET 13' MIN

BUILDING SETBACKS
(SEE NOTES BELOW)

LEGAL DESCRIPTION

THAT PORTION OF THE WEST HALF OF SECTION 14 AND THE NORTHEAST QUARTER OF THE 01A AND SALT RIVER BASIN AND MEDIAN, MARICOPA COUNTY, ARIZONA, N

BEING AT THE NORTHWEST CORNER OF SAID SECTION 14; THENCE S89°55'45"E, OF SECTION 14, A DISTANCE OF 1318.24 FEET; THENCE DEPARTING SAID NORTH LINE S89°55'45"E, A DISTANCE OF 657.33 FEET; THENCE N00°04'16"E, A DISTANCE OF 13 QUARTER OF SAID SECTION 14; THENCE S89°55'45"E, ALONG SAID NORTH LINE, A DIS CORNER OF SAID SECTION 14; THENCE S00°04'16"E, ALONG THE NORTH-SOUTH MID- 2637.41 FEET TO THE CENTER OF SAID SECTION 14; THENCE S89°57'25"W, A DISTAN MID-SECTION LINE OF SAID SECTION 14; THENCE S89°57'25"W, A DISTANCE OF 657. FEET; THENCE N00°04'16"E, A DISTANCE OF 657.07 FEET TO A POINT ON THE EAST THENCE S89°57'25"W, ALONG SAID MID-SECTION LINE, A DISTANCE OF 656.52 FEET THENCE N00°12'54"W, ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID S89°46'57"W, A DISTANCE OF 606.06 FEET; THENCE N00°12'54"W, A DISTANCE OF 12 NORTHEAST QUARTER OF SECTION 15; THENCE N89°40'54"E, ALONG SAID NORTH LINE CORNER OF SAID SECTION 15 AND THE POINT OF BEGINNING.

CONTAINING 169.3388 ACRES.

BENCHMARK

CHISELED SQUARE ON NIN COR. HEADWALL
APPROX 20' NORTH OF E.P. OF DEER VALLEY RD.
APPROX EAST WEST OF INTERSECTION OF
DEER VALLEY AND COUNTRY RD. ALIGNMENT
IN 17°45'15"E
N 112°38'35"E
ELEVATION 1575.06 (NAVD83)
CITY OF SUPRISE DATA (MAY 06)

ENGINEER

MICHAEL BAKER INT'L., INC.
MICHAEL LOTENFELT, P.E.
2030 N CENTRAL AVE., SUITE 800
PHOENIX, ARIZONA 85012
PHONE (602) 278-1254
FAX (602) 278-1411

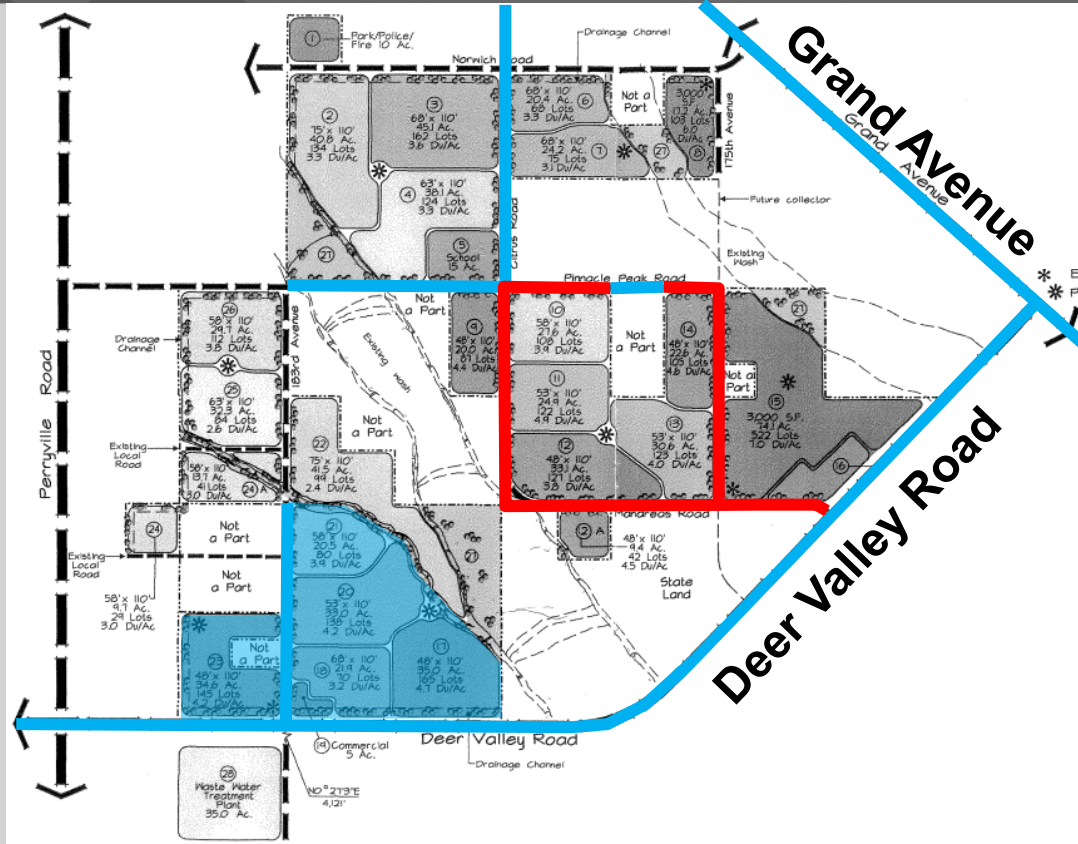
PADS LOT MIX TABLE

	C	D	E	F	G	63'	MULTI-FAMILY/ MEDIAN DENSITY	TOTAL
16	343	176	130	111	27	0	0	1198
0	107	0	0	0	0	0	0	707
2	0	124	305	134	0	0	103	866
3	0	0	0	0	0	0	484	484
3	0	0	0	0	0	0	822	822
16	450	300	435	245	27	1109	3577	
0%	30.0%	30.0%	25.0%	MAXIMUM	NA	NA		

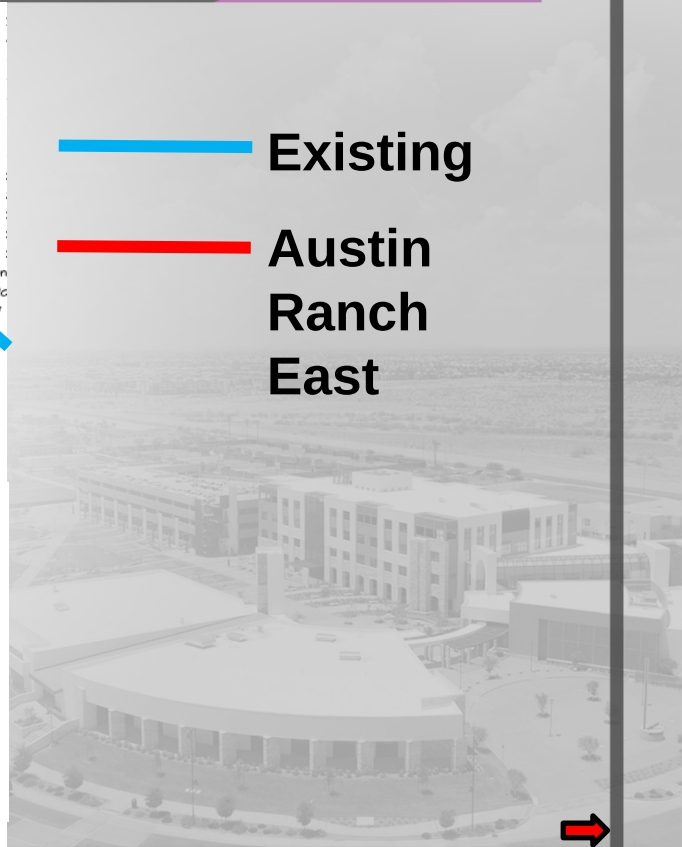
Austin Ranch East

Deer Valley Road

TRAFFIC CIRCULATION



- Existing
- Austin Ranch East



LANDSCAPE



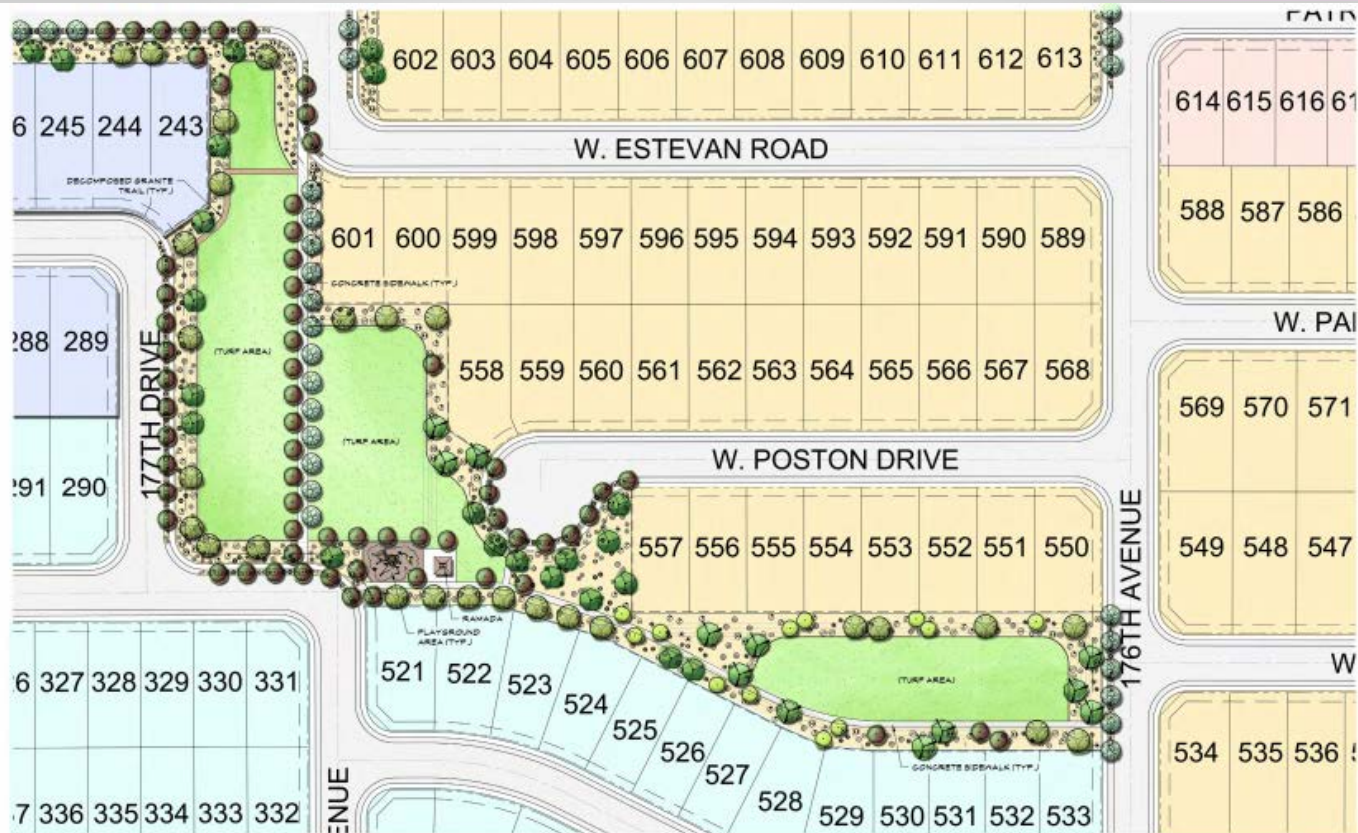
LANDSCAPE



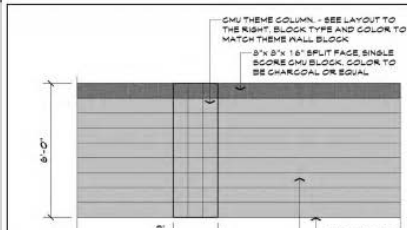
**10.89 Percent
Open Space**



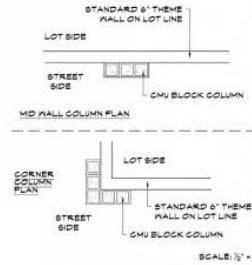
CENTRALIZED PARK



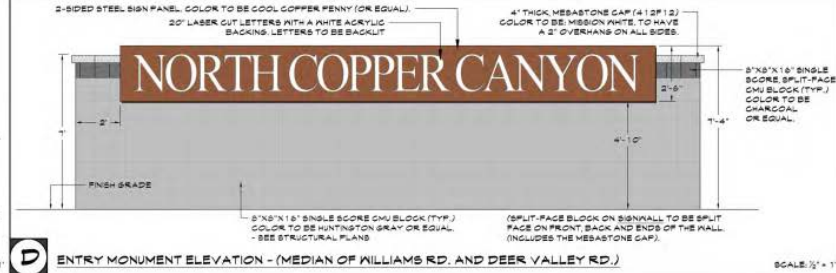
WALLS



A Theme Wall

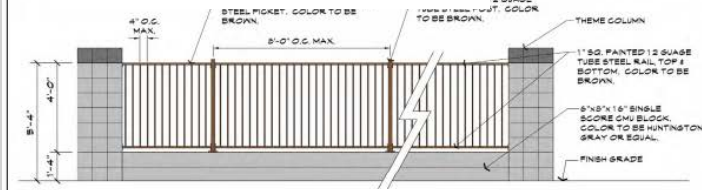


SCALE: 1/2" = 1'



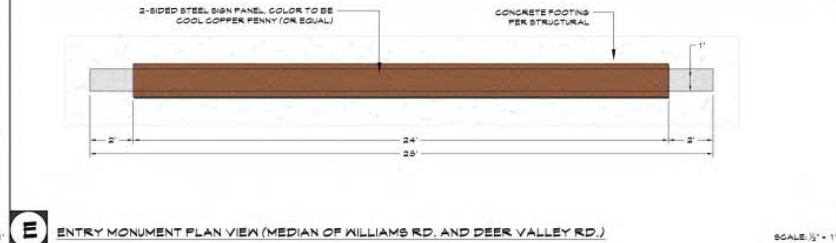
D ENTRY MONUMENT ELEVATION - (MEDIAN OF WILLIAMS RD. AND DEER VALLEY RD.)

SCALE: 1/2" = 1'



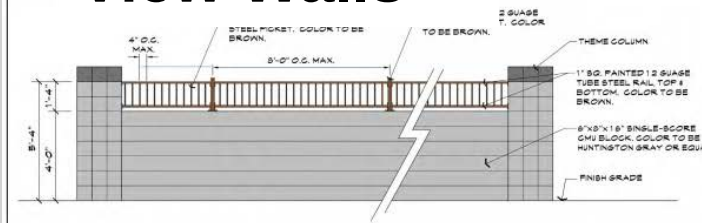
B View Walls

SCALE: 1/2" = 1'



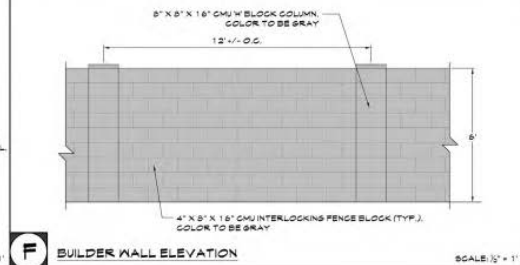
E ENTRY MONUMENT PLAN VIEW (MEDIAN OF WILLIAMS RD. AND DEER VALLEY RD.)

SCALE: 1/2" = 1'



C PARTIAL VIEW FENCE ELEVATION

SCALE: 1/2" = 1'



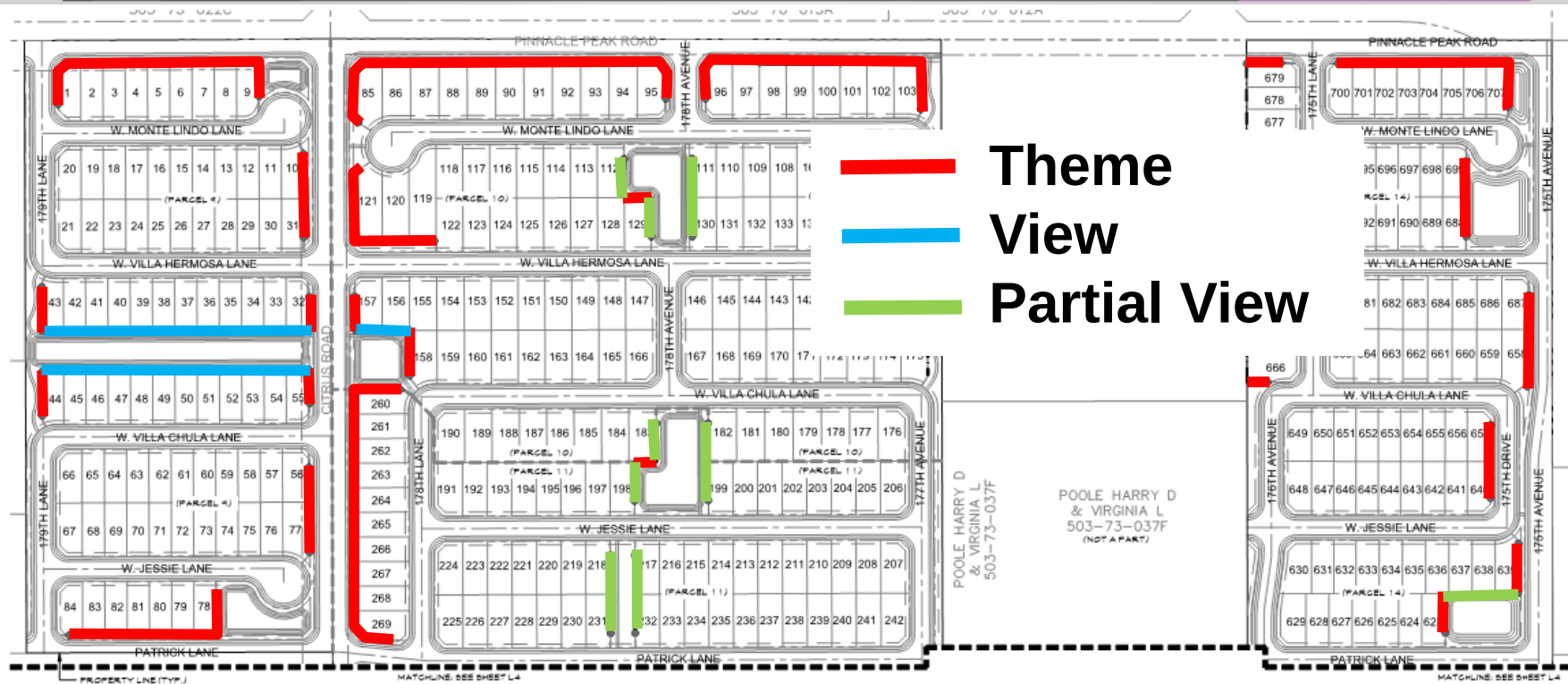
F BUILDER WALL ELEVATION

SCALE: 1/2" = 1'

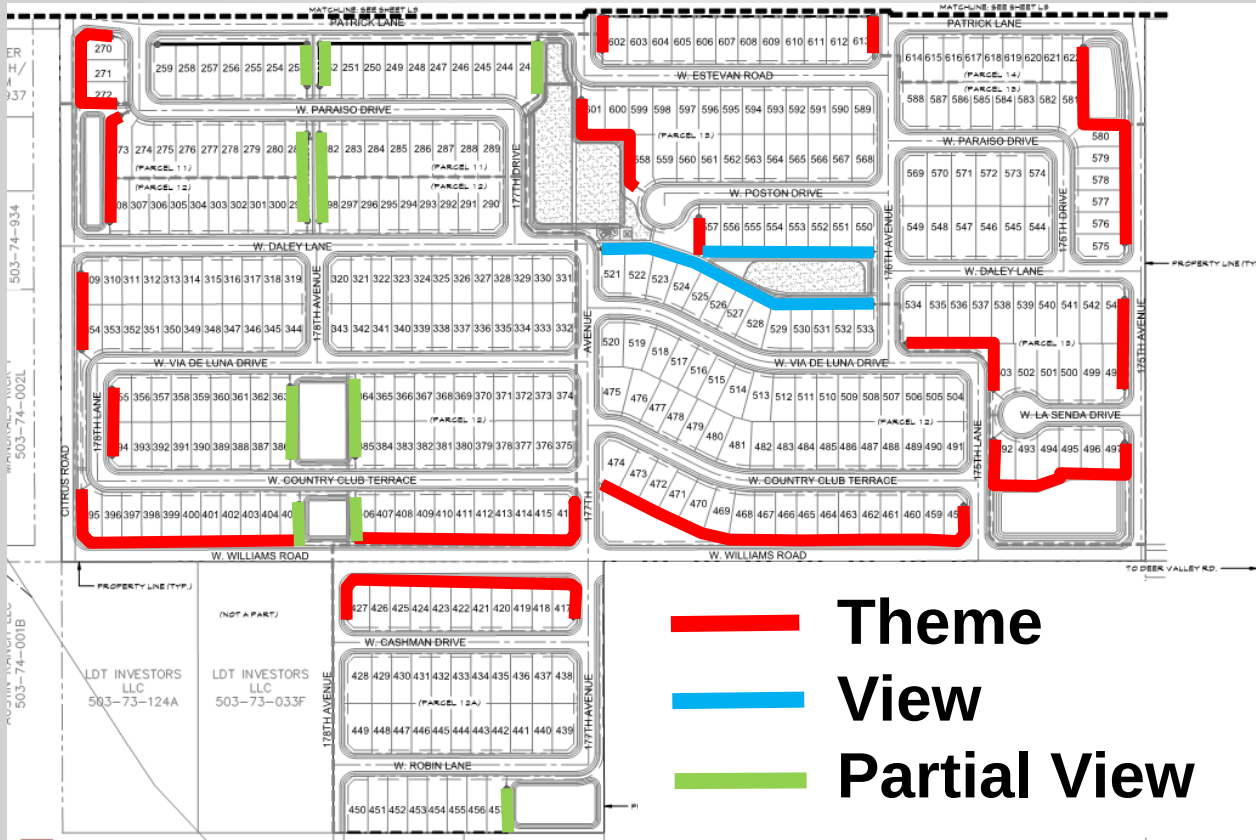
- SPECIAL NOTES (ALL DETAILS):**
1. ALL MATERIALS/SPECIFICATIONS ARE CONCEPTUAL. OWNER APPROVED ALTERNATES AND/OR SUBSTITUTIONS MAY BE USED.
 2. IN LIEU OF INTRINSICALLY COLORED BLOCK, STANDARD CMU BLOCK THAT IS PAINTED AN APPROVED EQUIVALENT MAY BE USED.
 3. ALL STEEL/IRON TO BE PAINTED WITH EPOXY PRIMER AND THEN WITH URETHANE ELECTROSTATICALLY APPLIED. FINISH COAT AND COLOR TO MATCH SPECIFICATION.



WALL PLAN



WALL PLAN



Contents

- ❖ [Vicinity Map](#)
- ❖ [Zoning Map](#)
- ❖ [Current PAD](#)
- ❖ [Preliminary Plat](#)
- ❖ [Parcels / Phasing](#)
- ❖ [Lot Count](#)
- ❖ [Development Standards](#)
- ❖ [Traffic Circulation](#)
- ❖ [Landscape Plans](#)
- ❖ [Wall Plans](#)



SURPRISE

ARIZONA

**QUESTIONS OR
COMMENTS?**

Thank You



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

+ Back Print

Council Meeting Date:	February 6, 2018	Contact Person:	Hobart Wingard - Community Development
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	Regular	Public Hearing	x	Report/Discussion
---------	---------	----------------	---	-------------------

Agenda Wording:

Consideration and action pertaining to an amendment to the Surprise Citywide Comprehensive Fee Schedule regarding locating Wireless Facilities in the ROW; Resolution # 2018-14.

Motion:

I move to approve Resolution # 2018-14.

Background:

HB 2365 requires municipalities to allow what are known as “Small Wireless Facilities” (SWFs) or “small cells” to be installed within the public ROWs and easements. The Arizona Legislature adopted House Bill 2365 during the 2017 legislative session mandating maximum fees for wireless facilities in ROWs.

Objective Analysis:

Due to recent regulations from State lawmakers, revisions to the City of Surprise Comprehensive Fee Schedule are necessary to ensure compatibility with maximum fees mandated by the Arizona Legislature during the 2017 legislative session.

Policy Compliant:

Surprise General Plan 2035: The Land Use element of the General Plan 2035 recognizes the significance of properly designed wireless facilities for community design and economic development. The proposed modifications to the code will be in compliance with the General Plan. Federal Law: Section 6409 (the “Spectrum Act”) of the Middle Class Tax Relief and Job Creation Act of 2012, and implementing regulations adopted by the Federal Communications Commission (“FCC”), mandate that states and local governments approve certain wireless broadband facility siting requests for modifications and collocations of wireless transmission equipment on existing towers or base stations that do not result in a substantial change to the physical dimensions of the tower or base station. The proposed modifications to the code will be in compliance with the Spectrum Act. Arizona State Law: HB 2365 establishes a statewide policy surrounding the deployment of small wireless facilities – more commonly known as “small cells” – that will enhance the existing 4G LTE network, accelerate investment in mobile

broadband infrastructure, and ready the State of Arizona for the next wave of economic development in the digital economy via 5G technology. The proposed modifications to the code will be in compliance with HB 2365.

Financial Impact:

The addition of the Wireless Facilities fees will potentially increase revenue for the City of Surprise.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

Click to download

- ☐ [00-FS17-483-Wireless Facilities in Rights-of-Way-Staff Report](#)
 - ☐ [01-FS17-483 Wireless Facilities in ROW-Resolution 2018-14](#)
 - ☐ [02-FS-17-483 Wireless Facilities in Right-of-Way Presentation](#)
-



SMALL WIRELESS FACILITIES IN ROW

REPORT TO THE MAYOR AND CITY COUNCIL

Case: FS17-483

Project Name: Fees for Wireless Facilities in Public Rights-Of-Way (ROW)

Council District: Citywide

Meeting Date: February 6, 2018

Planner: Hobart Wingard, 623-222-3156, hobart.wingard@surpriseaz.gov

Owner: City of Surprise

Applicant: City of Surprise

Request: Discussion and action regarding fees for locating Wireless Facilities within public ROWs.

General Plan Conformance: The proposal is consistent with the Surprise General Plan

DESCRIPTION:

The Arizona Legislature adopted House Bill (“HB”) 2365 during the 2017 legislative session. See Laws 2017, Chapter 124. HB 2365 added new Article 8 to Arizona Revised Statutes (“ARS”) Title 9 entitled “Use of Public Highways by Wireless Providers.” The new statutes are ARS Sections 9-591 through 9-598.

HB 2365 requires municipalities to allow what are known as “small wireless facilities” (SWFs) or “small cells” to be installed within the public right-of-way and easements. Small cells are different from typical wireless facilities. As the name implies, they are much smaller and cover limited areas. Small cells are low-powered wireless base stations that typically provide coverage for targeted indoor and outdoor areas of varying sizes (e.g., homes, office buildings, shopping malls, and stadiums). Small wireless facilities allow wireless service providers to add capacity to their networks by providing improved access for cell phone coverage and high-speed wireless data services not being served by traditional cell sites.

Small cells typically are attached to vertical structures within the right-of-way, such as light poles, utility poles, and traffic signal poles, to form a network. HB 2365 allows wireless providers to construct, install, modify, mount, maintain, operate, and replace utility poles associated with the collocation of small cells and to do the same for monopoles that are associated with the collocation of all wireless facilities, not just small cells.

HB 2365 also imposes a cap on fees for Wireless Facilities located within the ROW. Staff is proposing ROW encroachment fees and application fees for small wireless facilities and wireless facilities on or in monopoles in the ROW. The fee schedule for SWFs in the ROW will be consistent with the statutorily-authorized application fees relating to small wireless facilities and wireless facilities on or in monopoles in the right-of-way. These fees will be applicable to wireless providers as defined by A.R.S. § 9-591(24). The proposed fees are summarized as follows:

	Current Amount	Proposed Amount	
Annual Use Fees (1)			
• ROW Use Fee	\$ None	\$ 50	Per year x number of SWFs
• ROW Use Fee for Monopoles and associated wireless facilities	\$ None	\$ 100	Per year x number of SWFs
Application for collocating SWFs (Existing with no modifications) (2)			
• One (1) to five (5) applications	\$ None	\$ 100	Each
• Six (6) through 25 applications	\$ None	\$ 50	Each
Application for utility pole and monopole (New or existing with modifications)			
• New, replacement, or modified utility poles not subject to zoning review (3)	\$ None	\$ 400	Each
• New, replacement, or modified monopoles, utility poles, collocations, or wireless facilities subject to zoning review (4)	\$ None	\$ 400	Each

(1) ARS statute maximum of \$50 (Direct and actual cost to manage ROW)

(2) ARS statute maximum of \$100 (1 to 5) and \$50 (6 to 25)

(3) ARS statute maximum of \$1,000

(4) ARS statute maximum of \$1,500

TIMELINE:

December 5, 2017: Discussion with Mayor and City Council during workshop on implementing HB 2365 and the fees required for Wireless Facilities in the ROW.

December 19, 2017: Discussion with Mayor and City Council during workshop on HB 2365, technical information about the SWF technology, the Zoning Text Amendment, and the Master License Agreement.

December 21, 2017: Presentation with public hearing to the Planning and Zoning Commission regarding the Zoning Text Amendment for Wireless Facilities followed by written recommendation to the City Council.

January 16, 2018: Discussion with the Mayor and City Council and action on the Zoning Text Amendment, Master License Agreement, and Terms and Conditions for small wireless facilities.

February 6, 2018: Discussion and action on the fee schedule for wireless facilities in the ROW to be enacted as an emergency measure due to the statutory deadline imposed by HB 2365.

February 9, 2018: The new statute becomes effective.

February 15, 2018: The Zoning Text Amendment becomes effective.

CONFORMANCE WITH ADOPTED REGULATIONS:

Surprise General Plan 2035: The Land Use element of the General Plan 2035 recognizes the significance of properly designed wireless facilities for community design and economic development. The proposed modifications to the code will be in compliance with the General Plan.

Federal Law: Section 6409 (the “Spectrum Act”) of the Middle Class Tax Relief and Job Creation Act of 2012 , and implementing regulations adopted by the Federal Communications Commission (“FCC”), mandate that states and local governments approve certain wireless broadband facility siting requests for modifications and collocations of wireless transmission equipment on existing towers or base stations that do not result in a substantial change to the physical dimensions of the tower or base station. The proposed modifications to the code will be in compliance with the Spectrum Act.

Arizona State Law: HB 2365 establishes a statewide policy surrounding the deployment of small wireless facilities – more commonly known as “small cells” – that will enhance the existing 4G LTE network, accelerate investment in mobile broadband infrastructure, and ready the State of Arizona for the next wave of economic development in the digital economy via 5G technology. The proposed modifications to the code will be in compliance with HB 2365.

SUMMARY:

The proposed fee schedule for wireless facilities in the ROW will provide opportunity for the city to expand wireless services to the residents and businesses that are located within the city while conforming to federal and state law.

Attachments:

- 01 – Resolution
- 02 - PowerPoint

RESOLUTION # 2018-14

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, ADOPTING FEES FOR WIRELESS FACILITIES LOCATED WITHIN RIGHTS-OF-WAY AND AMENDING THE COMPREHENSIVE CITYWIDE FEE SCHEDULE.

WHEREAS, it is necessary that the City of Surprise establish Right-Of-Way Encroachment fees related to Wireless Facilities;

WHEREAS, the Arizona Legislature adopted House Bill 2365 during the 2017 legislative session to, among other things, limit the maximum fees that may be imposed by municipalities for the installation of Wireless Facilities by wireless providers in public rights-of-way;

WHEREAS, the City has statutory responsibility to assess these fees and notice has been provided consistent with state law;

WHEREAS, the establishment of the fees related to providing these services allow the affected department to recover operational and supply costs;

WHEREAS, the citywide comprehensive fee schedule was adopted by Council on August 15, 2017 via Resolution # 2017-92; and

WHEREAS, the City of Surprise desires to update the comprehensive citywide fee schedule to include these proposed fees.

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

Section 1. The Right-of-Way Encroachment Fees for Wireless Facilities are approved and established as identified in Exhibit A.

Section 2. The fees set forth on Exhibit A shall be effective on February 9, 2018 and continue until such time as they are amended, terminated, or replaced.

APPROVED AND ADOPTED this ____ day of _____, 2018.

Sharon R. Wolcott, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2018-14
Exhibit A

Fees	Current Amount	Proposed Amount	Measurement
Annual Use Fees			
• Right-Of-Way Use Fee	\$ None	\$ 50	Per year x number of Small Wireless Facilities
• Right-Of-Way Use Fee for Monopoles and associated wireless facilities	\$ None	\$ 100	Per year x number of Small Wireless Facilities
Application for collocating Small Wireless Facilities (Existing with no modifications)			
• One (1) to five (5) applications	\$ None	\$ 100	Each
• Six (6) through 25 applications	\$ None	\$ 50	Each
Application for utility pole and monopole (New or existing with modifications)			
• New, replacement, or modified utility poles not subject to zoning review	\$ None	\$ 400	Each
• New, replacement, or modified monopoles, utility poles, collocations, or wireless facilities subject to zoning review	\$ None	\$ 400	Each



SURPRISE
ARIZONA

WIRELESS FACILITIES FEES

MAYOR AND CITY COUNCIL – FEBRUARY 6, 2018

BACKGROUND

2004 – City Adopts First Wireless Ordinance

2015 – Revision to Accommodate Spectrum Act

2017 – House Bill 2365 Adopted





HB 2365

- Allows Wireless Providers to Install and Operate Wireless Facilities in City Rights-Of-Way (ROW)
- **Sets Maximum Fees for Wireless Facilities in ROW**
- Provides Application Process for Said Facilities
- Requires Establishment of Terms and Conditions for Wireless Providers



WIRELESS FACILITIES IN ROW

	Current Amount	Proposed Amount	
Annual Use Fees (1)			
• ROW Use Fee	\$ None	\$ 50	Per year x number of SWFs
• ROW Use Fee for Monopoles and associated wireless facilities	\$ None	\$ 100	Per year x number of SWFs
Application for collocating SWFs (Existing with no modifications) (2)			
• One (1) to five (5) applications	\$ None	\$ 100	Each
• Six (6) through 25 applications	\$ None	\$ 50	Each
Application for utility pole and monopole (New or existing with modifications)			
• New, replacement, or modified utility poles not subject to zoning review (3)	\$ None	\$ 400	Each
• New, replacement, or modified monopoles, utility poles, collocations, or wireless facilities subject to zoning review (4)	\$ None	\$ 400	Each

WIRELESS FACILITIES IN ROW

	Current Amount	Proposed Amount	
Annual Use Fees (1)			
• ROW Use Fee	\$ None	\$ 50	Per year x number of SWFs
• ROW Use Fee for Monopoles and associated wireless facilities	\$ None	\$ 100	Per year x number of SWFs
Application for collocating SWFs (Existing with no modifications) (2)			
• One (1) to five (5) applications	\$ None	\$ 100	Each
• Six (6) through 25 applications	\$ None	\$ 50	Each
Application for utility pole and monopole (New or existing with modifications)			
• New, replacement, or modified utility poles not subject to zoning review (3)	\$ None	\$ 400	Each
• New, replacement, or modified monopoles, utility poles, collocations, or wireless facilities subject to zoning review (4)	\$ None	\$ 400	Each

WIRELESS FACILITIES IN ROW

	Current Amount	Proposed Amount	
Annual Use Fees (1)			
• ROW Use Fee	\$ None	\$ 50	Per year x number of SWFs
• ROW Use Fee for Monopoles and associated wireless facilities	\$ None	\$ 100	Per year x number of SWFs
Application for collocating SWFs (Existing with no modifications) (2)			
• One (1) to five (5) applications	\$ None	\$ 100	Each
• Six (6) through 25 applications	\$ None	\$ 50	Each
Application for utility pole and monopole (New or existing with modifications)			
• New, replacement, or modified utility poles not subject to zoning review (3)	\$ None	\$ 400	Each
• New, replacement, or modified monopoles, utility poles, collocations, or wireless facilities subject to zoning review (4)	\$ None	\$ 400	Each



SURPRISE

ARIZONA

**QUESTIONS OR
COMMENTS?**

Thank You



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

[Back](#) [Print](#)

Council Meeting Date:	February 6, 2018	Contact Person:	Robert Kuhfuss - Community Development
Submitting Department:		District:	Citywide
Staff Recommendations:	Approve		

Consent	Regular	Public Hearing	x	Report/Discussion
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Agenda Wording:

Consideration and action pertaining to approval of a Text Amendment to Chapter 113 of the Surprise Municipal Code regarding Signs; Ordinance # 2018-04.

Motion:

I move to approve the Ordinance # 2018-04, repealing and adopting Chapter 113 of the Surprise Municipal Code as recommended by the Planning and Zoning Commission on January 18, 2018.

Background:

The Surprise Community Development Department seeks an amendment to Chapter 113 of the Surprise Municipal Code regarding signs. This effort is associated with the larger zoning code update, which is in progress; however, with the U.S. Supreme Court decision regarding Reed v. Town of Gilbert, staff wishes to move forward with the sign code update in order to ensure the city's compliance with the 1st Amendment and applicable case law. Staff's vision was to create a sign ordinance that is clear and concise, based on empirical research, provides the appropriate level of business advertising, maintains a high aesthetic standard, is compliant with applicable law, and expresses the identity of the City of Surprise. To these ends, staff compiled a stakeholder list and conducted several outreach meetings. Considerable input was received from the various stakeholders, much of which was incorporated into the Version 3 draft language. Staff presented the Version 3 draft to the Commission on January 18, 2018. This draft included refinements to the language based on the Commission's input and included two alternatives for each the small and large A-frame issues. The Commission heard testimony from the public and voted separately to: Approve Exhibit B with respect to small A-Frame signs and to incorporate a 500 foot limit; and approve Exhibit C with respect to large A-Frame signs as written; to incorporate certain corrections related to typographical errors; to incorporate certain revisions as they relate to the sign area, height, and sign face of billboards along the Loop 303 Corridor; and to recommend approval of Version 3 with the changes as noted above. This effort resulted in the attached Exhibit A, which encapsulates the recommendation of the Commission.

Objective Analysis:

While the Reed case dealt largely with temporary signs in the public right-of-way, the U.S. Supreme

Court's ruling on Reed raised the issue of “content-neutrality”. Staff has endeavored to create a content-neutral sign code, while balancing business needs and aesthetics by regulating time, place, and manner aspects of signs.

Policy Compliant:

The City's goal is to balance business needs with aesthetics, while meeting the requirements of law. The draft Sign Code update meets these objectives. The city's goal is also to provide ample opportunities for public input. To that end, staff engaged the public and presented to the Planning Commission on several occasions, which resulted in the draft language as presented.

Financial Impact:

All activity related to ongoing development of the City of Surprise has an economic and fiscal impact on the city and the region.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

Click to download

- ☐ [00 - FS15-311 Staff Report](#)
 - ☐ [01-Exhibit A-Sign COde update as Recommended as P&Z](#)
 - ☐ [02-Exhibit B-Sign Code Update recommended with staff updates](#)
 - ☐ [03-Exhibit C-Sign Code as recommended with Class V and VI Monument Signs](#)
 - ☐ [04 Sign Code Written Comments as of July 12, 2017 pt1](#)
 - ☐ [04 Sign Code Written Comments as of July 12, 2017 pt2](#)
 - ☐ [05 Sign Code Written Comments July 13 2017 through September 19, 2017](#)
 - ☐ [06 Sign Code Written Comments September 20, 2017 through January 22, 2018](#)
 - ☐ [Ordinance 2018-04](#)
-



TEXT AMENDMENT

REPORT TO THE CITY COUNCIL

Case: FS15-311

Project Name: Sign Code Update

Council District: All

Meeting Date: February 6, 2018

Planner: Robert H. Kuhfuss, AICP

Applicant: City of Surprise

Request: Text Amendment to Chapter 113 of the Surprise Municipal Code regarding Signs

Location: City Wide

Support/Opposition: Staff has received several items of input

Commission Recommendation: The Planning and Zoning Commission recommended **approval** of the proposed Sign Code as per attached Exhibit A.

43 **PROJECT DESCRIPTION:**

44
45 The Surprise Community Development Department seeks an amendment to Chapter 113 of the
46 Surprise Municipal Code regarding signs. This effort is associated with the larger zoning code
47 update, which is in progress; however, with the recent U.S. Supreme Court decision regarding
48 Reed v. Town of Gilbert, staff wishes to move forward with the sign code update in order to
49 ensure the city's compliance with the 1st Amendment and applicable case law.
50

51 **BACKGROUND:**

52
53 **April 16, 2015:** Staff introduced the sign code re-write in a general manner to the Planning and
54 Zoning Commission as a discussion item.
55

56 **April 21, 2015:** Staff introduced the sign code re-write in a general manner to the City Council
57 as a discussion item.
58

59 **May 2015:** U.S. Supreme Court ruling on Reed v. Gilbert.
60

61 **September 1, 2015:** Staff presented an update to the City Council regarding the Reed case.
62

63 **February 2017:** Draft sign code released to the public for review and comment.
64

65 **March 7, 2017:** Staff presented an update to the City Council as a general discussion item.
66

67 **March 8, 2017 through March 29, 2017:** Staff held a series of citizen outreach meetings to
68 discuss the draft sign code.
69

70 **April 20, 2017:** Staff presented the 1st draft language to the Planning and Zoning Commission.
71

72 **July 6, 2017:** Focused discussion with Planning and Zoning Commission regarding Methods of
73 Measurement, Wall Signs and Freestanding Signs.
74

75 **July 20, 2017:** Focused discussion with Planning and Zoning Commission regarding Billboards,
76 Freeway Signs, and Electronic Messaging.
77

78 **August 3, 2017:** Focused discussion with Planning and Zoning Commission regarding
79 Temporary Signs.
80

81 **August 31, 2017:** Staff attended a webinar summarizing relevant events that have occurred
82 since the Supreme Court's ruling on Reed v. Gilbert.
83

84 **September 5, 2017:** The City Council approved a new city-wide Temporary Sign Policy under
85 Resolution 2017-98.

September 7, 2017: This date was initially slated for a summary of revisions and open discussion with the Planning and Zoning Commission; however, emerging case law post-Reed requires staff to step back in order to ensure the draft code is in concert with that emerging case law. As a result, the discussion originally intended for this date has been postponed to a date to be determined.

October 5, 2017: Staff presented an interim report to the Commission. Topics covered included a newly adopted Temporary Sign Policy, a proposed Model Home Complex Sign Policy, Residential Subdivision Signs, Methods of Measurement, Building Wall Signs, Class I and Class II Monument Signs, Class V and Class VI Monument Signs, Billboards, and Freeway Monument Signs.

January 4, 2018: The Commission reviewed the revisions proposed as of January 4, 2018, and asked for further clarification and revisions.

January 16, 2018: The City Council reviewed the revisions proposed as of January 4, 2017.

January 18, 2018: The Commission recommended approval of the proposed Sign Code as per attached Exhibit A.

OUTREACH:

Staff compiled a list of potential interested parties, which includes 140 individual names as of the writing of this report. Staff also conducted four (4) outreach meetings during the month of March, 2017. Individuals were notified of the outreach meetings and were provided a link to the 1st draft of the proposed sign code. Attendance at the outreach meetings was varied; however, considerable feedback was received both verbally and written.

In addition, representatives from the International Sign Association (ISA) and Daktronics provided a demonstration on Electronic Messaging Centers (EMCs) the evening of March 14, 2017. Staff also met with members of the ISA and the Arizona Sign Association (ASA) on several occasions. These efforts resulted in additional feedback regarding the proposed code.

Staff also met separately with representatives of WeMAR as well as the Home Builder's Association of Central Arizona (HBACA). Since the August 3, 2017 Commission meeting, staff received copious emails from members of the real estate industry expressing concerns over temporary signage relating to open houses. WeMAR issued three (3) letters expressing their concerns and comments.

In addition, staff met the Surprise Regional Chamber of Commerce in an effort to better engage the business community, and presented to the Surprise Regional Chamber of Commerce on July 27, 2017 on the subject of the Surprise Sign Code Update.

Staff also met with representatives from two separate billboard companies who expressed an interest in seeing permissive language relating to billboards in the draft code. Proposed language was provided to these individuals for review and comment. One individual expressed a desire to allow billboards along the western leg of Loop 303, in addition to the corridors identified in the draft.

Staff advertised the January 18, 2018 public hearing in accordance with state statute and the SUDC. Notices were mailed via 1st Class Mail to those members of the public who provided addresses to staff for that purpose.

DISCUSSION:

The project timeline is as follows (subject to change):

- **February 6, 2018** – City Council Public Hearing
- **March 8, 2018** – Effective Date

The subject application involves potential revisions to Chapter 113 of the Surprise Municipal Code as it pertains to Signs. Staff's original intent was to re-write the sign code and include that new language in the SUDC update already in progress; however, the U.S. Supreme Court's decision regarding *Reed v. Town of Gilbert* necessitates that we move forward with an amendment to the Municipal Code separate and apart from the progress being made with respect to the SUCD re-write.

Staff's vision was to create a sign ordinance that meets the following objectives:

- Is clear and concise
- Based on empirical research
- Provides the appropriate level of business advertising
- Maintains a high aesthetic standard
- Is compliant with applicable law
- Expresses the identity of the city

To advance these objectives, in early 2015, staff began conducting research and gathering photographic representation of the various sign types common to the northwest valley. Then, in the spring of 2015, staff presented to both the Planning and Zoning Commission and the City Council in an effort to learn what was important to those two entities. This led to early versions of the draft code, which staff circulated internally for review and comment.

168 In the summer of 2015, however, staff learned of the U.S. Supreme Court's ruling on Reed v.
169 Gilbert. This led to staff's attendance at several seminars, webinars and workshops on the subject.
170 In response, staff changed direction slightly in order to ensure that the proposed sign code would
171 be as content-neutral as reasonably possible. Staff presented the Reed issue to the City Council on
172 September 1, 2015, and ultimately released the Version 1 draft for public review and comment in
173 the spring of 2017.

174
175 During the month of March 2017, staff conducted four stakeholder meetings. These meetings were
176 advertised in the local newspaper and posted on the city's website. Staff had also been in the
177 process of compiling a list of potential stakeholders, who were notified of the upcoming
178 stakeholder meetings via 1st Class mail and email. Attendance at these four stakeholder meetings
179 was varied; however, staff received helpful feedback and was able to implement much of the
180 feedback into the Version 2 draft.

181
182 Following the release of the Version 1 draft, members of the off-premises advertising industry
183 contacted staff to see if there was any interest in including language in the Version 2 draft that
184 would allow for billboards. Staff advised that the Version 1 draft included language such to prohibit
185 such signage, but would seek guidance from the Planning and Zoning Commission. Staff presented
186 the idea to the Commission on April 20, 2017, who indicated that billboards might be acceptable in
187 certain locations. Staff then structured the Version 2 draft such to remove the billboard prohibition
188 and create specific geographic locations where billboards might be located, in addition to the
189 physical attributes for such signage.

190
191 The Commission also held four public meetings during the summer of 2017 for the purpose of
192 working through the various complexities of the draft code. While these public meetings were not
193 public hearings per se, staff advised the members of the stakeholder group of these meetings and
194 the Commission allowed public input.

195
196 Staff continued to revise the language of the Version 2 draft, but was advised of emerging case law
197 post-Reed that could have an impact on the proposed language. In order to keep the matter front
198 and center with the Commission, staff scheduled another public meeting in October of 2017 to
199 discuss the efforts to-date.

200
201 Staff presented the finalized Version 2 draft to the Commission as a discussion item on January 4,
202 2018, which led to additional revisions and questions. During this meeting, the Commission
203 expressed a difference of opinion as to how to address both small and large A-frame signs. In
204 response, staff created two alternatives for each issue and presented those alternatives to the
205 Commission during the public hearing conducted on January 18, 2018. In addition, the Commission
206 requested more information regarding monument signs and billboards.

Staff also presented the Version 2 draft to the City Council during a work session on January 16, 2018. The Council expressed concerns over the size and frequency of monument signage, billboards, and temporary signs, and requested additional graphics leading into the public hearing scheduled for February 6, 2018. Staff is in the process of preparing said graphics for presentation on February 6th.

Staff presented the Version 3 draft to the Commission on January 18, 2018. This draft included refinements to the language based on the Commission's input and included two alternatives for each the small and large A-frame issues. The Commission heard testimony from the public and voted separately to:

- Approve Exhibit B with respect to small A-Frame signs and to incorporate a 500 foot limit
- Approve Exhibit C with respect to large A-Frame signs as written
- To incorporate certain corrections related to typographical errors
- To incorporate certain revisions as they relate to the sign area, height, and sign face of billboards along the Loop 303 Corridor
- To recommend approval of Version 3 with the changes as noted above.

For clarity of record, and to provide the City Council with information regarding the draft sign code, staff offers the following discussion:

Table of Contents: A Table of Contents is provided in order to assist the reader in navigating the code.

Section 113-01 – Title; Findings; Purpose; Intent; and Limitations: This Section sets up the expectations of the new code. The language as currently proposed was revised from its original form due to comments received suggesting the original language had a negative connotation towards signage in general. As this was not the intent, staff revised the language to its current state.

Section 113-02 – Applicability: Since there are numerous previous sign codes, PADs and Comprehensive Sign Programs that currently govern signage in the City, staff created this section to clarify that the proposed code prevails unless there is a Comprehensive Sign Program approved for the property. All references to previous sign codes are superseded by the proposed code.

Section 113-03 – First Amendment Interpretation and Severability: This section reinforces the U.S. Supreme Court's ruling on Reed v. Gilbert and the protection of the 1st Amendment.

Section 113-04 – Substitution: This section also reinforces 1st Amendment protections as it pertains to message content.

Section 113-05 – Rules of Interpretation: Section 113-05 sets up the framework for interpretation of the code. Staff also borrowed a tool from the International Code Council (ICC) where specific words or phrases are italicized when those words or phrases are included in the Definitions section of the code.

Section 113-06 – Definitions: Words or phrases that are specific to this code are included in this Section. Note that staff endeavored to remain as content-neutral as possible with these definitions.

Section 113-07 – Permitted and Prohibited Signs: In order to assist the reader, staff created a matrix in Section 113-07.A, which identifies what sign types are potentially allowed in each zoning district. Also included in this section, is language relating to public and private street rights-of-way, encroachments, signs as an accessory use, prohibited signs and exempt signs.

Staff notes that attached Exhibit B includes staff-recommended revisions to Table 113-07.A, in addition to sub-sections 113-07B, 113-07.C and 113-07.D which staff feels more accurately reflects the will of the Commission with respect to Temporary Signs. If the Council concurs with these revisions, these revisions should be included in the Council's motion to approve.

Section 113-08 – General Provisions: Included within this section are the permitting requirements, sign quality and aesthetics, maintenance, and methods of measurements.

Section 113-09 – Sign Classification and Types: This section sets forth the specific criteria for the various sign types allowed by the code.

Temporary Signs

Class I Temporary Signs: Section 113-09.A.2 specifically addresses Class I Temporary Signs, which were created to accommodate the small A-frame signs typically used for real estate open houses. Essentially, one (1) Class I Temporary Sign is allowed per local street intersection leading from the perimeter arterial street to the location of the "Lawful Temporary Event" being served by the sign. At the direction of the Commission, staff prepared two (2) versions of this Section: one that would allow an additional Class I Temporary Sign on the opposite side of the arterial street from the location where the Lawful Temporary Event is occurring, and one that would not. The Commission voted to include the version that would allow the additional sign, provided it is located no further than 500 feet from the intersection leading into the neighborhood where the Lawful Temporary Even is occurring.

Class II Temporary Signs: Section 113-09.A.3 specifically addresses Class II Temporary Signs, which were created to accommodate the large A-frame signs typically used by retail merchants and are commonly used in conjunction with church services being held at a neighborhood school. Also at the direction of the Commission, staff prepared two (2) versions of this Section: one that would allow one (1) Class II Temporary Sign for every 200 feet of commercial street frontage and one that would not. Both versions included a provision that would allow a business owner to place one (1) Class II Temporary Sign within fifteen (15) feet of the customer entrance of the building where the business is being held. The Commission voted to include the version that would not allow the additional signs adjacent to the commercial street frontage.

Class III Temporary Signs: Section 113-09.A.4 addresses Class III Temporary Signs, which were created to accommodate standard “For Sale” signs typically used by the real estate industry. There were no particular concerns expressed regarding this type of sign; however, attached Exhibit B includes a revision to 113-09.A.4.c such to correct a scrivener’s error. If the Council concurs with this revision, this revision should be included in the Council’s motion to approve.

Model Home Complex Signs: Staff added a new Section 113-09.A.10 in deference to comments received by the home building industry. Essentially, a variety of temporary signs are allowed in conjunction with a Model Home Complex (MHC). These signs would be allowed throughout the life of the MHC, but must be removed when the sales office is converted back to a single-family residence.

Active Single-Family Residential Subdivision Signs: Similarly, staff added a new Section 113-09.A.11 in deference to the home building industry. This section allows for limited signage along the collector or arterial perimeter of an active single-family residential subdivision over and above those allowed for a Model Home Complex. Again, these signs must be removed upon close out of the subdivision.

Building-Mounted Signs

Section 113-09.B relates to building mounted signs. Generally, this section provides for more building wall signage opportunities by increasing the maximum sign area allowed, by allowing additional wall sign area for buildings taller than two (2) stories or for buildings that are setback more than 600 feet from the arterial right-of-way, and for more creative signs types such as blade signs, marquee signs, hanging signs, etc.

Freestanding Ground Signs

Class I Monument Signs and Class II Monument Signs are addressed in Section 113-09.C.1 and are intended to accommodate menu and preview boards in a drive-through restaurant environment.

Class III Monument Signs and Class IV Monument Signs are addressed in Section 113-09.C.2 and 113-09.C.3, respectively, and are intended to accommodate directional and directory signs. Staff notes that while the intent is as stated, in a content-neutral world, these types of sign could display messaging other than that normally found with directional or directory signs, which may assist in navigating the large A-Frame sign issue through more opportunities for additional permanent on-site signage.

Class V Monument Signs and Class VI Monument Signs: Section 113-09.C.4 addresses Class V Monument Signs, while Section 113-09.C.5 addresses Class VI Monument Signs. During the January 4, 2018 Commission meeting, considerable discussion occurred regarding the separation distance between said signs and the amount of sign copy allowed for each type of sign. Regarding Class V Monument Signs, staff revised Section 113-09.C.4 to decrease the separation distance from 300 feet to 150 feet, and to increase the sign area from twenty-four (24) to thirty-two (32) square feet; however, since staff wishes to keep the bottom edge of the sign copy area of a Class V Monument Sign at 4' above the edge of pavement in order to maintain visibility, the maximum sign width of six (6) feet was deleted.

Similarly, regarding Class VI Monument Signs, staff revised Section 113-09.C.5 to decrease the separation distance from 600 feet to 300 feet and to reduce the lot width threshold under which a Class VI Monument Sign would not be allowed from 600 feet to 300 feet. Staff also revised this section to establish a 150' separation distance between Class V Monument Signs and Class VI Monument Signs located on the same property.

During the Council Work Session of January 16, 2018, members of the Council expressed concerns over the proximity of Class V Monument Signs and Class VI Monument Signs relative to single-family residential. Attached Exhibit C includes staff-proposed revisions to Paragraphs 113-09.C.4.b, 113-09.C.5.b and 113-09.C.5.c that address this issue. If the Council concurs with these revisions, these revisions should be included in the Council's motion to approve.

Roadway Arch Signs: This type of sign is addressed in Section 113-09.C.6 and allows the opportunity for creative signage that may assist in place-making efforts.

Subdivision Perimeter Wall Signs are addressed in Section 113-09.C.7 and provides for simple subdivision identification outside of a PAD or Comprehensive Sign Program.

Freeway Monument Signs are addressed in Section 113-09.8. Per the new code, this type of signage could be permitted through a Conditional Use Permit at certain specific locations along the Loop 303, provided certain height, sign area, and separation requirements are met.

Billboard Signs: Billboard Signs are addressed under Section 113-09.D. Initially, the draft code included a prohibition on billboard signs; however, members of the billboard industry expressed an interest in billboards being allowed within the city. Staff presented the idea to the Commission, who were amenable. Staff then prepared language that could allow billboard signs along certain segments of U.S. 60 and the Loop 303 through a Conditional Use Permit. At the Commission hearing of January 18, 2018, the Commission voted to allow billboard signs located within the Loop 303 Corridor to be larger than those located within the U.S. 60 Corridor in order to accommodate the larger Electronic Messaging Centers commonly used in a freeway environments.

Section 113-10 – Sign Illumination: Section 113-10.B addresses lighting in scenic corridor areas as defined by the General Plan. WeMAR offered comments regarding the use of muted colors and the effect that may have on business trademarks, in addition to what may be considered arbitrary language as it pertains to reduced lighting intensities. The International Sign Association (ISA) echoes the latter and recommends that a specific standard be identified. To that end, the draft sign code includes language such that signs located within the scenic areas are limited to internal illumination with the negative space limited to opaque materials. This will greatly reduce the ambient lighting in sensitive areas, while removing concerns over trademarks. Staff notes that as the development standards for scenic lands are created as part of the SUDC re-write, this issue may be reconsidered.

Section 113-11 – Electronic Messaging Centers: Section 113-11.A sets up two categories of EMC, as further defined in Section 113-06. The ISA previously recommended that a single category of EMC be utilized; however, staff wishes to retain two levels of EMC in order to address situations where electronic reader boards might be used such as gas pricing. Staff notes that regardless of the “level”, nighttime illumination is held to 0.3 foot-candle above ambient, which is the industry standard.

Section 113-05 sets forth the parameters for Comprehensive Sign Programs. Essentially, a CSP may be sought for the purpose of deviating from the sign code when warranted or to introduce a new creative sign type that is not listed as a prohibited sign type.

Section 113-16 – Nonconforming Signs: Section 113-16.B.2 establishes a 90 day threshold for nonconformity. WeMAR expressed concerns over this timeframe; however, this is consistent with existing language elsewhere in the Surprise Municipal Code. Staff wishes to not create a conflict within the code, and points out that existing case law regarding the extension of nonconforming uses is established.

Section 113-17 – Enforcement: This section sets for the mechanism for enforcement of the sign code. Staff included a provision by which a violator could be charged with a criminal offence, which WeMAR finds objectionable. Staff notes that the rationale for this language is to be able to address the egregious offender.

Section 113-18 – Appeals: Staff included this section in order to set forth a mechanism to address appeals outside of the court system. This also has the added benefit of creating a record should the matter be advanced to the court system.

FINDINGS:

- The proposed changes represent an improvement to the Surprise Municipal Code
- The proposed changes are consistent with state statute
- The proposed changes are compliant with applicable case law regarding signs and 1st Amendment
- The Planning and Zoning Commission recommended approval of the sign code as presented

COMMISSION RECOMMENDATION:

The Planning and Zoning Commission recommended **approval** of the proposed Sign Code as per attached Exhibit A; however, as noted in the staff report, the Council may wish to consider additional revisions as outlined in attached Exhibits B and C.

(Note: Should the Council approve Ordinance No. 2018-04 on this date, the new sign code would become effective 30 days thereafter or on March 8, 2018 per state law. Staff will bring a separate action item on the February 20, 2018 regular council agenda to repeal effective March 8, 2018 the Temporary Sign Policy that was approved by Resolution No. 2017-98 to allow temporary signs pending adoption of the new sign code.)

ATTACHMENTS:

- 01 – Exhibit A: Proposed Sign Code Language as Recommended by the Planning and Zoning Commission
- 02 – Exhibit B: Staff-Recommended revisions relating to Temporary Signs
- 03 – Exhibit C: Staff-Recommended revisions relating to Class V and Class VI Monument Signs
- 04 – Sign Code Written Comments as of July 12, 2017
- 05 – Sign Code Written Comments July 13, 2017 through September 19, 2017
- 06 – Sign Code Written Comments September 20, 2017 through January 22, 2018

EXHIBIT A

**PROPOSED TEXT AMENDMENT TO CHAPTER 113 OF THE SURPRISE
MUNICIPAL CODE REGARDING SIGNS**

CITY OF SURPRISE PLANNING CASE FS15-311

PLANNING AND ZONING COMMISSION RECOMMENDATION TO CITY COUNCIL

FINAL DRAFT

Planning & Zoning Commission Recommendation

Planning & Zoning Commission Recommendation

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Section 113-01 – Title; Findings; Purpose; Intent; and Limitations:

- A. **Title:** Chapter 113 of the Surprise Municipal Code may hereafter be referred to as the “City of Surprise Sign Code” or “Sign Code”.
- B. **Findings:** The City of Surprise finds that while *signs* are essential to commerce and wayfinding, *signs* may also obstruct views, distract motorists, displace alternative uses for land, contribute to blight, and pose other problems that legitimately call for regulation. A *sign* placed on land or on a *building* for the purpose of identification, protection, or directing persons to a use conducted therein must be deemed to be an integral but accessory and subordinate part of the principal use of the land or *building*.
- C. **Purpose:** The purpose of this Chapter is to safeguard the public interest from the negative impacts of *signs* thus ensuring the protection of property values, the character of neighborhoods, the creation of a convenient, attractive and harmonious community, while encouraging economic prosperity.
- D. **Intent:** The City of Surprise intends to allow adequate communication through signage while encouraging aesthetic quality in the design, location and size of all *signs* by:
1. Allowing adequate signage for business identification while meeting public and private objectives by establishing limitations on *signs* in order to ensure they are appropriate to the land, *building* or use to which they are appurtenant and are adequate for their intended purpose while balancing individual and community interests identified Subsection C herein.
 2. Promoting the free flow of traffic, while protecting pedestrians and motorists from injury and property damage that may be caused by cluttered, distracting and illegible signage. These regulations distinguish between portions of the City designed for primarily vehicular access and portions of the City designed for primarily pedestrian access
 3. Promoting the use of *signs* that are well designed, of appropriate scale, structurally sound, and integrated with surrounding *buildings* and landscape in order to meet the community's desire for quality development.
 4. Protecting property values, the local economy, and the quality of life through regulations that are intended to preserve and enhance the appearance of the streetscape that affects the image of the city.
 5. Maintaining acceptable outdoor lighting levels through regulations that are intended to enhance the livability of the community while respecting the

natural habitat for animals and the desire for dark skies in environmentally sensitive areas.

6. Providing for adequate wayfinding through and within the city through regulations that are intended to aid motorists and pedestrians in navigating to local businesses and other points of interest safely.
7. Promoting the health, safety, morals, and general welfare of the citizens of the City of Surprise.

E. Limitations:

1. These regulations do not regulate every form and instance of visual communication that may be displayed within the jurisdictional limits of the City of Surprise. Rather, they are intended to regulate those forms and instances that are most likely to meaningfully affect one or more of the stated purposes set forth.
2. These regulations do not entirely eliminate all of the harms that may be created by the installation and display of *signs*. Rather, they strike an appropriate balance that preserves ample channels of communication by means of visual display while still reducing and mitigating the extent of the harms caused by *signs*.
3. These regulations are not intended to and do not apply to *signs* erected, maintained or otherwise posted, owned or leased by the federal government, the State of Arizona, the City of Surprise, or any other political subdivision of the state. The inclusion of "government" in describing some *signs* does not intend to subject the government to regulation, but instead helps illuminate the type of *sign* that falls within the immunities allowed for government speech. This paragraph shall not be construed as to exempt from regulation privately owned *signs* within the public right-of-way or on publicly owned land.

Section 113-02 – Applicability

The provisions of this Chapter apply to all incorporated areas within the City of Surprise and shall supersede all previous sign codes and references thereto adopted by the Surprise City Council as of the effective date of Ordinance [insert adopting Ordinance Number], except that where such land is located within an approved Planned Area Development (PAD), or is subject to an approved Comprehensive Sign Program (CSP) existing at the time of the adoption of this Ordinance, the time, place and manner provisions of said PAD or CSP shall apply. Whenever an approved PAD or CSP is silent on a matter relating to signage, the provisions of this Chapter shall to the extent that such provisions are not in conflict with the provisions of the approved PAD or CSP.

Section 113-03 – First Amendment Interpretation and Severability

This Chapter must be interpreted in a manner consistent with the First Amendment guarantee of free speech. If any provision of this Chapter is found by a court of competent jurisdiction to be invalid, such finding shall not affect the validity of other provisions of this Chapter which can be given effect without the invalid provision.

Section 113-04 – Substitution

With the property owner's consent, a protected *non-commercial message* of any type may be substituted for any duly permitted or allowed *commercial message* or any duly permitted or allowed *non-commercial message*, provided that the *sign structure* or mounting device is permitted without consideration of message content. Such substitution of message may be made without any additional approval or permitting. The purpose of this provision is to prevent any inadvertent favoring of *commercial speech* over protected *non-commercial speech*, or favoring of any particular *non-commercial message* over any other *non-commercial message*.

Section 113-05 – Rules of Interpretation

- A. Words or phrases within this Chapter which are expressed using *italics* shall assume the meaning as ascribed in Section 113-06 of this Chapter. Words or phrases not expressed in italics shall assume the common meaning of the word or phrase unless such word or phrase is otherwise included in Section 122-178 of the Surprise Municipal Code. Whenever the definition of a word or phrase used in this Chapter is in conflict with any word or phrase used elsewhere in the Surprise Municipal Code, the definitions of this Section shall apply for purposes of interpreting this Chapter.
- B. Graphical representations are often used throughout this Chapter to further clarify the intent of the text; however, whenever there is a conflict between the text and the illustration, the language of the text shall prevail.
- C. Words in singular form shall include the plural form and words in plural form shall include the singular form.
- D. The word "shall" is mandatory and the word "may" is permissive.
- E. The City of Surprise shall not evaluate any *sign* based on the message content of the *sign* provided the *sign copy* contains no vulgar or profane language, hate speech, or language intended to incite violence, in which case the *sign copy* shall not be permitted.

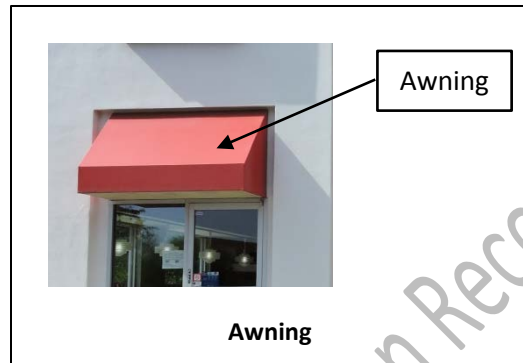
Planning & Zoning Commission Recommendation

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Section 113-06 – Definitions. For purposes of administering Chapter 113, the following definitions apply:

Active Single-Family Residential Subdivision: A subdivision consisting of single-family lots that are for sale to the public by a homebuilder.

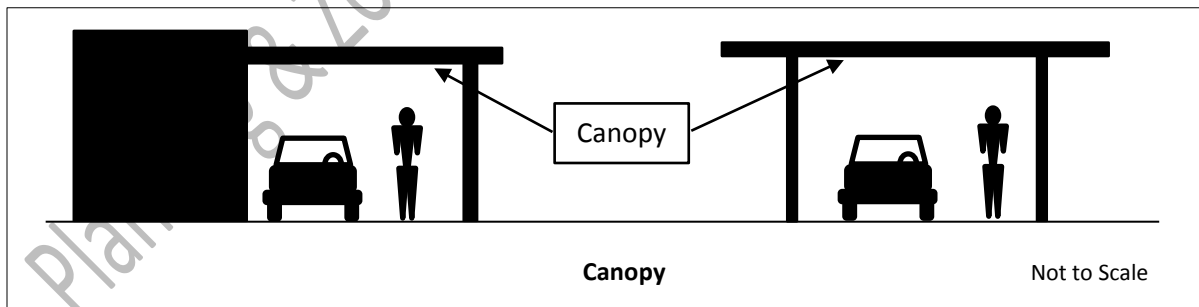
Awning: An architectural projection, typically made of cloth or metal, which projects from and is supported by the walls of a *building* and is intended to provide shade or shelter above a window or door.



Blight: Unsightly conditions including but not limited to damage, tattered, faded, cracking, peeling, rusting or any other condition of disrepair, deterioration, or lack of maintenance.

Building: Any *structure* having a *roof* supported by walls or columns used for the shelter of persons, animals, or personal property.

Canopy: A *building* or portion thereof, which is open on not less than two (2) sides and is entirely or partially supported by the ground.



Copy, changeable: *Sign copy* that is changed or capable of being changed at intervals of more than once per day.

Cottage Industry: Specific to the Surprise Heritage District as outlined in Section 122-69.1 of the Surprise Municipal code, a *cottage industry* is a small business, owned and operated by the residential occupant, in a residential area, conducted within the dwelling or in an accessory building. The business may have employees and customers but must be clearly incidental and secondary to the use of the property for single-family residential purposes as well as adhere to the Use Specific Standards in Section 122-69.1(G) of the Surprise Municipal Code.

Daylight hours: That portion of the day beginning when the sun breaks the morning horizon and ending when the sun falls below the evening horizon.

Drive-in business: A retail business establishment where on-site transactions may be conducted from the confines of a parked vehicle. See also *drive-through business*.

Drive-through business: A retail business establishment where on-site transactions may be conducted from the confines of a vehicle which is staged in a drive-through lane. See also *drive-in business*.

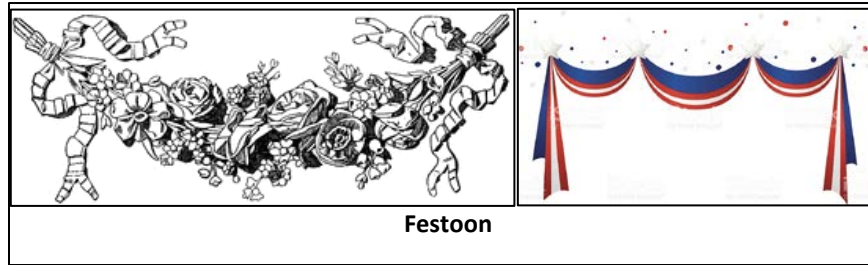
Electronic Messaging Center (EMC): A *sign* that utilizes computer-generated messages or some other electronic means of *changeable copy*. These *signs* include displays using incandescent lamps, LEDs, LCDs or a flipper matrix.

Electronic Messaging Centers, Level 1: An *EMC* that contains monochromatic static messages which may only be changed manually and which do not employ “scroll”, “fade” or “dissolve” transitions, animation or video, or similar subtle transitions or frame effects which create the appearance of moving text or images.

Electronic Messaging Centers, Level 2: An *EMC* that contains monochromatic or full-color static messages which may be changed automatically at a rate not exceeding once every eight (8) seconds, and which do not employ “scroll”, “fade” or “dissolve” transitions, animation, or similar subtle transitions or frame effects which create the appearance of moving text or images.

Flag: Any fabric or flexible material attached to or designed to be flown from a flagpole or similar device, but not including *banners*.

Festoon: A swath of fabric, ribbon, garland, or flowers which is suspended, draped, and bound at intervals to form graceful loops or scalloped folds. Festoons do not include *pennant* strings or string lighting.



Home Occupation: A use of land that is in accordance with Section 122-86 of the Surprise Municipal Code.

Illuminance: The amount of light falling upon a real or imaginary surface, measured in either foot-candles or lux. See also “*luminance*”.

Illumination, bare-bulb: A type of *external illumination* consisting of light bulbs or a string of light bulbs, or takes on the appearance of such including LEDs.

Illumination, bent-tube: A source of light for *externally illuminated* graphics supplied by a glass tube that is bent to form letters, symbols, or other shapes and filled with a gas that when electrically charged emits light, or any other method or technology, such as but not limited to LED rope lighting, utilized to achieve the same effect.

Illumination, external: A light source that is separate and apart from the *sign*.

Illumination, internal: A light source that is concealed or contained within the *sign* and becomes visible in darkness through a translucent surface.

Lawful Temporary Event: A use of land that is permitted by and in accordance with Section 122-105 of the Surprise Municipal Code. For purposes of this Chapter, the following uses are also considered Lawful Temporary Events: Real estate open houses occurring within lands zoned for residential uses; and, religious institutions where religious services or religious events are held on lands zoned for residential uses, but where the primary use established for said land is that of a public school, private school, or charter school, or other community facility, or public meeting hall.

Logo: A graphic symbol representing a business, activity or use.

Logo, Primary City of Surprise: The official *logo* of the City of Surprise.

Luminance: The light that is emitted by a light source or reflected from a surface, measured in foot-Lamberts or Nits. See also “*illumination*”.

Maintenance: The replacing or repairing of a part or portion of a *sign* necessitated by ordinary wear, tear or damage beyond the control of the owner, or the reprinting of existing *sign copy* without changing the wording, composition, design, original color or size of the *sign copy*.

Marquee: A type of *building* projection typically attached to and projecting from the front entrance of a hotel or theater, and intended to provide an opportunity for signage.

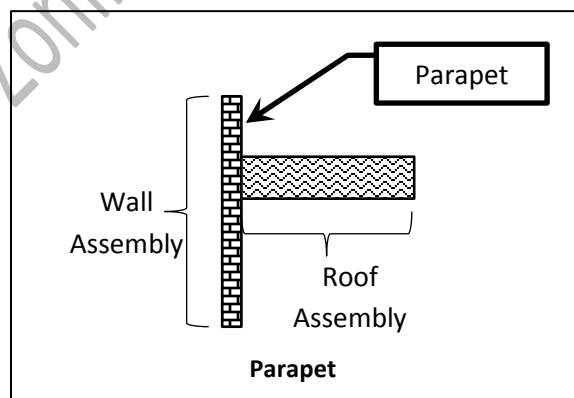


Message, Commercial: Speech that identifies, advertises, or directs attention to a business or is intended to induce a purchase of a good, property, or service, including, without limitation, any speech naming a brand of good or service and any speech that is not a noncommercial message.

Message, Non-commercial: Speech that in no way identifies, advertises, or directs attention to a business or is intended to induce a purchase of a good, property, or service, including, but not limited to, religious, political, and ideological speech.

Model Home Complex: A use of land that is in accordance with Section 122-92 of the Surprise Municipal Code.

Parapet: That portion of a *building's* exterior wall which projects above the *roof* of the *building*.

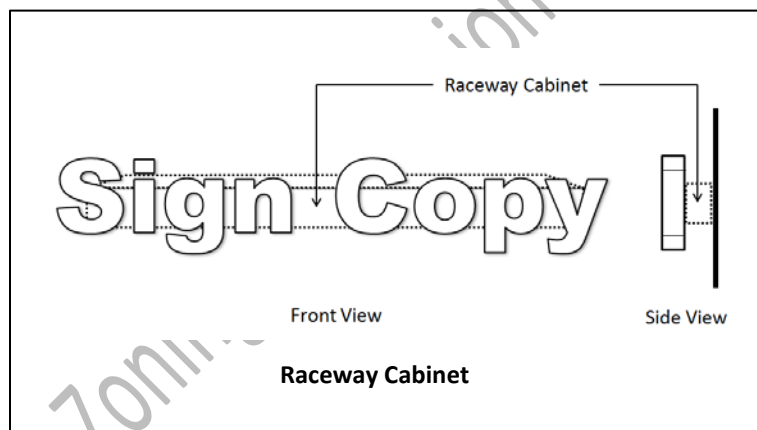


Pennant: A type of *flag*, generally in the shape of a triangle and typically flown from a string.



Pennant

Raceway cabinet: An aluminum channel box not more than eight (8) inches in depth used to mount signage to a wall or other structure.



Roof: That portion of a *building's* exterior intended to provide overhead protection from the elements.

Roof, exposed pitch: Any *roof* where the pitch of the *roof* is visible from the ground.

Roofline: The highest point of the main *roof* or the highest point on a *parapet*, but not including cupolas, pylons, projections or minor raised portions of the *roof*.

Sign: Any device depicting written letters, words, numerals, figures, emblems, logos, trademarks, pictures, or any part or combination thereof used for visual communication that attracts the attention of the public and is visible from public or private rights-of-way or other properties, but not including athletic scoreboards when associated with a sanctioned athletic field.

Sign, 3-Dimensional: A sign in which is meant to be viewed from all angles.



Sign, abandoned: Any sign located on a vacant property or premises, which is vacant for a period of 90 calendar days, or a sign which is damaged, in disrepair, or vandalized and not repaired within 90 calendar days of the date of the damaging event.

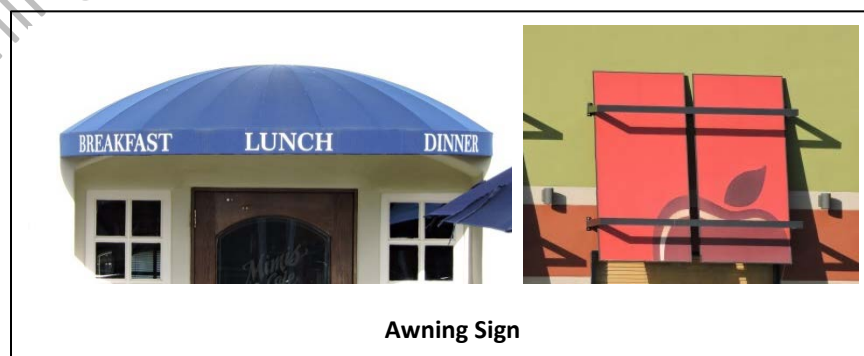
Sign, Address: A sign intended for the display of a property's address.

Sign, A-frame: A portable sign designed in the shape of the letter "A" consisting of two rigid surfaces joined along an adjacent edge.

Sign, animated: A sign which incorporates movement or the optical illusion of movement of any part of the sign or sign structure, including the flashing or varying of light intensity; or the automatic changing of all or any part of the sign; or any movement or rotation of the sign or any part of the sign structure.

Sign, area: The smallest rectangular area or areas of a 2-dimensional sign which can enclose all of the sign copy, or in the case of a 3-dimensional sign, 50% of the volume of the smallest cuboid which can enclose the sign.

Sign, Awning: Any information or graphics painted on or integrated into an awning.

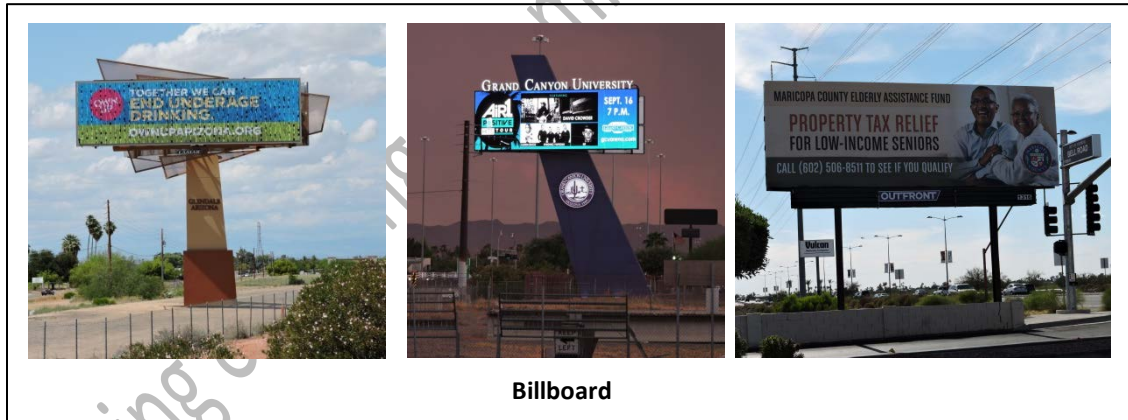


Sign, backlit: A *sign* typically utilizing opaque graphics, in which the light source is concealed or contained within the graphic thereby causing the graphic to become visible against the illuminated surface onto which the graphic is mounted.

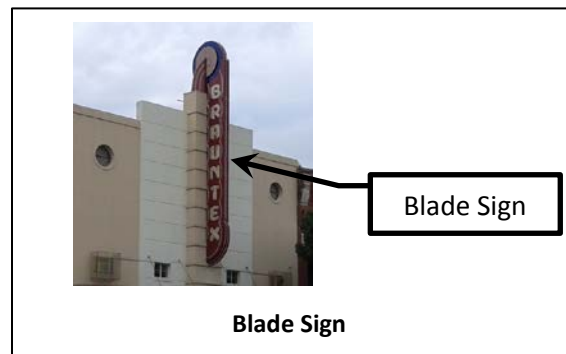
Sign, Banner: A *sign* consisting of fabric, paper, or other lightweight pliable material, either enclosed or not enclosed in a rigid frame, and secured or mounted to minimize movement in the wind, but not including *inflatable signs*.



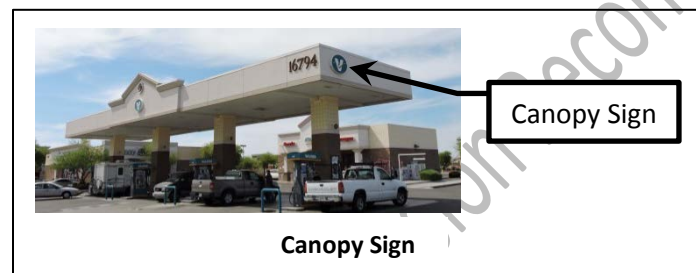
Sign, Billboard: A *sign* that advertises a business, commodity, service, entertainment, product or attraction which is sold, offered or existing elsewhere than on the property where the *sign* is located or which takes on the physical characteristics historically associated with such *signs*.



Sign, Blade: A *sign* which stands off from the façade of the *building* and is designed to be read in a vertical manner.



Sign, Canopy: A type of *Building Wall Sign* that is mounted to the face of a *canopy*.



Sign copy: The letters, words or graphics used to convey information on a *sign*.

Sign, freestanding ground: A *sign* that is erected on its own self-supporting structure, detached from any supporting elements of a *building*.

Sign, Freeway Monument: A *pylon sign* which is located along a freeway right-of-way and intended to display a *commercial message* relating to the commercial center on which the *sign* is located. Freeway monument signs are not considered *billboard signs*.

Sign, governmental: A *sign* erected by or on behalf of a governmental body to post legal notices, identify public property, convey public information, or direct or regulate pedestrian or vehicular traffic.

Sign, Hanging: See "*Shingle Sign*".

Sign, illuminated: A *sign* of which the surface is artificially lighted either internally or externally. (See also "*illumination*" et. seq.)

Sign, Inflatable: Any flexible fabric device which is filled with a gas or pressurized air that is tethered or anchored to the ground or other stationary object, or any device taking on such an appearance.



Sign, legal non-conforming: A *sign* lawfully erected and maintained prior to the adoption of the Ordinance from which this Chapter or amendments thereto is derived that does not conform to the requirements of this Chapter.

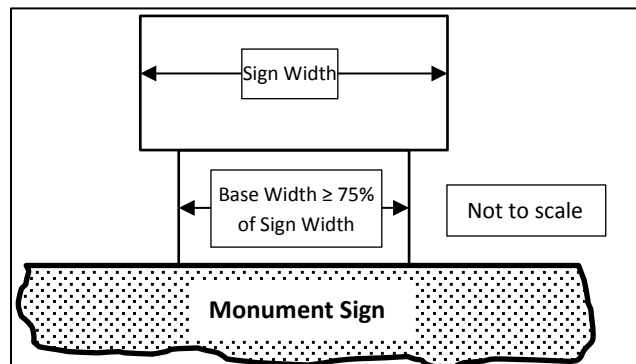
Sign, Light Pole Banner: A fabric *sign* suspended between two horizontal supports, which are attached to a light pole for the purpose of supporting the *sign*.



Sign, Median: Any *sign* other than a *public sign* that is located within the median of any street, regardless of whether the median is painted or raised.

Sign, Model Home Complex: Any *sign* or *flag* that is approved for use in a *Model Home Complex*.

Sign, Monument: A freestanding ground sign with a base that is at least 75 percent of the width of the sign.



Sign, Monument, Class I: Commonly referred to as a "menu sign", a Class I Monument Sign is a *monument sign* associated with the drive-through lanes of a *drive-through business*, and which is equipped with a loudspeaker and microphone for the purpose of placing and confirming an order.



Sign, Monument, Class II: Commonly referred to as a “preview sign”, a Class II Monument Sign is a *monument sign* associated with the drive-through lanes of a *drive-through business*, and which is not equipped with a loudspeaker or microphone.



Sign, Monument, Class III: Commonly referred to as a “directional sign”, a Class III Monument Sign is a *monument sign* typically associated with a multi-family, commercial or industrial driveway or drive aisle.



Sign, Monument, Class IV: Commonly referred to as a “directory sign”, a Class IV Monument Sign is a *monument sign* typically associated with a pedestrian promenade or parking lot drive aisle.



Sign, Monument, Class V: A *monument sign* associated with a High Volume Collector Street, Residential Collector Street, or Commercial Collector Street, as defined by the Surprise Engineering Design Standards, and provides the primary source of signage for the property served by the *sign*.

Sign, Monument, Class VI: A *monument sign* associated with a Parkway, Major Arterial, or Minor Arterial, as defined by the Surprise Engineering Design Standards, or Grand Avenue, and provides the primary source of signage for the property served by the *sign*.

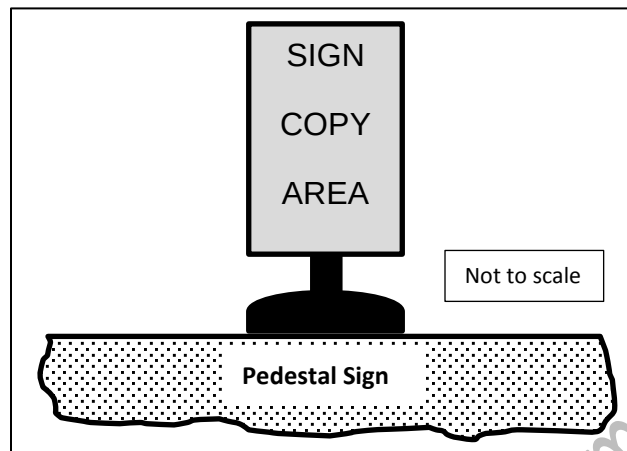
Sign, non-conforming: A *sign* that does not conform to the requirements of this Chapter.

Sign, Off-premises: Any *sign*, other than a *billboard sign*, that directs attention to an activity, business, commodity, service, entertainment, product, or attraction sold, offered, or existing elsewhere than upon the property where the *sign* is located.

Sign, On-premises: Any *sign*, other than a *billboard sign*, that directs attention to an activity, business, commodity, service, entertainment, product, or attraction sold, offered, or existing on the property where the *sign* is located.

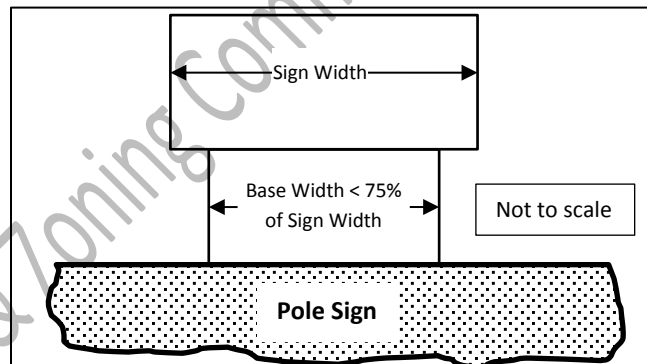
Sign panel: The surface on which *sign copy* is depicted.

Sign, Pedestal: A *portable sign* in which the *sign panel* is affixed to and supported by a weighted base.



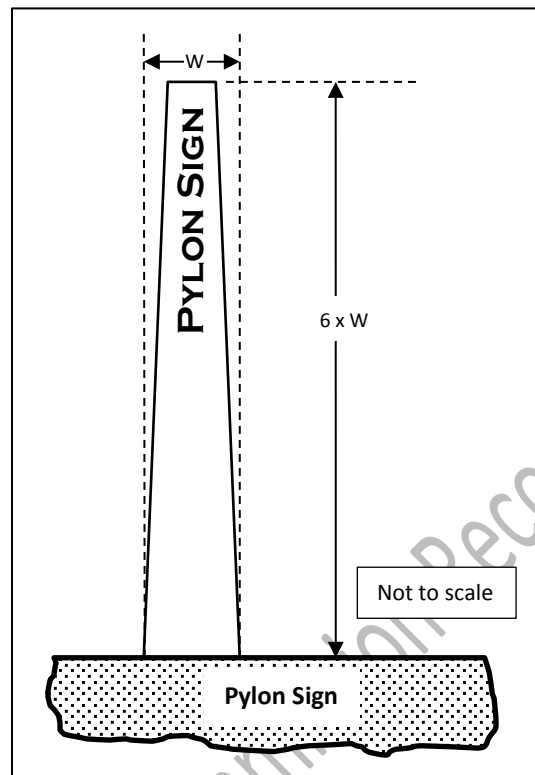
Sign, permanent: A *sign* that due to its physical characteristics and method of attachment is intended for permanent display.

Sign, Pole: A *freestanding ground sign* where the width of the supporting poles, uprights or braces are collectively less than 75 percent of the width of the *sign*. For purposes of this Chapter, a *light pole banner* is not considered a pole sign. (See also "Sign, Monument" and "Sign, Pylon".)

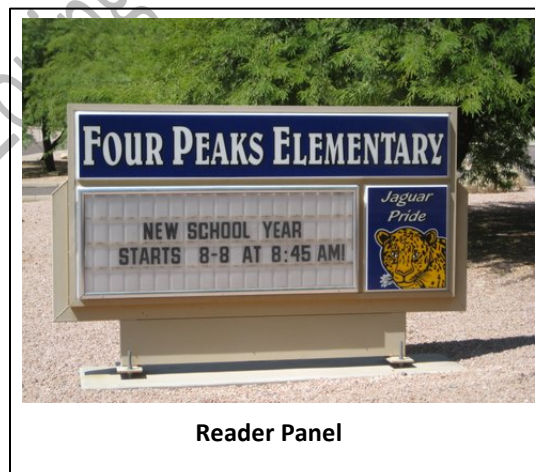


Sign, portable: A *temporary sign* that may be readily moved from location to location without the need of any specialized knowledge or equipment, and that is not affixed to the ground or any *structure*.

Sign, Pylon: A *Monument Sign* in which the height of the *sign structure* is at least six (6) times the width of the base of the *sign structure*.



Sign, Reader Panel: A *sign* in which the individual characters of the *sign copy* may be changed manually and immediately, but not including Electronic Messaging.



Sign, Residential Subdivision: Any *sign* that is approved for use in association with an *Active Single-Family Residential Subdivision*.

Sign, Roadway Arch: A *sign* mounted to a *structure* that spans a roadway or commercial driveway in which the *structure* is intended for that sole purpose.



Sign, Roof: A *building-mounted sign* that is attached to or extends above the *roof* of a *building*.



Sign, Sandwich: A type of *A-Frame sign* designed to be worn by a person.

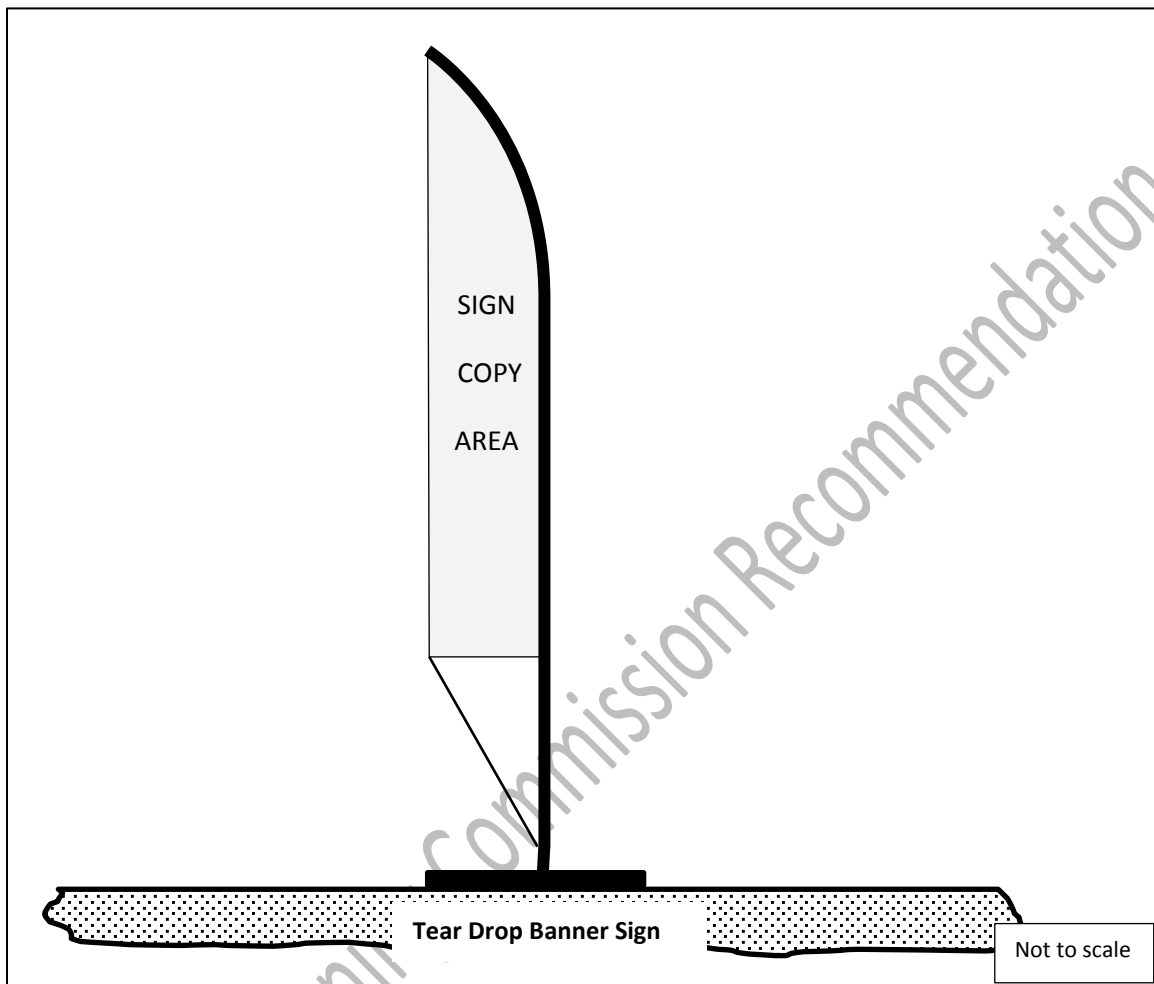
Sign, Shingle: A *sign* suspended from, and located entirely under a covered porch, walkway, canopy or awning.



Sign, Snipe: Any *sign*, other than a *public sign*, that is posted on a tree, landscaping, utility pole or *structure*, streetlight, fence, fire hydrant, bridge, curb, or park bench.

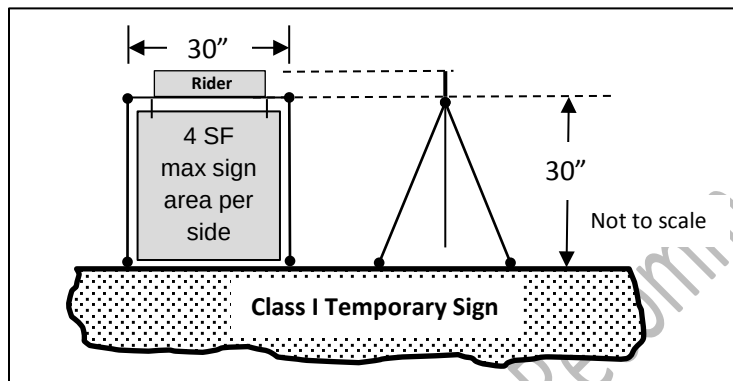
Sign structure: The supports and framework of a *sign*.

Sign, Teardrop Banner: A *sign* consisting of a narrow strip of fabric material which is attached to a flexible or partially flexible pole in a vertical manner.

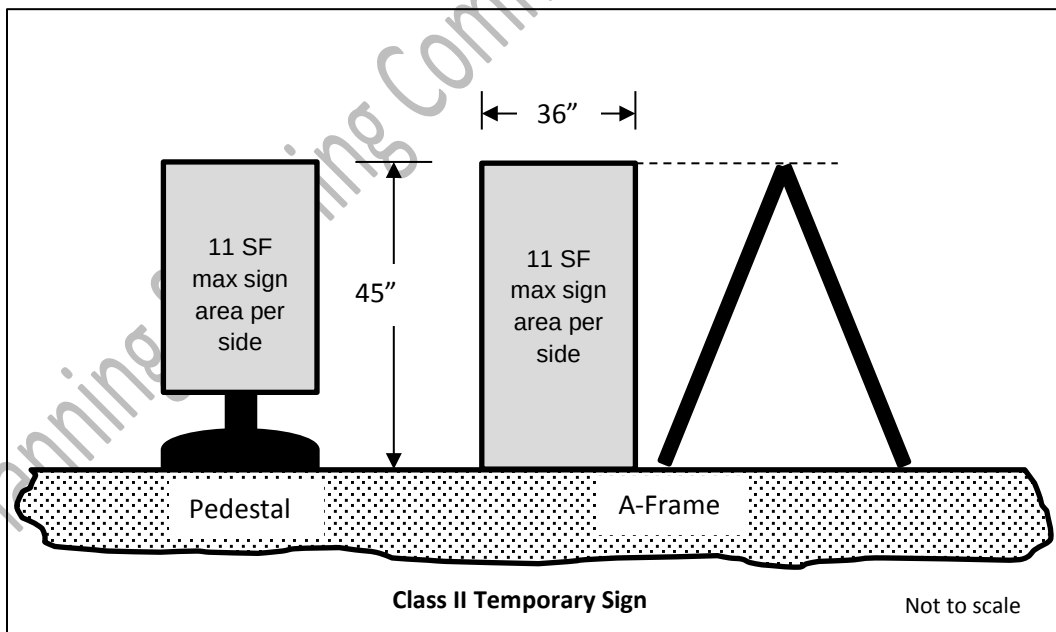


Sign, temporary: A *sign* that due to its physical characteristics and method of attachment is not intended for permanent display. See also "*sign, permanent*".

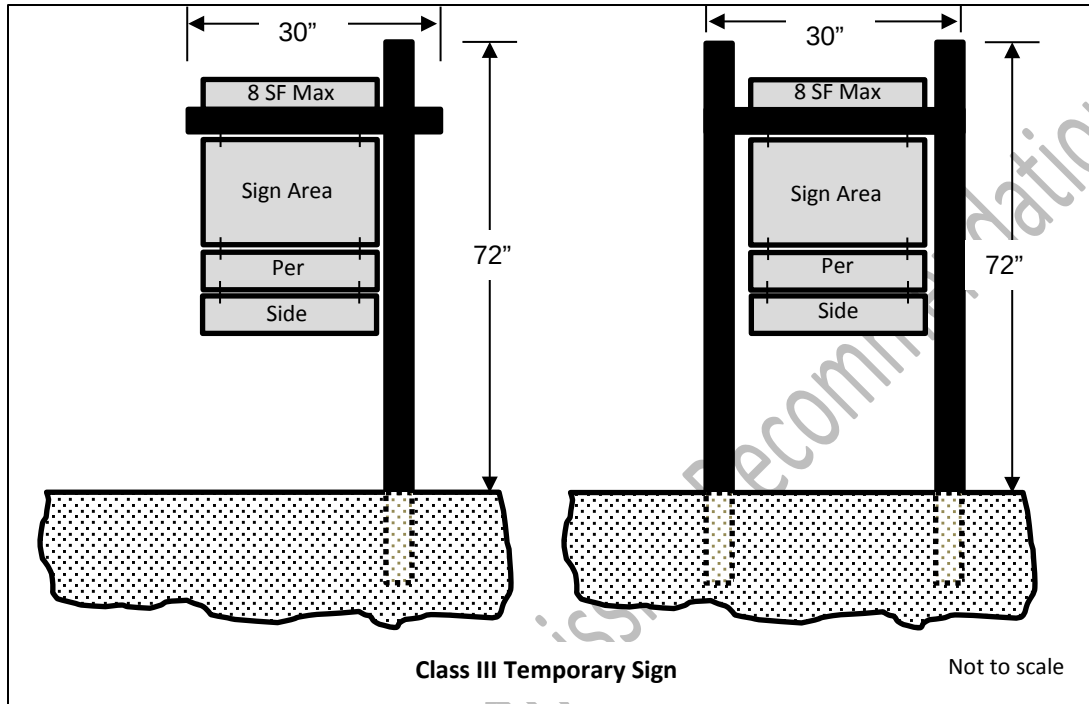
Sign, Temporary, Class I (Small A-Frame Sign): A temporary, portable sign generally in the shape of the letter “A” in which the overall height of the sign structure does not exceed thirty (30) inches, the overall width of the sign structure does not exceed thirty (30) inches and which does not exceed eight (8) square feet of aggregate sign area. Riders not exceeding six (6) inches in height and twenty-four (24) inches in length which are attached to the top of the A-Frame shall not be included in the overall height measurement or sign area measurement.



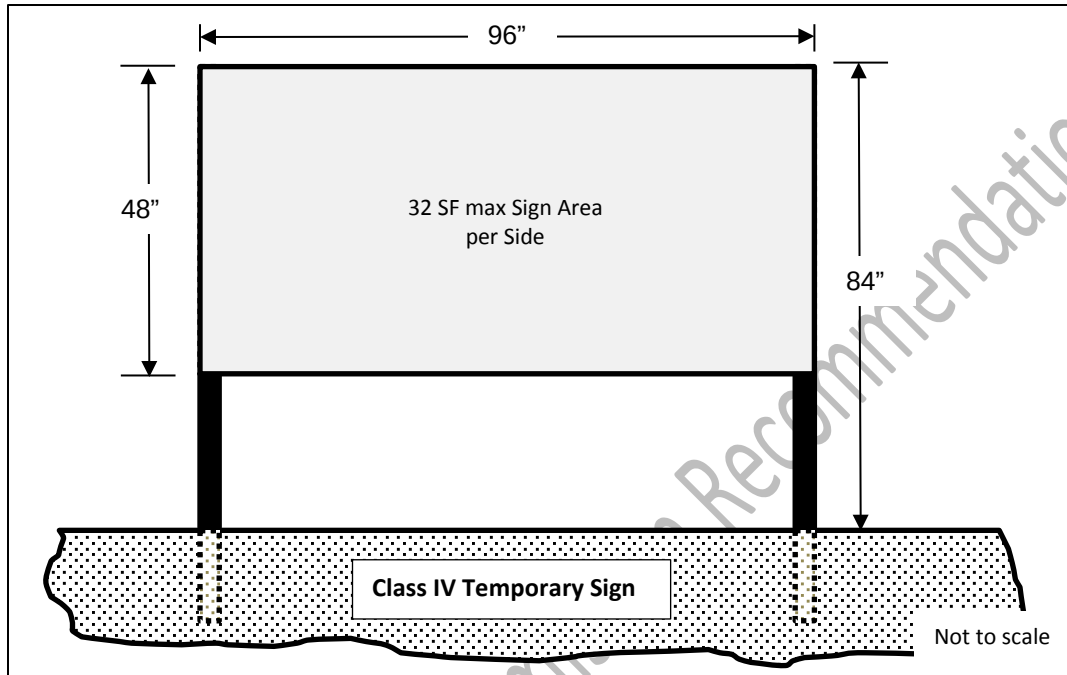
Sign, Temporary, Class II (A-Frame Sign and Pedestal Sign): A temporary, portable sign in which the overall height of the sign structure does not exceed forty (45) inches, the overall width of the sign structure does not exceed thirty-six (36) inches and which does not exceed twenty (22) square feet of aggregate sign area.



Sign, Temporary, Class III (Small Post Sign): A temporary sign supported by one or more rigid posts in which the overall height of the *sign structure* does not exceed 72 inches, the overall width of the *sign structure* does not exceed thirty (30) inches, and the aggregate *sign area* does not exceed sixteen (16) square feet.



Sign, Temporary, Class IV: A temporary sign supported by two (2) rigid posts in which the overall height of the *sign structure* does not exceed 84 inches, the overall width of the *sign structure* does not exceed 96 inches, and the aggregate *sign area* does not exceed 64 square feet.

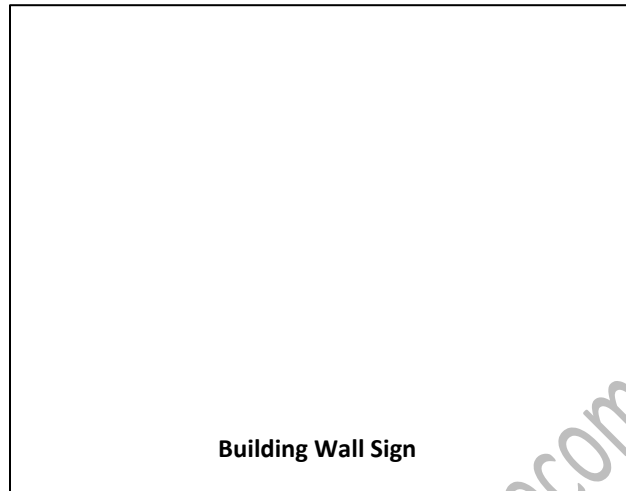


Sign, Vehicle: Any *sign* mounted, painted, or otherwise erected on a *vehicle*.

Sign Walker: A live person carrying a *portable sign* intended to convey a message to motorists and passersby.



Sign, Wall, Building: A *sign* mounted flat against a *building wall* with the exposed face of the *sign* in a plane generally parallel to the face of the wall, but not including *Window Signs*.



Sign, Wall, Subdivision Perimeter: A *sign* mounted or painted onto a *subdivision perimeter wall*.



Sign, Window: Any combination of decals, posters, murals or other media which are affixed to a window pane or otherwise intended to be viewed through the window pane from the exterior of the *building*, but not including merchandise normally displayed within a show window of a retail merchant shop.



Structure: Anything constructed or erected that requires attachment to the ground, or is structurally connected to something having attachment to the ground.

Speech, Commercial: (see *Message, Commercial*).

Speech, Non-commercial: (see *Message, Non-commercial*).

Vehicle: Any car, truck, motorcycle, All-Terrain Vehicle, Recreational Vehicle, boat, trailer, tractor, crane, mobile machinery, or similar.

Wall, building: A wall that is integral to a *building*.

Wall, subdivision perimeter: A freestanding wall that is located around a subdivision.

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Section 113-07 – Permitted and Prohibited Signs

- A. **Permitted Signs by Zoning District** – Only those *sign* types and classes that are specifically listed in Table 113-07.A for each zoning district may be allowed, subject to the provisions outlined elsewhere in this Chapter.

TABLE 113-07.A – PERMITTED SIGNS (P=Permitted, shaded cell = Not Permitted, C = Conditional Use Permit)												
Code Reference	Sign Type	Location										
		Public Rights-of-Way	Private Rights-of-Way	Single-Family	Multi-Family	Mixed-Use	Commercial and Industrial	SHD-RO	SHD-CO	Open Space	PF	
TEMPORARY SIGNS												
113-09.A.2	Class I Temporary Signs (Small A-Frame Signs)			P	P	P	P	P	P	P	P	P
113-09.A.3	Class II Temporary Signs (Large A-Frame Signs)			P	P	P	P	P	P	P	P	P
113-09.A.4	Class III Temporary Signs (Small Post Signs)			P	P	P	P	P	P			P
113-09.A.5	Class IV Temporary Signs (Large Post Signs)			P	P	P	P	P	P			P
113-09.A.6	Banner Signs and Festoons			P	P	P	P	P	P			P
113-09.A.7	Light Pole Banner Signs	P	P		P	P	P	P	P			P
113-09.A.8	Teardrop Banner Signs			P	P	P	P	P	P	P	P	P
113-09.A.9	Sign Walkers	P	P	P	P	P	P	P	P	P	P	P
113-09.A.10	Model Home Complex Signs			P				P				
113-09.A.11	Residential Subdivision Signs			P				P				
BUILDING MOUNTED SIGNS												
113-09.B.1	Building Wall Signs			P	P	P	P		P			P
113-09.B.2	Blade Signs			P	P	P	P		P			P
113-09.B.3	Canopy Signs				P	P	P		P			P
113-09.B.4	Marquee Signs						P					P
113-09.B.5	Awning Signs						P		P			P
113-09.B.6	Hanging Signs					P	P	P	P	P		P
113-09.B.7	Window Signs and Sunscreens			P	P	P	P	P	P			P
FREESTANDING GROUND SIGNS												
113-09.C.1	Class I Monument Signs (Menu Signs)						P		P			
113-09.C.1	Class II Monument Signs (Preview Signs)						P		P			
113-09.C.2	Class III Monument Signs (Directional Signs)	P	P	P	P	P	P	P	P	P	P	P
113-09.C.3	Class IV Monument Signs (Directory Signs)				P	P	P		P			
113-09.C.4	Class V Monument Signs (Minor Monument Signs)			P	P	P	P		P			P
113-09.C.5	Class VI Monument Signs (Major Monument Signs)				P	P	P		P			P
113-09.C.6	Roadway Arch Signs	P	P				P		P			
113-09.C.7	Subdivision Perimeter Wall Signs			P	P	P	P					P
113-09.C.8	Freeway Monument Signs						C					
113-09.D	Billboard Signs						C					
OTHER SIGNAGE												
113-11	Level 1 Electronic Messaging			P	P	P	P	P	P	P		P
113-11	Level 2 Electronic Messaging				P	P	P	P	P	P		P
113-12	Reader Panels			P	P	P	P	P	P	P		P
113-13	Address Identification			P	P	P	P	P	P	P	P	P
113-14	Flags and Flagpoles			P	P	P	P	P	P	P		P

- B. **Signs in the Public Street Right-of-Way:** Signs are permitted within the public street right-of-way regardless of the zoning of said right-of-way, only when erected by, or on behalf of, the City of Surprise, or as permitted under Section 113-09.A.2 and 113-09.A.3 below.

- C. **Signs in the Private Street Right-of-way:** *Signs* are permitted within private street rights-of-way only when associated with an approved Planned Area Development (PAD) or Comprehensive Sign Program (CSP), or as required by the City of Surprise.
- D. **Encroachments:** No portion of any *sign* erected on any property may encroach into the public right-of-way unless expressed written permission is granted by the City of Surprise to allow said encroachment.
- E. **Signs as an Accessory Use:** All *signs* must be an accessory use to a primary use. In no case shall a *sign* be established as a primary use of the property; except that *temporary signs* as otherwise allowed within a given zoning district are exempt from this provision.
- F. **Prohibited Signs** – the following *sign* types are specifically prohibited:
1. *Abandoned signs, Pole Signs* of a permanent nature, *Snipe Signs, and Median Signs*;
 2. *Animated Signs*, flashing, blinking, or rotating *signs*, festoons, *Inflatable Signs* including latex or Mylar balloons, permanent *Banner Signs, Pennants*, searchlights, streamers, *signs* other than *Class 1 Monument Signs* that emit audible sound, and any clearly similar features;
 3. *Vehicle Signs* when the *vehicle* is placed in a location not approved for vehicular parking or storage;
 4. *Signs* containing any words or symbols that would cause confusion because of their resemblance to highway traffic control or direction signals;
 5. Merchandise, equipment, products or other items which are not available for purchase, but are intended to attract attention, or for identification or advertising purposes;
 6. *Signs* located on trees, utility poles, public benches, or any other form of public property, or within any public right-of-way, unless explicitly permitted by these regulations;
 7. *Signs* containing vulgar or profane messages, hate speech, or language intended to incite violence.
 8. *Signs* greater than thirty (30) inches in height and which are located within any sight visibility triangle of any street or driveway intersection as required by the Surprise Engineering Design Standards.

9. *Signs* not expressly permitted as being allowed by right under this Chapter, or by specific requirements in another portion of this Chapter, or otherwise expressly allowed by the City of Surprise Board of Adjustment.
 10. *Signs* placed in locations that are deemed by the City of Surprise to present a hazard to public safety, obstruct clear vision in the area, or interferes with the requirements of the Americans with Disabilities Act (42 United States Code sections 12101 through 12213 and 47 United States Code sections 225 and 611).
- G. **Signs Exempt from these Regulations** – The following *signs* are exempt from regulation under this Chapter:
1. Any public-purpose or public-safety *sign*, or any other notice or warning required by a valid and applicable federal, state or local law, regulation, or resolution, and posted by or on behalf of a governmental agency;
 2. Any *sign* that is not visible from another property to the naked eye, provided said *sign* otherwise meets applicable Building Code requirements and the requirements of Sections 113-10, 113-11 and 113-12 herein.
- H. **Violation** – Any *sign* that is not in compliance with this Section is in violation of this ordinance.

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Section 113-08 – General Provisions

A. Permitting Requirements:

1. **Permits Required:** With the exception of those *sign* types listed in 113-08.A.3 below, a construction permit is required for all *signs* regulated by this Chapter and erected within the City of Surprise.
2. **Property Owner Authorization Required:** No *sign* regulated by this Chapter shall be erected on a property not owned by the person or entity erecting the *sign* without the expressed written permission from the property owner of the property onto which the *sign* is erected. Said written permission shall be made available to the City of Surprise upon request.
3. **Exceptions from the Permitting Requirement:** The following *sign* types are exempt from the permitting requirement:
 - a) *Temporary Signs*
 - b) *Sign Walkers*
 - c) *Window Signs*, provided the *sign* is not electrically connected to the *building*
 - d) *Sun screens*
 - e) *Shingle Signs*, provided the *sign* is not electrically connected to the *building*
 - f) *Address Signs* provided the *sign* is not electrically connected to the *building*
 - g) *Flags* except that in the event the flagpole is greater than six (6) feet in length, then a permit is required for the flagpole
 - h) *Signs* relating to citizen review or public hearings

B. Sign Quality, Construction, and Aesthetics:

1. *Signs* shall be designed in compliance with the applicable construction codes adopted by the City and in effect at the time of construction.
2. Where *raceway cabinets* are utilized, said *raceway cabinets* shall be painted to match the color of the surface onto which it is mounted.

3. Whenever a *permanent sign* is removed, the surface onto which the *sign* was mounted shall be repaired as closely as practicable to a new-like condition.
4. Unless specifically approved by the Planning and Zoning Commission through a Comprehensive Sign Program or Conditional Use Permit as applicable, supporting elements for all *signs* shall appear to be free of any angle iron, bracing, guy wires or similar features.
5. When electrical service is provided to any *sign*, all components of said service are to be entirely concealed or, when necessary, painted to match the surface of the structure upon which they are mounted.
6. All permanent signs permitted by this Chapter shall be constructed of durable material capable of withstanding continuous exposure to the elements and conditions of the urban environment.

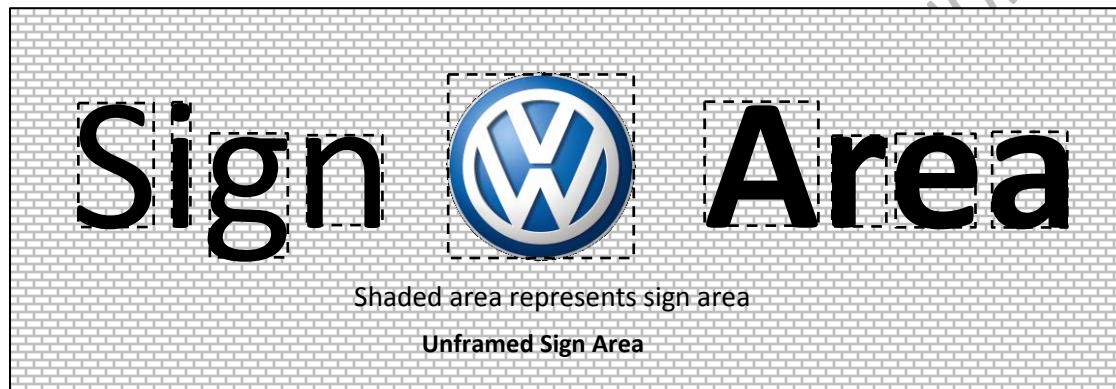
C. **Sign Maintenance:**

1. All *signs* shall be maintained in a stated of good repair, operational, and free of *blight* and/or hazards. Weathered, sun damaged, tattered or faded *signs* or related components shall be repaired or replaced.
2. Whenever any *sign*, either legally conforming or legally nonconforming, is required to be removed for the purpose of repair, lettering or repainting, the same may be done provided;
 - a) There is no alteration or remodeling to the *structure* or to the mounting of the *sign* itself;
 - b) There is no enlargement or increase in any of the dimensions of the *sign*, *sign copy*, or *sign structure*;
 - c) The *sign* is an accessory to a legally conforming use, conditional use, or legally nonconforming use.

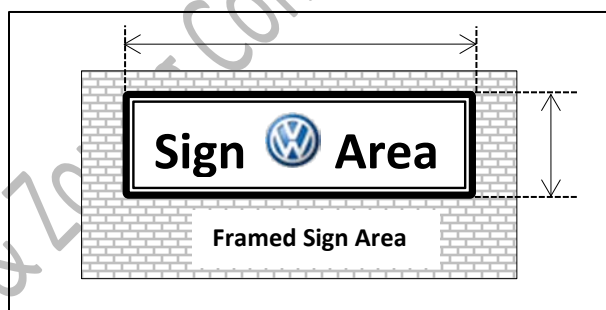
D. **Methods of Measurements:**

1. **Sign Area:**

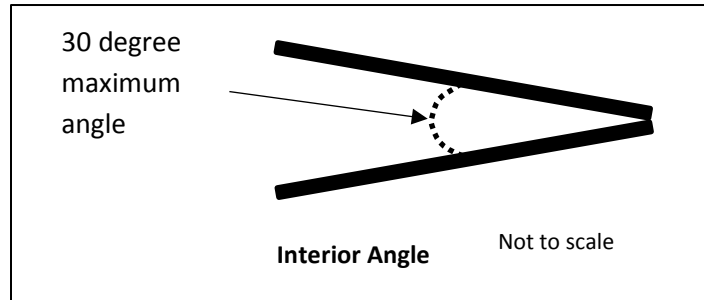
- a) **Unframed Signs:** Where the individual letters, logos and graphics of a *sign* are mounted directly to a wall or *sign structure*, the *sign area* is determined by calculating the smallest rectangle or combination of rectangles containing *sign copy*.



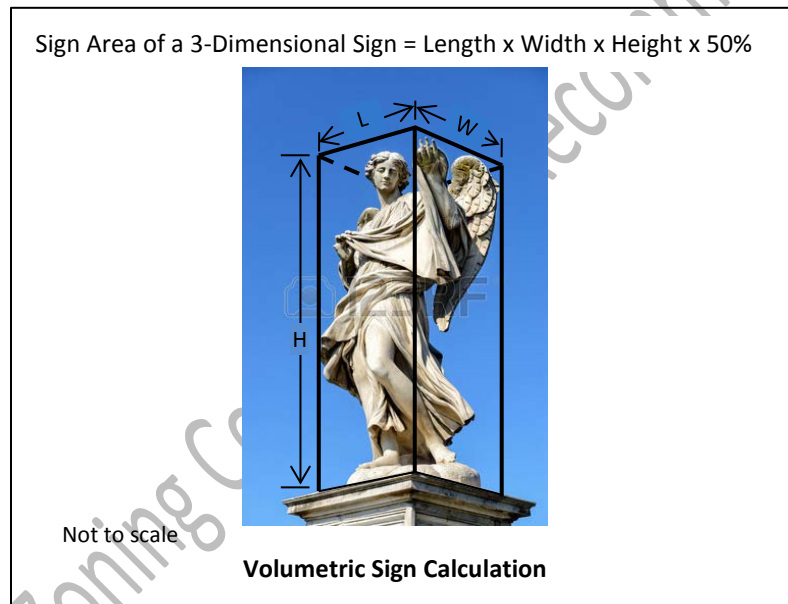
- b) **Framed Signs:** Where the individual letters, logos and graphics are integral to a *sign panel*, or are framed in by an architectural element or contrasting color apart from the color of the wall or *sign structure*, the *sign area* shall be the area of the panel or frame.



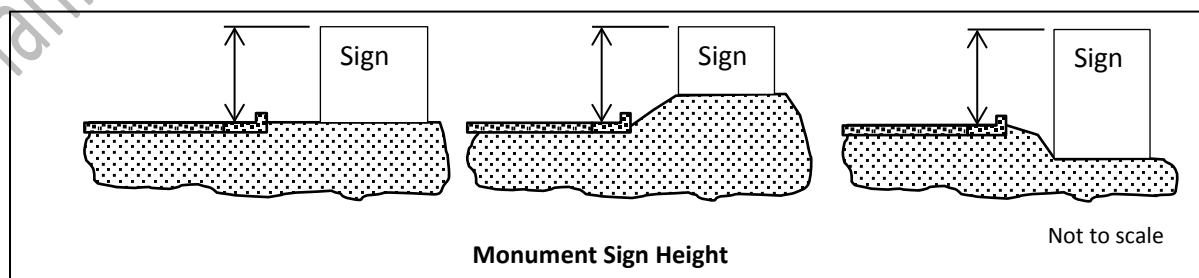
- c. **Double-Sided Signs:** Only one side of a double-sided *freestanding ground sign* shall be used to calculate the *sign area*, provided the interior angle between *sign* faces is not greater than 30 degrees. This provision does not apply to *A-Frame Signs*.



- d. **3-Dimensional Signs:** Where a *sign* consists of a 3-dimensional, free-form, sculptural or other non-planar design, the *sign area* shall be calculated as 50% of the total volume of space contained within the smallest cuboid, which will enclose the *sign* structure.



2. **Monument Sign Height:** Unless otherwise noted, notwithstanding adjacent topography, the height of any class of *monument sign* shall be measured from the closest adjacent curb, or if no curb is present, the closest adjacent pavement.



3. **Fractional Calculations:** All linear measurements and calculations shall be accurate to the closest inch. All area measurements and calculations shall be accurate to the closest square inch. All volumetric measurements and calculations shall be accurate to the closest cubic inch.

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Section 113-09 – Sign Classifications and Types

The following *sign* classifications and types as defined in Section 113-06 are permitted in the City of Surprise as outlined in Table 113-07. A subject to the following “time, place and manner” restrictions.

A. **Temporary Signs:** When allowed, *Temporary Signs* shall conform to the following requirements:

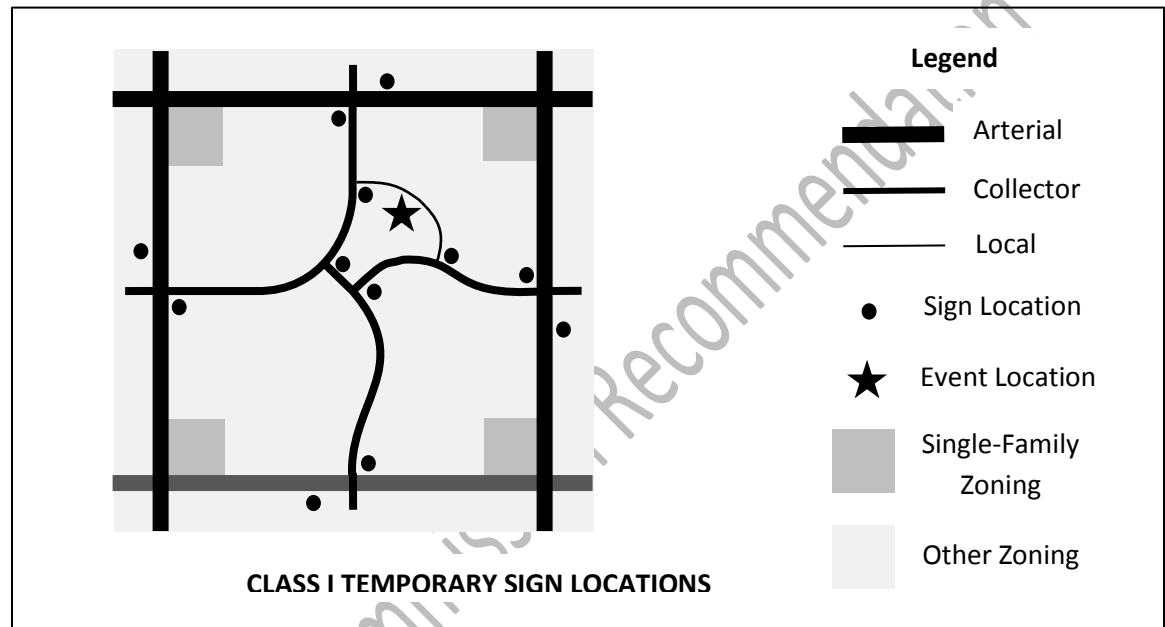
1. **General Requirements:**

- a) *Temporary signs* shall not be illuminated in any manner except by ambient lighting present on the property.
- b) *Temporary signs* shall include the name and phone number of the contact person responsible for placing the *sign*.
- c) No *temporary sign* may interfere with the free movement of pedestrian or vehicular traffic.
- d) The supporting elements for *Class III Temporary Signs* and *Class IV Temporary Signs* may be directly buried or inserted into the soil; however, in no case shall concrete, or other permanent attachments to the ground, or attachment to other permanent *structure(s)* be utilized.

2. **Class I Temporary Signs (Small A-Frame Signs):** *Class I Temporary Signs*, as defined herein, are allowed subject to the General Requirements as stated above plus the following:

- a) *Class I Temporary Signs* are only allowed in conjunction with a *Lawful Temporary Event* being held on land zoned for single-family residential uses.
- b) *Class I Temporary Signs* may be placed in the following locations when in association with a *Lawful Temporary Event* occurring on land zoned for single-family residential uses:
 - i) One (1) *Class I Temporary Sign* at the site of the *Lawful Temporary Event*,
 - ii) One (1) *Class I Temporary Sign* at each local or collector street intersection leading from the site of the *Lawful Temporary Event* to the adjacent arterial street grid,

- iii) Two (2) *Class I Temporary Sign* at the point where the local or collector street intersects with the arterial street. One (1) of these *signs* may be located on the opposite side of the arterial street from where the *Lawful Temporary Event* is occurring, provided said *sign* is no further than 500 feet from the intersection.



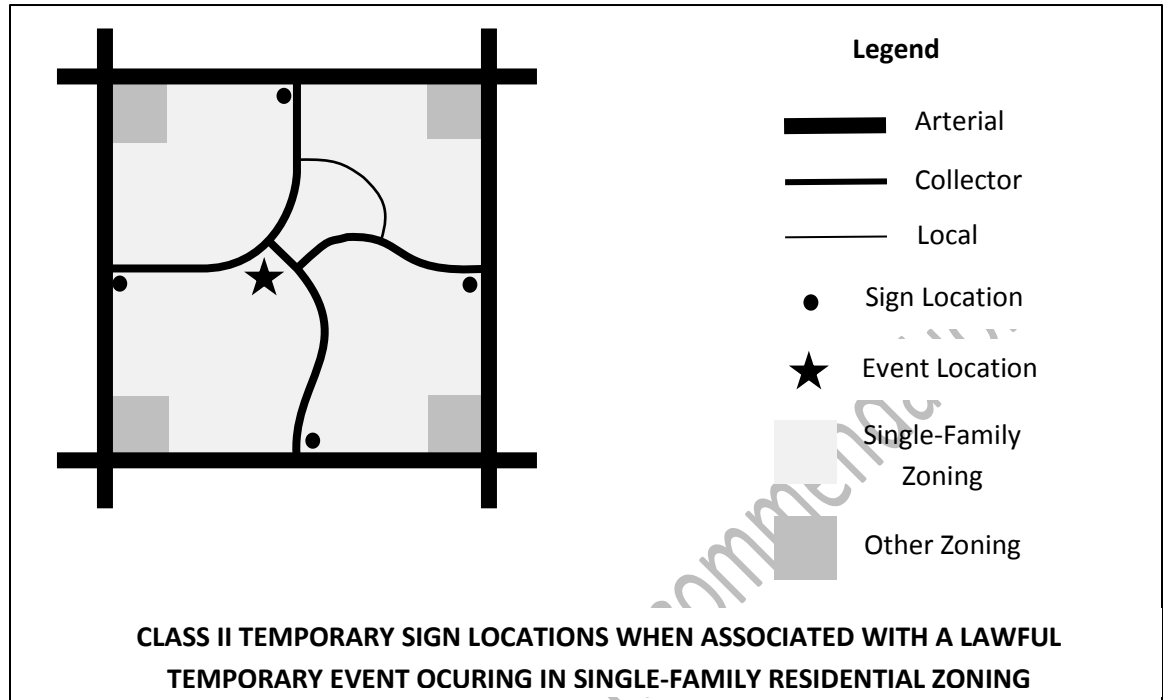
- c) When allowed, *Class I Temporary Signs* may be located within the street right-of-way, but not within any median, vehicle or bicycle travel lane, or sidewalk, nor within any sight visibility triangle as outlined in Standard Details 4-01 and 4-02 of the Surprise Engineering Development Standards.
- d) There is no limit to the number of *sign panels* per *sign structure* provided the defined height, width and *sign area* limitations are not exceeded.
- e) The *sign* may be weighted or ballasted; however, no such *sign* may be affixed to the ground or to any permanent *structure*.
- f) *Class I Temporary Signs* may be placed one (1) hour before the start of the *Lawful Temporary Event* and shall be removed not more than one (1) hour after the end of the *Lawful Temporary Event*.
- g) If the *Lawful Temporary Event* being served by the *Class I Temporary Sign* requires a Temporary Use Permit, the locations of

the *Class I Temporary Signs* shall be included with the application materials.

3. ***Class II Temporary Signs (Large A-Frame Signs and Pedestal Signs):***

Class II Temporary Signs, as defined herein, are allowed subject to the General Requirements as stated above plus the following:

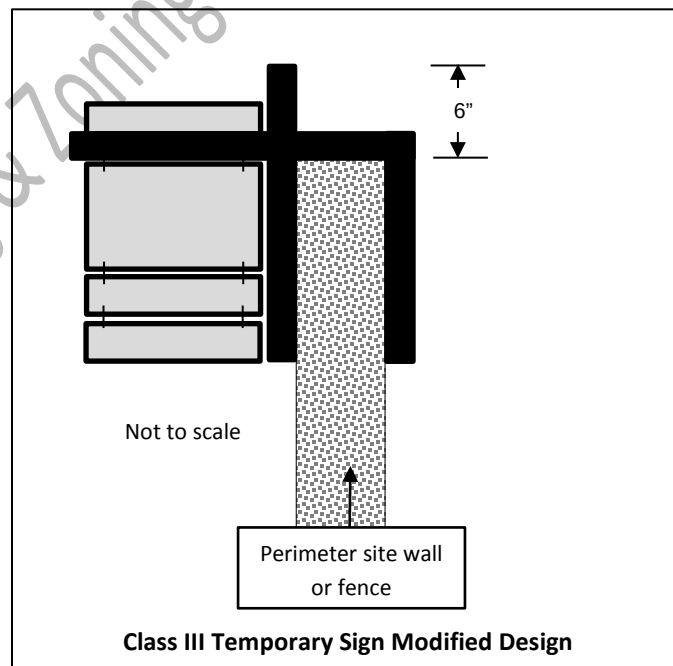
- a) *Class II Temporary Signs* are only allowed in conjunction with a lawful commercial use including *Cottage Industries*, but not *Home Occupations*, or in conjunction with a *Lawful Temporary Event* being held on land zoned for single-family residential uses.
- b) When a *Class II Temporary Sign* is being utilized in conjunction with a lawful commercial use, one (1) such *sign* may be located within 15' of the doorway of the customer entrance to the *building* in which the lawful commercial use is occurring.
- c) When a *Class II Temporary Sign* is being utilized in conjunction with a *Lawful Temporary Event* located on land zoned for single-family residential uses, the following locational requirements apply:
 - i) One (1) *Class II Temporary Sign* may be placed at the site of the *Lawful Temporary Event*,
 - ii) One (1) *Class II Temporary Sign* may be placed at the point where the local street or collector street intersects with the arterial street grid.
 - iii) In no circumstance shall a street other than a local street or collector street be located between a *Class II Temporary Sign* and the *Lawful Temporary Event* served by the *sign*.



- d) When allowed, *Class II Temporary Signs* may be located within the street right-of-way, but not within any median, vehicle or bicycle travel lane, or sidewalk, nor within any sight visibility triangle as outlined in Standard Details 4-01 and 4-02 of the Surprise Engineering Development Standards.
- e) There is no limit to the number of *sign panels* per *sign structure* provided the defined height, width and *sign area* limitations are not exceeded.
- f) The *sign* may be weighted or ballasted; however, no such *sign* may be affixed to the ground or to any permanent *structure*.
- g) *Class II Temporary Signs* associated with a *Lawful Temporary Event* located on land zoned for single-family residential uses may be placed between the hours of 4:00 PM Friday to 11:00 PM Sunday. Otherwise, *Class II Temporary Signs* may be displayed during the business hours of the business served by the *Class II Temporary Sign*.
- h) If the *Lawful Temporary Event* being served by the *Class II Temporary Sign* requires a Temporary Use Permit, the locations of the *Class II Temporary Signs* shall be included with the application materials.

4. **Class III Temporary Signs (Small Post-Signs):**

- a) Not more than one (1) *Class III Temporary Sign* meeting the specific requirements outlined in this Section is permitted per lot of record except that if said lot abuts more than one (1) street, one (1) additional *Class III Temporary Sign* meeting said requirements may be erected along each additional street frontage.
- b) In the event a property is vacant, additional *Class III Temporary Signs* may be erected on said property provided the spacing between such *signs* is not less than 600 feet.
- c) *Class II Temporary Signs* shall not be located within the street right-of-way, median, vehicle or bicycle travel lane, or sidewalk, nor within any sight visibility triangle as outlined in Standard Details 4-01 and 4-02 of the Surprise Engineering Development Standards.
- d) There is no limit to the number of *sign panels* per *sign structure* provided the defined height, width and *sign area* limitations are not exceeded.
- e) In the event that a lot's *perimeter site wall* or fence is adjacent to or within twenty (20) feet of a street, the *Class III Temporary Sign* may be modified to allow the *sign* to be hung from but not attached to the *perimeter site wall* or fence provided the *sign* does not exceed the height of the wall or fence by more than six (6) inches and does not interfere with pedestrian movement.



5. **Class IV Temporary Signs (Large Post-Signs):**

- a) Not more than one (1) *Class IV Temporary Sign* meeting the specific requirements outlined in this Section is permitted per lot of record except that if said lot abuts more than one street, one (1) additional *Class IV Temporary Sign* meeting said requirements may be erected along each additional street frontage, except that *Class IV Temporary Signs* associated with a public hearing shall not be counted towards this total.
- b) *Class IV Temporary Signs* shall not be located within the street right-of-way, median, vehicle or bicycle travel lane, or sidewalk, nor within any sight visibility triangle as outlined in Standard Details 4-01 and 4-02 of the Surprise Engineering Development Standards.
- c) The maximum number of *sign panels* per *sign structure* shall not exceed two (2).

6. **Banner Signs and Festoons:**

- a) **General:** The following provisions apply to all *banner signs* and *festoons*:
 - i. *Banner Signs* shall be equipped with ventilation flaps.
 - ii. *Banner Signs* and *Festoons* shall be securely attached to the *building* or fence, but in no case shall be attached to freestanding poles or vegetation.
- b) **Residential:** Any number of *Banner Signs*, *Festoons* or combination thereof are permitted per dwelling unit, provided the aggregate length does not exceed twenty (20) lineal feet and the aggregate area does not exceed 100 square feet.
- c) **Non-Residential:** *Banner Signs* and *Festoons* are permitted on properties zoned for non-residential use subject to the following:
 - i. One (1) *Banner Sign* may be placed on a *building*, provided the maximum area of the *Banner Sign* shall not exceed one (1) square foot per linear foot of *building* elevation, not to exceed 500 square feet.
 - ii. For a single-tenant *building*, the width of the *Banner Sign* shall not exceed 80% of the width of the *building* elevation onto which the *Banner Sign* is attached. For multi-tenant

building, the width of the *Banner Sign* shall not exceed 80% of the leased tenant frontage.

- iii. Any number of *Festoons* may be placed on a *building* provided the *Festoon* contains no advertising copy, the aggregate length does not exceed twenty (20) lineal feet, and the aggregate area does not exceed 100 square feet.

- d) **Construction Sites and Temporary Construction Yards:** *Banner Signs* are allowed in conjunction with active construction sites and temporary construction yards regardless of zoning, subject to the following:

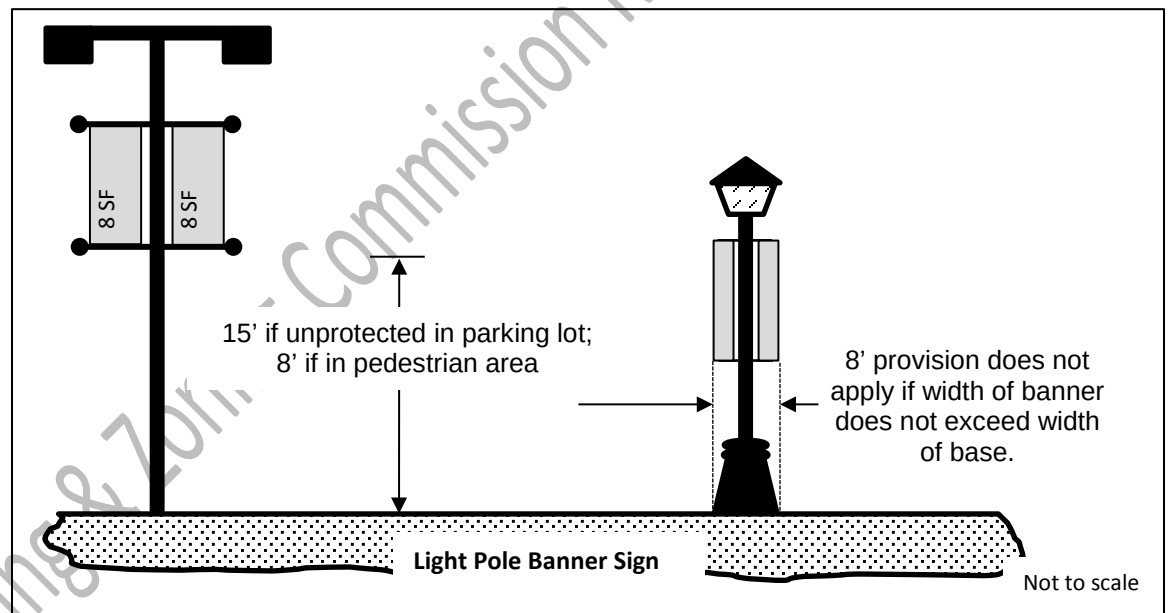
- i. One (1) or more *Banner Signs* may be affixed to the perimeter fence surrounding a construction site or temporary construction yard, provided said *Banner Signs* do not extend above the height of the perimeter fence.
- ii. Individual *Banner Signs* shall not exceed ten (10) feet in length. Where multiple *Banner Signs* are utilized in lieu of screening material on a fence surrounding a construction site or temporary construction yard, said *signs* shall be spaced not less than one (1) foot apart unless the *Banner Sign* is fabricated of material with not less than 50% visual transparency, in which case this provision shall not apply.

7. **Light Pole Banner Signs:**

- a) *Light Pole Banner Signs* may be attached to light poles when the pole is so equipped to receive such banner, except that in no case shall a *Light Pole Banner Sign* be affixed to a light pole in a public right-of-way without the expressed written permission from the City of Surprise.
- b) The surface area of a single *Light Pole Banner Sign* shall not exceed eight (8) square feet as measured on a single side.
- c) When two (2) *Light Pole Banner Signs* are affixed to a single light pole, both *Light Pole Banner Signs* shall be consistent with each other with respect to size and shape so as to create uniformity.
- d) When the light pole onto which a *Light Pole Banner Sign* is placed is located within the paved portion of a parking lot, and the light pole base is unprotected from vehicular traffic, the bottom of the *Light Pole Banner Sign* shall be a minimum of fifteen (15) feet above the parking surface over which the banner is placed. If the

base of the light pole is protected from vehicular traffic, this provision shall not apply.

- e) When the light pole is located within a pedestrian area, the bottom of the *Light Pole Banner Sign* shall be a minimum of eight (8) feet above the surface over which the *Light Pole Banner Sign* is placed, unless the *Light Pole Banner Sign* is sufficiently narrow so as to not extend beyond the base of the light pole.
- f) Any horizontal supporting members shall either be removed when not in use or shall be of a hinged design and folded into a vertical position when not in use.
- g) *Light Pole Banner Signs* shall not be illuminated in any manner except as incidental to the lighting fixture supported by the light pole.
- h) Light Pole Banner Signs shall be equipped with ventilation flaps.



8. **Teardrop Banner Signs**

- a) Not more than two (2) *Teardrop Banner Signs* are permitted in conjunction with a *Lawful Temporary Event* subject to the specific requirements as outlined herein except that in no case shall a *Teardrop Banner Sign* be allowed on a vacant property.
- b) *Teardrop Banner Signs* may only be erected on the property on which the *Lawful Temporary Event* is occurring. In no case shall a

Teardrop Banner Sign be located within a public or private right-of-way.

- c) No *Teardrop Banner Sign* shall be located within fifteen (15) feet of a pedestrian path, sidewalk, or trail, whether public or private.
- d) No *Teardrop Banner Sign* shall be located within fifteen (15) feet of any vehicular parking surface or driveway.
- e) No *Teardrop Banner Sign* shall be located within fifty (50) feet of any public or private right-of-way.
- f) The maximum height of the *sign structure* as measured from the nearest adjacent grade shall not exceed twelve (12) feet with the flag portion of the *sign* not exceeding sixteen (16) square feet.
- g) The *Teardrop Banner Sign* shall be supported by a pedestal, which may be weighted or ballasted to prevent being overturned, but in no case shall the supporting *sign structure* be inserted into the ground.

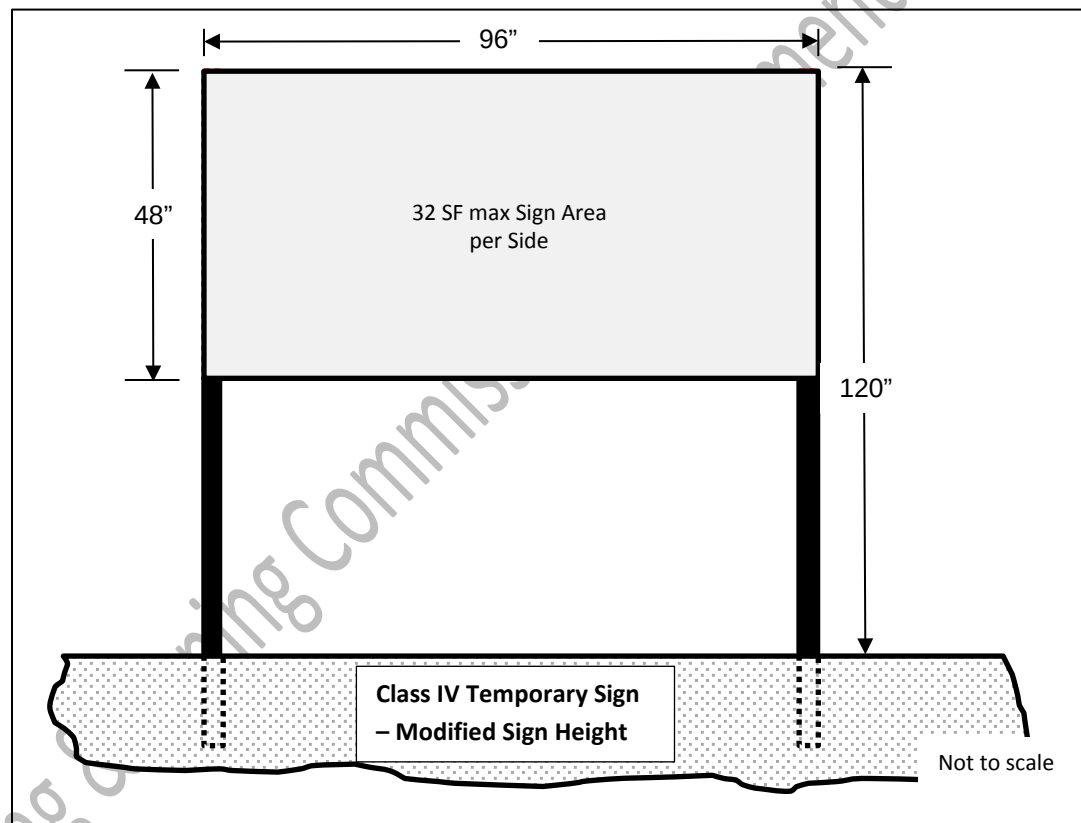
9. **Sign Walkers:** *Sign Walkers* are permitted to operate within the City of Surprise subject to the following restrictions:

- a) *Sign Walkers* may only operate during *daylight hours*.
- b) *Sign Walkers* may only operate on a sidewalk intended for pedestrian travel, but shall at no time block the free and unobstructed movement of pedestrians or vehicles.
- c) *Sign Walkers* may carry a maximum of two (2) single-sided *signs* not exceeding three (3) square feet of *sign copy* each or one (1) double-sided *sign* not exceeding twelve (12) square feet of aggregate *sign copy*; however, in no case shall a *Sign Walker* carry any form of *electronic messaging*.
- d) *Sign Walkers* shall not display a *sign* in any manner other than by personally holding or wearing said *sign*.

10. **Model Home Complex Signs:** In addition to other *signs* that are permitted in association with a single-family residence, a *Model Home Complex* may employ the following:

- a) One (1) *Class III Temporary Sign* meeting the requirements of Section 113-09.A.4 herein for each lot located within the boundaries of an approved *Model Home Complex*. Such signs shall not be illuminated except by ambient lighting.

- b) One (1) *Class IV Temporary Sign* meeting the requirements of Section 113-09.A.5 herein may be located within the boundaries of the approved *Model Home Complex*; however, if the *Model Home Complex* is located adjacent to a Collector or Arterial Street, the overall height of the *Class IV Temporary Sign* allowed under this Paragraph may be increased to 120 inches, provided the *sign* is designed to withstand windloads as required by the building codes in effect at the time the sign is erected. A *Class IV Temporary Sign* permitted under this Paragraph may be *externally illuminated* as outlined in Section 113-10.

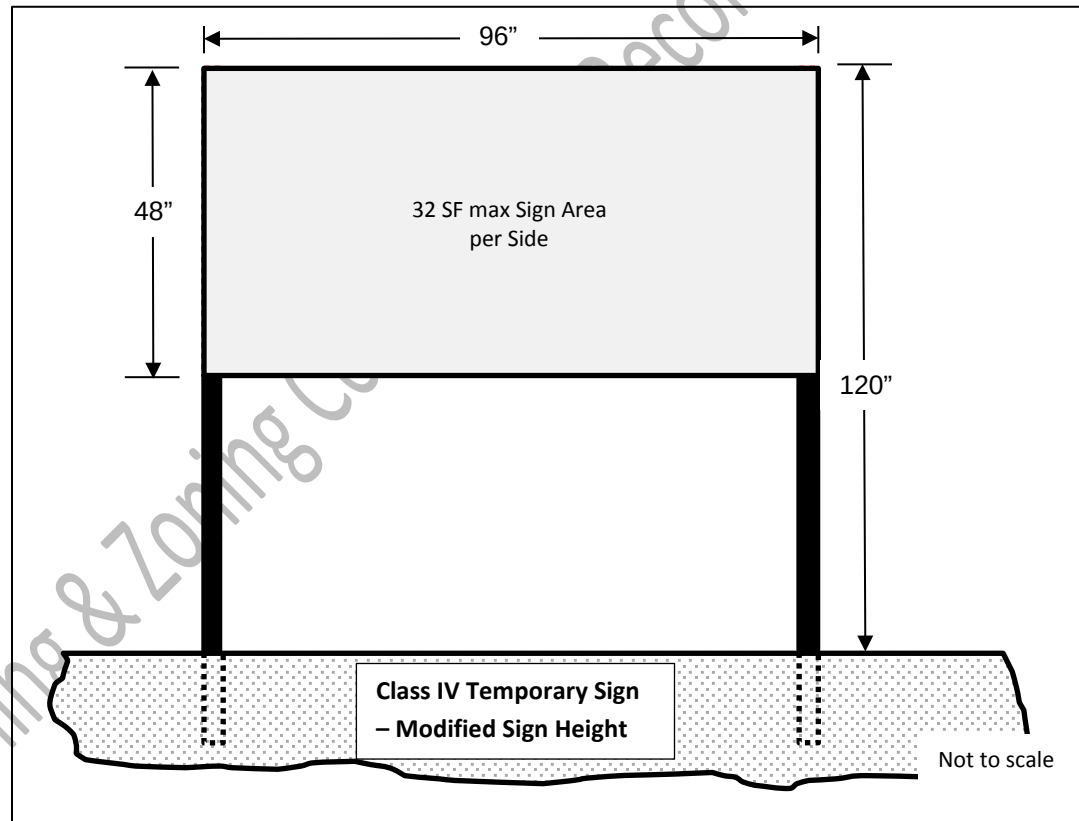


- c) One (1) flagpole not exceeding a height of 45' may be erected within the boundaries of the Model Home Complex provided said flagpole is located within the building envelope or within the required front yard of the lot in which it is placed, but not located within any required side or required rear yard. A maximum of two (2) flags may be displayed from said flagpole. The flag and flagpole permitted under this Paragraph may be *externally illuminated* in accordance with Section 122-145 of the Surprise Municipal Code.

- d) Two (2) flagpoles not exceeding a height of twenty (20) feet may be erected for each lot located within the boundaries of the approved Model Home Complex. A maximum of one (1) flag may be displayed from each flagpole. Flagpoles permitted under this Section may be erected along the perimeter of the Model Home Complex. Flagpoles permitted under this Paragraph shall not be illuminated except by ambient lighting.
- e) Four (4) additional *Teardrop Banner Signs* meeting the requirements of Section 113-09.A.8 herein for each lot located within the boundaries of an approved *Model Home Complex*, except that Paragraphs 113-08.A.8.c, 113-08.A.d and 113-08.A.e shall not apply. *Teardrop Banner Signs* permitted under this Paragraph shall not be illuminated except by ambient lighting.
- f) One (1) *Banner Sign* not exceeding three (3) feet in height and five (5) feet in length may be attached to the trap fence. Said *Banner Sign* shall be equipped with ventilation flaps. *Banner Signs* permitted under this Paragraph shall not be illuminated except by ambient lighting.
- g) One (1) *Awning Sign* or *Canopy Sign* provided the awning or canopy is limited to the customer entrance to the sales office associated with the approved *Model Home Complex*. *Awning Signs* or *canopy signs* permitted under this Paragraph shall not be illuminated except by ambient lighting.
- h) One (1) *Building Wall Sign* not exceeding four (4) square feet may be affixed to the front elevation of the Model Home Sales Office facing the street from which the Model Home Complex takes access. Said sign may be *externally illuminated* or back-lit in accordance with Section 113-10.
- h) Information regarding *Model Home Signs* shall be included with the Model Home Complex application packet to be reviewed and approved with the Model Home Complex. In circumstances where Model Home Complexes in existence as of the effective date of this Ordinance are to be retrofitted for purposes of implementing signage permitted under this Section, an amendment to the approved Model Home Complex is required.
- i) All *Model Home Signs* permitted under this Section shall be removed upon the conversion of the Model Homes to a residential use in accordance with Section 122-92(h) of the Surprise Municipal Code.

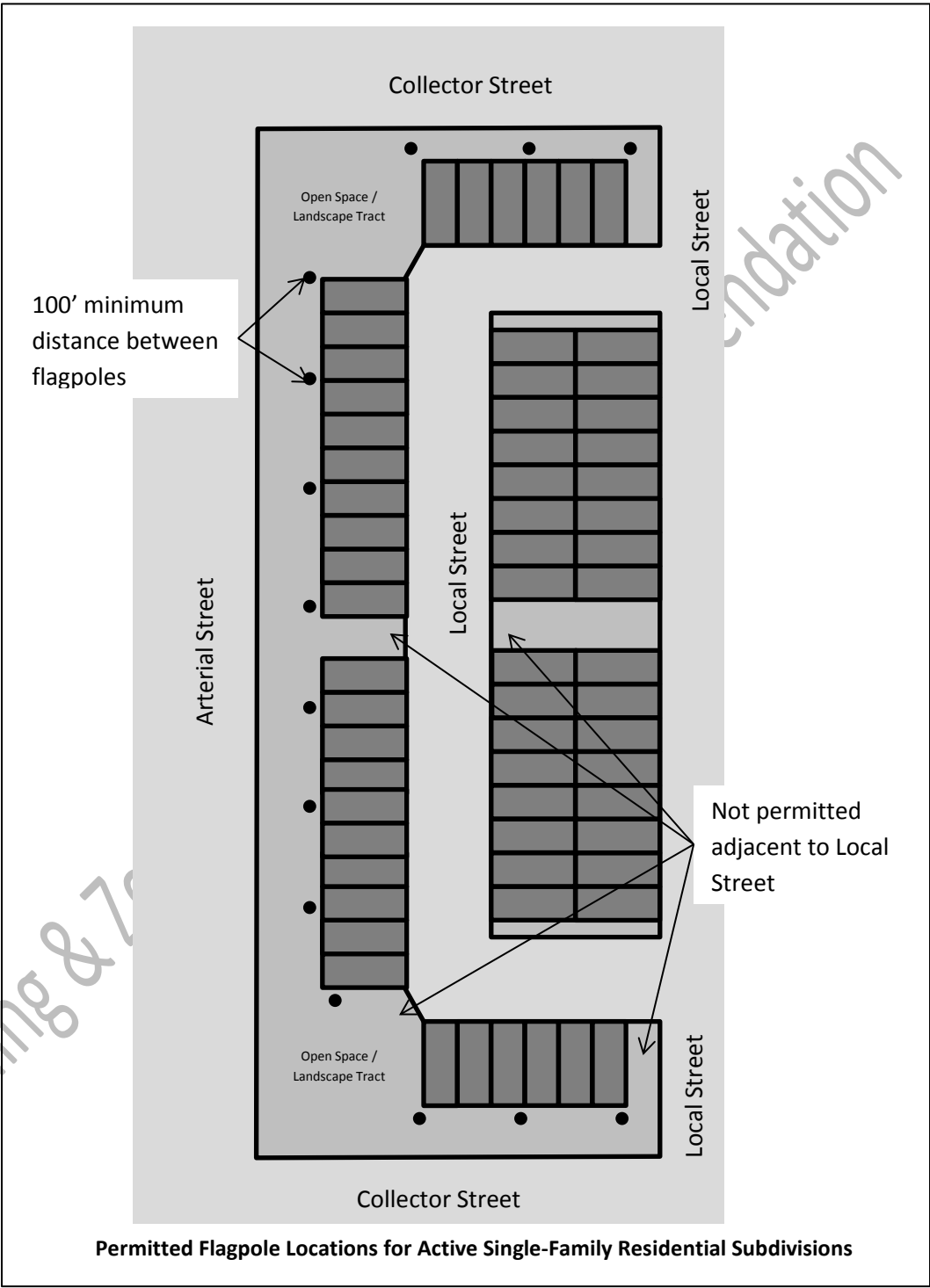
11. **Active Single-Family Residential Subdivision Signs:** In addition to other signs that may be permitted in association with a *Model Home Complex*, the following *Signs* are permitted within the boundaries of an *Active Single-Family Residential Subdivision*:

- a) One (1) *Class IV Temporary Sign* meeting the requirements of Section 113-09.A.5 herein may be located within the boundaries of an *Active Single-Family Residential Subdivision*, provided such sign is located adjacent to a Collector Street or Arterial Street. The overall height of the *Class IV Temporary Sign* allowed under this Paragraph may be increased to 120 inches, provided the sign is designed to withstand windloads as required by the building codes in effect at the time the sign is erected. A *Class IV Temporary Sign* permitted under this Paragraph may be externally illuminated as outlined in Section 113-10.



- c) Where an *Active Single-Family Residential Subdivision* includes an open space tract or landscape tract located adjacent to a Collector Street or Arterial street, a series of flagpoles not exceeding 20 feet in height may be erected within said tract provided said flagpoles are spaced no closer than 100 feet apart; however, flagpoles permitted under this Paragraph may not be located adjacent to any Local Street regardless of the location of the tract relative to the

Local Street. Further, flagpoles permitted under this Paragraph may not be illuminated except by ambient lighting.



- c) *All Active Single-Family Residential Subdivision Signs* shall be removed upon the close of escrow of the last lot in the subdivision or upon cessation of use, whichever comes first.

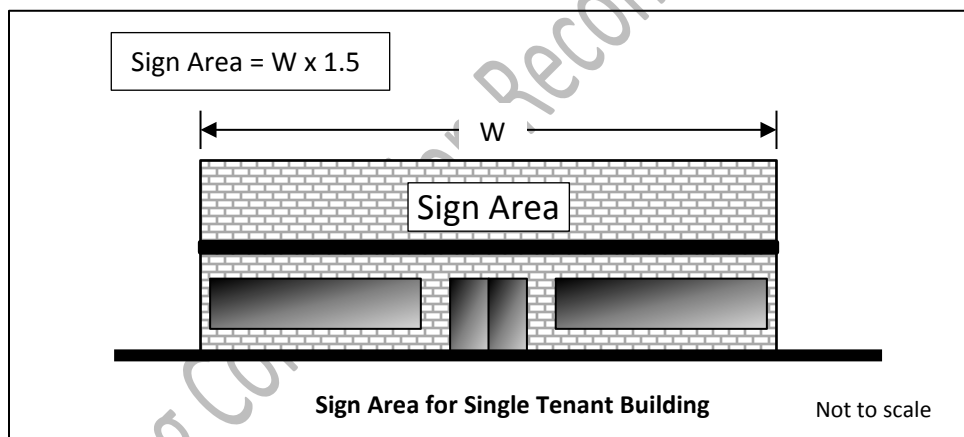
Planning & Zoning Commission Recommendation

- B. **Building-Mounted Signs:** Building-mounted *signs* may only be placed on *building* elevations which face a street or primary parking lot. For purposes of this Section, parking areas adjacent to service bays, access drives located behind a *building*, or alley ways are not considered primary parking areas.

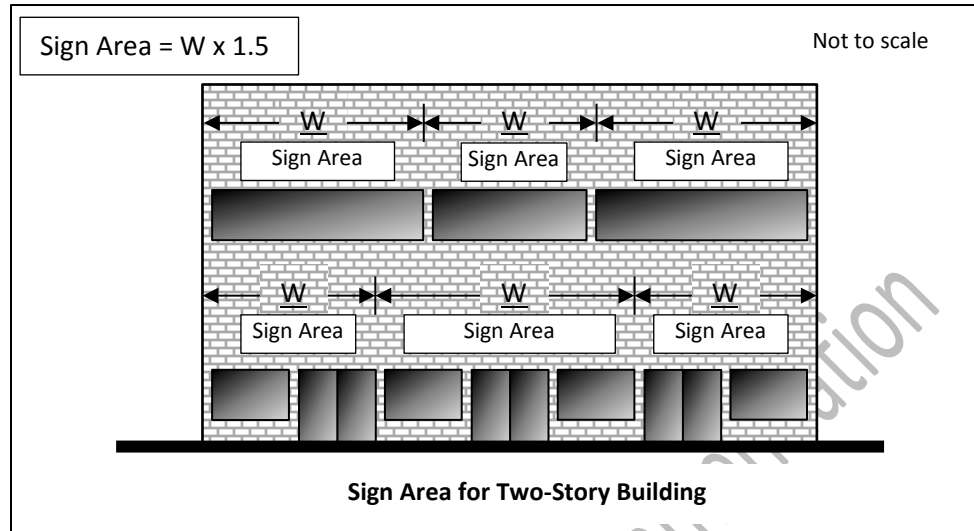
1. **Building Wall Signs:**

In other than residential zoning, *Building Wall Signs* are permitted on any *building* elevation of any primary use *building*, subject to the following:

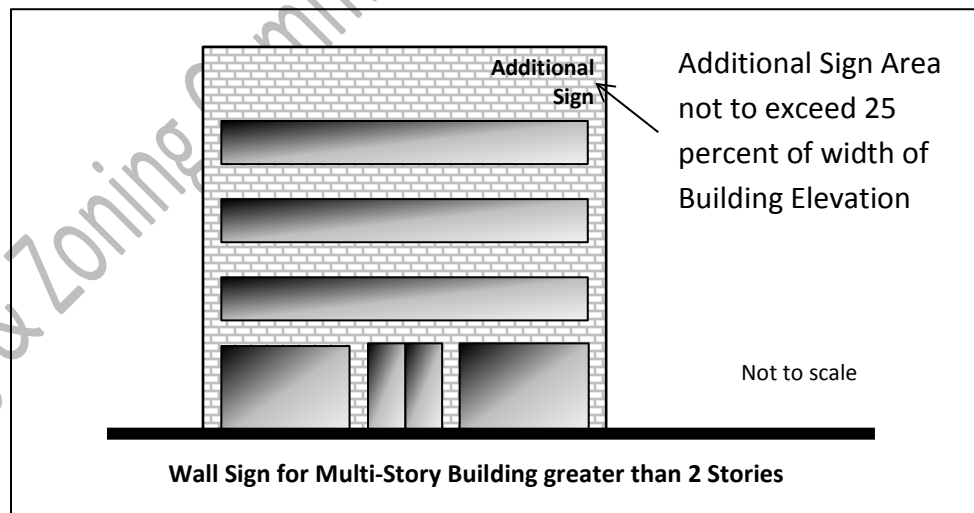
- a) For single story, single-tenant *buildings*, any number of *Building Wall Signs* may be affixed to any *building* elevation, provided the aggregate *sign area* does not exceed one and one-half (1.5) square foot per one (1) linear foot of *building* elevation on which the *sign* is mounted.



- b) For two-story office *buildings* or two-story mixed-use *buildings*, each tenant who possesses leased tenant frontage on the exterior wall of the building may affix any combination of *Building Wall Signs* provided the aggregate *sign area* does not exceed one and one-half (1.5) square foot per one (1) linear foot of that tenant's leased frontage. In the event a tenant does not possess leased tenant frontage located along the exterior of the building, this provision does not apply.



- c) For multi-story *buildings* greater than two (2) stories one (1) *Building Wall Sign*, the area of which not exceeding 25 percent of the width of the elevation may be affixed to each *building* elevation at a location that is nearest the top of the *building* provided said *sign* does not extend above the *parapet*, or in the case of an *exposed pitch roof*, the drip line of the roof. In no case shall such signs be affixed to an elevator shaft or equipment screening.

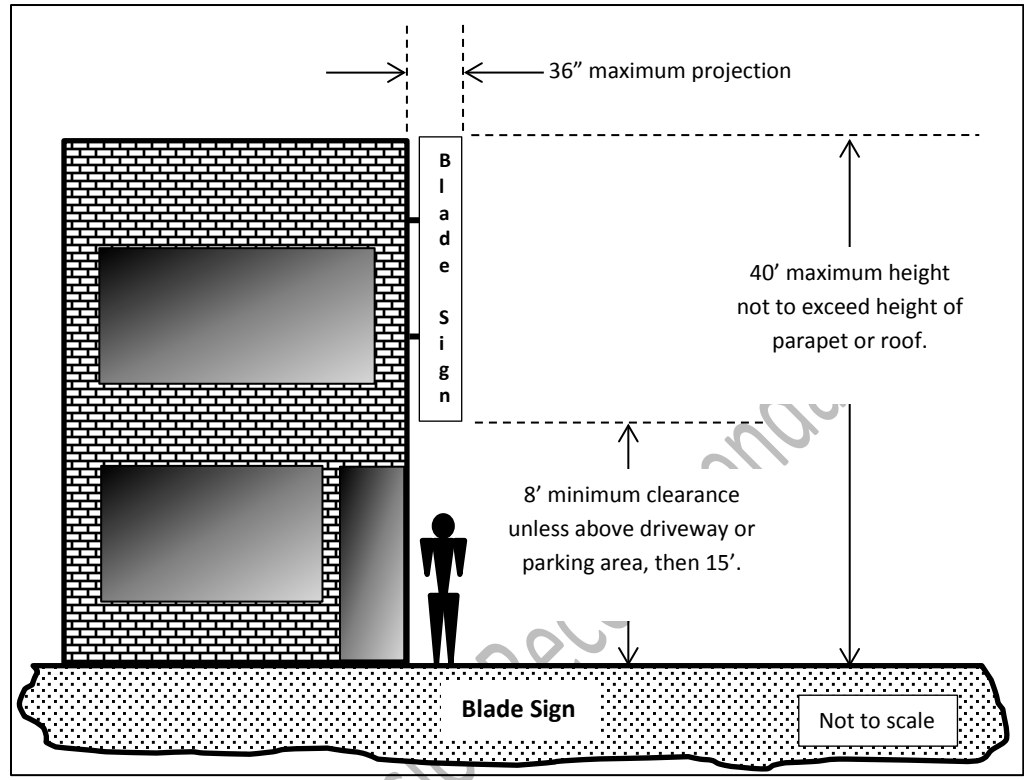


- d) The *sign area* of any *Building Wall Sign* serving an arterial street may be increased by twenty-five (25) percent when the *building* is setback at least 600 feet from the public right-of-way and may be further increased an additional twenty-five (25) percent for each additional 200 feet of setback, up to a maximum of 100%, provided the increase in *sign area* does not cause the *sign* to be in violation with the other provisions of this Section.

- e) The maximum width of a *Building Wall Sign* shall not exceed eighty (80) percent of the leased tenant frontage for a multi-tenant *building*, or *building* elevation for a single-tenant *building*.
- f) *Building Wall Signs* shall be installed in a manner that does not obscure architectural features such as, but not limited to, pilasters, arches, windows, cornices, pop-outs, decorative trims, moldings, and frieze.
- g) *Building Wall Signs* may be *internally illuminated*, externally illuminated, or *back-lit*, but may not include *electronic messaging* (EMCs). Further, illumination shall be in accordance with the requirements set forth in Section 113-10.

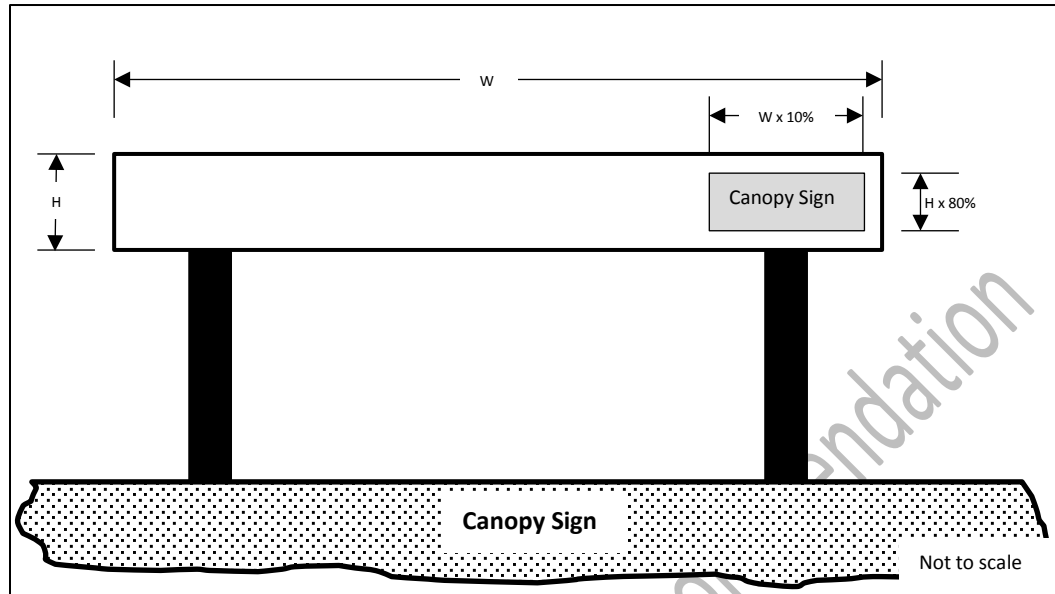
2. **Blade Signs:**

- a) One (1) *Blade Sign* is permitted per primary use multi-story *building* located in multi-family, commercial, mixed-use or industrial zoning subject to the *specific* requirements outlined below.
- b) When a *Blade Sign* extends over a pedestrian area a distance of six (6) inches or more, the bottom of the *sign* shall not be any closer than eight (8) feet above the walking surface over which the *sign* is placed. When a *Blade Sign* extends any distance over a parking lot or vehicular area, the bottom of the *sign* shall not be any closer than fifteen (15) feet above the paving surface over which the *sign* is placed.
- c) The *Blade Sign* shall be mounted such that the top of the *sign* is not higher than forty (40) feet above the ground, sidewalk, or pavement surface above which the *sign* is mounted, except that in no case shall the *Blade Sign* extend above the *roof* of the *building* onto which the *sign* is mounted, or if mounted adjacent to a *parapet*, the *sign* shall not extend above the *parapet*.
- d) The *Blade Sign* shall not project more than thirty-six (36) inches from the wall onto which the *Blade Sign* is mounted.
- e) The *Blade Sign* shall not be *externally illuminated* in any manner except by ambient lighting as may be present on the property; however, *Blade Signs* may be *internally illuminated* in accordance with the requirements set forth in Section 113-10.



3. **Canopy Signs:**

- a) *Canopy Signs* shall not exceed 80% of the height of the face of the *canopy* onto which the *Canopy Sign* is mounted.
- b) *Canopy Signs* shall not exceed ten (10) percent of the width of the face of the *canopy* onto which the *Canopy Sign* is mounted.



- c) *Canopy Signs* may be *internally illuminated* or *back-lit* in accordance with the requirements set forth in Section 113.09. *Level 1 Electronic Messaging* is permitted on a *Canopy Sign*, subject to the provisions outlined in Section 113-11.

4. **Marquee Signs:**

- a) The *Marquee Sign* shall be affixed to the face plane of the marquee and shall not extend above the uppermost or lowermost limits of the marquee.
- b) The *Marquee Sign* shall not exceed eighty percent (80%) of the width of the face of the marquee onto which the *sign* is mounted.
- c) *Marquee Signs* may be *internally illuminated* or *back-lit* in accordance with the requirements set forth in Section 113.09. *Level 1 Electronic Messaging* is permitted subject to the provisions outlined in Section 113-11.

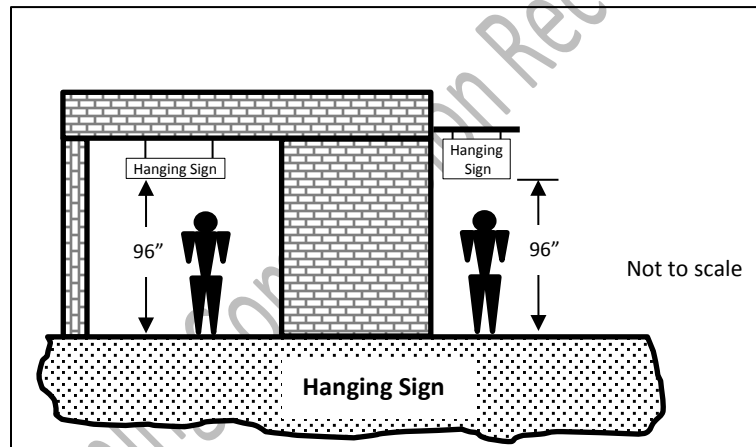
5. **Awning Signs:**

In mixed-use, commercial and industrial zoning districts, *awnings* may be integrated with *sign copy*, but shall not contribute towards the overall *Building Wall Sign area* of a particular *building*.

6. **Hanging Signs:**

In mixed-use, commercial and industrial zoning districts, hanging signs are permitted subject to the following time, place, and manner restrictions:

- a) Not more than one (1) *Hanging Sign* is permitted per customer entrance and shall be mounted above the customer entrance or as close as reasonably practicable.
- b) The maximum *sign area* of the *Hanging Sign* shall not exceed six (6) square feet.
- c) Where a *Hanging Sign* is erected above a pedestrian pathway, the bottom of the *sign* shall be not less than ninety-six (96) inches from the walkable surface above which the *Hanging Sign* is placed.
- d) The *Hanging Sign* shall not be *externally illuminated* in any manner except by ambient lighting present on the property; however, such *signs* may be *internally illuminated* in accordance with the requirements set forth in Section 113-10.



7. **Window Signs and Sunscreens:**

- a) *Window Signs* are allowed provided the combined *sign area* for all *window signs* affixed to a particular window does not exceed forty (40) percent of the individual window pane. Etched or stained glass, when integral to the window, shall not be included in the *sign area* calculation.
- b) Sunscreen material may cover 100 percent of the window pane, provided not more than forty (40) percent of the window pane is covered by any mural or other graphics.
- c) *Window Signs* shall not contribute towards the aggregate *Building Wall Sign Area* of a *building*.

C. Freestanding Ground Signs

1. ***Class I Monument Signs (Menu Signs) and Class II Monument Signs (Preview Signs) for Drive-through Businesses:***

Drive-through businesses may utilize one (1) Class I Monument Sign and one (1) Class II Monument Sign per drive-through lane subject to the following:

- a) The bottom of the *sign copy* of a *Class I Monument Sign* or *Class II Monument Sign* shall not be less than two (2) feet above the adjacent drive-through lane's paved surface.
- b) The overall height of the *sign structure* of a *Class I Monument Sign* or *Class II Monument Sign* shall not be more than eight (8) feet above the adjacent drive-through lane's paved surface.
- c) The *sign area* for an individual *Class I Monument Sign* or *Class II Monument Sign* shall not exceed fifty (50) square feet.
- d) A *Class I Monument Sign* shall not be audible from any residential zoning district or residential use, hotel or motel room, or patient room of an overnight medical facility.
- e) No *Class I Monument Sign* or *Class II Monument Sign* may be located within 100 feet of a residential zoning district or use.
- f) *Class I Monument Signs* and *Class II Monument Signs* may be *internally illuminated* in accordance with the requirements set forth in Section 113.10.
- g) *Level 2 Electronic Messaging* is permitted, subject to the provisions outlined in Section 113-11.

2. ***Class III Monument Signs (Directional Signs):***

Class III Monument Signs are permitted along the street frontage in conjunction with a driveway serving any multi-family residential, commercial or industrial development, subject to the following:

- a) The *Class III Monument Sign* shall not exceed thirty (30) inches in height as measured from the adjacent pavement surface of the roadway served by the *sign*;

- b) The *sign area* of a *Class III Monument Sign* shall not exceed six (6) square feet;
- c) The *Class III Monument Sign* may be *internally illuminated, back-lit, or externally illuminated* as outlined in Section 113.10 provided the source of *external illumination* is not visible.

3. **Class IV Monument Signs (Directory Signs):**

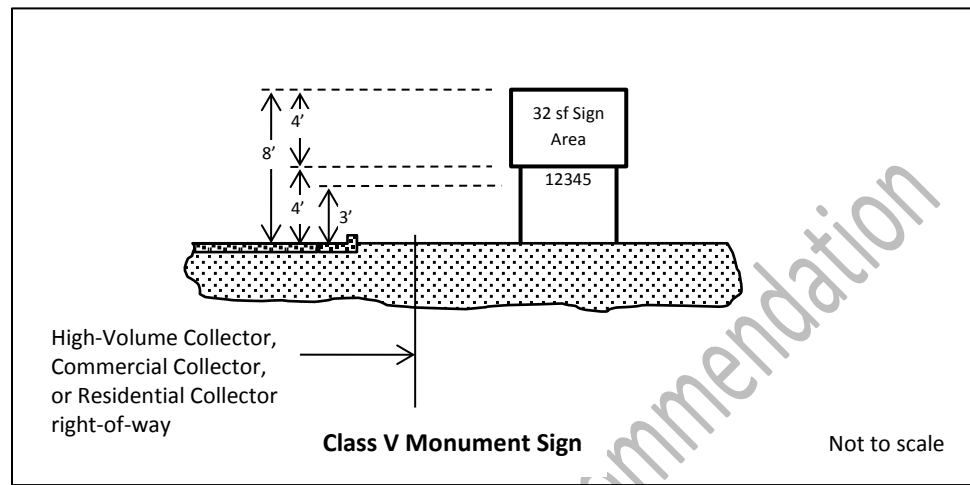
Class IV Monument Signs are permitted within the interior of any multi-family residential, commercial or industrial development, subject to the following:

- a) The *Class IV Monument Sign* shall not exceed six (6) feet in height as measured from the adjacent pavement surface of the roadway or sidewalk served by the *sign*;
- b) The *sign area* of a *Class IV Monument Sign* shall not exceed twelve (12) square feet;
- c) The *Class IV Monument Sign* may be *internally illuminated, back-lit, or externally illuminated* in accordance with the requirements set forth in Section 113-10 provided the source of *external illumination* is not visible.

4. **Class V Monument Signs (Minor Monument Signs)**

- a) *Class V Monument Signs* are permitted in conjunction with non-residential uses in a residential zone, not including *cottage industries* or home occupations; or in multi-family uses in multi-family zoning; or in non-residential uses in a non-residential zone.
- b) One (1) *Class V Monument Sign* meeting the requirements outlined below is permitted for every 150 feet of collector or arterial street frontage or portion thereof, regardless of the presence or location of driveway, provided sight distance requirements are met. The minimum spacing between individual *Class V Monument Signs*, or between a *Class V Monument Sign* and a *Class VI Monument Signs*, located on the same property shall be not less than 150 feet measured radially.
- c) When allowed, the height of the *Class V Monument Sign* shall not exceed eight (8) feet as measured from the edge of pavement of the street being served by the *sign*, nor shall the maximum *sign area* exceed 32 square feet. The bottom edge of the *sign copy*

shall be no lower than four (4) feet above the adjacent edge of pavement of the street being served by the *sign*.



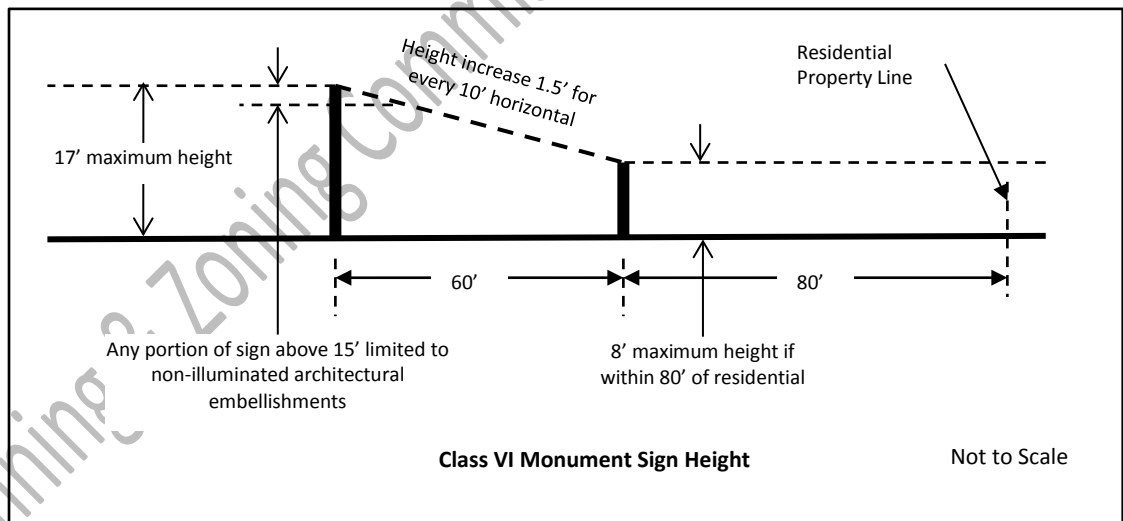
- d) The base of a *Class V Monument Sign* shall be fitted with the address of the property or properties in a manner that is consistent with Section 113-13.
- e) A *Class V Monument Sign* shall be located within a landscape area not less than 80 square feet.
- f) *Class V Monument Signs* shall be setback not less than two (2) feet from the right-of-way line except that in the event a Public Utility Easement is present, in which case the *sign* shall be setback not less than two (2) feet from the easement.
- g) *Class V Monument Signs* may be *internally illuminated, back-lit or externally illuminated* in accordance with the requirements set forth in Section 113.10.
- h) *Level 1 Electronic Messaging* and *Level 2 Electronic Messaging* are permitted on a *Monument Sign*, subject to the provisions outlined in Section 113-11.

5. **Class VI Monument Signs (Major Monument Signs)**

- a) *Class VI Monument Signs* are permitted in conjunction with non-residential uses in a non-residential zone or that portion of a Planned Area Development where the land use plan of the PAD specifically calls out non-residential uses.
- b) *Class VI Monument Signs* shall only be located adjacent to a Parkway, Major Arterial street, Minor Arterial street, or along Grand

Avenue. When allowed, one (1) *Class VI Monument Sign* meeting the requirements outlined below is permitted for every 300 feet of said roadway or portion thereof, regardless of the presence or location of driveway, provided sight distance requirements are met. The minimum spacing between individual *Class VI Monument Signs* located on the same property shall be not less than 300 feet measured radially. The minimum spacing between Class V Monument Signs and Class VI Monument Signs located on the same property shall not be less than 150 feet measured radially. Properties with less than 300 feet of Parkway, Major Arterial street, Minor Arterial street, or Grand Avenue frontage shall not be permitted any *Class VI Monument Sign*.

- c) If a *Class VI Monument Sign* is located within 80 feet of a property having single-family residential zoning, the height of the *Class VI Monument Sign* shall not exceed eight (8) feet; however, the height of a *Class VI Monument Sign* may increase one and one-half (1.5) foot for every additional ten (10) feet of horizontal distance the sign is located away from a property having single-family residential zoning up to a maximum height of seventeen (17) feet, provided however that any height in excess of fifteen (15) feet shall be limited to architectural embellishments.



- d) The *sign area* of a *Class VI Monument Sign* shall be limited to thirty-six (36) square feet, but may increase twelve (12) square feet for every one (1) foot increase in the overall height of the sign up to a maximum *sign area* of 120 square feet.

- e) The base of a *Class VI Monument Sign* shall be fitted with the address of the property or properties in a manner that is consistent with Section 113-13.
- f) A *Class VI Monument Sign* shall be located within a landscape area not less than the maximum *sign area* allowed for that *sign*.
- g) *Class VI Monument Signs* shall be setback not less than two (2) feet from the right-of-way line. Further, in the event a Public Utility Easement is present, the *sign* shall be setback not less than two (2) feet from the easement, unless the property owner signs a waiver acknowledging the prior rights of the utility companies to occupy said easement.
- h) *Class VI Monument Signs* may be *internally illuminated, back-lit or externally illuminated* in accordance with the requirements set forth in Section 113.10.
- i) *Level 1 Electronic Messaging* and *Level 2 Electronic Messaging* are permitted on a *Class VI Monument Sign*, subject to the provisions outlined in Section 113-11.

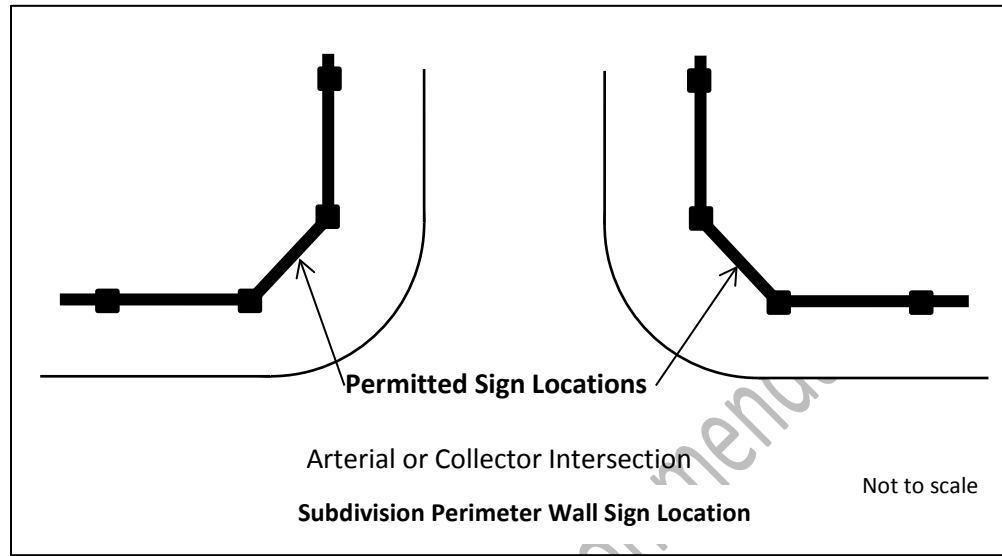
6. ***Roadway Arch Signs:***

Roadway Arch Signs may be erected within any commercial or industrial development subject to the following:

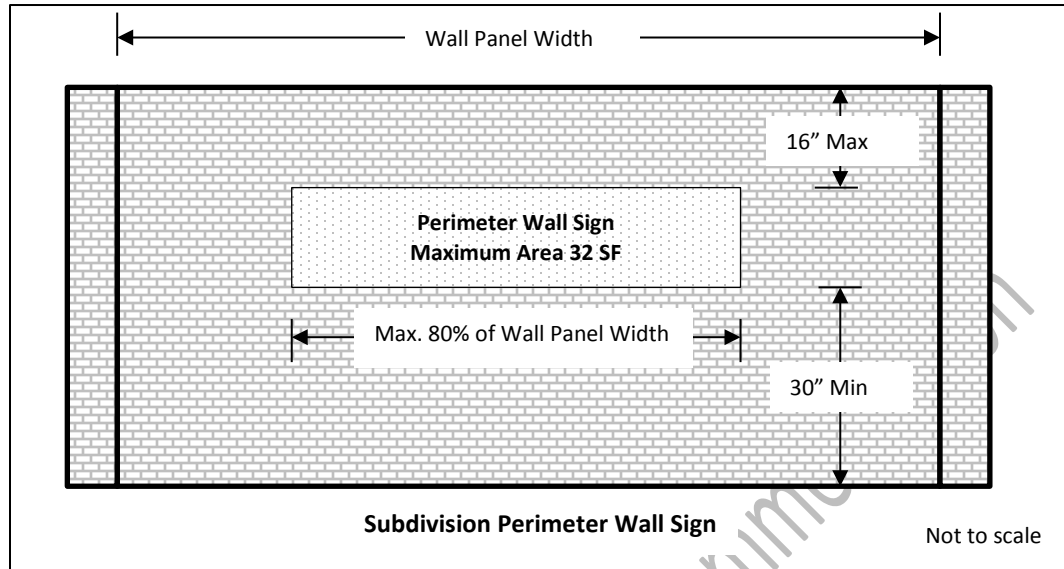
- a) *Roadway Arch Signs* shall maintain a vehicular clearance of not less than eighteen (18) feet;
- b) *Roadway Arch Signs* shall not interfere with pedestrian or vehicular movement.
- c) *Roadway Arch Signs* may be *internally illuminated, or back-lit* in accordance with the requirements set forth in Section 113-10 except that if the *Roadway Arch Sign* is located adjacent to any residential zoning district or use, the *Roadway Arch Sign* shall not be illuminated.

7. ***Subdivision Perimeter Wall Signs:***

- a) Where a *subdivision perimeter wall* is located adjacent to a street corner that intersects a collector or arterial street, one (1) *Subdivision Perimeter Wall Sign* may be affixed to the wall panel of the *subdivision perimeter wall* most closely oriented to the intersection, subject to the specific requirements outlined below.



- b) The maximum sign area shall not exceed thirty-two (32) square feet.
- c) The width of the sign shall not exceed 80% of the width of the perimeter wall panel into which the sign is mounted.
- d) The bottom of the sign shall be no lower than thirty (30) inches from the adjacent grade.
- e) The top of the sign shall be no higher than sixteen (16) inches from the top of the wall panel onto which the sign is mounted.
- f) The sign may be back-lit or *externally illuminated* provided the source of illumination is not visible from the street or from the adjacent residential property and is otherwise in accordance with the requirements set forth in Section 113-10.



8. **Freeway Monument Signs:** Freeway Monument Signs may be permitted as outlined in this Section:

- a) **State Route 303 Corridor:** Freeway monument signs may be located within the following portions of the **State Route 303 Corridor**, subject to prior approval of a Conditional Use Permit in accordance with Section 122-154 of the Surprise Unified Development Code:

- i. **State Route 303 and U.S. 60:** An area of land generally located at the intersection of State Route 303 and U.S. 60, being situated in the south half of Section 18 and the north half of Section 19, Township 4 North, Range 2 West and the south half of Section 36, Township 4 North Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at a point located at Longitude 112°24'13" West by Latitude 33°40'49" North, thence southwesterly along a line bearing N43°00'58"E a distance of 1,320 feet to the beginning of a non-tangent curve the center of which is said Longitude and Latitude; thence clockwise along the arc of said curve a distance of approximately 2,070 feet, thence departing said arc southeasterly along a line bearing N46°13'20"W a distance of 1,320 feet to the to the POINT OF BEGINNING.

- ii. **State Route 303 and Bell Road:** An area of land generally located at the intersection of State Route 303 and Bell Road, being situated in the north half of Section 1, Township 3

North, Range 2 West and the south half of Section 36, Township 4 North Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at the North Quarter Corner of said Section 1, thence easterly along the north line of the northeast quarter of said Section 01 a distance of 850 feet to the beginning of a non-tangent curve the center of which is said North Quarter Corner; thence clockwise along the arc of said curve a distance of approximately 4,000 feet to a point on the east line of the southwest quarter of said Section 36, thence departing said curve, southerly along said east line a distance of 850 feet to the POINT OF BEGINNING.

- iii. **State Route 303 and Greenway Road:** An area of land generally located at the intersection of State Route 303 and Greenway Road, being situated in the southeast quarter of Section 1 Township 3 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at the South Quarter Corner of said Section 01, thence northerly along the west line of said southeast quarter a distance of 450 feet to the beginning of a non-tangent curve the center of which is said South Quarter Corner; thence clockwise along the arc of said curve a distance of approximately 700 feet to a point on the south line of said southeast quarter; thence departing said curve, westerly along said south line a distance of 450 feet to the POINT OF BEGINNING.

- iv. **State Route 303 and Cactus Road:** An area of land generally located at the intersection of State Route 303 and Cactus Road, being situated in the northeast quarter of Section 24 Township 3 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:

BEGINNING at the North Quarter Corner of said Section 24; thence easterly along the north line of said northeast quarter a distance of 850 feet to the beginning of a non-tangent curve the center of which is said North Quarter Corner; thence clockwise along the arc of said curve approximately 1340 feet to a point on the west line of said northeast quarter; thence departing said curve, northerly along said

west line a distance of 850 feet to the POINT OF BEGINNING.

- v. All *freeway monument signs* located within the aforementioned locations are subject to the provisions in Paragraph 113-09.C.9.b through e.

b) **Additional Locational Requirements:** The following additional locational requirements apply for all *freeway monument signs* regardless of where in the corridor it is located:

- i. *Freeway monument signs* may only be approved on lands zoned for Commercial or Industrial uses.
- ii. No *freeway monument sign* shall be located within 300 feet of a property zoned for Residential uses, or any open space tract that is associated with a residential development.
- iii. *Freeway monument signs* shall not be located closer than twenty (20) feet from the adjacent right-of-way.
- iv. No *freeway monument sign* shall be approved within 660 feet of any *billboard sign* approved or existing at the time of Conditional Use Permit application for the *freeway monument sign* in question.
- v. Spacing between *freeway monument signs* shall be not less than 750 feet, unless separated by a freeway or arterial-right of-way.
- vi. *Freeway monument signs* shall not be allowed within a natural or manmade watercourse;

c) **Dimensional Requirements:** The following dimensional requirements apply for all *freeway monument signs* regardless of the corridor in which it is located:

- i. The overall height of a *freeway monument sign* shall not exceed sixty-five (65) feet as measured from the finished grade of the site where the *freeway monument sign* is located to the highest point of the *sign structure*.
- ii. *Freeway monument signs* shall be allowed an extra three (3) feet in height for architectural embellishments.

- iii. The *sign area* of a *freeway monument sign* shall not exceed 650 square feet.
- d) **Design Requirements:** The following design requirements apply for all *freeway monument signs* regardless of the corridor in which it is located:
 - i. *Freeway monument signs* may incorporate *Level 2 Electronic Messaging Centers* as outlined Section 113-11 herein, except that *Electronic Messaging Centers* used in *freeway monument sign* applications may occupy up to 50% of the allowable *sign area* of the *sign*, exclusive of architectural embellishments as required herein, and provided such *Electronic Messaging Centers* are turned off between 11:00 PM and dawn.
 - ii. *Freeway monument signs* shall incorporate architectural features of the commercial development on which the sign is located; however, such embellishments shall not include any sign copy.
 - iii. *Freeway monument signs* shall require a landscaped area equal to four square feet of landscaping for each square foot of sign area and shall be located around the base of the sign; Freeway monument signs may be illuminated by externally-illuminated indirect or internal lighting;
- e. Any Conditional Use Permit approval is hereby conditioned upon the applicant obtaining a valid construction permit for the *freeway monument sign* approved under said Conditional Use Permit. The applicant shall obtain Certificate of Completion from the City of Surprise within six (6) months of approval of the Conditional Use Permit by the Planning and Zoning Commission. Failure to obtain a Certificate of Completion within the designated time allotment shall render the Conditional Use Permit null and void; however, the City Manager or designee may grant a one-time extension for a period not to exceed six (6) months when in the opinion of the City Manager or designee the circumstances warrant such.

D. Billboard Signs: *Billboard Signs* may be permitted as outlined in this Section:

1. **U.S. 60 Corridor:** *Billboard Signs* may be located within that portion of the **U.S. 60 Corridor** between the eastern line of Section 03, Township 03 North, Range 01 West (Dysart Road) and the north/south mid-section line of Section 03, Township 04 North, Range 02 West, subject to prior approval of a Conditional Use Permit in accordance with Section 122-154 of the Surprise Unified Development Code. All *billboard signs* located within the aforementioned corridor are subject to the provisions in Paragraph 113-09.D.3 through 5 and the following:
 - a. No *billboard sign* shall be located within 2,640 feet of the intersection of U.S. 60 and State Route 303, specifically defined as a point located at Longitude 112°24'13"W by Latitude 33°40'49"N.
 - b. No *billboard sign* shall be located within 1,320 feet of the intersection of U.S. 60 and Bell Road, specifically defined as a point located at Longitude 112°21'02"W by Latitude 33°38'19"N.
 - c. The overall height of a *billboard sign* within the U.S. 60 Corridor shall not exceed thirty (30) feet as measured from the adjacent roadway to the top of the *sign structure*, exclusive of architectural embellishments as permitted in this Section.
 - d. The overall dimensions of the *sign panel* associated with a *billboard sign* within the U.S. 60 Corridor shall not exceed thirty-six (36) feet in width and 10.6 feet in height for a total *sign area* not to exceed 381.6 square feet, exclusive of architectural embellishments as permitted in this Section.
2. **State Route 303 Corridor:** *Billboard Signs* may be located within that portion of the **State Route 303 Corridor** between a specific point located at Longitude 112°21'35"W by Latitude 33°41'48"N and the East line of Section 16, Township 04 North, Range 01 West, subject to prior approval of a Conditional Use Permit in accordance with Section 122-154 of the Surprise Unified Development Code. All *billboard signs* located within the aforementioned corridor are subject to the provisions in Paragraph 113-09.D.3 through 5 and the following:
 - a. No *billboard sign* shall be located within 2,640 feet of the intersection of U.S. 60 and State Route 303, specifically defined as a point located at Longitude 112°24'13"W by Latitude 33°40'49"N.
 - b. *Billboard signs* located within the State Route 303 corridor as defined above shall serve eastbound and/or westbound traffic, but shall only be located north of the freeway right-of-way. Further,

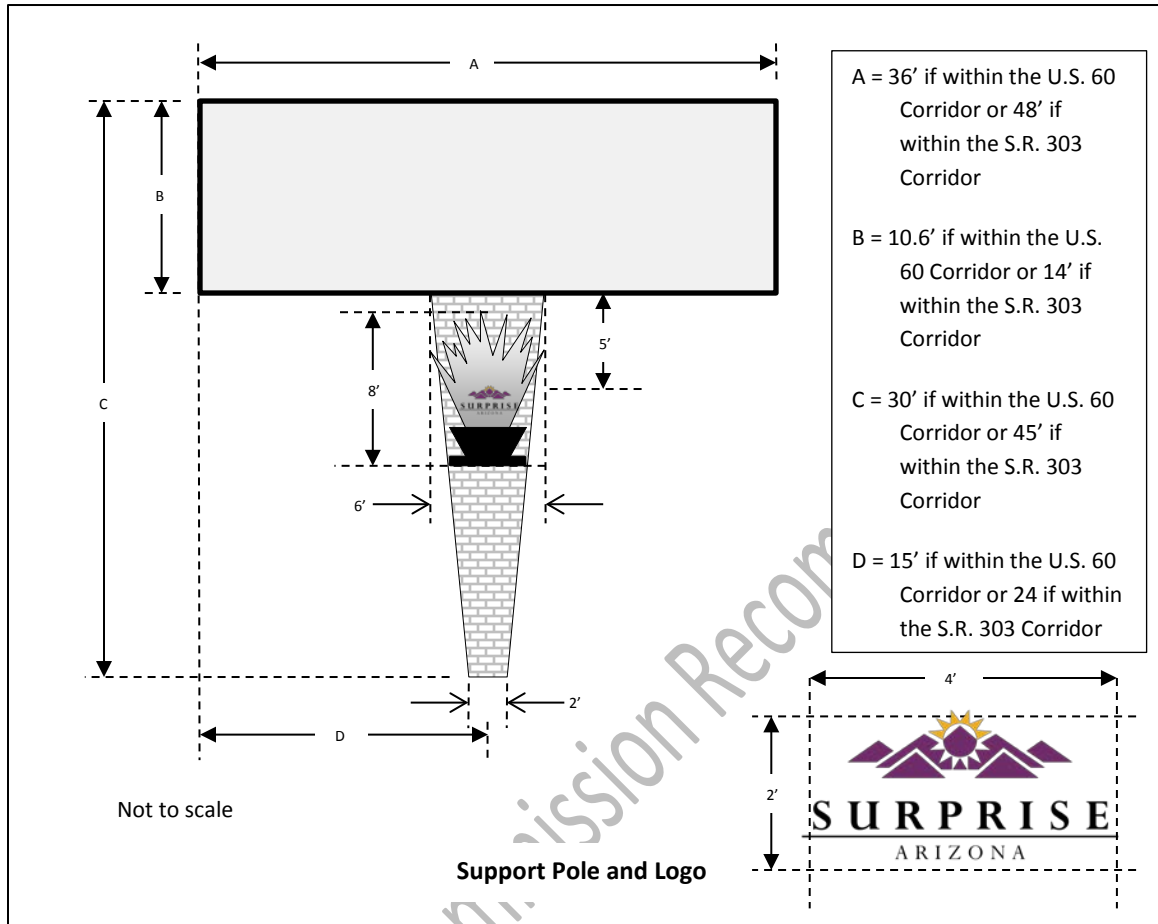
where a *billboard sign* is located within the State Route 303 Corridor, at least one (1) sign face shall consist of an Electronic Messaging Center.

- c. The overall height of a *billboard sign* within the State Route 303 Corridor shall not exceed forty-five (45) feet as measured from the adjacent roadway to the top of the *sign structure*, exclusive of architectural embellishments as permitted in this Section.
- d. The overall dimensions of the *sign panel* associated with a *billboard sign* within the State Route 303 Corridor shall not exceed forty-eight (48) feet in width and fourteen (14) feet in height for a total *sign area* not to exceed 672 square feet, exclusive of architectural embellishments as permitted in this Section.

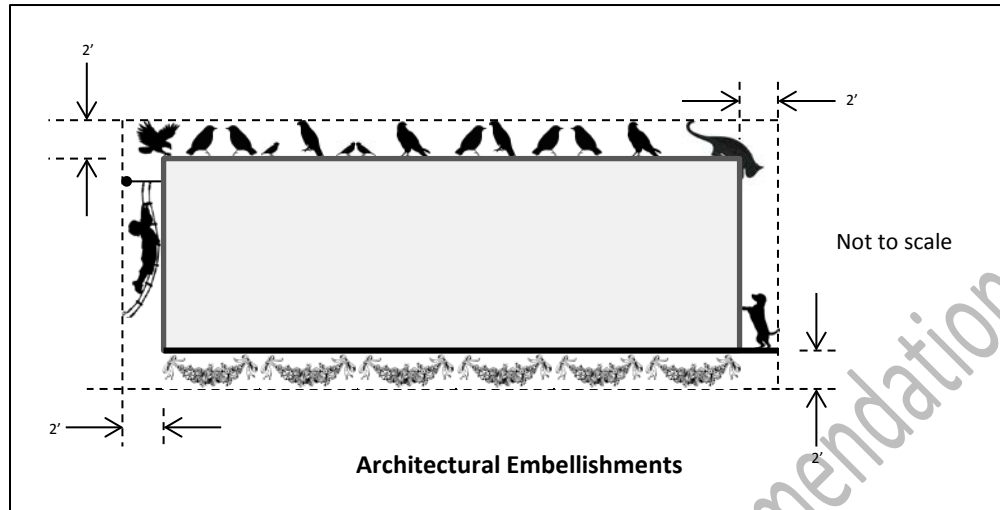
3. **Additional Locational Requirements:** The following additional locational requirements apply for all *billboard signs* regardless of the corridor in which it is located:

- a. *Billboard signs* may only be approved in the CN, CC, CR, BP, IP, PF or ILM zoning districts, or if located within a Planned Area Development (PAD), that portion of the PAD in which the approved land use plan specifically calls out commercial, industrial or employment uses.
- b. Notwithstanding the Union Pacific Railroad right-of-way, no *billboard sign* shall be located within 300 feet of a property zoned for Residential uses, or any open space tract that is associated with a residential development.
- c. *Billboard signs* shall not be located closer than twenty (20) feet from the U.S. 60 or State Route 303 right-of-way line and not further than 200 feet from said right-of-way line.
- d. No *billboard sign* shall be approved within 660 feet of any *Freeway Monument Sign* existing at the time of Conditional Use Permit application for the *billboard sign* in question.
- e. No *billboard sign* shall be approved within 2,640 of any *billboard sign* approved or existing at the time of Conditional Use Permit application for the *billboard sign* in question.

4. **Design Requirements:** The following design requirements apply for all *billboard signs* regardless of the corridor in which it is located:
- a. *Billboard Signs* may incorporate *Level 2 Electronic Messaging Centers* as outlined Section 113-11 herein, except that *Electronic Messaging Centers* used in *billboard* applications may occupy up to 100% of the allowable *sign area* of the *billboard*, exclusive of architectural embellishments as may be permitted or required herein, and provided such *Electronic Messaging Centers* are turned off between 11:00 PM and dawn.
 - b. *Billboard Signs* shall be supported by a single pole or column, which shall be dimensionally centered beneath the *sign panel* and shall incorporate a pole cover comprised of stone, brick or other architecturally compatible material that conceals the structural component of the pole or column. Unless an alternative design is approved by the Planning and Zoning Commission, the pole cover shall be of a trapezoidal shape, with a base width equal to one-third (1/3) the width of the top of the pole cover.
 - c. Unless an alternative design is approved by the Planning and Zoning Commission, the supporting pole or column shall also include additional architectural embellishments that incorporate the official *Primary City of Surprise Logo* superimposed onto a stylized agave image. The logo shall be approximately two (2) feet tall by four (4) feet wide. The stylized agave image shall be eight (8) feet high by six (6) feet wide. The vertical center of the arrangement shall be five (5) feet below the lower edge of the *sign panel*.



- d. Artistic or architectural embellishments up to thirty (30) square feet may be attached to the perimeter of the *sign panel*, provided said embellishments do not extend more than two (2) feet in any direction beyond the face of the *sign* and do not otherwise obstruct the architectural embellishments as may be required under Paragraph 113-09.D.4.c above.



5. Any Conditional Use Permit approval is hereby conditioned upon the applicant obtaining a valid construction permit for the *billboard sign* approved under said Conditional Use Permit. The applicant shall obtain Certificate of Completion from the City of Surprise within six (6) months of approval of the Conditional Use Permit by the Planning and Zoning Commission. Failure to obtain a Certificate of Completion within the designated time allotment shall render the Conditional Use Permit null and void; however, the City Manager or designee may grant a one-time extension for a period not to exceed six (6) months when in the opinion of the City Manager or designee the circumstances warrant such.

Planning & Zoning Commission Recommendation

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Section 113-10 – Sign Illumination

- A. Unless otherwise specified in this Chapter, *signs* may be *externally illuminated*, *internally illuminated* or *back-lit* provided;
 - 1. The brightness and intensity is no greater than necessary to meet reasonable needs of the business or use being served;
 - 2. The light sources are shielded from all adjacent *buildings* and streets;
 - 3. Lighting does not create excessive glare to pedestrians and/or motorists;
 - 4. Lighting does not obstruct traffic control or any other *public sign*; and,
 - 5. No “flashing”, “blinking” or “chasing” lights are utilized.
- B. In those areas of the city that are located within the Scenic Lands Development Sub Area as depicted in the Surprise General Plan 2035, sign lighting shall be limited to internal illumination only, with the negative space between and around the individual characters of the *sign copy* limited to opaque materials.
- C. Unless otherwise stated in this Chapter, any *sign* that is within 100 feet of and visible from any single-family residential zoning district shall not be illuminated between the hours of 10:00 PM and 6:00 AM other than by ambient lighting present on the property.
- D. Any *Building Wall Sign* associated with a multi-story *building* greater than five (5) stories that is located within 1,320 feet of and visible from any residential zoning district may not be illuminated in any manner between the hours of 10:00 PM and 6:00 AM except for ambient lighting present on the property.

Section 113-11 – Electronic Messaging Centers (EMCs)

- A. **Levels of Electronic Messaging:** For purposes of this Chapter, *Electronic Messaging Centers* (EMCs) are divided into two (2) categories: *Level 1 Electronic Messaging* and *Level 2 Electronic Messaging*, as defined in Section 113-06.
- B. **EMC Illumination:** The nighttime illumination of an *Electronic Messaging Center* shall conform to the criteria set forth in this Section.
 - 1. **Illumination Measurement Criteria:** The *illuminance* of an *Electronic Messaging Center* shall be measured with an illuminance meter set to measure foot-candles accurate to at least two (2) decimals. *Illuminance* shall be measured with the EMC turned off, and again with the EMC displaying a white image for a full color-capable *Electronic Messaging*

Center, or a solid message for a single-color *Electronic Messaging Center*. All measurements shall be taken perpendicular to the face of the *Electronic Messaging Center* at the distance determined by the total square footage of the *Electronic Messaging Center* as set forth in Table 113-11.B below.

TABLE 113-11.B			
MEASUREMENT DISTANCE AS A FUNCTION OF SIGN AREA			
Area of Sign (sq. ft.)	Measurement Distance (ft.)	Area of Sign (sq. ft.)	Measurement Distance (ft.)
5	22	55	74
10	32	60	77
15	39	65	81
20	45	70	84
25	50	75	87
30	55	80	89
35	59	85	92
40	63	90	95
45	67	95	97
50	71	100	100
For EMCs with an area in square feet other than those specifically listed in this table, the measurement distance may be calculated using the following formula: Measurement Distance = $\sqrt{\text{Area of sign sq. ft.} \times 100}$			

2. **EMC Illumination Limits:** The difference between the “off” and “solid-message” measurements using the Illumination Measurement Criteria outlined in Section 113-11.B.1 above shall not exceed 0.3 foot-candles at night.
3. **Dimming Capabilities:** All permitted *Electronic Messaging Centers* shall be equipped with a sensor or other device that automatically determines the ambient illumination and is programmed to automatically dim according to ambient light conditions, or that can be adjusted to comply with the 0.3 foot-candle measurement criteria.
4. **EMCs as a Portion of Sign Area:** When allowed, *Electronic Messaging Centers* may comprise not more than thirty (30) percent of the allowable *sign area* of a particular *sign* except that:
 - a) When *Electronic Messaging Centers* are utilized in conjunction with a *Billboard Sign*, the *sign area* of the *Electronic Messaging Center* may encompass 100% of the allowable *sign area* as outlined in Paragraph 113-09.D.1.d and 113-09.D.2.d.

- b) When *Electronic Messaging Centers* are utilized in conjunction with a *Freeway Monument Sign*, the *sign area* of the *Electronic Messaging Center* may encompass 50% of the allowable *sign area* as outlined in Paragraph 113-09.8.c)iii.
5. **Certification:** Prior to the issuance of a permit relating to an *Electronic Messaging Center*, the applicant shall provide a written certification from the owner of the sign attesting that said owner has read and understands the provisions of this Section, agrees to abide by said Section, and agrees to cooperate with City of Surprise staff with regards to any nighttime testing that may be necessary should the 0.3 foot-candle limitation be at question.

Section 113-12 – Reader Panels

Wherever *Level 1 Electronic Messaging Centers* (EMCs) are allowed, *Reader Panels* may be substituted, provided:

- A. The *Reader Panel* otherwise meets the provisions of Section 113-10; and,
- B. The *Reader Panel* does not exceed the allowed *sign area* of the *sign* being replaced; and,
- C. The *Reader Panel* is fitted with a clear acrylic cover or other suitable material to prevent the individual characters from being dislodged.

Section 113-13 – Address Identification

- A. *Building* addresses shall be in accordance with Article 505.1 of the International Fire Code as amended by the Surprise City Council under Ordinance #2014-04, or as subsequently amended.
- B. Where *Class V Monument Signs* or *Class VI Monument Signs* are located next to a street, said *signs* shall be affixed with the address number of the property or properties served by the *sign*. Said address number shall be nine (9) inches tall with a three (3) inch stroke. The bottom edge of the address numbers shall not be less than three (3) feet above the curb of the street from which the address is intended to be read.
- C. Address numbers meeting the provisions of this Section shall not contribute to the aggregate *sign area*.

Planning & Zoning Commission Recommendation

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Section 113-14 – Flags and Flagpoles

A. **All Zoning Districts** – The following provisions relating to all zoning districts within the City of Surprise shall apply:

1. All flagpoles and the installation therein shall comply with all applicable building codes in effect at the time of permit application.
2. *Flags* and flagpoles may be illuminated in accordance with Section 122-145 of the Surprise Municipal Code.
3. All *flags* and flagpoles shall be maintained so as to avoid a *blighted* appearance or being in a state of disrepair.

B. **Single-Family Zoning Districts**

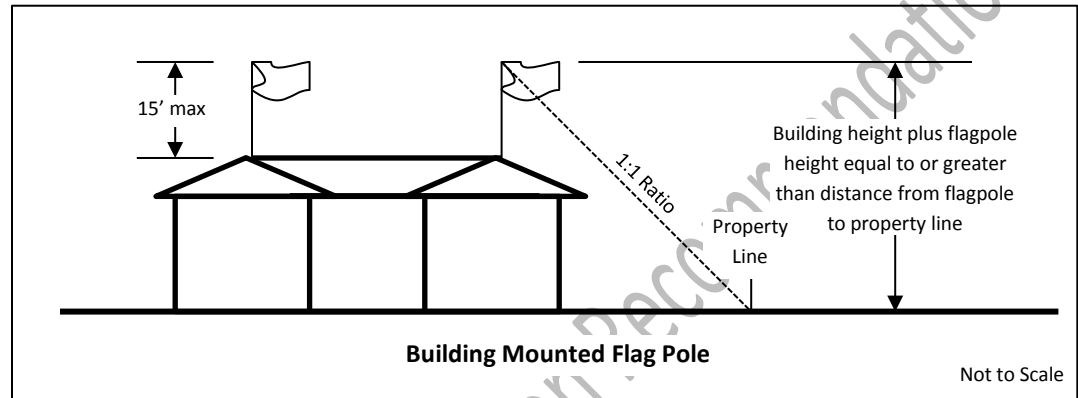
1. Not more than one (1) freestanding flagpole per single-family lot of record is allowed except that when associated with an HOA-maintained open space tract, then three (3) such flagpoles are allowed.
2. A freestanding flagpole associated with a single-family residence may be located within any portion of the building envelope, or within the required front or required rear yard, but not within a required side yard.
3. No freestanding flagpole shall exceed a maximum height of thirty (30) feet as measured at its base, unless associated with a *Model Home Complex* in which case the flagpole height may be increased to 45 feet.
4. One (1) flagpole not exceeding six (6) feet in length may be affixed to the front of the primary residence provided the flagpole does not extend above the height of the residence onto which it is affixed or otherwise extend beyond the limits of the property.
5. Additional *Flags* are permitted within *Model Home Complexes* in accordance with Section 113-09.A.10 and *Active Single-Family Residential Subdivisions* as outlined in Section 113-09.11.

C. **Other Zoning Districts**

1. Not more than three (3) freestanding flagpoles per lot or parcel are allowed except that if any flagpoles are affixed to a *building*, the number of freestanding flagpoles shall be reduced by the number of *building-mounted* flagpoles.
2. No freestanding flagpole shall exceed a maximum height of 35 feet as measured at its base unless approved by the City Council through a

Comprehensive Sign Program, Zone Change, or Major Amendment thereto.

3. A maximum of two (2) flagpoles may be affixed to the primary *building* provided the top of the flagpole does not extend beyond fifteen (15) feet above the height of the *building* onto which it is affixed and the horizontal distance between the top of the flagpole and the closest property line is does not exceed the combined height of the *building* and flagpole below.



Section 113-15 – Comprehensive Sign Programs

- A. Purpose: The purpose of Comprehensive Sign Programs is to provide a mechanism by which a specific set of *sign* criteria may be approved for a specific property or geographic area in a manner that is appropriate to the character of the community in which the Comprehensive Sign Program will apply.
- B. A Comprehensive Sign Program may be obtained for the following purposes:
 - 1. To allow a deviation from the requirements applicable to a particular *sign* class or type, and/or;
 - 2. To introduce a unique or creative *sign* type that is not listed as a permitted *sign* type in Section 113-07.A.
- C. A Comprehensive Sign Program may not introduce a *sign* type that is specifically prohibited in Section 113-07.F.
- D. The Comprehensive Sign Program must demonstrate that:
 - 1. The proposed signage represents a material improvement over what is otherwise permitted in Chapter 113 of the Surprise Municipal Code, and;
 - 2. The proposed signage is appropriate to the character of the development covered by the Comprehensive Sign Program, and;
 - 3. The proposed signage is appropriate to the neighborhood in which the property is located, and;
 - 4. The Comprehensive Sign Program creates a cohesive aesthetic that will apply to all signage covered by the Comprehensive Sign Program within the specific geographic area covered by the Comprehensive Sign Program.
- E. A Comprehensive Sign Program may be included as part of a zone change request, or as an independent stand-alone document, in either case processed as a Type IV Application as outlined in Article XII of the Surprise Unified Development Code. The approval or denial of a proposed Comprehensive Sign Program is discretionary with the final approval authority lying with the Surprise City Council. A decision by the City Council to deny a proposed Comprehensive Sign Program shall not in any way be construed as a diminution of property values or a restraint of development rights.

Planning & Zoning Commission Recommendation

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Section 113-16 – Nonconforming Signs

A. General Provisions:

1. *Nonconforming signs* shall be maintained in good condition pursuant to Section 113-08.C.
2. A *nonconforming sign* shall not be altered, modified or reconstructed except:
 - a) When such alteration, modification or reconstruction would bring such *sign* into conformity with these regulations;
 - b) When the existing use has a new ownership which results in a change to the name or *logo* of the use or business on the property, and such language complies with Section 113-16.A.2.d below;
 - c) When the space is re-occupied by a similar use and the new occupant requires no external *building* or site renovation, and such change complies with Section 113-16.A.2.d below;
 - d) Any alteration, modification, or reconstruction permitted in this section shall be limited to the replacement of a *sign panel*, replacing individual letters and logos within the same area or repainting the *sign* face, and does not permit changes to the structure, framing, erection, or relocation of the *sign* unless such changes otherwise conform to this Chapter.

B. Limitations for *Nonconforming Signs*:

A *nonconforming sign* shall be removed upon verification that any of the following conditions have been met:

1. The City determines and notifies the property owner that the use of the property or *building* upon which the *nonconforming sign* is located has ceased or been abandoned for more than 90 consecutive days, and the owner fails to provide the City with acceptable documentation or other information demonstrating that the use has not ceased or been abandoned; or,
2. These regulations, or amendment to these regulations, which made the *sign* non-conforming has been in effect for twenty (20) years.

Section 113-17 – Enforcement

A. General Provisions:

1. The City Manager or designee is hereby authorized and directed to enforce all provisions of this Chapter in conformance with the regulations and procedures specified herein.
2. Any violation of this Chapter constitutes a public nuisance and may result in the issuance of either a civil citation or criminal citation by the City as set forth in Article VI of the Surprise Municipal Code.
2. Each day a violation of any provision of this Chapter or the failure to perform any act or duty required by this Chapter continues shall constitute a separate violation or offense.
3. When two (2) or more persons have liability to the City or are responsible for a violation of this Chapter, their responsibility shall be joint and several.
4. The re-erection of any *sign* or substantially similar *sign* on the same premises after a Notice of Violation has been issued shall be deemed a continuance of the original violation.

B. Notice of Violation: Whenever the City Manager or designee determines there has been a violation of this Chapter, or has grounds to believe that a violation has occurred, notice shall be given in the following form and manner:

1. The Notice of Violation shall be given in writing;
2. The Notice of Violation shall include a description of the real property sufficient for identification;
3. The Notice of Violation shall include a statement of the violation or violations and why the Notice of Violation is being issued;
4. The Notice of Violation shall include a correction order stating a date-certain by which to remedy the violation.
5. The placement of any *sign* or substantially similar *sign* on the same premises after a Notice of Violation has been issued shall be deemed a continuation of the original violation.
6. A Notice of Violation is not required for any *Temporary Sign* that is in violation of this Chapter.
7. The period of notice for *permanent signs* shall be thirty (30) days.

- C. **Delivery of Notice:** A Notice of Violation shall be deemed as being properly served if a copy thereof is delivered personally by an employee of the City of Surprise having the authority to do so, or is sent by First Class Mail or Certified Mail (Return Receipt Requested) addressed to the last known address. If a Notice of Violation is returned showing that the letter was not delivered, a copy thereof shall be posted in a conspicuous location on the property of the alleged violation.
- D. **Penalties for Violation:** Penalties for violations are as outlined in Article VI of the Surprise Municipal Code. Imposition of a fine or penalty assessment shall not relieve the owner of the responsibility for abatement of the violation(s) or excuse him/her from liability for any and all costs incurred by the City for abatement. In no event shall the owner of premises where the violation has occurred be held criminally responsible for a *temporary sign* violation of this Chapter committed by a tenant in possession of the premises or other third party.
- E. **Removal of Signs:**
1. A Notice of Violation shall not be required to remove any *sign* that is identified in this Chapter as being prohibited, or that creates or has the potential to create a hazard to the public.
 2. Any *Temporary Sign* not specifically listed as an allowed use is specifically not permitted and the City of Surprise may remove the *sign* or cause the *sign* to be removed.
 3. If a *Temporary Sign* which would otherwise be permitted by this Chapter does not include the contact information as required by 113-09.A.1.b above, the City of Surprise may remove the *sign* or cause the *sign* to be removed.
 4. The City of Surprise shall have the right to contact the individual whose name appears on a *Temporary Sign* and/or the property owner of the property onto which the *Temporary Sign* is erected for the purpose of verifying property owner consent. If property owner consent cannot be verified, the City of Surprise may remove the *sign*.
 5. Any *Temporary Sign* that is removed by the City of Surprise for being in violation of this Chapter may be discarded five (5) business days following removal, provided a City of Surprise employee who is authorized to do so has made an attempt to contact the individual whose name appears on the *Temporary Sign* at the address or phone number printed on said *sign*.
 6. All actual costs incurred by the City of Surprise in the removal or repair of said sign shall be paid by the owner of the sign or the owner of the

premises where the sign is located. Action for recovery may be brought by the Surprise City Attorney upon proper certification to him/her by the City Manager or authorized agent.

Planning & Zoning Commission Recommendation

Section 113-18 – Appeals

A. Decisions by the Zoning Administrator:

1. The denial of a *sign* permit or any written interpretation of a *sign* regulation made by the Zoning Administrator, pursuant to his/her legal authority, may be appealed to the Board of Adjustment pursuant to Section 2-302 of the Surprise Municipal Code, except as modified by the provisions of this Section 113-18. The appeal shall specify the grounds for appeal and shall be submitted in writing with the Community Development Department within fifteen (15) calendar days of the date the decision was issued. If a timely appeal is not filed, the Zoning Administrator's decision shall become final.
2. Challenges to the constitutionality of any provision of this Chapter regulating *signs* shall only be processed pursuant to Section 113-18.B below.
3. The Board of Adjustment may affirm, reverse, or modify the decision of the Zoning Administrator, which decision will be final, unless the Board's decision is timely appealed by any person aggrieved to the City Council within fifteen (15) calendar days of the decision. Appeals shall be filed in writing with the office of the City Clerk and shall specify the grounds for the appeal. The appeal shall be placed on the next available agenda for review and decision by the City Council. The appeal shall be decided based on the record of the Board of Adjustment proceedings and the issues limited to those presented to and decided by the Board of Adjustment.
4. Any person aggrieved by the decision of the City Council may appeal the decision of the City Council to Superior Court within 30 calendar days, as provided by state law.

B. Constitutional Issues Involving Application of Sign Regulations:

1. When an appeal raises an issue(s) involving the application of Federal or Arizona constitutional law in the issuance or denial of a *sign* permit, the revocation of a *sign* permit, or an order to alter or remove a *sign*, the constitutional issue(s) shall be referred to a hearing officer appointed by the City for hearing and decision.
2. The appeal shall be in writing and shall include the following information:
 - a. The name and address of the applicant.

- b. The ordinance, code provision, or other City document or policy statement that is alleged to be unconstitutional.
 - c. Any relevant facts and supporting documents.
 - d. The names and addresses of any witnesses.
3. The Zoning Administrator shall forward the appeal and all supporting documents to the hearing officer within ten (10) working days of receipt with a copy to the applicant.
4. The Zoning Administrator may prepare and include with the transmittal to the hearing officer a written statement of the City's response to the appeal accompanied by any supporting documents, names of witnesses, and any other matters considered relevant.
5. Upon receipt of the appeal, the hearing officer shall contact the Zoning Administrator and the applicant acknowledging receipt and scheduling a time for the appeal to be heard not later than 30 days after receipt. The applicant shall be given at least ten (10) day notice of the time when the appeal will be heard unless he/she agrees to a shorter time period.
6. The applicant shall bear the burden to establish that the subject ordinance, code provision, or other City document or policy statement is unconstitutional.
7. The hearing officer shall decide the appeal and issue a written decision setting forth findings of fact and conclusions of law within five (5) working days after the appeal is heard.
8. The decision shall be transmitted to the Zoning Administrator and the applicant at the address provided by the applicant.
9. If the hearing officer finds that the subject ordinance, code provision, or other City document or policy is unconstitutional, in whole or in part, the City shall issue within 30 days of the hearing officer's decision a written notice to the applicant stating that it will either (1) repeal or otherwise amend the challenged ordinance, code provision, or other document or policy to cure the constitutional deficiency or (2) take no action.
10. Any person aggrieved by the City's response to the hearing officer's decision may file, at any time within 30 calendar days thereafter, a complaint in a court of competent jurisdiction to review the City's response based on the record of the appeal to the hearing officer.

Chapter 113—SIGNS⁽¹⁾

ARTICLE I. — IN GENERAL

Sec. 113-1. Purpose.

The purpose of this chapter is to safeguard the public interest by establishing standards for the regulation of signs within the City of Surprise. These standards are designed to:

- (1) Allow adequate signage for business identification while meeting public and private objectives;
- (2) Promote the free flow of traffic and protecting pedestrians and motorists from injury and property damage that may be caused by cluttered, distracting and illegible signage;
- (3) Prevent property damage and personal injury as a result of improperly placed or poorly maintained signs;
- (4) Promote the use of signs that are well designed, of appropriate scale, and integrated with surrounding buildings and landscape in order to meet the community's desire for quality development;
- (5) Protect property values, the local economy, and the quality of life by preserving and enhancing the appearance of the streetscape that affects the image of the city.

Sec. 113-2. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning. The word "lot" may also be used interchangeably with the words "plot" or "parcel"; the word "used" or "occupied," as applied to any land or building, shall be construed to include the words "intended, arranged, or designed to be used or occupied":

Abandoned sign: Any sign located on a property or premises, which is vacant and unoccupied for a period of 30 calendar days, or a sign which is damaged, in disrepair, or vandalized and not repaired within 30 calendar days of the date of the damaging event.

Above-roof sign: A sign displayed above the peak or parapet of a building.

Advertising copy: Words, letters or graphics painted, carved, etched or mounted on the face of any sign used to advertise a business, product, service or place. Advertising copy shall not include the name of the business.

Alteration: Any change in architectural, structural or copy of an existing sign.

Animated sign: A sign which has movement or the optical illusion of movement of any part of the sign structure, design or pictorial segment, including the movement of any illumination or flashing or varying of light intensity, or the automatic changing of all or any part of the facing of a sign; or any movement or rotation of a sign or any part of the sign structure; or emits audible sound.

Applicant: Any person who applies for a sign permit in accordance with the provisions of this chapter.

Arterial street: Any principal, major, or minor arterial street as classified and designated in the city general plan and transportation plan.

Awning sign: Any sign with information painted or integrated into a structure covered with fabric, metal or other material and supported by a building at one or more points.

Backlit sign: A light source that is concealed or contained within the graphic and becomes visible in darkness through a translucent surface.

Banner: A sign composed of a logo or design, which may include advertising copy, on a lightweight material either enclosed or not enclosed in a rigid frame and secured or mounted to allow motion caused by the atmosphere.

Bare-bulb illumination: An exposed light source that consists of light bulbs or a string of light bulbs.

Billboard sign: Any sign that advertises a business, commodity, service, entertainment, product or attraction sold, offered or existing elsewhere than on the property where the sign is located.

Breakaway design feature: A structural feature built into the sign, according to the state department of highways that allows the sign to collapse on impact.

Building: Any structure having enclosed space and a roof for the housing and enclosure of persons and animals, or chattels.

Building wall: The individual sides of a building.

Business: An establishment that engages in the purchase, sale, barter or exchange of goods, wares, merchandise or services; or the maintenance or operation of offices or recreational or amusement enterprises.

Business name: The name by which a business is commonly recognized and used by the applicant but does not include slogans or product information.

Canopy: A structure other than an awning made of cloth, metal or other material with frames affixed to a building and carried by a frame that is supported by the ground.

Changeable copy: Text or graphics on signs that are changed at frequent intervals of more than once a day.

Commercial farm or ranch sign: A sign that identifies the name of any farm or ranch.

Construction fence screen sign: A temporary sign that identifies the future development and acts as a security barrier to the construction site.

Development: Any human-made change to improve or alter real estate, including, but not limited to, buildings or structures, mining, dredging, filling, grading, paving or excavation drilling operations.

Development sign: A sign used to identify an approved future development.

Directional sign: An on-premises sign, other than a kiosk sign, that includes only information assisting in the flow of pedestrian or vehicular traffic, such as enter, exit and one-way signs, and which do not display corporate colors, logos or other commercial messages.

Directory sign: Any sign, other than an identification sign, which is centrally located and lists only the names, uses or locations of the various businesses or activities conducted within a building or group of buildings.

Emergency sign: A sign erected by a governmental agency, a public utility company, or a contractor performing work within any right-of-way.

External illumination: Illumination of a sign that is affected by an artificial source of light not contained in the sign itself.

Facade: The side of a building below the eaves.

Facade, blank: The side of a building below the eaves that is blank and does not have windows or architectural detail.

Fascia sign: Any sign that is mounted against the horizontal piece covering the joint between the top of a wall and the projecting eaves of the roof.

Flashing illumination: Illumination in which the artificial source of light is not maintained stationary or constant in intensity and color at all times when a street graphic is illuminated, including illuminated lighting.

~~*For sale, lease and rent signs:* Any temporary sign that indicates a single premises, building or vacant lot that is currently for sale, lease or rent.~~

~~*Freestanding sign:* A sign that is erected on its own self-supporting permanent structure, detached from any supporting elements of a building.~~

~~*Freeway sign:* A freestanding single user or multi-tenant sign identifying an on-premise use, on property abutting or part of a complex/center abutting any freeway right-of-way, oriented to and intended to be read from the freeway. For the purposes of this section, a center/complex shall further be defined to include those projects under a common zoning case or development without regard to property ownership or individual parcel use.~~

~~*Front-lit sign:* A sign that is illuminated from a source placed in front of the graphic meant to illuminate only the graphic.~~

~~*Grand opening sign:* A temporary banner displayed on a premise on which a grand opening is in progress.~~

~~*Ground sign:* A sign supported by one or more uprights, posts, or bases placed upon or affixed in the ground and not attached to any part of a building. It includes a pole sign and a monument sign.~~

~~*Height:* The vertical distance from the top of the highest element of the sign or sign structure to the top of the curb or crown of the roadway where no curb exists.~~

~~*Home occupation sign:* A sign used to advertise a home-based business.~~

~~*Identification sign:* A sign that identifies only the business, place, organization, building, street address or person on the property on which it is located.~~

~~*Illuminated sign:* A sign on which the surface is artificially lighted internally or externally.~~

~~*Illumination or illuminated:* A source of any artificial or reflected light, either directly from a source of light incorporated within, or indirectly from an artificial source.~~

~~*Indirect illumination:* A source of external illumination located apart from the sign.~~

~~*Install:* The action of erecting, re-erecting, constructing, placing, and posting.~~

~~*Internal illumination:* A light source that is concealed or contained within the sign and becomes visible in darkness through a translucent surface.~~

~~*Kiosk sign:* A freestanding and multiple-sided structure, city regulated, and located in public rights-of-way that displays directional information to residential and commercial subdivisions.~~

~~*Lawn signs:* Any signs on private property with commercial messages.~~

~~*Logo:* A graphic symbol representing a business, activity or use.~~

~~*Maintenance:* The replacing or repairing of a part or portion of a sign necessitated by ordinary wear, tear or damage beyond the control of the owner, or the reprinting of existing copy without changing the wording, composition, original color or size of the copy.~~

~~*Mansard sign:* A sign permanently affixed to a wall or surface designed to protect the edge of a roof, such surface being no more than 30 degrees from vertical.~~

~~*Marquee:* A permanent structure other than a roof attached to, supported by, and projecting from a building and providing protection from the elements.~~

~~*Menu board sign:* A permanently mounted sign displaying the bill of fare for a drive-thru restaurant.~~

~~*Message board:* A portion of a sign displaying an electronic digital message that changes more than once a day.~~

~~*Modifier:* A word or graphic that explains the intended use without using brand names or advertising copy.~~

~~*Monument:* A freestanding sign with a base at least 50 percent of the width of the sign.~~

~~*Multiple-tenant complex:* A nonresidential development where two or more separate businesses exist, in which there are appurtenant shared facilities (such as parking or pedestrian mall), and designed to provide a single area where the public can obtain varied products and services.~~

~~*Neon tube illumination:* A source of light for externally lit street graphics supplied by a neon tube that is bent to form letters, symbols, or other shapes.~~

~~*Noncommercial speech:* Constitutionally protected speech such as ideological speech that contains neither advertising copy nor obscene material or language. Signs containing only noncommercial speech shall always be considered on-premises.~~

~~*Nonconforming sign:* A sign lawfully erected and maintained prior to the adoption of the ordinance from which this chapter is derived that does not conform with the requirements of this chapter.~~

~~*Off-premises sign:* Any sign that is located on a property other than where a business is located, a product is sold, or a service is offered.~~

~~*On-premises sign:* Any sign that is within the legal boundaries of a parcel of property.~~

~~*Open house sign:* A temporary sign informing the public that prospective buyers may view available property, and the property owner's agent is on the premises during the time of the viewing.~~

~~*Parapet:* That portion of a building exterior wall projecting above the plate line of the building.~~

~~*Parcel:* A legal lot, plot, tract, or area of land having fixed boundaries.~~

~~*Peak:* The highest point on a roof or the highest point on another architectural element.~~

~~*Permanent sign:* Any sign that is constructed as lasting and enduring, remaining unchanged in character, condition (beyond normal wear) and position, and in a permanent manner affixed to the ground, wall or building.~~

~~*Planned area development (PAD):* A development pursuant to section 125-194 as it exists or as it may be amended.~~

~~*Pole sign:* A freestanding sign that is permanently supported in a fixed location by a structure of poles, uprights, or braces from the ground and not supported by a building or a base structure.~~

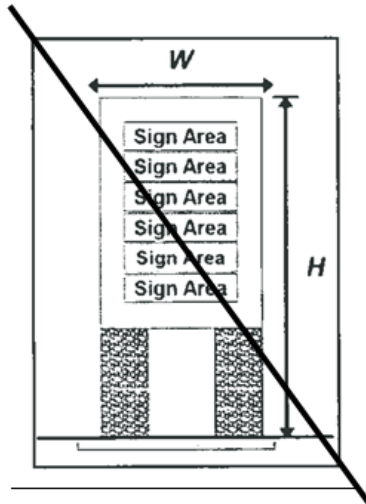
~~*Portable sign:* Any sign not affixed to a structure or ground mounted on a site that does not meet the definition of sandwich sign.~~

~~*Project:* Any parcel of land with designated legal boundaries on which development action has been approved by the city.~~

~~*Projecting sign:* A sign attached to a building or other structure and extending in whole or in part beyond the building.~~

~~*Public sign:* A sign erected by or on behalf of a governmental body to post legal notices, identify public property, convey public information, or direct or regulate pedestrian or vehicular traffic.~~

~~*Pylon sign:* A freestanding sign, larger than a monument sign, supported by a single pylon or supported by a maximum of two pylons.~~



Pylon Sign

~~*Raceway cabinet:* An aluminum channel box not more than eight inches in depth used to mount signage to a wall or other structure.~~

~~*Reader panel:* That portion of any sign that permits a regular change of copy, including electronic copy, which does not change more than once a day.~~

~~*Real estate sign:* A temporary sign located on premises used to advertise the availability of real property.~~

~~*Residential entry sign:* A sign that is placed at the entrance to a multifamily or duplex development, manufactured home park, or single family development only in order to identify the name of the development.~~

~~*Roof sign:* Any sign erected on a roof, or a sign that projects above the highest point of the roofline, parapet or fascia of the building.~~

~~*Roofline:* The highest point of the main roof structure or the highest point on a parapet, but shall not include cupolas, pylons, projections or minor raised portions of the roof.~~

~~*Sandwich sign or A frame sign:* A double-faced, portable sign, which is not permanently ground-mounted or affixed to any structure on site, and is designed in the shape of an "A".~~

~~*Shingle sign:* any sign suspended from, and located entirely under a covered porch or walkway.~~

~~*Shopping center or plaza:* A commercial development under unified control consisting of four or more separate commercial establishments sharing a common building, or which are in separate buildings that share a common entranceway or parking area.~~

~~*Sign:* Any device (including, but not limited to, letters, words, numerals, figures, emblems, pictures, or any part or combination) used for visual communication that attracts the attention of the public and is visible from public or private rights-of-way or other properties; but shall not include any flag, badge or insignia of any governmental unit.~~

~~*Sign copy:* The letters, words or graphics used to convey information on the sign.~~

~~*Sign structure:* The supports and framework of the sign.~~

~~*Sign walker:* An individual carrying a portable sign intended to convey an advertising message to vehicular traffic.~~

~~Signable area for projecting signs and awnings: One area enclosed by a box or outline or within a single continuous perimeter composed of a single rectangle, circle, triangle, or parallelogram enclosing the extreme limits of characters, lettering, illustrations, ornamentalions, or other figures.~~

~~Signable area for roof and wall graphics: One area free of architectural details on the facade of a building or part of a building, which shall include the entire area enclosed by a box or outline or within a single continuous perimeter composed of a single rectangle, circle, triangle, or parallelogram enclosing the extreme limits of characters, lettering, illustrations, ornamentalions, or other figures.~~

~~Snipe sign: Any sign that is posted on trees, landscaping, utility poles or structures, streetlights, fences, fire hydrants, bridges, curbs, sidewalks, park benches parkways, streets, right-of-ways, or other locations on public property.~~

~~Street number sign: Any sign that gives the street address number of the building.~~

~~Subdivision: A subdivision pursuant to chapter 121.~~

~~Temporary sign: Any sign not permanently affixed and intended for a limited period of display.~~

~~Time and temperature sign: A sign on which the only copy that changes is an electronic or mechanical indication of time or temperature.~~

~~Vehicle sign: Any sign mounted upon, painted, or otherwise erected on trucks, cars, boats, trailers, other motorized vehicles or equipment.~~

~~Wall sign: A sign mounted flat against and projecting less than 14 inches from, or painted on, the wall of a building or structure with the exposed face of the sign in a plane parallel to the face of the wall, but not including window signs.~~

~~Window sign: Any sign, picture, symbol or combination thereof, that communicates information about an activity, business, commodity, event, sale or service, and is placed inside a window or upon the window panes or glass and is visible from the exterior of the window. Signs placed or hung in any manner within three feet of the windowpane shall be considered a window sign.~~

~~Sec. 113-3. Conflict.~~

~~If any portion of this chapter is found to be in conflict with any other provisions of any zoning, building, fire, safety or health provisions of this Municipal Code, the provision that establishes the higher standard shall prevail.~~

~~Sec. 113-4. Signs prohibited.~~

~~(a) No person shall erect, place, establish, paint, create or maintain a sign in the city except as provided in this chapter. All signs that are contrary to the provisions of this chapter are declared to be in violation, and as such may be abated as provided by law.~~

~~(b) The following signs are prohibited. Any:~~

~~(1) Abandoned sign;~~

~~(2) Animated sign, except as specified in this chapter;~~

~~(3) Billboard sign;~~

~~(4) Off-premises sign, except as permitted within this chapter;~~

~~(5) Portable sign;~~

~~(6) Sandwich sign, except as permitted within this chapter;~~

~~(7) Snipe sign;~~

~~(8) Sign which inhibits free ingress to or egress from any door, window or any exit way required by the International Building Code as adopted and amended by the city, or by fire department regulations;~~

- ~~(9) Sign that may obstruct the line of sight of any authorized traffic sign, signal or other traffic control device; or any sign by reason of shape, color or position that interferes with or may be confused with any authorized traffic signal or device;~~
- ~~(10) Sign placed in a location that will obstruct vision of a vehicle operator while entering, exiting or traveling upon the public right-of-way;~~
- ~~(11) Sign located in a manner that interferes with pedestrian travel or poses a hazard to pedestrians;~~
- ~~(12) Vehicle sign when mounted or placed on any trailer, boat, or motor vehicle that is parked, stored or displayed in a manner to attract the attention of the public for advertising purposes;~~
- ~~(13) Sign with flashing, blinking, rotating lights, exposed neon or similar tube type illumination, bare incandescent, fluorescent, metal halide, or high or low pressure sodium light bulbs or mercury vapor light sources;~~
- ~~(14) Sign placed in rights-of-way, except as specified in this chapter;~~
- ~~(15) Message board;~~
- ~~(16) Roof-mounted sign;~~
- ~~(17) Any other sign that is not expressly permitted by this chapter;~~
- ~~(18) Home occupation sign;~~
- ~~(19) Pole-mounted banners, attention flags, wind-driven spinners, streamers, search lights, strobe lights, holographic projections, laser light displays, inflatable signs, or balloons;~~
- ~~(20) Any flag not associated with a governmental unit.~~

~~Sec. 113-5. Signs in the right-of-way.~~

- ~~(a) It is unlawful for any person to install a sign in any public right-of-way, except for the following:~~
 - ~~(1) Public signs;~~
 - ~~(2) City-regulated kiosk signs;~~
 - ~~(3) Emergency signs.~~
- ~~(b) The city manager or designee is authorized to immediately remove any illegal sign located in any public right-of-way.~~

~~Sec. 113-6. Building identification.~~

- ~~(a) For all uses other than single-family residential:~~
 - ~~(1) Numbers shall be provided on the front of the building unless an alternative location is approved by the city fire chief or designee.~~
 - ~~(2) The numbers shall be visible and legible from the street fronting the property.~~
 - ~~(3) All commercial and industrial uses shall be sized according to the following table:~~

Building setback from main road	Minimum size address number
0—50'	9"
51—100'	12"
101' and above	15"

(b) ~~For single family residential, residential dwellings shall have four-inch high address numbers that are contrasting in color to the background color of the house.~~

~~Sec. 113-7. — Permits and licenses required.~~

~~No person shall erect, place, establish, paint, create or maintain any sign in the city without first obtaining all required permits and licenses as regulated by this chapter or any other laws.~~

~~Sec. 113-8. — Signs not requiring a permit.~~

~~No person shall be required to have a permit for the following signs; provided, however, that such signs shall be subject to any and all applicable provisions of this chapter or any other law:~~

- ~~(1) Public signs;~~
- ~~(2) Directional signs, when wall-mounted or, if detached, where not exceeding a height of three feet;~~
- ~~(3) Emergency signs;~~
- ~~(4) Portable electronic signs used by the city for special events;~~
- ~~(5) Way finding signs for public buildings and facilities;~~
- ~~(6) Development sign as described under section 113-158(b);~~
- ~~(7) Temporary window graphics, consistent with restrictions herein.~~

~~Sec. 113-9. — Maintenance.~~

~~Any individual, business or corporation who owns, erects, establishes, paints, creates or maintains any sign, including a nonconforming sign, shall maintain the sign in good order and repair at all times so that it does not constitute any danger or hazard to public safety, or a visual blight, and is free of peeling paint, major cracks, or loose, dangling or torn materials. All lighting shall also be kept in good order, and burnt out bulbs shall be replaced.~~

~~Sec. 113-10. — Sign approval as part of site plan approval.~~

- ~~(a) For all developments requiring site plan approval, information on the proposed design and location of all permanent and temporary signs for the life of the project, subject to the guidelines presented herein, shall be submitted for review and approval by the planning and zoning commission.~~
- ~~(b) A site plan application shall be made to the community development department. Such application shall be made on forms, together with documents and drawings, and shall be submitted in both paper and electronic format. The specific contents of the application shall be described in the application packet.~~

- ~~(c) The site plan application shall not be accepted for processing until all required information as described in the application is provided to the community development department and appropriate fees are paid.~~
- ~~(d) Any amendment or modification to an approved site plan application shall be resubmitted for approval. All amendments shall be shown on a site plan amendment application.~~

~~Sec. 113-11. Kiosk signs.~~

- ~~(a) Purpose. The purpose of a kiosk sign is to provide a uniform, coordinated method of offering developers a means of providing directional signs to their projects that are located within the city or the city's municipal planning area, while minimizing confusion among prospective buyers who wish to inspect development projects, while promoting traffic safety and reducing the visual blight of sign proliferation.~~
- ~~(b) Authority to erect in rights-of-way. The city is permitted to erect kiosk signs in the public right-of-way at sites approved by the city manager or designee.~~
- ~~(c) Permit required. The city shall review and approve all proposed locations prior to installation of kiosk signs.~~

~~Secs. 113-12—113-40. Reserved.~~

~~ARTICLE II. ADMINISTRATION AND ENFORCEMENT~~

~~DIVISION 1. GENERALLY~~

~~Sec. 113-41. Code administrator.~~

~~The city manager or designee shall be the authorized code administrator for the city. The city manager or designee shall implement, administer, and enforce this chapter, and may establish rules, regulations and procedures to implement, administer and enforce this chapter.~~

~~Sec. 113-42. Sign permit applications.~~

- ~~(a) A sign permit application shall be made to the community development department. Such application shall be made on forms, together with documents and drawings. The specific contents of the application shall be described in the permit application packet.~~
- ~~(b) The city manager or designee shall not issue permits for the use, construction, reconstruction or alteration of any sign structure, until adequate information is submitted to determine the proposed action is in conformance with the provisions of these sign regulations.~~
- ~~(c) The city manager or designee may, in writing, suspend or revoke a permit issued under the provisions of this section whenever the permit is issued on the basis of a material omission or misstatement of fact, or in violation of this chapter or this Code.~~
- ~~(d) No permit for a sign issued by the city shall be deemed to constitute permission or authorization to maintain a public or private nuisance, nor shall any permit issued hereunder constitute a defense in any action to abate a nuisance.~~
- ~~(e) Whenever any sign for which a permit is required by this chapter has been placed, erected or displayed without first obtaining a permit, a special investigation shall be made before a permit may be issued. If a permit is obtained after a sign has been erected, the sign fee shall be doubled.~~
- ~~(f) Whenever any sign requires an electrical permit, both the sign permit and the electrical permit must be issued and obtained simultaneously or may be included under one sign permit.~~

~~Sec. 113-43. Permit fees and refunds.~~

- ~~(a) Before the city issues any sign permit required by this chapter, the applicant shall pay all fees in accordance with the schedule as set by city council resolution.~~
- ~~(b) For refunds, the applicant must submit a refund request form along with a copy of the sign permit to the city manager or designee. Refunds shall be permitted in accordance with the provisions of the International Building Code as adopted and amended by the city.~~

~~Sec. 113-44. Variances, comprehensive sign programs and administrative appeals.~~

- ~~(a) An application requesting a variance from the provisions of this chapter shall be submitted to the city manager or designee and acted upon by the board of adjustment in accordance with chapter 125, as it exists or as it may be amended.~~
- ~~(b) An application for a comprehensive sign program required by this chapter shall be submitted to the city manager or designee and acted upon by the planning and zoning commission in accordance with the site plan process in section 125-33, as it exists or as it may be amended.~~
- ~~(c) An application for administrative appeal shall be submitted to the city manager or designee and acted upon by the board of adjustment in accordance with chapter 125, as it exists or as it may be amended.~~

~~Sec. 113-45. Violations and revocation of permits.~~

~~The city manager or designee may revoke any permit authorizing the erection of any sign that is in violation of the permit or this chapter. The following is the revocation process:~~

- ~~(1) Notice of the city manager or designee's decision to revoke a sign permit shall be served upon the applicant and/or business owner of such permit:
 - ~~a. By delivering in person a copy of the notice to the applicant of the permit or to one of its officers;~~
 - ~~b. By leaving a copy of the notice with any person in charge of the premises;~~
 - ~~c. In the event no such person can be found on the premises, by affixing a copy of the notice in a conspicuous position at an entrance to the premises and by the certified mailing of another copy of the notice to the last known post office address of the applicant and/or business owner of such permit; or~~
 - ~~d. By posting a copy of the notice on the sign in violation and by the certified mailing of another copy of the notice to the last known post office address of the applicant and/or business owner of such permit.~~~~
- ~~(2) The applicant of the permit may appeal the decision of the city manager or designee to revoke the permit to the board of adjustment, in writing, within 15 calendar days from the date when the notice was served.~~
- ~~(3) If no appeal has been taken at the end of 15 calendar days, the permit is revoked. The city manager or designee shall then initiate the process for the removal of the illegal sign in accordance with section 113-46.~~

~~Sec. 113-46. Removal of signs.~~

- ~~(a) The city manager or designee is authorized to require removal of any illegal sign.~~
- ~~(b) Before bringing an action to require removal of any illegal sign, the city manager or designee shall give written notice to the owner of the sign or the owner of the premises on which such sign is located. The notice shall state the violation charged, and the reasons and grounds for removal, specify the deficiencies or defects and what repairs, if any, will make the sign conform to the requirements of this chapter, and specify that the sign must be removed or made to conform with the provisions of this chapter with the notice period provided in subsection (c) of this section.~~

~~(c) Notice period.~~

~~(1) The notice period for permanent signs shall be five calendar days.~~

~~(2) The notice period for temporary signs shall be 48 hours.~~

~~(3) Re-erection of any sign or substantially similar sign on the same premises after a compliance notice has been issued shall be deemed a continuation of the original violation.~~

~~(d) Service of notice shall be made personally on the owner or lessee, or by certified mail addressed to the owner or lessee at the address specified in the permit or the last known address.~~

~~(e) If the owner or lessee of the premises upon which the sign is located has not demonstrated to the satisfaction of the city manager or designee that the sign has been removed or brought into compliance with the provisions of this chapter by the end of the notice period, then the city manager or designee shall certify the violations to the city attorney for prosecution.~~

~~(f) The city manager or designee may remove any illegal sign which exists or has been re-erected after the expiration date of the notice period, if the owner or lessee of the premises has been issued a compliance notice at least once before for the same violation involving the same or similar sign.~~

~~(g) Notwithstanding the above, the city manager or designee may cause the immediate removal or repair (without notice to the owner of the sign, or of the property on which it is located) of any unsafe or defective sign or signs that creates an immediate hazard to persons or property, or of any sign which is placed in any right-of-way in violation of section 113-5.~~

~~(h) If the city removes an illegal sign pursuant to this section, the city may petition the court to recover the costs, expenses and attorney fees that the city incurred in removing the illegal sign and in bringing the petition for recovery. If the court finds by a preponderance of the evidence that the city is entitled to recover, the court may order the defendant to pay to the city the amount of the costs, expenses and attorney fees reasonably incurred by the city, and may enter judgment in favor of the city and against the defendant in that amount.~~

~~Sec. 113-47. Penalties for violations.~~

~~Any person who violates any provision of this article or any provision of any code adopted by this article shall be guilty of a civil or criminal violation.~~

~~Sec. 113-48. Liability for damages.~~

~~The provisions of this chapter shall not be construed to relieve or to limit in any way the responsibility or liability of any person which erects or owns any sign for personal injury or property damage caused by the sign; nor shall the provisions of this chapter be construed to impose upon the city's officers, city manager or the employees any responsibility or liability by reasons of the approval of any sign under the provisions of this chapter.~~

~~Secs. 113-49 - 113-69. Reserved.~~

~~DIVISION 2. NONCONFORMITIES~~

~~Sec. 113-70. Maintenance.~~

~~Any person owning or maintaining a legal nonconforming sign shall maintain such sign in good condition pursuant to section 113-9.~~

~~Sec. 113-71. Alterations.~~

~~It is unlawful for any person owning or maintaining a legal nonconforming sign or sign structure to alter, reconstruct, replace or relocate such sign. Reasonable repair and maintenance of said sign is~~

limited to a maximum total of 50 percent of the sign's or structure's reproduction cost as determined from an appraisal by a competent appraiser.

~~Sec. 113-72. Removal.~~

- ~~(a) Any person owning or maintaining a legal nonconforming sign shall remove or bring the sign into conformance with this chapter when:
 - ~~(1) More than 50 percent of the reproduction cost of the sign or sign structure has been damaged or destroyed or by any means taken down;~~
 - ~~(2) The condition of the sign has deteriorated to such an extent that the cost of repairs exceeds 50 percent of the reproduction cost of the sign or sign structure as determined from an appraisal by a competent appraiser;~~
 - ~~(3) The use of the sign or the property on which it is located has ceased, become vacant or been unoccupied for a period of three months or more.~~~~
- ~~(b) In the event any of these should occur, the sign shall be presumed to be abandoned and shall be removed by the owner of the property, his agent, or person having the beneficial use of the building or structure upon which the sign or sign structure is erected within 30 calendar days after written notification from the community development director.~~

~~Secs. 113-73 – 113-102. Reserved.~~

~~ARTICLE III. LOCATION, DESIGN AND CONSTRUCTION SPECIFICATIONS~~

~~Sec. 113-103. General regulations.~~

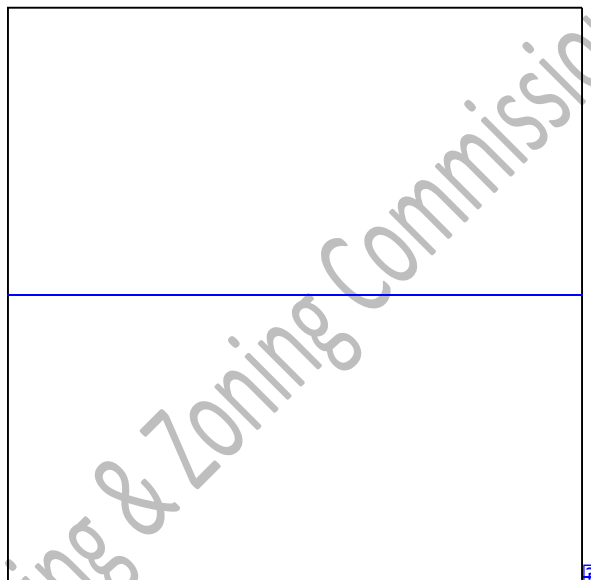
- ~~(a) All signs shall be structurally designed, constructed, erected and maintained in accordance with all applicable provisions and requirements of this Code.~~
- ~~(b) Signs are considered a component of the site's design and building architecture; and they shall be architecturally integrated with their surroundings in terms of size, shape, color, texture and lighting so that they are complimentary to the overall design of the building.~~
- ~~(c) The owner of any building shall identify every building or groups of buildings with a street number sign. The street number sign shall not be computed as part of the total of the sign area permitted and shall not require a permit. Refer to the Code section on Building identification for requirements.~~
- ~~(d) New development shall anticipate the need for signs and provide a comprehensive sign program that:
 - ~~(1) Establishes a theme of conceptual master design for all signs within the comprehensive sign program;~~
 - ~~(2) Allows for flexibility for new users as buildings are re-tenanted;~~
 - ~~(3) Provides for convenient and attractive placement of signs;~~
 - ~~(4) Specifies quality materials that complement the style, color, and materials of the building.~~~~
- ~~(e) New signs proposed for attachment to existing buildings must provide a compatible appearance with the building sign of other tenants and where multiple signs exist on a single building there shall be unifying elements such as size and/or color to reduce sign clutter and confusion.~~
- ~~(f) The use of metal is an acceptable material for signs; provided that it has been formed, etched, cast, engraved, and/or properly primed, treated, painted, or factory-coated to protect against corrosion.~~
- ~~(g) The use of wood is an acceptable material for signs; provided that it is compatible with architectural character of the development and it is properly scaled, primed, painted, or stained.~~

- ~~(h) Signs attached to masonry, concrete or steel shall be safely and securely fastened thereto by means of metal anchors, bolts, or approved expansion screws of sufficient size and anchorage to support safely the loads applied.~~
- ~~(i) All sign supports shall be an integral part of the sign design. There shall be no visible angle iron supports, guy wires, braces, or other supports.~~
- ~~(j) Cabinet signs shall only be permitted when constructed with aluminum or other solid opaque face containing routed copy or letters mounted to the aluminum cabinet. Lexan, acrylic, or any other type of backlit material is not permitted except when used in individual routed lettering. The use of opaque vinyl on lexan, acrylic, or any similar material shall not be permitted as an acceptable face material except when used as individual lettering.~~
- ~~(k) Signs shall be placed so they are not obscured by landscaping when it has reached full maturity.~~
- ~~(l) Illuminated signs and flagpoles are permitted by this article unless otherwise specified. Illumination may be either by direct, internal or internal direct as allowed herein, and it is unlawful for any person to install illumination that creates any glare or reflection onto any adjacent property, or onto a street or alley, or into the night sky or so as to create a traffic hazard.~~

~~Sec. 113-104. Requirements and standards.~~

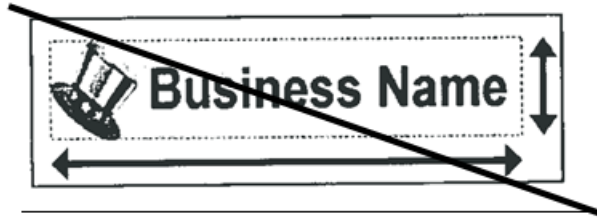
~~(a) Sign measurement criteria.~~

- ~~(1) Area. Sign area for all sign types is measured as follows:~~



~~Sign Area Measurement~~

- ~~a. Sign copy mounted, affixed, or painted on a background panel or area distinctively painted, textured, or constructed as a background for the sign copy, is measured as that area contained within the sum of the smallest rectangle that will enclose both the sign copy and the background.~~
- ~~b. Sign copy mounted as individual letters or graphics against a wall, fascia, mansard, or parapet of a building or surface of another structure, that has not been painted, textured, or otherwise altered to provide a distinctive background for the sign copy, is measured as a sum of the smallest rectangle that will enclose each word and each graphic in the total sign.~~



Sign Area includes Logo

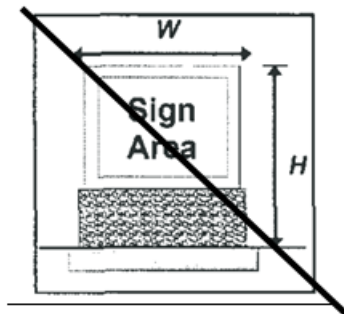
- c. ~~Sign copy mounted, affixed, or painted on an illuminated surface, or illuminated element of a building or structure, is measured as the entire illuminated surface or illuminated element which contains sign copy. Such elements may include, but are not limited to, lit canopy fascia signs, spanner board signs, and/or interior lit awnings.~~
 - d. ~~Multi-face signs are measured as follows:~~
 - 1. ~~Two face signs:~~ If the interior angle between the two sign faces is 45 degrees or less, the sign area is of one sign face only. If the angle between the two sign faces is greater than 45 degrees, the sign area is the sum of the areas of the two sign faces.
 - 2. ~~Three or four face signs:~~ The sign area is 50 percent of the sum of the areas of all sign faces.
 - e. ~~Spherical, free form, sculptural, or other nonplanar sign area is 50 percent of the sum of the areas using only the four vertical sides of the smallest four-sided polyhedron that will encompass the sign structure. Signs with greater than four faces are prohibited.~~
- (b) ~~Sign illumination. All permanent signs may be nonilluminated, illuminated by internal, internal indirect (halo), or lit by external indirect illumination, unless otherwise specified.~~
- (1) ~~Internal illumination.~~ Signs with internal illumination shall conform with dark sky principles and not cause glare or reflection onto any adjacent property, street, or alley, or so to create a traffic hazard.
 - (2) ~~External indirect illumination.~~ Externally lit signs are permitted to be illuminated only with steady, stationary, down-directed and shielded light sources directed solely onto the sign. Light bulbs or light tubes, excluding neon, used for illuminating a sign shall not be visible from adjacent public rights-of-way or residential properties.
 - (3) ~~Neon and LED.~~
 - a. ~~Exposed neon tube illumination and LED is not permitted.~~
 - b. ~~Visually exposed neon is permissible in the nonresidential districts as long as the neon has a clear plastic face to protect it from breakage and weather damage. Visually exposed neon and LED shall not be permitted on freestanding signs.~~
 - c. ~~Neon illumination utilized as a sign copy projection, border, frame, or other embellishment of sign copy, or other features, consistent with the definition of "sign" in section 113-2, shall be included in the total square footage of the sign.~~
 - d. ~~Neon, LED or other forms of illumination shall not be used as a border or outline for any architectural element of the building.~~
- (c) ~~Structure and installation.~~
- (1) ~~Raceway cabinets.~~ Raceway cabinets, where used as an element of building-mounted wall signs, shall match the building color at the location of the building where the sign is located. Where a raceway provides a contrast background to sign copy, the colored area is counted in

the aggregate sign area permitted for the site or occupancy. Raceways shall not be used on roof-mounted signs, freestanding signs, or landscape wall signs.

- ~~(2) *Support elements.* The support elements for all signs shall appear to be free of any angle iron, bracing, guy wires or similar features.~~
 - ~~(3) *Electrical service.* When electrical service is provided to freestanding signs or landscape wall signs, all such electrical service is required to be underground and concealed. Electrical service to building-mounted signs, including conduit, housings, and wire, are to be entirely concealed or, when necessary, painted to match the surface of the structure upon which they are mounted.~~
 - ~~(4) *Permanent signs.* All permanent signs permitted by this chapter shall be constructed of durable material capable of withstanding continuous exposure to the elements and conditions of the urban environment.~~
- ~~(d) *Sign maintenance.* It shall be unlawful for any owner of record, lessor, lessee, manager, agent, or other person having lawful possession or control over a building, structure, or parcel of land to fail to maintain the property and all signage thereon, in conformance with this Code. Failure to maintain signs and/or property constitutes a violation of this Code.~~
- ~~(1) *General maintenance.* Complete maintenance is required for all signs, whether or not in existence prior to the adoption of the ordinance from which this chapter is derived. Maintenance of a sign shall include periodic cleaning, replacement of flickering, burned out or broken light bulbs or fixtures, repair or replacement of any faded, peeled, cracked, or otherwise damaged or broken parts of a sign, and any other activity necessary to restore the sign so that it continues to conform to the requirements and contents of the sign permit issued for its installation and provisions of this chapter.~~
 - ~~(2) *Landscape maintenance.* Replacement of plant materials that do not survive after installation in required landscaped areas is required within the next planting season or within six months of the plant's demise. Required landscaped areas contained by a fixed border, curbed area, or other perimeter structure shall receive regular repair and maintenance.~~
 - ~~(3) *Removal of unused sign support structures.* Removal is required of any vacant and/or unused sign support structures, angle irons, sign poles or other remnants of old signs, which are not currently in use, or proposed for immediate reuse evidenced by a sign permit application for a permitted sign.~~
 - ~~(4) *Removal of obsolete signs.* Signs which conform to the provisions of this chapter, but which reflect obsolete sign copy, may remain in place; provided that the sign copy is left unlit and/or blank for a time period up to 30 calendar days after the use or activity it identified has ceased and/or the property has become vacant. A one-time extension of 30 calendar days may be granted by the city manager or designee, provided the copy has been left unlit and/or blank, and when such extension is requested by the owner or person in control of the vacant property.~~

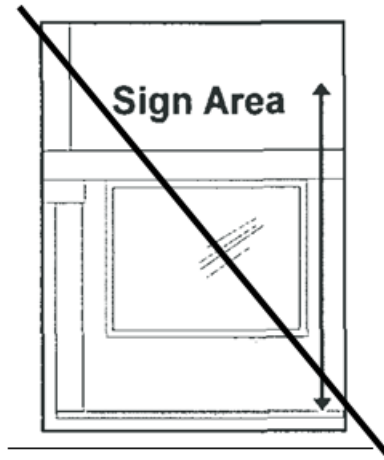
~~Sec. 113-105. Sign height.~~

~~Sign heights shall be measured as follows:~~



Sign Measurements

- ~~(1) Freestanding sign.~~ The height of all signs shall be the vertical distance from the top of the highest element of the sign or sign structure to the top of the curb or crown of the roadway where no curb exists. The height of any monument base or other structure erected to support or ornament the sign shall be measured as part of the sign height.
- ~~(2) Wall, fascia, mansard and parapet-mounted signs.~~ Height shall be the vertical distance to the top of the sign or sign structure from the base of the wall on which the sign is located.



Wall Sign

~~Sec. 113-106. Inspections.~~

All signs for which a permit is required shall be subject to the following inspections, unless waived by the city manager or designee:

- ~~(1) Footing inspections on all freestanding signs except freestanding signs that are five feet or less in height with a maximum area of 32 feet;~~
- ~~(2) Electrical inspections on all signs prior to placement;~~
- ~~(3) Final inspection that shall cover the sign location, structural members and placement of the inspection marker in accordance with this article.~~

~~Sec. 113-107. Inspection markings.~~

Any person installing or erecting a permanent sign as regulated by this chapter shall ensure that such signs be marked with the maker's name and the person erecting such sign, the date of installation, and the permit number as approved by the city manager or designee.

~~Secs. 113-108—113-127. Reserved.~~

ARTICLE IV. ZONING-DISTRICT RESTRICTIONS

~~Sec. 113-128. Residential zones.~~

~~(a) Residential uses in residential zones.~~

- ~~(1) Generally.~~

a. ~~Applicable zones.~~ This subsection (a) applies to all signs for residential uses, and in all residential areas which are vacant or are in a planned area development (PAD) zone.

b. ~~Permitted signs.~~ Only signs that are specifically permitted by this subsection (a) are allowed. Any sign that is not specifically permitted by this subsection (a) is prohibited.

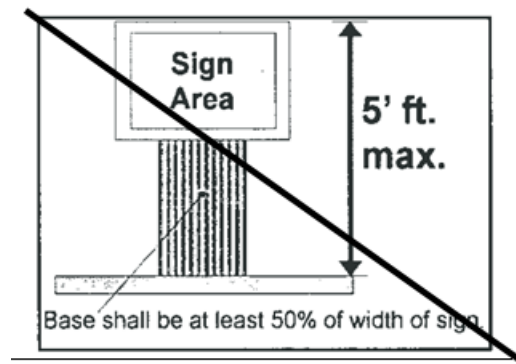
c. ~~Aggregate sign area allowed.~~

1. ~~Parcels less than or equal to two acres.~~ Except as otherwise permitted, the aggregate sign area for any parcel located in a residential zone and which is less than two acres shall not exceed one and one-half square feet.

2. ~~Parcels larger than two acres.~~ Except as otherwise permitted, the aggregate sign area for any parcel located in a residential zone and which is larger than two acres shall not exceed eight square feet.

(2) ~~Wall signs.~~ Wall signs are permitted, but shall not exceed a height of 15 feet.

(3) ~~Freestanding signs.~~



Freestanding Sign

a. ~~One freestanding sign shall be permitted on each parcel with a maximum height of five feet and a maximum area of one and one-half square feet.~~

b. ~~A freestanding sign may include only the name of the occupant and the street address. Such sign shall not include any advertising copy.~~

c. ~~The base shall have an aggregate width of at least 50 percent of the width of the sign.~~

d. ~~Reader panels are not permitted.~~

(4) ~~Residential entry sign.~~ A maximum of two residential entry signs, placed at the entrance to a multifamily or duplex development, manufactured home park, or single-family development only in order to identify the name of the development, and with a maximum aggregate area of 48 square feet shall be permitted at each main entrance. The residential entry signs may be freestanding signs. The residential entry signs may include only the name of the development and the street address, and shall not include advertising copy.

(5) ~~Temporary signs.~~ Temporary signs are only permitted in accordance with article V of this chapter.

(b) ~~Nonresidential uses in residential zones.~~

(1) ~~Generally.~~

a. ~~Applicable zones.~~ This subsection (b) applies to all signs for nonresidential uses in residential zones which includes, but are not limited to, churches, schools, institutions,

commercial farms or ranches, public facilities and similar activities which are located in R1-43, R1-18, R1-12, R1-8, R1-5, R-2 or R-3 zones and for all nonresidential uses in residential areas in a planned area development (PAD) zone.

b. ~~Permitted signs.~~ Only signs that are specifically permitted by this subsection (b) are allowed. Any sign that is not specifically permitted by this subsection (b) is prohibited.

c. ~~Maximum aggregate area.~~ The maximum aggregate area of all signs on a parcel shall not exceed 48 square feet.

(2) ~~Wall signs.~~ Wall signs are permitted.

(3) ~~Freestanding signs.~~

a. ~~One freestanding sign shall be permitted on each parcel with a maximum height of ten feet and a maximum area of 24 square feet.~~

b. ~~A freestanding sign may include only the name of the facility, building or organization it is intended to identify. Such sign shall not include any advertising copy. The sign must include the number of the street address, but the area of these numerals shall not be included in calculating the allowed sign area.~~

c. ~~The base shall have an aggregate width of at least 50 percent of the width of the sign.~~

(4) ~~Wall, fascia, mansard and parapet signs.~~ Wall, fascia, mansard and parapet signs are permitted, and may identify the facility, building or organization by name or by name and principal activity when the name alone does not identify the general nature of the use, and may include the street address.

(5) ~~Directional signs.~~ Directional signs are permitted when required to assist the flow of traffic. Directional signs shall not exceed six square feet in area or three feet in height. Off-site directional signs are prohibited.

(6) ~~Directory signs.~~ Directory signs are permitted for nonresidential uses in multi-residential developments and other multiple tenant facilities. Directories shall be provided at all driveway entrances for all multi-residential developments, mobile home parks, or when required by the fire chief or designee.

a. ~~Each directory shall be illuminated with a maximum area of 18 square feet and a maximum height of six feet.~~

b. ~~The number and location of the signs must be approved by the city manager or designee and the fire chief.~~

(7) ~~Reader panels.~~

a. ~~Reader panels shall only be permitted for schools and public facilities located in residential zone districts to identify school and community activities.~~

b. ~~All electronic message displays shall be turned off between the hours of 10:00 p.m. and 7:00 a.m. each day.~~

c. ~~Fifty percent of the maximum sign area may be used for changeable copy whether it is LED, plastic zip track, or any method of replaceable lettering.~~

1. ~~Any sign using plastic zip track or any other method of replaceable lettering shall have a secured, clear, plastic or lexan cover to mitigate the risk of potential vandalism.~~

2. ~~Any sign using an electronic messaging system shall not be visible to any minor or major arterial street.~~

(8) ~~Temporary signs.~~ Temporary signs are only permitted in accordance with article V of this chapter.

~~Sec. 113-129. Nonresidential zones.~~

~~(a) Generally.~~

~~(1) Applicable zones. This section applies to all signs in nonresidential zones and in all nonresidential areas in a planned area development (PAD) zone, unless otherwise restricted.~~

~~(2) Permitted signs. Only signs that are specifically permitted by this section are allowed. Any sign that is not specifically permitted by this subsection (a) is prohibited.~~

~~(3) Aggregate sign area allowed.~~

~~a. Unless otherwise modified by this section, the maximum aggregate sign area for any business is one square foot of signage for each linear foot of the business wall elevation along the street frontage on which the sign is displayed. Businesses on a separate parcel or lot, or on a PAD site within a project of three or more businesses, shall be permitted sign area as described in subsection (a)(3)a of this section for any one elevation, with sign area on all other elevations not to exceed one-half square foot for each linear foot of elevation where the sign is displayed.~~

~~b. The total aggregate area excluding all freestanding signage shall not exceed 300 square feet and the maximum total sign area of any one elevation shall not exceed 200 square feet. Businesses that share a building structure and do not have a designated leased/owned frontage shall be considered one business for the purpose of determining total aggregate area of street graphics.~~

~~(b) Wall, fascia, mansard, and parapet.~~

~~(1) Generally.~~

~~a. Wall, fascia, mansard and parapet signs are allowed only on the exterior elevation of the space occupied by the business.~~

~~b. Wall, fascia, mansard or parapet signs may identify the individual businesses, building complex, or center, by name, and may identify up to three principal services when the name alone does not identify the general nature of the business. Any wall, fascia, mansard or parapet sign may include the street address, but shall not include advertising copy.~~

~~c. Units of information. Modifiers may be used on building wall signs only and shall be identical for each elevation in which the sign is displayed. The maximum height of the modifiers shall be subordinate to the vertical letter height of the business name, but shall not be less than 12 inches. Such signs shall be included when computing the sum total sign area allowed for each use.~~

~~(2) Wall, fascia, mansard and parapet signs for theaters.~~

~~a. One wall, fascia, mansard or parapet sign for a theater may contain the name of the theatre on the elevation where the sign is displayed. Such signs shall be permitted as described in subsection (a)(3)a of this section.~~

~~b. The reader panel shall be used exclusively for the purpose of identifying entertainment, motion pictures, or special events that occur on the premises. The sign area shall not exceed 48 square feet.~~

~~c. Exterior poster cases shall be limited to six per theatre. The cases will not count toward the aggregate sign area.~~

~~(3) Shingle signs.~~

~~a. One shingle sign that is designed and oriented primarily for the aid of pedestrians is permitted per business.~~

~~b. The minimum clearance between the bottom of the sign and the nearest grade or sidewalk shall be seven feet, six inches. The size shall be approved by the city manager or designee. The shingle sign shall not be calculated within the overall aggregate sign area.~~

- c. ~~A shingle sign must be located immediately adjacent to the business it identifies. The sign must be perpendicular to the store front.~~

~~(c) Freestanding signs.~~

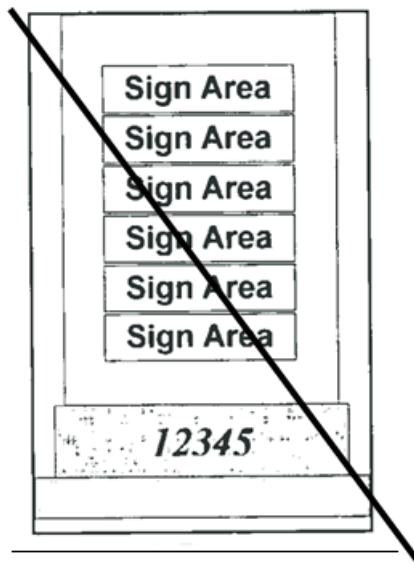
~~(1) Generally.~~

- a. ~~Freestanding signs are permitted.~~
- b. ~~The base of any freestanding sign shall have an aggregate width at least 50 percent of the width of the sign.~~
- c. ~~Any freestanding sign which identifies a single tenant building shall only bear the name of the business or building it is intended to identify, and shall not include any advertising copy.~~
- d. ~~Any freestanding sign must include the number of the street address, but the area of these numerals shall not be included in calculating the allowed sign area.~~

~~(2) Maximum number and height of signs allowed. One freestanding sign shall be permitted per single tenant building or multiple tenant complex, except on parcels with multiple street frontages. On parcels with multiple street frontages, one sign is permitted on each street. The freestanding sign shall not exceed a height of ten feet.~~

~~(3) Aggregate sign area allowed.~~

- a. ~~Freestanding signs in industrial zones or for multiple tenant complexes. The maximum aggregate sign area allowed for all freestanding signs in industrial zones or for multiple tenant complexes is 48 square feet on parcels up to ten acres, 60 square feet for parcels up to 20 acres, and 80 square feet on parcels over 20 acres.~~
- b. ~~Freestanding signs for single tenant buildings. The maximum aggregate sign area allowed for all freestanding signs for single tenant buildings in the C-1 zone is 12 square feet. The maximum aggregate sign area allowed for all freestanding signs in the C-2 and C-3 zones is 36 square feet on parcels up to two acres, and 48 square feet on parcels over two acres.~~



~~Multiple Tenant Sign~~

~~(4) Identification of tenants in a multiple tenant complex. Any freestanding sign within the multiple tenant building or shopping center may identify the name of the building, complex, or center and~~

~~the names of tenants within the complex. Such signs shall not include any advertising copy. Modifiers are permitted.~~

~~a. Panels shall only contain the name of the business or logo. No more than six panels per side are allowed on multiple-tenant freestanding sign. All individual panels will require a permit.~~

~~b. Panels shall not display business telephone numbers.~~

~~(d) Directional signs. Directional signs when required to assist the flow of traffic are permitted, but shall not exceed six square feet in area or three feet in height. Such sign may include business identification by word or symbol on up to 25 percent of the sign area.~~

~~(e) Directory signs. Directory signs when required to identify the location of the various buildings or businesses located within the center or complex are permitted as follows:~~

~~(1) Each directory sign shall be illuminated with a maximum area of 18 square feet and a maximum height of six feet. Such directories are required at all driveway entrances and approved by the fire chief or designee.~~

~~(2) The number and location of the signs must be approved by the city manager or designee.~~

~~(f) Noncommercial signs. In all commercial and industrial zones, noncommercial signs shall have a maximum area of 12 square feet and a maximum height of five feet.~~

~~(g) Permanent window signs. Window signs may be internally illuminated only with the use of exposed neon and LED lighting. There shall be a maximum of one sign per business and such sign shall be limited to no more than 15 percent of the area of the window panel. The sign area shall be calculated against the square footage allowed the business/use. Sign copy shall be limited to business identification and a graphic symbol or any combination thereof. In no case shall product signs be allowed.~~

~~(h) Reserved.~~

~~(i) Gasoline service stations.~~

~~(1) One monument sign per right of way frontage up to two total signs shall be permitted with a maximum sign area of 24 square feet each with a maximum height of five feet. Fifty percent of the allowable sign area may be used to identify the current price of gas being sold and may have changeable copy such as LED or zip track. Such signs shall be placed within a landscaped setting containing not less than 240 square feet.~~

~~(2) Canopy signs.~~

~~a. Such signs shall identify the business only.~~

~~b. The maximum number of signs per canopy shall be two.~~

~~c. The maximum sign area for any one canopy sign shall not exceed six square feet.~~

~~d. Any canopy sign will be calculated against total sign area allowed.~~

~~(j) Banks.~~

~~(1) Building wall signs.~~

~~a. Such sign shall identify the business.~~

~~b. The maximum sign area allowed for one linear foot of building wall shall be one square foot. The sign area on all other elevations is one-half square foot for each linear foot of elevation where the sign is displayed.~~

~~c. When the wall on which the sign is placed is 200 or more feet from any public right-of-way, the maximum sign area for each one linear foot of building wall shall be one and one-half square feet.~~

- d. ~~No part of a building wall sign shall extend above a roofline.~~
 - e. ~~Such sign shall be installed with the exposed face of the sign in a plane parallel to the face of the building wall.~~
 - f. ~~No part of a building wall sign shall project from a building wall a distance greater than 12 inches.~~
- (2) ~~Freestanding business identification signs. There shall be a maximum of one freestanding business identification sign per street.~~
- a. ~~Ground signs.~~
 - 1. ~~Such sign shall identify the business.~~
 - 2. ~~The maximum number of such signs per street shall be one sign.~~
 - 3. ~~Such signs shall be placed within a landscaped setting containing not less than 120 square feet.~~
 - 4. ~~The maximum area for such signs shall not exceed 12 square feet.~~
 - 5. ~~The maximum height of such signs shall be five feet.~~
 - 6. ~~Individual letters shall not cover a percentage of wall surface area greater than 50 percent.~~
 - b. ~~Monument signs.~~
 - 1. ~~Such signs shall identify the business.~~
 - 2. ~~The maximum number of such signs per street front shall be one sign.~~
 - 3. ~~The maximum area of such signs shall be 24 square feet.~~
 - 4. ~~The maximum height of such signs shall be five feet.~~
 - 5. ~~The maximum vertical dimension of the cabinet or panel shall be four feet.~~
 - 6. ~~The maximum horizontal dimension of the cabinet or panel shall be ten feet.~~
 - 7. ~~Such signs shall be placed within a landscaped setting of not less than 240 square feet.~~
- (3) ~~ATM (automated teller machine) signs.~~
- a. ~~Such signs shall be located on the face of the machine.~~
 - b. ~~Any such signs may identify the individual business name, logo, time, and principal services offered at the ATM.~~
 - c. ~~The area of any such signs shall not exceed ten square feet.~~
 - d. ~~The total sign area of all such signs at any one site shall not exceed 20 square feet.~~
 - e. ~~The bezel and architectural border of an ATM sign shall not be included in the sign area unless they contain sign characters, logos, or other sign graphics.~~
 - f. ~~The area of any ATM signage not visible beyond the boundaries of the property shall not be deducted from the sum total sign area permitted for the use.~~
 - g. ~~Wording, symbols, and graphics which instruct persons on the use of the ATM shall not be considered part of the sign area unless they are visible beyond the boundaries of the property and attract the attention of the public.~~
- (4) ~~ATM (automated teller machine) directional signs.~~
- a. ~~Such signs shall be located only on a site offering automated teller services.~~

- ~~b. The maximum height of such signs shall be three feet.~~
- ~~c. The maximum area of such signs shall be four square feet.~~
- ~~d. A maximum area for business name or logo shall be one square foot.~~
- ~~e. Time-related information and other information commonly used by a business to reference its particular ATM is allowed.~~
- ~~f. The number and location of such signs shall be determined by the city manager or designee.~~

~~(k) Regional commercial subdivisions (20 acres or more).~~

- ~~(1) Entryway signs are allowed for commercial subdivisions.~~
- ~~(2) Such signs shall contain only the name of the subdivision.~~
- ~~(3) The maximum number of such signs for each entrance shall be two signs.~~
- ~~(4) The maximum number of such signs on each side of an entrance shall be one sign.~~
- ~~(5) The total area of such signs allowed at each entrance shall not exceed 24 square feet.~~
- ~~(6) The height of such sign shall not exceed five feet.~~

~~(l) Temporary signs. Temporary signs are permitted in accordance with section 113-157.~~

~~(m) Menu boards.~~

- ~~(1) Two menu boards are permitted per business. Such signs may be freestanding or wall-mounted.~~
- ~~(2) The maximum aggregate area for a menu board shall not exceed 24 square feet.~~
- ~~(3) The maximum height shall not exceed six feet.~~

~~(n) Awning signs.~~

- ~~(1) A maximum of 25 percent of the front face area of an awning may be used for signage.~~
- ~~(2) The sign area shall be measured according to section 113-104 unless a distinctive background is provided.~~
- ~~(3) If letters or graphics are placed on the valence, they shall not be placed elsewhere on the awning.~~
- ~~(4) Awning signs are allowed only on the exterior elevation of the space occupied by the business.~~
- ~~(5) Sign copy shall be limited to business name and/or logo.~~

~~Secs. 113-130 – 113-156. Reserved.~~

~~ARTICLE V. TEMPORARY SIGNS~~

~~Sec. 113-157. Standards and regulations.~~

~~Temporary signs shall be allowed in accordance with the requirements of this chapter and the following provisions:~~

- ~~(1) Duration. Each parcel or business may have displayed upon it a temporary banner sign with the following limitations:~~
 - ~~a. A temporary banner sign may not be displayed longer than 30 calendar days at a time.~~

b. ~~A business is limited to two temporary sign banners per year with the exception of for sale, lease or rent signs, which may be displayed for a period of one year during the time the parcel is being sold, let or rented.~~

c. ~~A new business may have an additional 30 calendar days beyond the limitations stated above for a grand opening sign.~~

d. ~~Temporary banner signs must be attached to a building.~~

~~(2) Residentially zoned parcels smaller than five acre.~~

a. ~~Number. Each parcel shall be entitled to one temporary sign for every 50 linear feet of right-of-way frontage (minimum of one sign per parcel).~~

b. ~~Size and height. The maximum height for all freestanding signs is five feet. For sale, lease or rent signs shall be a maximum of 12 square feet with a maximum height of eight feet.~~

~~(3) Nonresidentially zoned parcels and residentially zoned parcels larger than five acres.~~

a. ~~Number. Each parcel shall be entitled to one temporary sign displaying a commercial message for each side of the parcel that has right-of-way frontage, up to two temporary signs displaying a commercial message per parcel. Additionally, each parcel shall be entitled to one temporary sign displaying a noncommercial message for every 50 linear feet of right-of-way frontage.~~

b. ~~Size and height. The maximum height for all freestanding signs is eight feet. For sale, lease or rent signs shall be a maximum of 32 square feet with a maximum height of eight feet.~~

~~(4) For multiple tenant commercial or industrial parcels.~~

a. ~~Each tenant with less than 50 feet of store frontage shall be entitled to temporary banner signs, as stated above, applied to the storefront, not exceeding 12 square feet in size.~~

b. ~~Each tenant with more than 50 feet of store frontage shall be entitled to temporary banner signs, as stated above, applied to the storefront, not exceeding 32 square feet in size.~~

~~(5) Window signs. Such signs shall be affixed only to the interior surface of the glass. No more than 25 percent of the window on the front elevation of any business may be used for window signage. Such signs shall be used for promotional purposes and will not require a permit.~~

~~(6) Location. Temporary signs shall not be placed in the following locations:~~

a. ~~Off-premises.~~

b. ~~Within five feet of the public right-of-way.~~

c. ~~Within a site visibility triangle.~~

d. ~~Within a public utility, water or sewer easement.~~

e. ~~Within any parcel owned by the city, except for temporary signs placed by the city for city events.~~

f. ~~Affixed to any light pole, street pole, electrical box, or other similar structure.~~

~~(7) Permit. A city issued permit shall be required before installing any temporary sign displaying a commercial message.~~

~~(8) Construction. Temporary signs may be made of paper, plastic, cloth or any other pliable material. Window signs may be painted with water soluble paint directly on the window.~~

~~(9) Non-conforming temporary signs. Temporary signs that become non-conforming after the adoption of the Code shall be removed within ten calendar days.~~

~~Sec. 113-158. Development information temporary sign.~~

The purpose of the development information sign is to inform the public of the development name and future tenants on developments under construction. The city manager or designee may remove any development sign or construction fence screen sign if said sign violates City Municipal Code, is deemed a public or private nuisance, or is a hazard to public health and safety.

~~(a) Applicability.~~

- ~~(1) Development signs or a construction fence screen sign shall be erected within 30 calendar days of application for a building permit or grading permit.~~
- ~~(2) The development sign or construction fence screen sign shall be maintained until all principle structures are completed in the designated construction area.~~
 - ~~a. In cases where the initial building has been completed and subsequent permits for other principal buildings in the construction area have been applied for, the applicant for the latest building permit will maintain the sign.~~
 - ~~b. Sign is to be removed after completion of all building permits posted on sign or as directed by the city manager or designee.~~
- ~~(3) Sign location to be submitted with new principle building permits.~~

~~(b) Development information sign.~~

- ~~(1) Duration.~~
 - ~~a. Signs must be removed once all projects in the construction area are completed. This does not include tenant improvements.~~
 - ~~b. Signs will be allowed for a period of one year.~~
- ~~(2) One sign per street frontage per construction area.~~
 - ~~a. Construction area is to be determined by the city manager or designee.~~
- ~~(3) Freestanding sign size shall be 32 square feet.~~
- ~~(4) Maximum sign height shall not exceed eight feet.~~
- ~~(5) Signs must be updated for new projects in the construction area.~~
- ~~(6) Banner signs may be attached to a temporary construction fence.~~
- ~~(7) Sign text and graphics will follow City of Surprise development information sign format, unless modified by the city manager or designee.~~

~~(c) Construction fence screen sign.~~

- ~~(1) Duration.~~
 - ~~a. Signs must be removed once all projects in the construction area are completed. This does not include tenant improvements.~~
 - ~~b. Signs will be allowed for a period of one year.~~
- ~~(2) Maximum sign height shall not exceed eight feet.~~
- ~~(3) Sign must include:~~
 - ~~a. Information provided in City of Surprise development information sign format (section 113-158(b)(7)) to exclude the elevation block.~~
 - ~~b. Renderings or art relating to the site.~~

~~Secs. 113-159—113-182. —Reserved.~~

~~ARTICLE VI. —FLAGS AND FLAGPOLES~~

~~Sec. 113-183. -- Regulations.~~

~~To regulate and control the use of permanent flagpoles on which a flag is located. It is unlawful for any person to place or install a flag in any zone except as follows: Any flag of the United States, or any state of the United States, foreign nations having diplomatic relations with the United States, the city, corporate flag, or any other flag adopted or sanctioned by an elected legislative body of competent jurisdiction, or any other flag whose display is authorized by the Constitution of the United States or the constitution of the state.~~

~~The provisions are subject to the following conditions:~~

- ~~(1) Only one of each flag with a maximum of three flags on any one lot or parcel shall be allowed.~~
- ~~(2) Parcels zoned R1-43, R1-18, R1-12, R1-8, and R1-5 shall not have more than one flagpole per parcel.~~
- ~~(3) No flagpole shall exceed the following heights per specified zone:~~
 - ~~a. Parcels zoned R1-43, R1-18, R1-12, R1-8 and R1-5 shall not exceed 30 feet.~~
 - ~~b. Parcels zoned R-2 and R-3 shall not exceed 35 feet.~~
 - ~~c. Parcels zoned C-1, C-2, and C-3 shall not exceed 35 feet.~~
 - ~~d. Parcels zoned industrial and business park shall not exceed 35 feet.~~
- ~~(4) Flagpoles shall not be placed except within a landscaped setting of not less than 200 square feet.~~
- ~~(5) Illumination of any flags or flagpoles shall be in accordance with section 113-103.~~
- ~~(6) Nothing in this section shall apply to any flag or flagpole located on any parcel owned or operated by any federal, state or local government for a governmental purpose.~~

~~Secs. 113-184, 113-185. -- Reserved.~~

~~ARTICLE VII. -- FREEWAY MONUMENT SIGNS~~

~~Sec. 113-186. -- General requirements.~~

- ~~(a) Freeway monument signs shall be allowed only on properties zoned for commercial or industrial uses;~~
- ~~(b) Buildings in excess of three stories shall be identified only by a freeway monument sign or a building-mounted wall sign and shall not be eligible for the construction of or inclusion of both types of signs;~~
- ~~(c) For the purposes of this section, the height of all freeway monument signs shall be measured as the vertical distance from the finished grade of the site to the highest point of the sign structure;~~
- ~~(d) Freeway monument signs shall not be counted as a portion of the total sign area of the user(s);~~
- ~~(e) Freeway monument signs shall be required to provide an architecturally enhanced treatment for the sign base, pole cover and supports compatible with the individual business or the complex/center. Pole covers and sign base shall be a minimum of 35 percent of the full sign width;~~
- ~~(f) Freeway monument signs shall require a landscaped area equal to four square feet of landscaping for each square foot of sign area and shall be located around the base of the sign;~~
- ~~(g) For the purpose of this section, such signs shall only identify the name of the business, the center/complex, or the place for which the sign is intended. Such signs shall not include any advertising copy;~~
- ~~(h) Freeway monument signs may be illuminated by externally illuminated indirect or internal lighting;~~

- ~~(i) Freeway monument signs shall not be allowed within a natural or manmade watercourse;~~
- ~~(j) Freeway monument signs shall be subject to all applicable Arizona Department of Transportation sign regulation standards;~~
- ~~(k) All freeway signage requests shall be processed administratively via site plan amendment process to determine conformity with the regulations within section [chapter] 113.~~

~~Sec. 113-187. Location and size.~~

- ~~(a) Freeway monument signs shall be located a minimum of 50 feet from any non-freeway lot line and a minimum of 100 feet from any residentially zoned property;~~
- ~~(b) All freeway monument signs shall have a maximum height of 80 feet, and 750 square feet in total sign area, unless as modified below;~~
- ~~(c) All freeway monument signs shall be allowed an extra three feet in height for architectural embellishments where architectural embellishments are defined as elements of a sign incorporating architectural features of the associated building or development; Embellishments shall not include any feature, figure or emblem conveying a commercial message and may not constitute more than 20 percent of sign area;~~
- ~~(d) For every 880 linear feet of freeway frontage, one freeway monument sign shall be allowed per site, development, project, or center. Such signs shall not be located off-premise, except that a multi-tenant complex/center sign may identify users within the complex/center located on separate parcels;~~
- ~~(e) For the purpose of this section, multi-tenant freeway monument signs shall be allowed an extra 20 percent of sign area for identification of the center/complex;~~
- ~~(f) Freeway signs shall maintain a minimum of 880 foot spacing from any other freeway monument sign, or from the intersection of any arterial road with the freeway;~~
- ~~(g) Freeway monument signs shall be located a minimum of 50 feet from any non-freeway lot line and a minimum of 200 feet from any residentially zoned property.~~

~~Secs. 113-188—113-194. Reserved.~~

~~ARTICLE VIII. COMPREHENSIVE SIGN PROGRAM~~

~~Sec. 113-195. Regulations.~~

~~The comprehensive sign program is designed to allow signage which is appropriate to the character of the development, provide adequate identification and information, provide a good visual environment, promote traffic safety and regulate to the extent necessary to be consistent with the purpose and intent of the sign requirements.~~

- ~~(1) Criteria. Comprehensive sign programs shall only apply to commercial properties within redevelopment project areas, or to projects within planned area development zoning designations, approved by the planning and zoning commission and city council, and shall be prepared and reviewed concurrently with the planned area development documentation, or as a separate site plan amendment application for existing commercial centers.~~
 - ~~a. Any request for approval of the comprehensive sign program shall be submitted on forms provided by the city. Such application shall be submitted to the city manager or designee and acted upon by the planning and zoning commission in accordance with this section 113-195 of this chapter.~~
 - ~~b. The comprehensive sign program shall not be applied to freeway monument signs.~~

c. ~~Compatibility.~~ The comprehensive sign program shall promote compatibility for all signs within a specific development. Architectural theme, materials and color should compliment the overall character.

(2) ~~Size and height.~~ Signs proposed under the comprehensive sign program shall be no larger than the maximum of 50 percent of the standards. The maximum height for freestanding signs is 15 feet with a maximum aggregate area of 160 square feet.

(3) ~~Offsite signs.~~ Projects, which have an approved commercial subdivision or final plat, may have offsite signage. The signs may be placed on parcels where an existing master site plan or residential development has been established.

(4) ~~Placement.~~ Signs proposed under the comprehensive sign program shall be placed appropriately in areas visible and readable. Review of location is considered by traffic movement of surrounding streets, traffic volumes and access points, AASHTO and engineering standards, visibility triangles, sign orientation and topographic features.

~~Secs. 113-196—113-215. —Reserved.~~

~~ARTICLE IX. —SIGN WALKER~~

~~Sec. 113-216. —Regulations.~~

~~Regulations regarding sign walkers, as defined in this chapter, are designed to reduce potential traffic hazards.~~

(1) ~~Locations.~~ Sign walkers are only permitted in C-3, BP, I-1, I-2 and I-3 zoning districts. The sign walkers must operate only within the public right of way, exclusive of any paved street area or any landscaped area.

(2) ~~Hours of operation.~~ Sign walkers are limited to the following hours of operation: 9:00 a.m. to 3:00 p.m., Sunday through Saturday.

(3) ~~Permit required.~~ Sign walkers are required to obtain a permit.

(4) ~~Size of signs.~~ Sign walker signs are limited to four square feet.

(5) ~~Additional restrictions.~~ Sign walkers may not twirl, spin, throw into the air or cause to flash their portable signage.

EXHIBIT B

PROPOSED TEXT AMENDMENT TO CHAPTER 113 OF THE SURPRISE MUNICIPAL CODE REGARDING SIGNS

CITY OF SURPRISE PLANNING CASE FS15-311

PLANNING AND ZONING COMMISSION RECOMMENDATION TO CITY COUNCIL W/ STAFF RECOMMENDED CHANGES

Proposed Changes Only

The following summarizes housekeeping revisions as proposed by staff.

- Revise Table 113-07.A to better reflect the Planning and Zoning Commission's will regarding Class I Temporary Signs and Class II Temporary Signs;
- Revise subsections 113-07.B, 113-07.C and 113-07.D to better reflect the Planning and Zoning Commission's will regarding Temporary Signs;
- Revise Paragraph 113-09.A.4.c to correct a scrivener's error relating to Class III Temporary Signs;

Section 113-07 – Permitted and Prohibited Signs

- A. **Permitted Signs by Zoning District** – Only those *sign* types and classes that are specifically listed in Table 113-07.A for each zoning district may be allowed, subject to the provisions outlined elsewhere in this Chapter.

TABLE 113-07.A – PERMITTED SIGNS (P=Permitted, shaded cell = Not Permitted, C = Conditional Use Permit)											
Code Reference	Sign Type	Location									
		Public Rights-of-Way	Private Rights-of-Way	Single-Family	Multi-Family	Mixed-Use	Commercial and Industrial	SHD-RO	SHD-CO	Open Space	PF
TEMPORARY SIGNS											
113-09.A.2	Class I Temporary Signs (Small A-Frame Signs)	P	P	P	P	P	P	P	P	P	P
113-09.A.3	Class II Temporary Signs (Large A-Frame Signs)			P	P	P	P	P	P	P	P
113-09.A.4	Class III Temporary Signs (Small Post Signs)			P	P	P	P	P	P		P
113-09.A.5	Class IV Temporary Signs (Large Post Signs)			P	P	P	P	P	P		P
113-09.A.6	Banner Signs and Festoons			P	P	P	P	P	P		P
113-09.A.7	Light Pole Banner Signs	P	P		P	P	P	P	P		P
113-09.A.8	Teardrop Banner Signs			P	P	P	P	P	P	P	P
113-09.A.9	Sign Walkers	P	P	P	P	P	P	P	P	P	P
113-09.A.10	Model Home Complex Signs			P				P			
113-09.A.11	Residential Subdivision Signs			P				P			
BUILDING MOUNTED SIGNS											
113-09.B.1	Building Wall Signs			P	P	P	P		P		P
113-09.B.2	Blade Signs			P	P	P	P		P		P
113-09.B.3	Canopy Signs				P	P	P		P		P
113-09.B.4	Marquee Signs						P				P
113-09.B.5	Awning Signs						P		P		P
113-09.B.6	Hanging Signs					P	P	P	P		P
113-09.B.7	Window Signs and Sunscreens			P	P	P	P	P	P		P
FREESTANDING GROUND SIGNS											
113-09.C.1	Class I Monument Signs (Menu Signs)						P		P		
113-09.C.1	Class II Monument Signs (Preview Signs)						P		P		
113-09.C.2	Class III Monument Signs (Directional Signs)	P	P	P	P	P	P	P	P	P	P
113-09.C.3	Class IV Monument Signs (Directory Signs)				P	P	P		P		
113-09.C.4	Class V Monument Signs (Minor Monument Signs)			P	P	P	P		P		P
113-09.C.5	Class VI Monument Signs (Major Monument Signs)				P	P	P		P		P
113-09.C.6	Roadway Arch Signs	P	P				P		P		
113-09.C.7	Subdivision Perimeter Wall Signs			P	P	P	P				P
113-09.C.8	Freeway Monument Signs						C				
113-09.D	Billboard Signs						C				
OTHER SIGNAGE											
113-11	Level 1 Electronic Messaging			P	P	P	P	P	P		P
113-11	Level 2 Electronic Messaging				P	P	P	P	P		P
113-12	Reader Panels			P	P	P	P	P	P		P
113-13	Address Identification			P	P	P	P	P	P	P	P
113-14	Flags and Flagpoles			P	P	P	P	P	P		P

- B. **Signs in the Public Street Right-of-Way:** Signs are not permitted within the public street right-of-way, except for those signs erected by, or on behalf of, the City of Surprise, or as otherwise expressly permitted by this Chapter, regardless of the zoning of said right-of-way, only when erected by, or on behalf of, the City of Surprise, or as permitted under Section 113-09.A.2 and 113-09.A.3 below.

- C. **Signs in the Private Street Right-of-way:** Signs are not permitted within private street rights-of-way, only-except when associated with an approved Planned Area Development (PAD) or Comprehensive Sign Program (CSP), ~~or~~ as required by the City of Surprise, or as otherwise permitted in this Chapter.
- D. **Encroachments:** No portion of any *sign* erected on any property may encroach into the public right-of-way, except as otherwise permitted in this Chapter or where-unless expressed written permission is granted by the City of Surprise to allow said encroachment.

Section 113-09 – Sign Classifications and Types

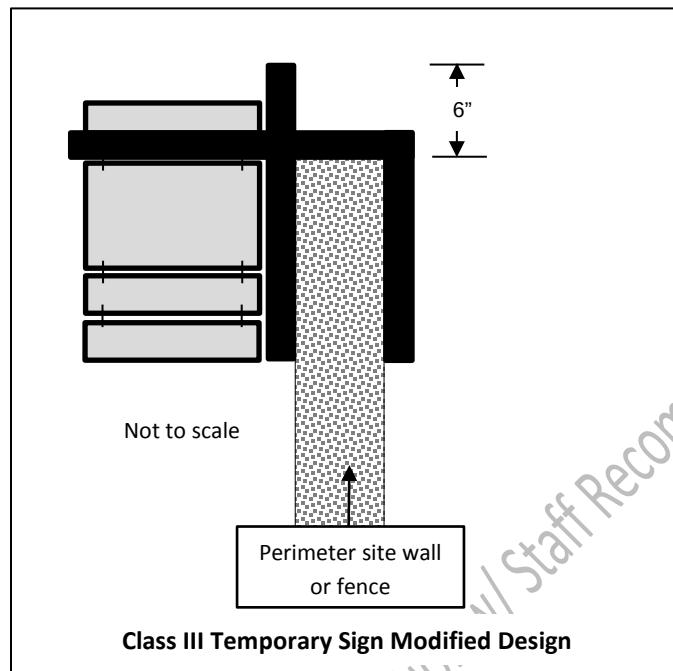
The following *sign* classifications and types as defined in Section 113-06 are permitted in the City of Surprise as outlined in Table 113-07. A subject to the following “time, place and manner” restrictions.

- A. **Temporary Signs:** When allowed, *Temporary Signs* shall conform to the following requirements:

4. **Class III Temporary Signs (Small Post-Signs):**

- a) Not more than one (1) *Class III Temporary Sign* meeting the specific requirements outlined in this Section is permitted per lot of record except that if said lot abuts more than one (1) street, one (1) additional *Class III Temporary Sign* meeting said requirements may be erected along each additional street frontage.
- b) In the event a property is vacant, additional *Class III Temporary Signs* may be erected on said property provided the spacing between such *signs* is not less than 600 feet.
- c) *Class III Temporary Signs* shall not be located within the street right-of-way, median, vehicle or bicycle travel lane, or sidewalk, nor within any sight visibility triangle as outlined in Standard Details 4-01 and 4-02 of the Surprise Engineering Development Standards.
- d) There is no limit to the number of *sign panels* per *sign structure* provided the defined height, width and *sign area* limitations are not exceeded.
- e) In the event that a lot's *perimeter site wall* or fence is adjacent to or within twenty (20) feet of a street, the *Class III Temporary Sign* may be modified to allow the *sign* to be hung from but not attached to the *perimeter site wall* or fence provided the *sign* does not exceed

the height of the wall or fence by more than six (6) inches and does not interfere with pedestrian movement.



Planning & Zoning Commission Recommendation: Staff Recommended Changes

EXHIBIT C

PROPOSED TEXT AMENDMENT TO CHAPTER 113 OF THE SURPRISE MUNICIPAL CODE REGARDING SIGNS

CITY OF SURPRISE PLANNING CASE FS15-311

PLANNING AND ZONING COMMISSION RECOMMENDATION TO CITY COUNCIL W/ STAFF RECOMMENDED CHANGES RELATING TO CLASS V MONUMENT SIGNS AND CLASS VI MONUMENT SIGNS

Proposed Changes Only

The following summarizes substantive revisions as proposed by staff as they relate to Class V Monument Signs and Class VI Monument Signs.

- Revise Paragraph 113-09.C.4.b to correct a scrivener's error and to clarify the location of Class V Monument Signs relative to single-family residences;
- Revise Paragraph 113-09.C.5.b to correct a scrivener's error and to clarify the location of Class VI Monument Signs relative to single-family residences;
- Revise Paragraph 113-09.C.5.c to clarify the height of Class VI Monument Signs relative to single-family residences.

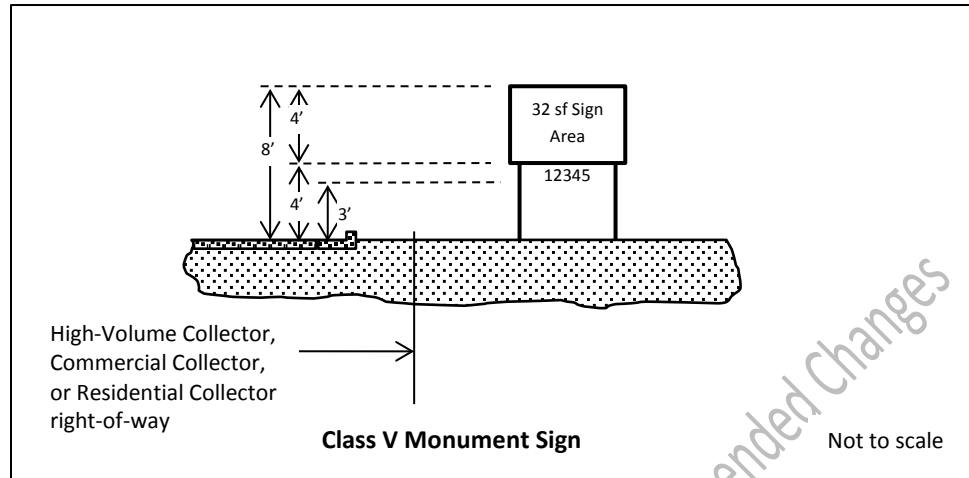
Section 113-09 – Sign Classifications and Types

The following *sign* classifications and types as defined in Section 113-06 are permitted in the City of Surprise as outlined in Table 113-07. A subject to the following “time, place and manner” restrictions.

C. Freestanding Ground Signs

4. ***Class V Monument Signs (Minor Monument Signs)***

- a) *Class V Monument Signs* are permitted in conjunction with non-residential uses in a residential zone, not including *cottage industries* or home occupations; or in multi-family uses in multi-family zoning; or in non-residential uses in a non-residential zone.
- b) One (1) *Class V Monument Sign* meeting the requirements outlined below is permitted for every 150 feet of collector or arterial street frontage or portion thereof, regardless of the presence or location of driveway, provided sight distance requirements are met. The minimum spacing between individual *Class V Monument Signs*, or between a ~~Class V Monument Sign~~ *Class V Monument Sign* and a ~~Class VI Monument Signs~~ *Class VI Monument Sign*, located on the same property shall be not less than 150 feet measured radially. In no case shall a *Class V Monument Sign* be erected within eighty (80) feet of a property containing an existing or proposed single-family residence.
- c) When allowed, the height of the *Class V Monument Sign* shall not exceed eight (8) feet as measured from the edge of pavement of the street being served by the *sign*, nor shall the maximum *sign area* exceed 32 square feet. The bottom edge of the *sign copy* shall be no lower than four (4) feet above the adjacent edge of pavement of the street being served by the *sign*.



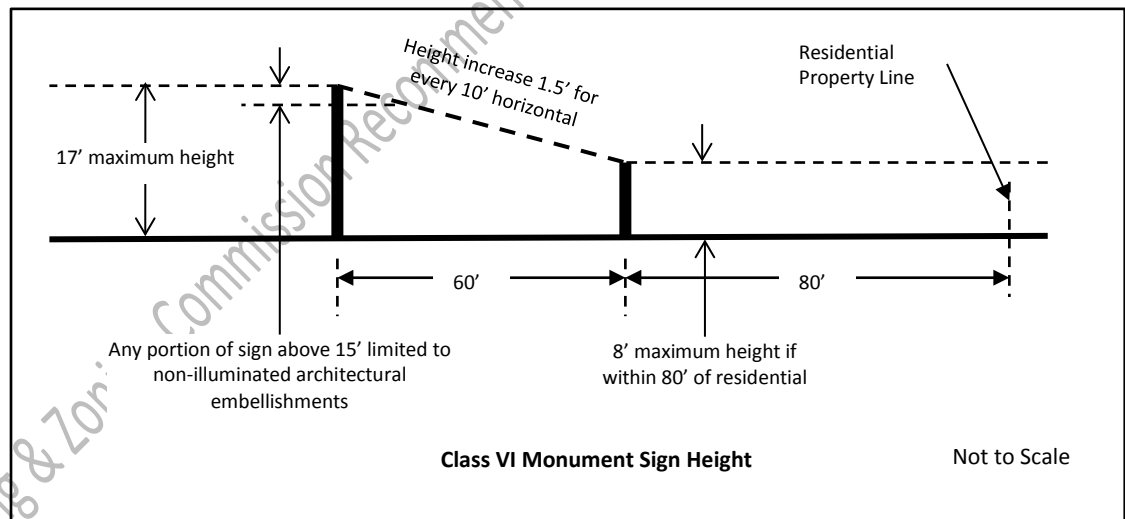
- d) The base of a *Class V Monument Sign* shall be fitted with the address of the property or properties in a manner that is consistent with Section 113-13.
- e) A *Class V Monument Sign* shall be located within a landscape area not less than 80 square feet.
- f) *Class V Monument Signs* shall be setback not less than two (2) feet from the right-of-way line except that in the event a Public Utility Easement is present, in which case the *sign* shall be setback not less than two (2) feet from the easement.
- g) *Class V Monument Signs* may be *internally illuminated, back-lit* or *externally illuminated* in accordance with the requirements set forth in Section 113.10.
- h) *Level 1 Electronic Messaging* and *Level 2 Electronic Messaging* are permitted on a *Monument Sign*, subject to the provisions outlined in Section 113-11.

5. **Class VI Monument Signs (Major Monument Signs)**

- a) *Class VI Monument Signs* are permitted in conjunction with non-residential uses in a non-residential zone or that portion of a Planned Area Development where the land use plan of the PAD specifically calls out non-residential uses.
- b) *Class VI Monument Signs* shall only be located adjacent to a Parkway, Major Arterial street, Minor Arterial street, or along Grand Avenue. When allowed, one (1) *Class VI Monument Sign* meeting the requirements outlined below is permitted for every 300 feet of said roadway or portion thereof, regardless of the presence or

location of driveway, provided sight distance requirements are met. The minimum spacing between individual *Class VI Monument Signs* located on the same property shall be not less than 300 feet measured radially. The minimum spacing between ~~Class V Monument Signs~~ *Class V Monument Signs* and ~~Class VI Monument Signs~~ *Class VI Monument Signs* located on the same property shall not be less than 150 feet measured radially. Properties with less than 300 feet of Parkway, Major Arterial street, Minor Arterial street, or Grand Avenue frontage shall not be permitted any *Class VI Monument Sign*. In no case shall a *Class VI Monument Sign* be erected within eighty (80) feet of a property containing an existing or proposed single-family residence.

- c) ~~If a *Class VI Monument Sign* is located within 80 feet of a property having single-family residential zoning, the height of the a *Class VI Monument Sign* shall not exceed eight (8) feet; however, except that~~ the height of a *Class VI Monument Sign* may increase one and one-half (1.5) foot for every additional ten (10) feet of horizontal distance the *sign* is located away from a property having single-family residential zoning up to a maximum height of seventeen (17) feet, provided however that any height in excess of fifteen (15) feet shall be limited to architectural embellishments.



- d) The *sign area* of a *Class VI Monument Sign* shall be limited to thirty-six (36) square feet, but may increase twelve (12) square feet for every one (1) foot increase in the overall height of the sign up to a maximum *sign area* of 120 square feet.

- e) The base of a *Class VI Monument Sign* shall be fitted with the address of the property or properties in a manner that is consistent with Section 113-13.
- f) A *Class VI Monument Sign* shall be located within a landscape area not less than the maximum *sign area* allowed for that *sign*.
- g) *Class VI Monument Signs* shall be setback not less than two (2) feet from the right-of-way line. Further, in the event a Public Utility Easement is present, the *sign* shall be setback not less than two (2) feet from the easement, unless the property owner signs a waiver acknowledging the prior rights of the utility companies to occupy said easement.
- h) *Class VI Monument Signs* may be *internally illuminated, back-lit* or *externally illuminated* in accordance with the requirements set forth in Section 113.10.
- i) *Level 1 Electronic Messaging* and *Level 2 Electronic Messaging* are permitted on a *Class VI Monument Sign*, subject to the provisions outlined in Section 113-11.

Planning & Zoning Commission Recommendation / Staff Recommendation

FS15-311, Surprise Sign Code Update

Written comments as of July 12, 2017

From: [REDACTED]
To: [Robert Kuhfuss](#)
Subject: Signs - Comprehensive Sign Program
Date: Wednesday, April 22, 2015 1:49:53 PM
Attachments: [CCF04222015_0001.pdf](#)

Rob – Hope you’re doing well. We worked together on various projects before you came to Surprise when I was at Pulte Homes. Glad to see that you’ve become a part of the Surprise team.

I’ve been following the process that you’ve been making on the sign ordinance and hope to offer some feedback on its impact to PADs in Surprise. This perspective is through the eyes of a master planned developer as it pertains to the current “Comprehensive Sign Program” (Article VIII).

First, I think the allowance of a Comprehensive Sign Program is a great tool that the City has in its code. I only had two suggestions that the City may consider in updating the verbiage.

1. Should only commercial PADs be allowed to have a comprehensive sign program after the initial zoning?
 - a. While working on large master planned community projects in the past it has always been challenging to get directional signage to the master planned community. Based upon what I understand in the current code, only a commercial project is provided an opportunity for a comprehensive sign program. Non-commercial projects signage must be submitted with the initial PAD. In other words, there does not appear to be a comprehensive sign program option for a non-commercial PAD after initial approval.
 - b. Timing challenge - The timing of a sign program as part of a master planned community is normally considered concurrent with the construction of the 1st phase of the master planned community. This could be many years after the initial PAD application.
 - c. Suggest that verbiage be added to the Code to allow for PADs (commercial, residential or mixed-use) to process a Comprehensive Sign Program application after the initial PAD.
2. Should offsite signage only be limited to an “existing master site plan” or where “residential development has been established”?
 - a. It is great that offsite signs are permitted but don’t believe that those off-site signs should only be limited to projects that have an existing master site plan or residential development. Since all signs must be on private property should it matter if the property is entitled or improved?
 - b. Suggest that the property owner’s permission and City approval are only required approvals for an off-site sign (as part of a comprehensive sign program).

I’ve redlined the current code per the above suggestions and have attached a pdf. Thank you in advance for your consideration. I look forward to catching up with you sometime in the near future. Best regards -

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

ARTICLE VIII. - COMPREHENSIVE SIGN PROGRAM

Sec. 113-195. - Regulations.

The comprehensive sign program is designed to allow signage which is appropriate to the character of the development, provide adequate identification and information, provide a good visual environment, promote traffic safety and regulate to the extent necessary to be consistent with the purpose and intent of the sign requirements.

- (1) *Criteria.* Comprehensive sign programs shall only apply to commercial properties within redevelopment project areas, or to projects within planned area development zoning designations, approved by the planning and zoning commission and city council, and shall be prepared and reviewed ~~concurrently with the planned area development documentation, or as a separate site plan amendment application for existing commercial centers.~~
 - a. Any request for approval of the comprehensive sign program shall be submitted on forms provided by the city. Such application shall be submitted to the city manager or designee and acted upon by the planning and zoning commission in accordance with this section 113-195 of this chapter.
 - b. The comprehensive sign program shall not be applied to freeway monument signs.
 - c. *Compatibility.* The comprehensive sign program shall promote compatibility for all signs within a specific development. Architectural theme, materials and color should compliment the overall character.
- (2) *Size and height.* Signs proposed under the comprehensive sign program shall be no larger than the maximum of 50 percent of the standards. The maximum height for freestanding signs is 15 feet with a maximum aggregate area of 160 square feet.
- (3) *Offsite signs.* Projects, which have an approved commercial subdivision or final plat, may have offsite signage. The signs may be placed on parcels where ~~an existing master site plan or residential development has been established.~~ PERMISSION FROM THE PROPERTY OWNER HAS BEEN RECEIVED.
- (4) *Placement.* Signs proposed under the comprehensive sign program shall be placed appropriately in areas visible and readable. Review of location is considered by traffic movement of surrounding streets, traffic volumes and access points, AASHTO and engineering standards, visibility triangles, sign orientation and topographic features.

(Ord. No. 09-04, § 1(Exh. A), 1-22-09)

Secs. 113-196—113-215. - Reserved.

ARTICLE IX. - SIGN WALKER

Sec. 113-216. - Regulations.

Regulations regarding sign walkers, as defined in this chapter, are designed to reduce potential traffic hazards.

From: [REDACTED]
To: [Robert Kuhfuss](mailto:Robert.Kuhfuss@surpriseaz.gov)
Subject: RE: Pottery Place Signage
Date: Wednesday, April 29, 2015 8:09:05 PM

Hello Robert, thanks for the invite but will be out of country at that date. But please keep me on your list for future meetings. Thanks, [REDACTED]

From: Robert.Kuhfuss@surpriseaz.gov
To: [REDACTED]
CC: Hobart.Wingard@surpriseaz.gov
Subject: RE: [REDACTED]
Date: Mon, 27 Apr 2015 22:21:51 +0000

[REDACTED]

We have not put together any draft language at this time, but you are welcome to participate in the process. As it stands, I will be presenting to the City Council at a workshop session on May 19th at 4:00 PM for the purpose of gathering their opinions on signage in general. That discussion will inform my work from there. The meeting will occur in the City Council Chambers at 16000 Civic Center Plaza at the City Hall Complex. You will be able to access the agenda at <http://surpriseaz.gov/index.aspx?NID=166> when the time comes.

Hope this is helpful.

Thanks

Robert H. Kuhfuss, AICP
Planner II
City of Surprise Community Development
16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

From: Hobart Wingard
Sent: Thursday, April 23, 2015 8:02 AM
To: [REDACTED]
Cc: Robert Kuhfuss
Subject: RE: [REDACTED]

Good morning [REDACTED]

all your help thru this entire process. Thanks again, Bill Klein Pottery Place

From: Hobart.Wingard@surpriseaz.gov

To: [REDACTED]

CC: Deborah.Perry@surpriseaz.gov; Jamie.Sullivan@surpriseaz.gov

Subject: [REDACTED]

Date: Tue, 21 Apr 2015 20:48:29 +0000

Good afternoon [REDACTED]

Staff was able to discuss you proposal to have signage similar to Moon Valley Nursery on your site on Grand Avenue. It was determined that signage of this scale would not be supported. The code presently allows for signage up to ten (10) feet in height.

Thank you,
Bart

Hobart Wingard
Planner II
City of Surprise
623.222.3156

City Hall offices open at 8 a.m. and close at 5 p.m. Monday through Friday. More info at www.surpriseaz.gov.

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0.1

21 Apr 2015 19:31:38 -0000

From: [Eric Fitzer](#)
To: [Robert Kuhfuss](#)
Cc: [Lloyd Abrams](#)
Subject: FW: Sign renderings
Date: Thursday, November 12, 2015 10:54:48 AM
Attachments: [AZ 202 Pylon 14x48 LED trees.pdf](#)
[Chandler Mach up.pdf](#)
[indian sign comp 102811.pdf](#)
[sign rendering.pdf](#)
[Tolleson Mach Up.jpg](#)
[Peoria billboard mock ups.pdf](#)
[Buckeye Structure & Materials.pdf](#)
[Buckeye Structure & Materials night.pdf](#)

FYI

From: [REDACTED]
Sent: Thursday, November 12, 2015 10:08 AM
To: Rick Buss
Cc: Eric Fitzer; [REDACTED]
Subject: Sign renderings

Rick,

It was a pleasure meeting with you and Eric the other day, we really appreciate the time you gave us. We welcome the opportunity to lend our expertise to the City of Surprise as you work to develop a comprehensive sign code. Between the two of us Rob and I have over 70 years experience in all facets of the Outdoor Advertising Industry and will help you in any way that we can.

I have attached a number of renderings of some recent projects that we've been involved with, feel free to use them as you move forward.

Your mention of city owned monument signs has intrigued Rob and he has some ideas that he would like to share with you when you have some time to sit down and discuss in greater detail. In the mean time if you would put us on the list of interested parties and keep us abreast of future meetings and agendas I would greatly appreciate it.

Should you have any additional needs please don't hesitate to call.

Best regards,

[REDACTED]

[REDACTED]

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CROSSROADS
@
TOLLESON

Sit. Stay. Shop.

Good boy!



TENANT

TENANT

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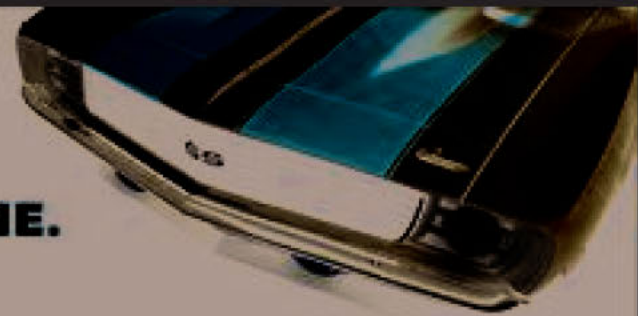
TENANT

TENANT

50'-0"

**IT WAS THE ROAR
OF YOUR ENGINE,
NOT THE RING
OF YOUR CELL PHONE.**

 chevy.com



CHANDLER



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IT WAS THE ROAR
OF YOUR ENGINE,
NOT THE RING
OF YOUR CELL PHONE.

 chevy.com



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THEATERS
BUILDING



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 chevy.com

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NOT THE RING
OF YOUR CELL PHONE.



P83



IT WAS THE ROAR
OF YOUR ENGINE,
NOT THE RING
OF YOUR CELL PHONE.



P83



P83

PEORIA EIGHTY THREE



IT WAS THE ROAR
OF YOUR ENGINE,
NOT THE RING
OF YOUR CELL PHONE.

CITY OF
PEORIA

RIO
VISTA
PARK

PEORIA
CITY OF
PEORIA



IT WAS THE ROAR
OF YOUR ENGINE,
NOT THE RING
OF YOUR CELL PHONE.



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PEORIA EIGHTY THREE



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OF YOUR ENGINE,
NOT THE RING
OF YOUR CELL PHONE.

PEORIA





IT WAS THE ROAR
OF YOUR ENGINE,
NOT THE RING
OF YOUR CELL PHONE.

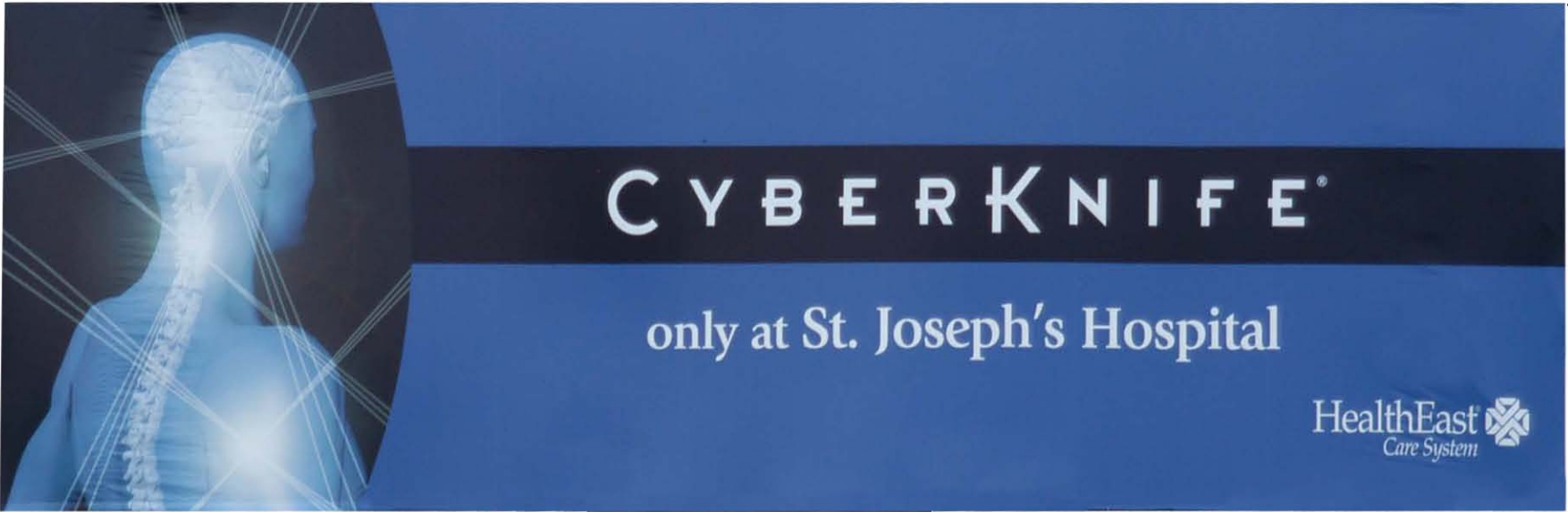


PEORIA

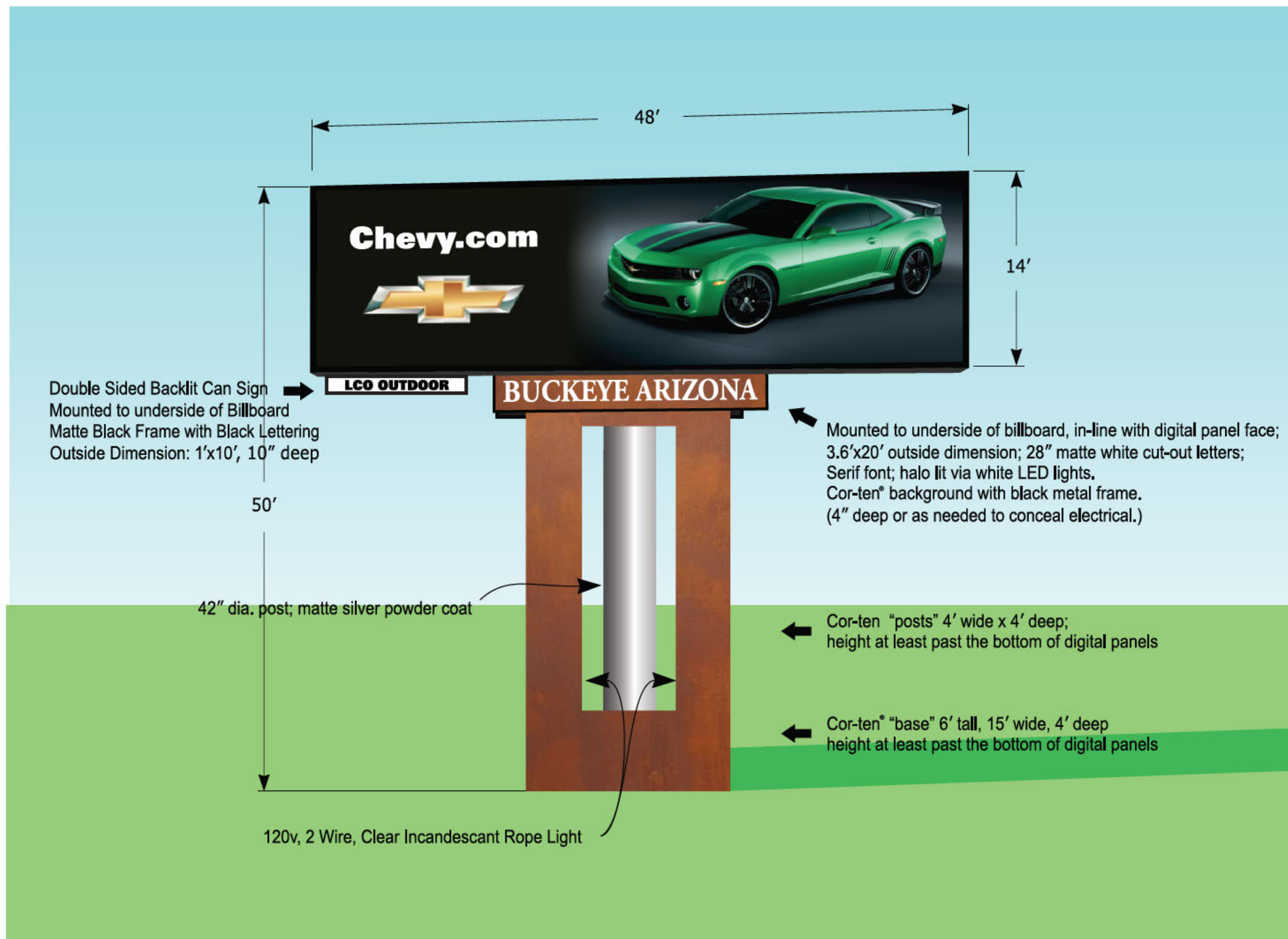


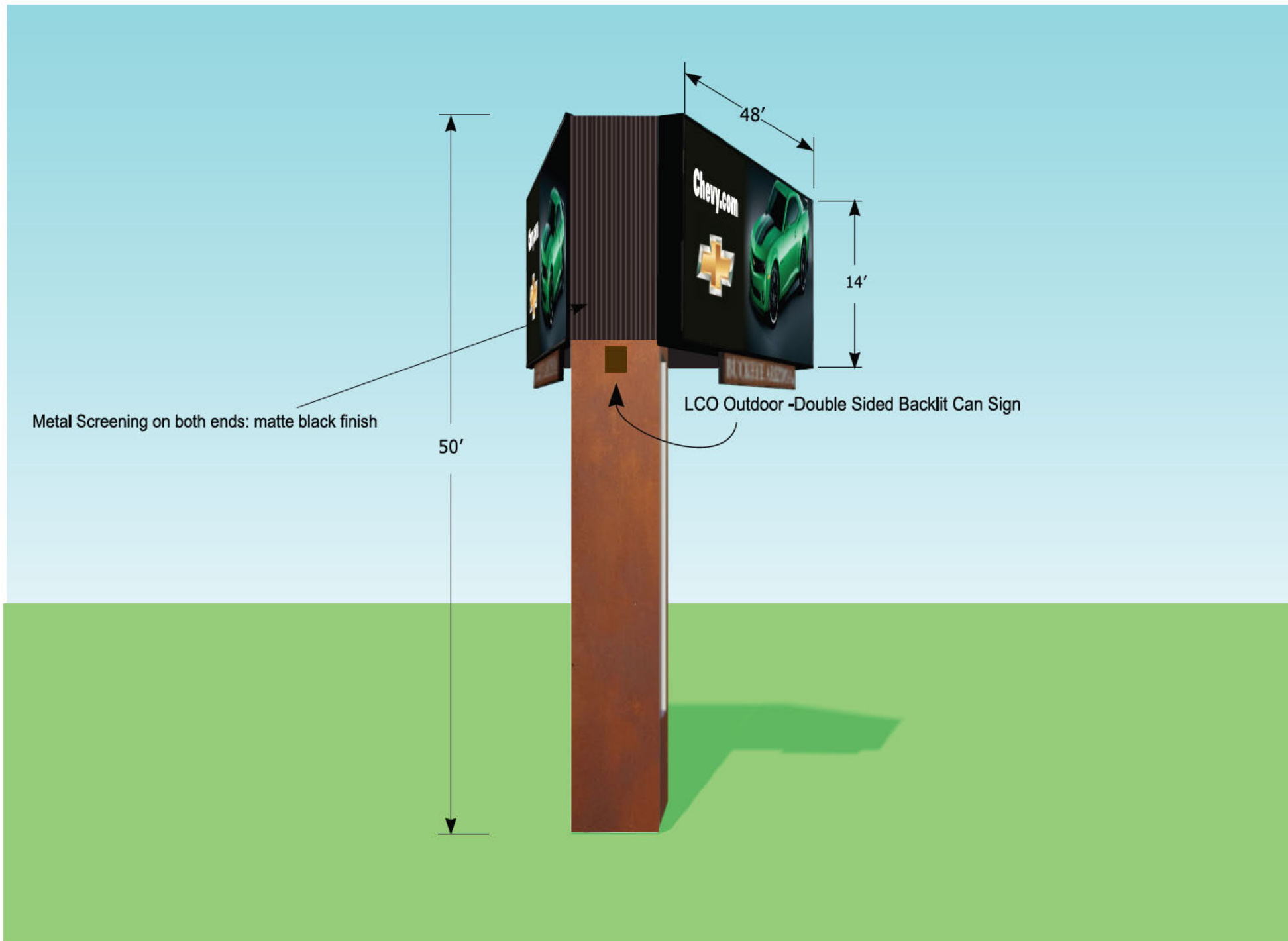
PEORIA

PEORIA EIGHTY THREE



50'





LCO Outdoor -Double Sided Backlit Can Sign

Metal Screening on both ends: matte black finish

48'

14'

50'



Double Sided Backlit Can Sign
Mounted to underside of Billboard
Matte Black Frame with Black Lettering
Outside Dimension: 1'x10', 10" deep

LCO OUTDOOR

BUCKEYE ARIZONA

Mounted to underside of billboard, in-line with digital panel face;
3.6'x20' outside dimension; 28" matte white cut-out letters;
Serif font; halo lit via white LED lights.
Cor-ten® background with black metal frame.
(4" deep or as needed to conceal electrical.)

50'

42" dia. post; matte silver powder coat

Cor-ten "posts" 4' wide x 4' deep;
height at least past the bottom of digital panels

Cor-ten "base" 6' tall, 15' wide, 4' deep
height at least past the bottom of digital panels

120v, 2 Wire, Clear Incandescent Rope Light

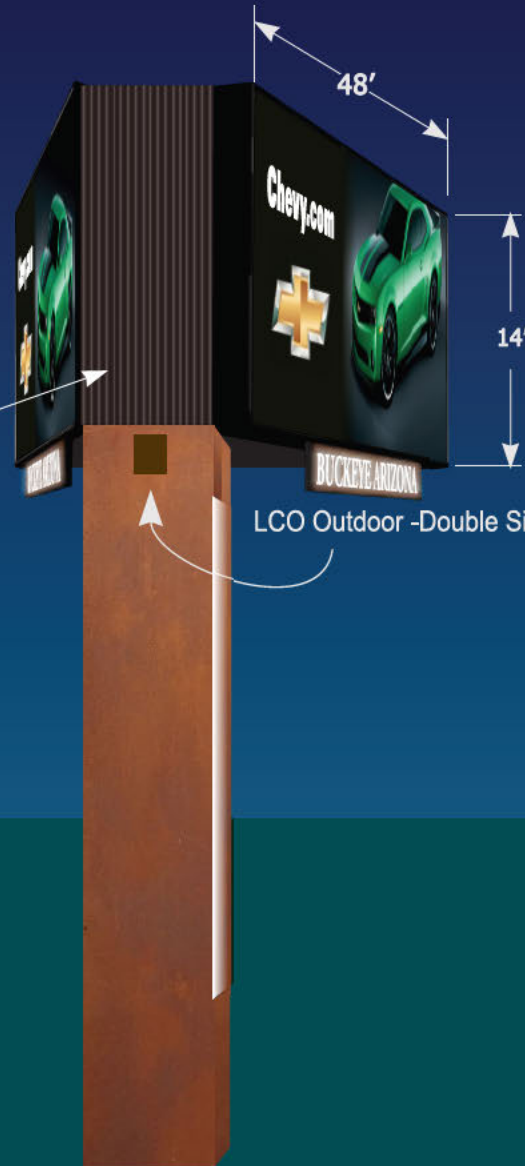
Metal Screening on both ends: matte black finish

50'

48'

14'

LCO Outdoor -Double Sided Backlit Can Sign





Unplug.

DiscoverTheForest.org



LCO

48'



Double Sided Backlit Can Sign
Mounted to underside of Billboard
Matte Black Fram with Silver Lettering
Outside Dimension: 1'x10', 10" deep

LCO OUTDOOR

BUCKEYE ARIZONA

Mounted to underside of billboard, in-line with digital panel face;
3.6'x20' outside dimension; 28" matte white cut-out letters;
Serif font; halo lit via white LED lights.
Cor-ten® background with black metal frame.
(4" deep or as needed to conceal electrical.)

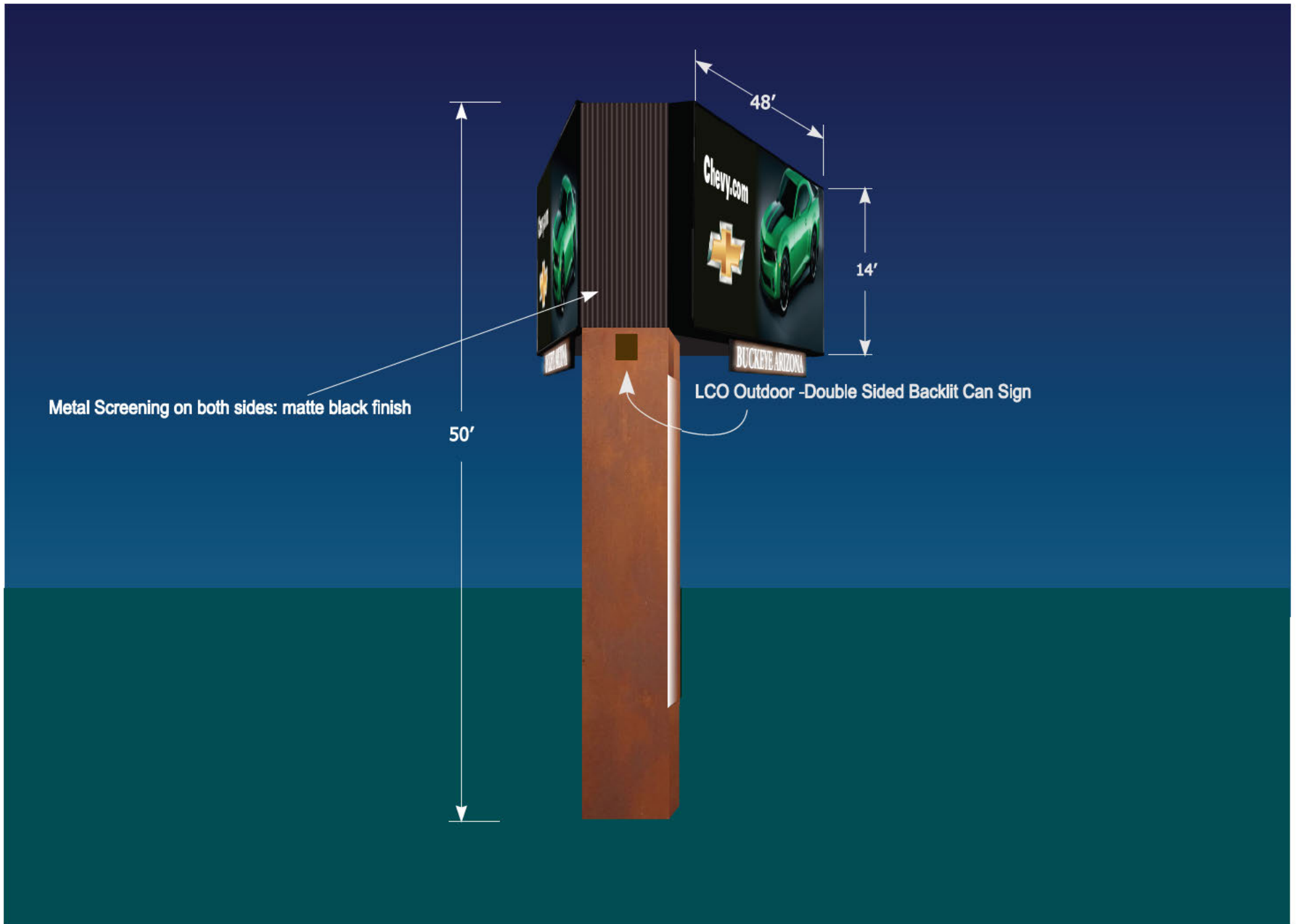
50'

42" dia. post; matte silver powder coat
or other low/no maintenance finish.

Cor-ten "posts" 4' wide x 4' deep;
height at least past the bottom of digital panels

Cor-ten "base" 6' tall, 15' wide, 4' deep
height at least past the bottom of digital panels

120v, 2 Wire, Clear Incandescent Rope Light



From: Robert Kuhfuss
To: [REDACTED]
Subject: RE: sign amendment
Date: Thursday, February 23, 2017 1:30:00 PM

[REDACTED],

We ran a Text Amendment last year striking all reference to political signs from our code. That issue is covered under state statute.

Assuming you are referring to “snipe” signs, the currently proposed language would prohibit that type of sign in the median.

Hope that answers your questions.

Thanks

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

From: [REDACTED]
Sent: Thursday, February 23, 2017 10:52 AM
To: Robert Kuhfuss
Subject: RE: sign amendment

How would these changes affect political signs? Signs in the medians?

TIA

[REDACTED]

At 11:48 AM 2/21/2017, Robert Kuhfuss wrote:

[REDACTED],

Sorry about that. We had not quite posted the document. You can find it now at
<https://www.surpriseaz.gov/Calendar.aspx?EID=6986&day=8&month=3&year=2017&calType=0>

Thank you.

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374-7470

O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

From: [REDACTED]
Sent: Friday, February 17, 2017 5:50 PM
To: Robert Kuhfuss
Subject: RE: sign amendment

Yep, I saw that -- I was/am asking for a copy of the proposed test as stated in the public notice.

[REDACTED]

At 04:06 PM 2/17/2017, Robert Kuhfuss wrote:

We've scheduled a series of stakeholder meetings starting March 8th at 6:00 PM. Notice will go out next week.

We are also taking this to City Council as a work session item on March 7th.

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

From: [REDACTED]
Sent: Friday, February 17, 2017 10:50 AM
To: Robert Kuhfuss
Subject: sign amendment

Please send info on this issue. Address below or email is fine.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Protons have mass? I didn't even know they were Catholic.

"Do What's Right. Do it right. Do it right Now!!"

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17 Feb 2017 23:06:34 -0000

From: Robert Kuhfuss
To: [REDACTED]
Subject: RE: City of Surprise Sign Code Update Outreach Meetings
Date: Friday, February 24, 2017 8:20:00 AM
Attachments: [image002.jpg](#)

[REDACTED]

Thank you for your question. The intent was to accommodate gas stations, drug stores, schools, churches, etc. that commonly use this type of signage in lieu of the old fashioned reader boards with the plastic inserts. It is unlikely that someone is going to sit with their finger on the button manually scrolling through a series of messages, but the price of gas could change during the course of the day.

We were restrictive in our language since there seems to be some reticence regarding EMCs. I would certainly welcome any input you might have.

I'm also wondering if there might even be an opportunity for a nighttime EMC demonstration before our Planning Commission and City Council. The demonstration would highlight lighting levels, measurements, etc. The days are starting to get longer so if that is a possibility, we'd need to put something together fairly quickly.

Thank you again and please let me know your thoughts.

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

From: [REDACTED]
Sent: Friday, February 24, 2017 7:20 AM
To: Robert Kuhfuss
Subject: RE: City of Surprise Sign Code Update Outreach Meetings

Robert,
I have a question regarding the definition of Level 1 EMC. The definition refers to message changing "manually" and does not mention how often the messages could change (as compared to Level 2 which mentions the signs may be changed automatically every 8 sec). Do you have any insight as to why the definition is written this way?

Electronic Messaging Centers, Level 1: An EMC that contains monochromatic static messages **which may only be changed manually** and which do not employ "scroll", "fade" or "dissolve" transitions, animation or video, or similar subtle transitions or frame effects which create the appearance of moving text or images.

Thank you,



From: Robert Kuhfuss [<mailto:Robert.Kuhfuss@surpriseaz.gov>]

Sent: Tuesday, February 21, 2017 1:13 PM

To: Robert Kuhfuss <Robert.Kuhfuss@surpriseaz.gov>

Subject: City of Surprise Sign Code Update Outreach Meetings

Hello all,

As you are likely aware, the City of Surprise is re-writing its Sign Code in its entirety. We are scheduling a series of stakeholder meetings throughout the month of March, 2017. Each of these meetings will be held at **6:00 PM** at the date and location outlined below:

Day	Date	Location	Address
Wednesday	March 8, 2017	Surprise Regional Library	16089 North Bullard Avenue, Surprise, AZ 85074
Wednesday	March 15, 2017	Surprise Community Room	16000 North Civic Center Plaza, Surprise, AZ 85074
Wednesday	March 22, 2017	Surprise Community Room	16000 North Civic Center Plaza, Surprise, AZ 85074
Wednesday	March 29, 2017	Surprise Regional Library	16089 North Bullard Avenue, Surprise, AZ 85074

The proposed text may be found at <https://www.surpriseaz.gov/Calendar.aspx?EID=6986&day=8&month=3&year=2017&calType=0>.

You are welcome to attend any or all of these meetings, and you may submit written comments to me at the address noted below. For more information, please contact me at the location listed below. We look forward to hearing from you.

Please also be advised that we will be presenting this matter to the City Council during their work session of Tuesday, March 7, 2017, at 4:00 PM, if you are interested in attending.

Thank you.

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

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0.1

21 Feb 2017 19:13:11 -0000

From: [REDACTED]
To: [Robert Kuhfuss](#)
Cc: [Lloyd Abrams](#); [Joshua Mike](#)
Subject: Signage meeting
Date: Monday, March 13, 2017 8:37:37 PM

Dear Rob,

It was nice to meet you last Wednesday at the library, and I thought that it was a good meeting, with great participation.

I know this is an extreme point of view, but I need to say it anyway. I don't like signs, period. They're usually tacky, and take away from the timeless design of a city or town, unless you are in Times Square in New York, or on the Vegas Strip, and of course, those are two places of extreme signage.

With that said, I would like to see Surprise be a real 21st Century city. If you see a classic European country village, there are few signs. If you see an artist's rendering of a futuristic city, there are NO signs, because of course all people in the future are telepathic and they know where all the burger joints are. Is that "food for thought"? But seriously, many important parts of our City are still a blank canvas, and we need someone like a city architect to supervise and advise on the design and placement. I don't have anything against logos on buildings, provided they meet a creative design code. My reasoning is as follows: How many of us really dislike commercials on TV? We will get up and do something else, fast-forward the recording, change channels, or mute it when playing, but try to ignore it in the end. I fear this is the end result of having a code that allows a lot of signs, provided they all minimally meet that code. People will drive through Surprise without looking.

My father worked in New York as a film editor, and did a lot of work in commercials, and he's the first one to say that the majority of commercials have few redeeming qualities, and are annoying to most viewers. I am not a snob, but I think there's got to be a better way, and I would know it if I heard it. What was presented at the meeting was a lot of the same-old, same-old. I would hope that we would do something better.

On another note, the Country Inn & Suites, although I feel bad for them, have a horrible location for a hotel, and again reflects poor planning. I realize the owners make these decisions without regard to the bigger picture. That's their own fault. I don't think theirs is a City signage issue as much as an ADOT issue, as they are located on a state highway, not a City street.

Again, I appreciate your efforts and those of your staff, and I hope to attend some additional meetings in the coming months.

Very truly yours

[REDACTED]



Timeless Design



Renderings show an urban downtown that Surprise General Plan 2035 envisions for the future with improved transportation and connections between neighborhoods. Rendering Credit: City of Surprise (Arizona Builders Exchange - 2013 Re Surprise General Plan)

<http://azbex.com/new-general-plan-approved-by-surprise-voters/>

From: [Webmaster](#)
To: [Robert Kuhfuss](#)
Subject: New Sign Code Public Comment
Date: Monday, March 20, 2017 3:57:02 PM

A New Sign Code Public Comment as Been Received!

The comment:

Good Afternoon,

I'm sorry that I am not able to attend any of the future meetings concerning the new sign code in the city of Surprise. I am concerned with one aspect of the new sign code, that I think warrants a comment here however. The right to use an A frame sign should continue in my business/professional opinion. I see A frame signs everywhere across Arizona as well as places that would be considered much more intrusive to business rights and liberties like California and many places on the east coast. Beach towns, ritzy towns, upscale, downscale, everywhere I go, A frames are used to solicit business for business owners. They are not downscale. When presented properly they can be portrayed as being rather glamorous! I was putting balloons on mine which I think cheered people up. Why would balloons be illegal? I remember an event where the city released thousands of balloons into the sky. I'm not releasing them after. Why? No one I asked so far, thinks that balloons and a frame signage should be illegal. Please rethink these revisions. Please don't hesitate to have me answer any questions you might have.

Thank you in Advance,



was received on 03/20/2017 at 06:56 pm

Thank you,
Webmaster

From: [REDACTED]
To: [Robert Kuhfuss](#)
Cc: [REDACTED]
Subject: Comments on the Draft Surprise Code
Date: Friday, March 31, 2017 9:22:36 AM
Attachments: [image001.gif](#)
[image002.jpg](#)
[image003.jpg](#)
[image004.jpg](#)
[image005.jpg](#)
[ASA ISA comments draft Surprise Sign Code 3-29-17.docx](#)

Hello Bob,

Here are the ASA/ISA comments on the proposed code. We look forward to discussing the proposed code later today.

Best regards,

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] NEW

Daylight hours: That portion of the day beginning when the sun breaks the morning horizon and ending when the sun falls below the evening horizon.

Drive-in business: A retail business establishment where on-site transactions may be conducted from the confines of a parked vehicle. See also *drive-through business*.

Drive-through business: A retail business establishment where on-site transactions may be conducted from the confines of a vehicle which is staged in a drive-through lane. See also *drive-in business*.

Electronic Messaging Center (EMC): A *sign* that utilizes computer-generated messages or some other electronic means of *changeable copy*. These *signs* include displays using incandescent lamps, LEDs, LCDs or a flipper matrix.

Electronic Messaging Centers, Level 1: An *EMC* that contains monochromatic static messages which may only be changed manually and which do not employ “scroll”, “fade” or “dissolve” transitions, animation or video, or similar subtle transitions or frame effects which create the appearance of moving text or images.

Electronic Messaging Centers, Level 2: An *EMC* that contains monochromatic or full-color static messages which may be changed automatically at a rate not exceeding once every eight (8) seconds, and which do not employ “scroll”, “fade” or “dissolve” transitions, animation, or similar subtle transitions or frame effects which create the appearance of moving text or images.

Flag: Any fabric or flexible material attached to or designed to be flown from a flagpole or similar device, but not including *banners*.

Illuminance: The amount of light falling upon a real or imaginary surface, measured in either foot-candles or lux. See also “*luminance*”.

Illumination, bare-bulb: A type of *external illumination* consisting of light bulbs or a string of light bulbs, or takes on the appearance of such including LEDs.

Illumination, bent-tube: A source of light for *externally illuminated* graphics supplied by a glass tube that is bent to form letters, symbols, or other shapes and filled with a gas that when electrically charged emits light, or any other method or technology, such as but not limited to LED rope lighting, utilized to achieve the same effect.

Illumination, external: A light source that is separate and apart from the *sign*.

Illumination, internal: A light source that is concealed or contained within the *sign* and becomes visible in darkness through a translucent surface.

C. Sign Maintenance:

1. All *signs* shall be maintained in a stated of good repair, operational, and free of *blight* and/or hazards. Weathered, sun damaged, tattered or faded *signs* or related components shall be repaired or replaced.
2. Whenever any *sign*, either legally conforming or legally nonconforming, is required to be removed for the purpose of repair, lettering or repainting, the same may be done provided;
 - a) There is no alteration or remodeling to the *structure* or to the mounting of the *sign* itself;
 - b) There is no enlargement or increase in any of the dimensions of the *sign*, *sign copy*, or *sign structure*;
 - c) The *sign* is an accessory to a legally conforming use, conditional use, or legally nonconforming use.

D. Methods of Measurements:

1. Sign Area:

- a) **Unframed Signs:** Where the individual letters, logos and graphics of a *sign* are mounted directly to a wall or *sign structure*, the *sign area* is determined by calculating the smallest rectangle or rectangles containing *sign copy* 



2017-03-02 18:06:43

We recommend that multiple geometric be utilized versus the smallest rectangle. this will encourage creative designs since irregular shapes will not be penalized. See attached model code page 28 for additional images and details.

C. Freestanding Signs

1. **Class I Monument Signs (Menu Signs) and Class II Monument Signs (Preview Signs) for Drive-through Businesses:**

Drive-through businesses may utilize one (1) *Class I Monument Sign* and one (1) *Class II Freestanding Sign* per drive-through lane subject to the following:

- a) The bottom of the *sign copy* of a *Class I Monument Sign* or *Class II Monument Sign* shall not be less than two (2) feet above the adjacent drive-through lane's paved surface.
- b) The overall height of the *sign structure* of a *Class I Monument Sign* or *Class II Monument Sign* shall not be more than six (6) feet above the adjacent drive-through lane's paved surface.
- c) The *sign area* for an individual *Class I Monument Sign* or *Class II Monument Sign* shall not exceed twenty-four (24) sq. ft. for this sign type.
- d) A *Class I Monument Sign* shall not be audible from a residential zoning district or residential use, hotel or motel room of an overnight medical facility.
- e) No *Class I Monument Sign* or *Class II Freestanding Sign* may be located within 100 feet of a residential zoning district or use.
- f) *Class I Monument Signs* and *Class II Monument Signs* may be internally illuminated in accordance with the requirements set forth in Section 113.09.
- g) *Level 2 Electronic Messaging* is permitted, subject to the provisions outlined in Section 113-10.

2. **Class III Monument Signs (Directional Signs):**

Class III Monument Signs are permitted along the roadway in conjunction with a driveway serving any multiple residential, commercial or industrial development, subject to the following:

- a) The *Class III Monument Sign* shall not exceed thirty (30) inches in height as measured from the adjacent paved surface of the roadway served by the *sign*;

jcarpentier
2017-03-02 21:22:39

We recommend that freeway signs be allowed with similar standards that are in the existing code.

Monument Sign and Freestanding Sign per drive-through lane subject to the

2017-03-02 18:29:06

We recommend that 40 sq. ft. be allowed for this sign type

Freestanding Sign may be located within 100 feet of a residential zoning district or use.

2017-03-30 18:49:10

We recommend that the sign type not be identified by content. The city will need to review the content to determine compliance with this sign type.

thirty (30) inches in height as measured from the adjacent paved surface of the

- b) The *sign area* of a *Class III Monument Sign* shall not exceed six (6) square feet;
- c) The *Class III Monument Sign* may be *internally illuminated, back-lit, or externally illuminated* provided the source of *external illumination* is not visible.

3. **Class IV Monument Signs (Directory Signs)**

Class IV Monument Signs are permitted within the family residential, commercial or industrial development following:

- a) The *Class IV Monument Sign* shall not exceed six (6) feet in height as measured from the adjacent pavement surface or sidewalk served by the *sign*;
- b) The *sign area* of a *Class IV Monument Sign* shall not exceed twelve (12) square feet;
- c) The *Class IV Monument Sign* may be *internally illuminated, back-lit, or externally illuminated* in accordance with the requirements set forth in Section 113-09 provided the source of *external illumination* is not visible.

4. **Class V Monument Signs (Minor Monument Signs)**

- a) *Class V Monument Signs* are permitted in conjunction with non-residential uses in a residential zone, not including *cottage industries* or home occupations; or in multi-family uses in multi-family zoning; or in non-residential uses in a non-residential zone.
- b) When allowed, one (1) *Class V Monument Sign* meeting the requirements outlined below is permitted for every driveway entrance providing access from the street to the business or complex served by the *sign*;
- c) *Class V Monument Signs* shall only be located on a Volume Collector street, Residential Collector street, or Minor Collector street. The height of the *Class V Monument Sign* shall not exceed eight (8) feet as measured from the edge of the street being served by the *sign*, nor shall the *Class V Monument Sign* exceed six (6) feet in width, nor shall the *sign area* exceed 24 square feet. The bottom of the *sign* shall be no lower than four (4) feet above the pavement of the street being served by the *sign*.

jcarpentier
2017-03-02 18:32:18

We recommend that the sign type not be identified by content. The city will need to review the content to determine compliance with this sign type.

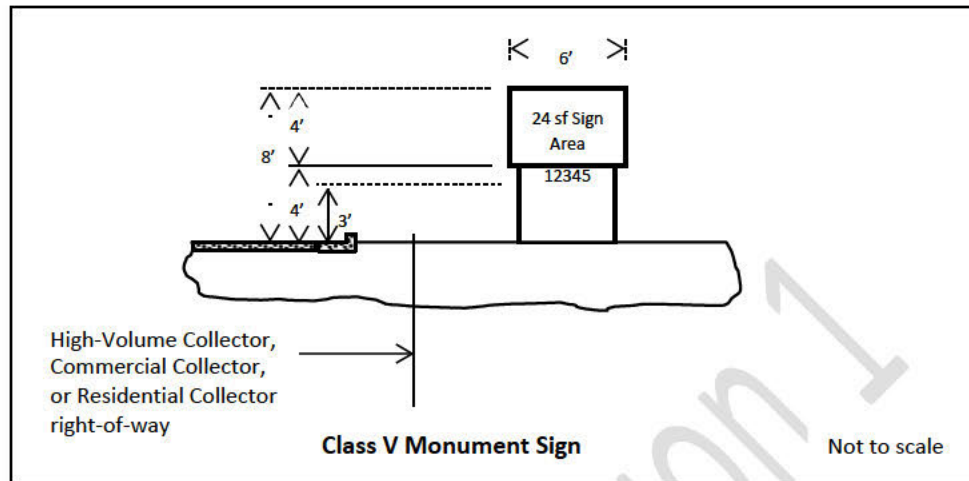
six (6) feet in height
face of the roadway

2017-03-30 18:47:58

also a ratio allowance?
feet, or Commercial
Monument Sign shall
the edge of pavement
shall the width of the

jcarpentier
2017-03-30 18:48:17

Additional width will be needed to fit the additional sign area. Also suggest that additional ratio be allowed to foster creativity. square footage of 40 sq. ft. to be safely viewed



- d) The base of a *Class V Monument Sign* shall be fitted with the address of the property or properties in a manner that is consistent with Section 113-12.
- e) A *Class V Monument Sign* shall be located within a landscape area not less than 80 square feet.
- f) *Class V Monument Signs* shall be setback not less than two (2) feet from the right-of-way line except that in the event an Easement is present, in which case the sign shall be setback less than two (2) feet from the easement.
- g) *Class V Monument Signs* may be internally illuminated, back-lit or externally illuminated in accordance with the requirements set forth in Section 113.09.
- h) *Level 1 Electronic Messaging* and *Level 2 Electronic Messaging* are permitted on a *Monument Sign*, subject to the provisions outlined in Section 113-10.

5. Class VI Monument Signs (Major Monument Signs)

- a) *Class VI Monument Signs* are permitted in conjunction with non-residential uses in a residential zone, not including cottage industries or home occupations; or in multi-family uses in multi-family zoning; or in non-residential uses in a non-residential zone.
- b) When allowed, one (1) *Class VI Monument Sign* meeting the requirements outlined below is permitted at the entrance providing access from the street to a complex served by the sign.

2017-03-02 19:25:44

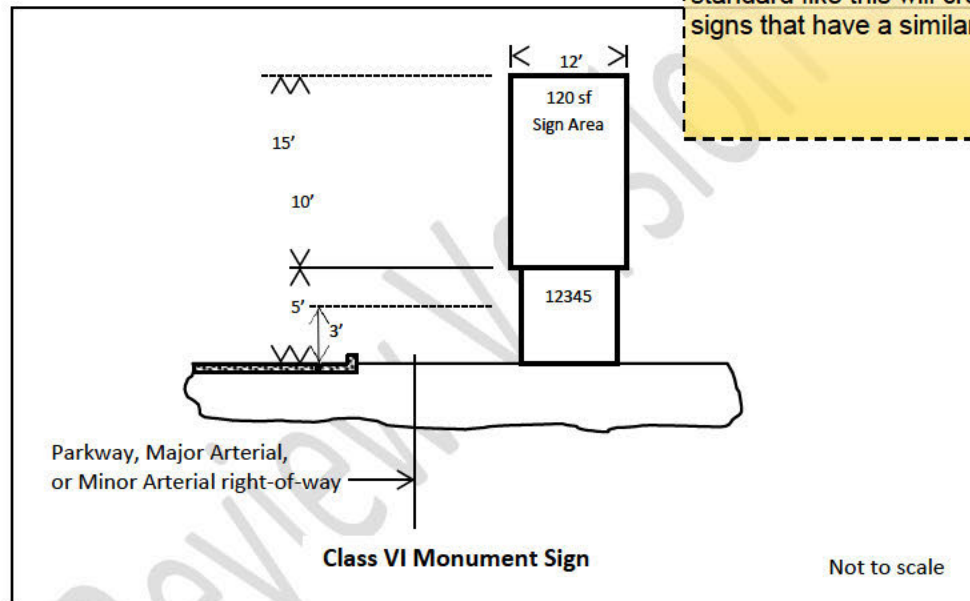
the landscape material shall be of the type that shall not to exceed 3' in height so as to maintain visibility of the sign copy and address.

illuminated, back-lit or externally illuminated in accordance with the requirements set forth in Section 113.09.

2017-03-02 19:24:35

and/or every 300'

- c) *Class VI Monument Signs* shall only be located adjacent to a Parkway, Major Arterial street, Minor Arterial street, or along Grand Avenue. *Class VI Monument Signs* shall not exceed fifteen (15) feet in height as measured from the edge of pavement of the street served by the *sign*, nor shall the width of the *Major Monument Sign* exceed twelve (12) feet, nor shall the maximum area exceed 120 square feet. The bottom edge of the sign shall be lower than five (5) feet above the adjacent edge of the street being served by the *sign*.



jcarpentier
2017-03-02 18:50:15

We suggest that additional width be added to give designers additional options. A standard like this will create monument signs that have a similar overall shape.

- d) The base of a *Class VI Monument Sign* shall be fitted with the address of the property or properties in a manner that is consistent with Section 113-12.

- e) A *Class VI Monument Sign* shall be located within a landscape area not less than 120 square feet.

- f) *Class VI Monument Signs* shall be setback not less than 10 feet from the right-of-way line except that in the presence of a Utility Easement is present, in which case the setback shall be not less than two (2) feet from the easement.

- g) *Class VI Monument Signs* may be internally illuminated, back-lit or externally illuminated in accordance with the requirements set forth in Section 113.09.

2017-03-02 19:12:17

the landscape material shall be of the type that will not to exceed 3' in height so as to maintain visibility of the sign copy and address.

- h) *Level 1 Electronic Messaging* and *Level 2 Electronic Messaging* are permitted on a *Class VI Monument Sign*, subject to the provisions outlined in Section 113-10.

6. **Roadway Arch Signs**

Roadway Arch Signs may be erected within any commercial development subject to the following:

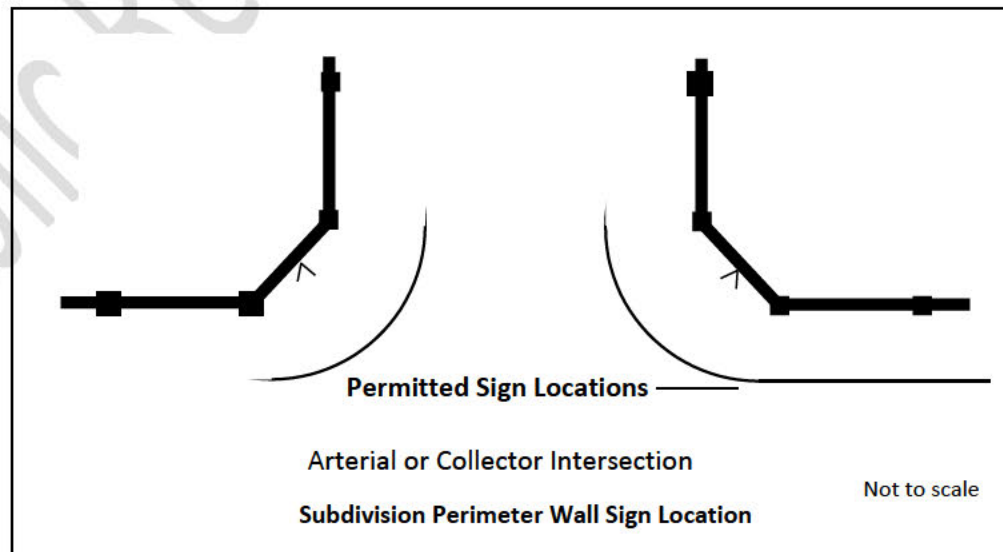
- a) *Roadway Arch Signs* shall maintain a vehicle clearance of not less than fifteen (15) feet;
- b) *Roadway Arch Signs* shall not interfere with pedestrian or vehicular movement.
- c) *Roadway Arch Signs* may be *internally illuminated*, or *back-lit* in accordance with the requirements set forth in Section 113-09 except that if the *Roadway Arch Sign* is located adjacent to any residential zoning district or use, the *Roadway Arch Sign* shall not be illuminated.

jcarpentier
2017-03-02 19:26:41

We believe that this is a great addition to the code.

7. **Subdivision Perimeter Wall Signs:**

- a) Where a *subdivision perimeter wall* is located adjacent to a street corner that intersects a collector or arterial street, one (1) *Subdivision Perimeter Wall Sign* may be affixed to the wall panel of the *subdivision perimeter wall* most closely oriented to the intersection, subject to the specific requirements outlined below.



- b) The maximum *sign area* shall not exceed thirty-two (32) square feet.

Section 113-09 – Sign Illumination

A. Unless otherwise specified in this Chapter, *signs* may be *externally illuminated*, *internally illuminated* or *black-lit* provided;

1. The brightness and intensity is no greater than necessary to meet reasonable needs of the business or use being served;

2. The light sources are shielded from all adjacent *buildings*;

3. Lighting does not create excessive glare to pedestrian;

4. Lighting does not obstruct traffic control or any other public sign and;

5. No “flashing”, “blinking” or “chasing” lights are utilized.

B. In those areas of the city that are considered environmentally sensitive, the city may require the use of muted colors unless specific color is a federally registered trademark. The city may also require muted intensities for those *signs* located within environmentally sensitive areas;

C. Unless otherwise stated in this Chapter, any *sign* that is visible from any single-family residential zoning district shall not be illuminated between the hours of 10:00 PM and 6:00 AM other than ambient lighting present on the property.

D. Any *Building Wall Sign* associated with a multi-story office building greater than five (5) stories or a multi-story mixed use building greater than five (5) stories as outlined in Section 113-08.B.1.c that is located within 1,320 feet of and visible from any residential zoning district may not be illuminated in any manner between the hours of 10:00 PM and 6:00 AM except for ambient lighting present on the property.

Section 113-10 – Electronic Messaging Centers (EMCs)

A. ~~Levels of Electronic Messaging: For purposes of this Chapter, Electronic Messaging Centers (EMCs) are divided into two (2) levels: Level 1 Electronic Messaging and Level 2 Electronic Messaging, as defined in Section 113-05.~~

B. **EMC Illumination:** The nighttime illumination of an *Electronic Messaging Center* shall conform to the criteria set forth in this Section.

1. **Illumination Measurement Criteria:** The *illuminance* of an *Electronic Messaging Center* shall be measured with an illuminance meter set to measure foot-candles accurate to at least two (2) decimals. *Illuminance*

2017-03-31 16:14:44

We suggest a specific guideline for ~~high~~ ~~USSC~~ has illumination guideline that are around 750 nits for illuminated signs. That can be measured and enforced but the proposed language is too discretionary.

2017-03-02 19:28:10

this will be a challenge to fairly ~~enforce~~ since muted leaves for much discretion

shall not be illuminated by ambient lighting

2017-03-02 19:30:56

2017-03-31 16:16:14

this section needs hold times and ~~100%~~ of allowable area for less intense districts around 50% and 75% for more intense districts.

Electronic Messaging Center

shall be measured with the EMC turned off, and again with the EMC displaying a white image for a full color-capable *Electronic Messaging Center*, or a solid message for a single-color *Electronic Messaging Center*. All measurements shall be taken perpendicular to the face of the *Electronic Messaging Center* at the distance determined by the total square footage of the *Electronic Messaging Center* as set forth in Table 113-10.B below.

TABLE 113-10.B MEASUREMENT DISTANCE AS A FUNCTION OF SIGN AREA			
Area of Sign (sq. ft.)	Measurement Distance (ft.)	Area of Sign (sq. ft.)	Measurement Distance (ft.)
5	22	55	74
10	32	60	77
15	39	65	81
20	45	70	84
25	50	75	87
30	55	80	89
35	59	85	92
40	63	90	95
45	67	95	97
50	71	100	100
For EMCs with an area in square feet other than those specifically listed in this table, the measurement distance may be calculated using the following formula: Measurement Distance = $\sqrt{\text{Area of sign sq. ft.} \times 100}$			

2. **EMC Illumination Limits:** The difference between the “off” and “solid-message” measurements using the Illumination Measurement Criteria outlined in Section 113-10.B.1 above shall not exceed 0.3 foot-candles at night.
3. **Dimming Capabilities:** All permitted *Electronic Messaging Centers* shall be equipped with a sensor or other device that automatically determines the ambient illumination and is programmed to automatically dim according to ambient light conditions, or that can be adjusted to comply with the 0.3 foot-candle measurement criteria.
4. **EMCs as a Portion of Sign Area:** When allowed, *Electronic Messaging Centers* may comprise all or part of the allowable *sign area* of a particular *sign*, but shall in no case exceed the maximum allowable *sign area* for a particular *sign*.
5. **Certification:** ~~Prior to the issuance of a permit relating to an *Electronic Messaging Center*, the applicant shall provide a written certification from the sign manufacturer that the light intensity has been factory pre-set not~~
6. **Affidavit:** A signed affidavit (form provided by the city) shall be required by the owner prior to issuance of a sign permit. (This affidavit indicates that the owner has received the operating requirements for electronic message signs and agrees to adhere to these standards or may be to enforcement action by the City.

~~to exceed the levels specified within this ordinance, and the intensity level is protected from end user manipulation by password or other method as deemed appropriate by the Department.~~

2017-03-14 21:07:18

Section 113-11 – Reader Panels

Wherever ~~Level 1~~ *Electronic Messaging Centers* (EMCs) are allowed, may be substituted, provided:

- A. The *Reader Panel* otherwise meets the provisions of Section
- B. The *Reader Panel* does not exceed the allowed *sign area* of the *sign* being replaced; and,
- C. The *Reader Panel* is fitted with a clear acrylic cover or other suitable material to prevent the individual characters from being dislodged.

Section 113-12 – Address Identification

- A. *Building* addresses shall be in accordance with Article 505.1 of the International Fire Code as amended by the Surprise City Council under Ordinance #2014-04, or as subsequently amended.
- B. Where *Class V Monument Signs* or *Class VI Monument Signs* are located next to a street, said *signs* shall be affixed with the address number of the property or properties served by the *sign*. Said address number shall be nine (9) inches tall with a three (3) inch stroke. The bottom edge of the address numbers shall not be less than three (3) feet above the curb of the street from which the address is intended to be read.
- C. Address numbers meeting the provisions of this Section shall not contribute to the aggregate *sign area*.

since each location is slightly different on ambient light a factory present limit is not possible. As an alternative we suggest that an affidavit be signed by the owner indicating they have received and will comply with the city standards for operational and



Dear Robert,

Thank you for the opportunity to participate in the March 22, 2017 public meeting and review of the proposed Surprise Sign Ordinance.

WeMAR appreciates the work that has gone into amending the sign ordinance and continues. It is our hope the remarks below will be of help and value as you and your staff go forward.

We were struck with surprise when we read pages 5&6. These two pages seem overly aggressive in their position that signs are undesirable and have only negative impacts. We believe signs are more properly treated as free speech, rather than land use, since they are a form of communication.

We are concerned that while sign walkers and political signs are not addressed by the proposed ordinance because of state laws, there may overlap in court interpretation, particularly the ability for the city to differentiate between commercial speech and political speech without discriminating based on content and/or speaker, and the posting of signs in the public right of way.

In general, we are concerned that permits are required for all signs. Since signs are a form of speech, this amounts to permitted speech which has been struck down by the courts.

Signs are still the most cost effective and least expensive method for businesses to advertise the goods and services they provide, as well as their location. Property owners wishing to sell personal or real property depend on signs to advertise the sale, and guide those interested to the property.

Individuals who start a business place their finances, savings, homes, assets and their family's future at stake. These individuals believe they can provide a product or service the market is interested in and willing to pay for, these businesses will fail if no one knows what they do, where they are or who they are. As an economic development issue and a free speech issue, this is of concern.

Property owners attempting to sell or lease their property will experience difficulty and time delays if they are limited to inadequate signage. Some properties will require very few signs to guide potential customers, other properties will require several signs. Inadequate signage frustrates real estate agents, property owners, neighbors and potential buyers. We suggest adequate signage for the task be the guide. For residents attempting garage sales, open houses or estate sales, inadequate signage will mean they are unable to conduct a successful sale.

As to the question of temporary sign glut along main streets, Justice Alito suggested limiting the number of signs displayed by defining a particular number of signs allowed within a particular number of miles or feet. These limitations would need to be appropriate to the location of the property and street access. For example, a two-lane rural street may find adequate signage at a particular number of signs per $\frac{1}{4}$ or $\frac{1}{2}$ mile. A busy suburban street may find adequate signage at a particular number of signs per feet of roadway or front footage.

Several small business owners and [REDACTED] spoke to A-frame signs outside their business on Bell Rd bringing in customers. One small business owner said he experienced 4-6 customers/day coming in from his A-frame sign at the driveway entrance to the shopping center he is located in. The small business owner of a [REDACTED] shop stated her concerns that not having her one A-frame sign would have an adverse effect on her business. Both small business owners voiced concern that inadequate signage and an inability to post an A-Frame sign will mean they will be forced to close their businesses before the end of the year.

[REDACTED] stated her office recorded 57 walk-ins' in 2016. People who found [REDACTED] from driving by and seeing the A-frame sign at their entrance. That doesn't count members of the public who came by to get more information about Surprise, but did not purchase. Several real estate agents saw the A-frame sign, chose to drop in and eventually work, at [REDACTED] in Surprise as well. [REDACTED] estimates each house they sell contributes \$46,000 to Surprise in ancillary business (escrow, inspectors, appraisers, other services). That amounts to \$2,622,000.00 in ancillary business and does not include the economic impact after escrow closes to area businesses and property taxes.

While [REDACTED] is a large brokerage, each real estate agent is an independent contractor. They are the smallest of small business. Inadequate signage does not allow agents to advertise properties for lease or sale, and limits their ability to direct potential buyers or tenants to the property. This will restrict the ability of licensed real estate agents to conduct their business and serve their clients.

Studies from USD (University of San Diego) and the University of Cincinnati have shown adequate signage is a significant component of business success, no matter how big the business. They found a strong correlation between number of signs and sales increases, as well as transaction amount increases.

A small A-frame directional sign contributes 10% to weekly sales. The addition of one building sign contributed an increase of 4.75% to sales. For \$500,000 of income, that translates to about a \$23,750 increased. Increased income adds to the amount of sales tax the city receives. The USD study found 68% of customers used signs to find the business and were frustrated when they could not find a business because of inadequate signage. Surprise has several businesses located in retail, medical or industrial complexes with limited signage to the street and passersby.

We question the compelling government interest of limiting building signage, particularly on buildings facing more than one street or buildings that are part of an office/industrial complex. Building signage and directional signage should be adequate so as to allow patrons to easily identify the building and direction of travel they must follow to arrive safely and in a timely manner to their destination. We question the compelling government interest in limiting directional signage inside commercial and residential development.

In the public meeting, we asked why the difference between flagpole sizes for residential private parties versus residential model homes. On the surface this appears to discriminate based on the speaker. We were told it is a safety issue based on size of the lot and the fall arc of the flagpole. We suggest this restriction be articulated based on the safety issue, not the person.

We discussed the legibility and visibility of signs and the need for public safety reasons, as well as business reasons, to establish **minimum** sign sizes based on science of the visual arc, legibility and visibility. Busy streets with several lanes will need larger signs than small streets with little traffic.

In the proposal, temporary signs must all have the name and contact information of the person placing the sign. We suggested this statement be amended to read "person or entity" since the Designated Broker (DB) or Managing Broker is the responsible party in supervision of all real estate agents, and the broker is in the best position to make sure the offending sign is taken care of quickly.

Arizona State law already requires real estate brokerage signs on property listed for sale or lease, display the brokerage name and contact information. Requiring the agent name and contact number may not be possible with the limited sign space allocated by the proposed sign ordinance. An additional concern is that sign riders will not be possible under this code. Sign riders alert potential buyers not only of amenities, but legally required notifications such as agent owned property.

In the proposed ordinance, banner signs are limited to commercial districts only. We asked that this be amended to allow banner signs in residential areas as well. Frequently property owners will post a "New Baby", "Welcome Home" to the Military (or other family member), "Just Married", or some other personal message for a short period of time. We question the compelling government interest in limiting this speech. Personal property rights and free speech rights may be abridged with the proposed limitation.

In the meeting, we expressed concern and asked for clarification on Building Mounted Signs, item #1. We are concerned that businesses with more than one business under one roof will not have adequate signage. Example: Grocery store with a bank and a Starbucks, or a real estate brokerage with a title company or lender.

We are likewise concerned for the limit of window (40%) allowed for window signs. The window is part of the building the business either leases or owns. Many businesses express specials or product to the public with window signs. We question the compelling government interest in regulating this. Because sunscreens are allowed 100% of window space, the 40% limit appears to be arbitrary.

In Section 113-09 (Sign Illumination) we are concerned that limited visibility of the sign at night will create a public safety hazard and injure businesses who are unable to have visible and legible signage at night. The term "environmentally sensitive areas" is a legally specific term. It is our understanding from City comments at the meeting, that the City of Surprise has no legally recognized "environmentally sensitive areas" and therefore this term may be used in an arbitrary fashion.

We expressed our concerns on the Comprehensive Sign Program (CSP). The criteria specify the sign must be "appropriate to the character of the community". We are concerned this is an arbitrary measure. We are further concerned by item D and ask: How will the CSP measure and demonstrate a sign represents a "measurable improvement" to the community; is "appropriate to the character of the development", and that it is "appropriate to the neighborhood"? This appears to be an arbitrary measure and most likely will be determined by content or identity of the speaker.

The limitations for Non-Conforming signs is of concern to us as well. The methodology suggested is amortization. Signs are an expression of the business' identity and branding. Frequently customers will recognize a shape and color before reading the sign. Some signs have no words at all (example: McDonald's).

Signs are a business owner's expression of their business character and identity. The business "good will" that is part of the sign value, is in addition to the amortization and depreciation of the physical sign structure and frequently adds to the value of the business. We are concerned this proposal will essentially be a government taking without compensation and therefore unconstitutional. We further question the narrow government interest and constitutionality in mandating a business change their branding identity.

We are concerned the term "abandonment" of a sign is not defined and therefore subject to arbitrary determination. We are concerned the 90-day limit is unreasonable under special circumstances such as estate sale, bankruptcy, owner health issues, complicated and prolonged business sale or other circumstances in which a sign and business are not abandoned, but rather caught up in a process of property transfer outside their control.

Causing a well-recognized sign to be taken down would immediately devalue the business and the property it is located on, causing harm to the ownership interest. This could be argued as an unconstitutional government taking.

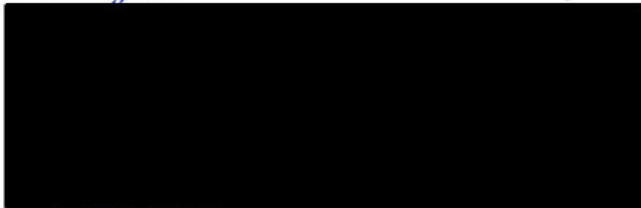
We are concerned about the enforcement provision. Charging a business owner who violates the sign ordinance with a criminal violation, punishable by jail, seems overly zealous and increases the risk of opening a business in Surprise. We ask the enforcement provision be much less injurious to the business owner and more appropriate to the nature of the violation.

We are further concerned with the apparent lack of due process afforded accused sign ordinance offenders. Nowhere in section 113-16 is a mechanism provided in which the accused sign owner may protest the notice of violation or protest the fine involved. The only method open to the sign owner is suing the City in court.

The automatic discarding of the City removed sign within 5 business days does not appear to give the sign owner adequate time to receive due process. The short time period does not allow adequate time for court proceedings, and therefore appears to be a government taking of property without compensation.

We hope you find these comments helpful. Thank you for the opportunity to provide input on the proposed sign ordinance.

Sincerely,

A large black rectangular redaction box covering the signature area.

April 6, 2017

From: [REDACTED]
To: [Robert Kuhfuss](#)
Subject: Change in Sign Code
Date: Tuesday, April 18, 2017 10:43:52 AM

Good Morning Sir

As a resident of Surprise (Rancho Gabriella) and a [REDACTED] located on West Bell RD just west of the 303 loop

I want to voice my opinion on the new code that becomes effective on April 23 2017.

I have a building sign that was approved by the city of Surprise AZ and farmers Insurance group

which allows my office to have visibility from our north facing building but due to the number of cars

or what you call traffic patterns we have no street exposure. I have a new A frame sign that was professionally made due to Farmers Insurance strict codes as well. Currently I place this A-sign on the rock located right in front of my window with no sidewalk or public area risk. I then take this sign inside each evening at 5 PM with never a overnight or weekend/holiday exposure..

This sign is vital to my office visibility as many of my clients are seniors and the name and Logo assist them.

I would request to have this new code reviewed and if possible make exceptions for the business that respect the public view and also are not chained to a pole or tree. Our business elected to stay in Surprise during the economic 2009 downturn and feel that we would be granted a provision for regulated hours etc.

Thank you for this consideration and I trust this will cause you and your committee to reconsider this 100% removal.

Respectfully submitted

[REDACTED]



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From: [REDACTED]
To: [Robert Kuhfuss](#)
Subject: RE: Surprise Sign Code Update
Date: Tuesday, April 25, 2017 9:49:38 AM
Attachments: [HBACA SURPRISE Sign Code Comments_04.24.2017.pdf](#)

Good morning Robert,

Sorry for the delay in getting this to you. Attached, please find a comment letter with some of the suggested language options from the other municipalities. I have also included the home builder sign pictures. If you need those in a word document as opposed to a .pdf, let me know and I will send that over separately.

Thanks again for taking the time to meet with me. If you have any questions or if there is anything else I can provide, please let me know.

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Licensed to Practice Law in Arizona

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From: Robert Kuhfuss [mailto:Robert.Kuhfuss@surpriseaz.gov]
Sent: Friday, April 07, 2017 4:23 PM
To: [REDACTED]
Subject: RE: Surprise Sign Code Update

Let's plan on 1:00 here. Thanks

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

[REDACTED]

Sent: Friday, April 07, 2017 4:12 PM
To: Robert Kuhfuss
Subject: Re: Surprise Sign Code Update

Thank you very much for the prompt response. The afternoon of April 17 will be fine. I'm open any time after 12:00 so whatever time works best for you will be fine.

Get [Outlook for iOS](#)

From: Robert Kuhfuss <Robert.Kuhfuss@surpriseaz.gov>

Sent: Friday, April 7, 2017 4:10:23 PM

To: [REDACTED]

Subject: RE: Surprise Sign Code Update

[REDACTED], I'd be happy to meet with you. Next week is filling up but the following week is fairly open. How does Monday, April 17th in the afternoon work for you?

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

From: [REDACTED]
Sent: Friday, April 07, 2017 3:45 PM
To: Robert Kuhfuss
Subject: RE: Surprise Sign Code Update

Robert,

Thank you very much for the reminder email. I have to apologize, I have not been as quick to respond to your request for comment as I would have hoped. I was wondering if I could schedule a time to come out and visit with you prior to the 20th. My standard practice with the various cities/towns has been to review pictures of the various types of signs being used by home builders all over the Valley to figure out how those signs are treated in Surprise under the current code and how they would be treated under the proposed code. Based on our discussion, I may be able to offer some suggested revisions based on the draft codes from other municipalities. Please let me know if this is a request that you can accommodate and when you are able to meet.

Thank you very much.

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

p 602.274.6545

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From: Robert Kuhfuss [<mailto:Robert.Kuhfuss@surpriseaz.gov>]

Sent: Friday, April 07, 2017 3:41 PM

To: Robert Kuhfuss

Subject: Surprise Sign Code Update

Hello all,

Just a quick reminder that we will be taking the draft sign code to our Planning and Zoning Commission as a discussion item on both April 20th and May 4th. You are welcome to attend.

Hope to see you.

Thank you

Robert H. Kuhfuss, AICP, MPA

City of Surprise Community Development Department

16000 North Civic Center Plaza

Surprise, AZ 85374-7470

O: 623-222-3137 | F: 623-222-3001

robert.kuhfuss@surpriseaz.gov

City Hall offices open at 8 a.m. and close at 5 p.m. Monday through Friday. More info at www.surpriseaz.gov.

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0.1



Home Builders Association of Central Arizona

April 24, 2017

SENT VIA EMAIL

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise AZ 85374-7470

RE: Surprise Sign Code Update

Dear Mr. Kuhfuss:

Thank you very much for taking the time to meet with me to discuss the proposed changes to the Surprise Sign Code. As I mentioned in our meeting, I have included some suggested language from other municipalities that we think are a good way of providing signage options to home builders.

While all businesses are concerned about signage as a way to attract customers, home builders face unique challenges as compared to other businesses. Typically, customers to a model home sales office are either new to the area or are not from the area at all. Moreover, a new subdivision will be built where nothing existed before. Similarly, new subdivisions are not typically built in a heavily trafficked area which would be common for a retail business. By necessity, signage is needed to assist these customers as they navigate through unfamiliar towns and neighborhoods, often on roads not available on GPS. Thus, it is imperative to home builders to have many options to provide the needed direction.

After reviewing a number of proposed sign codes from various municipalities in Maricopa County we recommend the following additions:

- (1) 32 square foot sign per street frontage¹. For example, Peoria allows:
 - o 1 sign per street frontage
 - o Max sign area 32 square feet
 - o Maximum height of 16 feet
 - o Up to 3 years in duration
 - o Must be removed once all lots in subdivision are sold
 - o Does require a permit.

¹ See Home Builder Signs page 18.

- (1) 96 square foot sign². For example, Goodyear allows:
 - o During the construction phase, each recorded subdivision may have one sign with a maximum area of 96 square feet and the maximum height shall be 13 feet.
 - o The sign shall not be located within 100 feet of any property line of an existing residence.
 - o Such sign shall not be illuminated.
 - o The sign must be removed when 95% of the lots within the subdivision are sold and/or the on-site sales office closes, whichever occurs first.
- (1) 3 square foot sign on undeveloped property less than 1 acre³. For example, Peoria allows:
 - o 1 sign per parcel less than 1 acre
 - o Max sign area 3 square feet.
 - o May be displayed up to one year
 - o Does not require a permit.
- (1) Sign + 1 additional sign for every 600 feet of street frontage on undeveloped property greater than 1 acre and on agricultural, vacant property, or property under construction⁴. For example, Chandler and Peoria allow:
 - o Chandler - "Signs located on property currently used for agriculture, vacant property or property that is currently under construction shall not exceed thirty two (32) square feet for the first acre or portion thereof."
 - o Peoria - 1 sign + 1 additional sign for every 600 feet of street frontage.
 - Max sign area of 32 square feet.
 - 8 feet maximum height.
 - May be displayed up to 1 year, may be renewed twice for 3 years total.
 - Does require a permit.
 - Peoria will likely include a separation distance component as well.
- Model home flags⁵. For example, Goodyear allows:
 - o Up to four flags per model home may be placed at any one subdivision, but the total number shall not exceed eight.
 - o Flags shall have a maximum area of 12 square feet and may not be maintained higher than 25 feet above the adjoining ground.
 - o Flags shall be removed when 95% of the lots in the subdivision are sold and/or the on-site sales office closes, whichever occurs first.

For ease of reference, I have provided the relevant portions of the various sign code drafts that have been distributed by the various municipalities in Maricopa County. In addition, I have

² See Home Builder Signs pages 13, 14, 15, 20, and 21.

³ See Home Builder Signs pages 16 and 17. (These signs are representative of the types of signs that could be placed on vacant lots within the subdivision. It would also include the lot identification signs.)

⁴ See Home Builder Signs pages 1, 2, 10, 11, and 12.

⁵ See Home Builder Signs pages 18 and 19. (Although not located at a model home, these flags are representative of those that would be placed at that location.)

Mr. Robert Kuhfuss
Surprise Sign Code Update
April 24, 2017
Page 3

included sample home builder signs that illustrate the types of signs we believe will be covered using the suggested language. If you have any questions or if there is anything else I can provide, please let me know. Once again, we really appreciate the opportunity to provide comment and for your consideration of our request.



CHANDLER

ZCA16-0002 City of Chandler / Sign Code Amendment ("redlined" version)

Draft date: November 14, 2016

being exhausted from the total allotment for each day that one or any combination of the aforementioned signs is displayed.

5. Approval process: A temporary sign permit shall be required to display feather signs as provided herein.
6. Other requirements:
 - a) Feather signs shall be securely attached to mounting poles which are secured to the ground.

E. Temporary freestanding signs.

1. Area, height and location:
 - a) Signs located on property currently used for agriculture, vacant property or property that is currently under construction shall not exceed thirty two (32) square feet for the first acre or portion thereof. For each additional acre in size, the combined area of the sign may be increased four (4) square feet up to a maximum of one hundred sixty (160) square feet. Said signs shall not exceed fifteen (15) feet in height. Said signs shall not be placed closer than fifteen (15) feet to a public right-of-way.
 - b) Signs located on residential properties shall not exceed sixteen (16) square feet in area or six (6) feet in height. No minimum setback shall be required from the public right-of-way for said signs.
 - c) Signs located on commercial, office, industrial, quasi-public, or institutional properties shall comply with the following standards:
 - I. Parcels containing two (2) acres or less are allowed a sign not to exceed sixteen (16) square feet in area.
 - II. Parcels containing less than ten (10) acres but more than two (2) acres are allowed a sign not to exceed thirty-two (32) square feet.
 - III. Parcels containing ten acres or more are allowed a sign not to exceed fifty (50) square feet and may be illuminated. Such illumination shall be indirect lighting only.
 - IV. Maximum height of all such signs shall not exceed twelve (12) feet.
 - V. Signs which exceed thirty two (32) square feet in area or eight (8) feet in height shall be setback a minimum of fifteen (15) feet from the public right-of-way.
2. Number of signs: One (1) single- or double-faced temporary freestanding sign is permitted per parcel unless it is a corner parcel, in which case two (2) such signs may be erected, one (1) sign for each street front. Notwithstanding the foregoing, an unlimited number of the following signs may be displayed and shall not be counted towards the number of signs permitted herein:
 - a. Signs or notices required by a government agency; and
 - b. Signs located in a single family residential district which do not exceed six (6) square feet in area and four (4) feet in height.
3. Duration: Signs requiring permits shall be valid for two (2) years and shall be renewable on an annual basis thereafter. A sign not requiring a permit shall be removed within thirty (30) days after the sign is considered to be abandoned as defined by this chapter.

ZCA16-0002 City of Chandler / Sign Code Amendment ("redlined" version)

Draft date: November 14, 2016

4. Approval process: In order to ensure that signs are safe and structurally sound, a sign permit shall be required for temporary freestanding signs that exceed thirty two (32) square feet in area or eight (8) feet in height.
5. Other requirements:
 - a) Temporary freestanding signs shall be made of a rigid durable material that will withstand the elements.

All temporary signs require a permit unless specifically exempted herein. The following temporary signs are prohibited unless expressly authorized within any of the subsections set out below and for the limited purposes stated within any such subsection:

- Non-public signs in public rights-of-way or on public property;
- Signs mounted on a building roof;
- Signs having intermittent or flashing illumination, animated or moving parts, or that emit sound;
- Banners, pennants, wind-driven spinners, streamers, balloons, flags, search lights, strobe lights, holographic projections, laser light displays, beacons, bandit, and inflatable signs;
- Signs imitating official traffic control signs, or any sign or device obscuring actual municipal or other public traffic control signs or devices;
- Signs mounted on, or applied to trees, utility poles, rocks, or City-owned property;
- Signs placed upon private property without the property owner's approval;
- Off-premises, portable signs or "A-frame" signs;
- Business identification/advertising signs in single-family zoning districts.

39-10.1. Contractor signs. Contractor signs designating the contractor or subcontractor engaged in the construction or repair of a building or buildings on each parcel of land shall be allowed one (1) nonilluminated sign without a permit if in compliance with the following requirements.

- A. The area of any single sign shall not exceed thirty-two (32) square feet in area nor exceed eight (8) feet in height.
- B. The sign shall be removed within ten (10) days of completion of the work by the contractor or subcontractor on the property.
- C. All contractors or subcontractors signs may be consolidated on one (1) sign. The area of a consolidated sign is calculated at six (6) square feet per contractor or subcontractor listed with a maximum sign area of one hundred (100) square feet for six (6) or more contractors. Said sign shall not exceed eight (8) feet in height or be located closer than ten (10) feet to a public right of way.

39-10.2. Development signs.

- A. A sign permit shall be required for the erection of a development sign and is valid for a period of one (1) year.
- B. One (1) single or double faced freestanding sign is allowed upon the parcel of property to be developed unless it is a corner lot, in which case one (1) such sign per street front.
- C. The face area of said sign shall not exceed thirty-two (32) square feet for the first acre or portion thereof. When the proposed parcel for development exceeds one (1) acre in size, the sign area may

PEORIA

Table 4: Temporary Sign Type Specifications

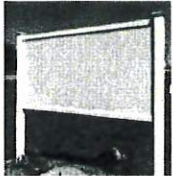
A. UNDEVELOPED PROPERTIES						
Property Type	Quantity	Max Sign Area	Maximum Height	Duration	Other Limitations	Permit
Parcels ≤ 1 ac 	1	3 SF	3 FT	Up to 1 Year		No
Parcels > 1 acre 	1 sign + 1 additional sign for every 600 LF street frontage	32 SF	8 FT	Up to 1 Year, may be renewed twice for 3 years total		Yes
B. RESIDENTIAL PROPERTIES						
Sign Type	Quantity	Max Sign Area	Maximum Height	Duration	Other Limitations	Permit
Yard Sign 	1	3 SF	3 FT	Up to 3 Months	Located on a developed residential lot	No
Neighborhood Sign 	1 sign per neighborhood entrance	3 SF	3 FT	Up to 1 Week	Located within neighborhood common area	No
New Subdivision Sign 	1 sign per street frontage	32 SF/sign	16 FT	Up to 3 years	Must be removed once all lots in subdivision are sold	Yes

Table 4: Temporary Sign Type Specifications (cont'd)

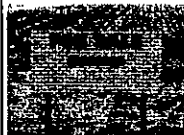
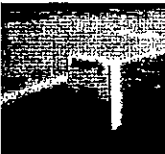
Sign Type	Quantity	Sign Area	Maximum Height	Duration	Other Limitations	Permit
Special Promotion   	2 Wall-Mounted Banners	32 SF Total	N/A	Max 30 days per installation Max 4x per year	N/A	Yes, For Each Install
	2 Pole Mounted Banners "Swooper Signs"	32 SF per sign	15 FT		Max Width: 3 FT	
	1 A-frame or T-frame sign portable sign	6 SF	3 FT		N/A	
D. SPECIAL CONDITIONS — In addition to temporary signage permitted by use/development character, the following special conditions apply:						
Sign Type	Quantity	Sign Area	Maximum Height	Duration	Other Limitations	Permit
Properties Under Construction	1	32 SF	8 FT	Building Permit: From Issuance until closed	Active building permit required	No
Properties listed for sale, lease, or rent						
≤ 1 acre  	1	6 SF	Free-Standing Sign: 5 FT Other Signs: N/A	While property is listed	N/A	No
> 1 acre 	1 sign + 1 sign for every additional 600 LF street frontage	32 SF	8 FT	While property is listed	N/A	Yes

Table 4: Temporary Sign Type Specifications (cont'd)

Election Season, Non-Commercial Messages 	Not limited	Residential Zoning, adj. to Rural or Local Road: 16 SF Other: 32 SF	<7 FT	90 days prior to General Election and up to 15 days after Primary Election	See below	No
Per ARS § 16-1019, such signs may be located within the City right-of-way provided they are not: 1. hazardous to public safety; 2. within a roadway median or traffic circle; 3. affixed to any City-owned utility pole, traffic control device or safety barrier; 4. located in a manner that interferes with the requirements of the Americans with Disabilities Act; 5. located in a designated commercial tourism, commercial resort, and hotel sign-free zone designated by the City Council pursuant to ARS §16-1019; and 6. otherwise in violation of a requirement found in this Section. Except as provided herein, such signs shall not be located on City-owned property, buildings, or structures.						
Grand Opening/New Business	Not limited. Includes banners, balloons, streamers, flags, pennants, and merchandise.	N/A	N/A	60 days within first 6 months of receiving a valid business license	See Grand Opening/New Business definition. Not permitted for Home Occupations.	No
Old Town A-frame	1 A-frame	6 SF	3 FT	Up to 1 year	Permitted for non-residential uses within the Old Town and Central Districts in the Old Town Specific Area Plan boundaries.	Yes
Resident Right of Way Sign 	4	6 SF	3 FT	4 days max, 4 x per year	For residents of Peoria with utility bill or other proof of address. Signs in ROW subject to same limitations as Election Season Signs	Yes

34 SIGNS

Sign Walker 	N/A	12 SF	6 FT	Daylight hours	Max Width: 6 FT See below	No
Temporary Use 	1 Banner + 3 A-frame or T-frame Portable Signs	Banner: 24 SF A-frame: 6 SF	Banner: N/A A-Frame: 3 FT	For the duration of approved Temporary Use Permit	N/A	Temp. Use Permit

34.11 Administration

- A. **Permit Application.** For signs requiring permits as described in this Section, a Sign Permit application shall be submitted to the Department, together with the required materials, and applicable fee, on an official form provided by the Department. The application shall satisfy the submittal requirements of the associated Process Guide for the appropriate sign type.
- B. **Permit Expiration.** Permits issued by the City under the provisions of this Article shall expired and become void if the work authorized by such permit is not completed within 180 days from the date of issuance of said permit.
- C. **Permit Revocation.** The Planning Manager or designee shall have continuing jurisdiction over all permits issued under the provisions of this Article and may revoke a permit if it was obtained by fraud or misrepresentation.
 1. Notice of the City's decision to revoke a sign permit shall be provided to the property owner by first class mail, or delivered in person to any person responsible for the premises on which the sign is located, or if no responsible party can be identified, by affixing a copy of the notice in a conspicuous location at the entrance to the premises.
- D. **Nuisance.** No permit issued under the provisions of this Article shall be deemed to constitute permission or authorization to maintain a public or private nuisance, nor shall such permit constitute a defense in an action to abate a nuisance.

GOODYEAR

landscaping. A maximum area of 32 square feet per wall sign is permitted.



WALL SIGN

- (3) The maximum height of any permanent subdivision sign shall be eight feet. The sign is encouraged to include the name of the development for efficient wayfinding.

b. Temporary Subdivision Signs:

- (1) During the construction phase, each recorded subdivision may have one sign with a maximum area of 96 square feet and the maximum height shall be 13 feet.
- (2) The sign shall not be located within 100 feet of any property line of an existing residence.
- (3) Such sign shall not be illuminated.
- (4) The sign must be removed when 95% percent of the lots within the subdivision are sold and/or the on-site sales office closes, whichever occurs first.

Commented [SC24]: No changes.

c. Model Homes:

- (1) Up to four flags per model home may be placed at any one subdivision, but the total number shall not exceed eight.
- (2) Flags shall have a maximum area of 12 square feet and may not be maintained higher than 25 feet above the adjoining ground.
- (3) Flags shall be removed when 95% of the lots in the subdivision are sold and/or the on-site sales office closes, whichever occurs first.

Commented [SC25]: No changes for this quasi-residential use.

GILBERT

H. Temporary Residential Subdivision Signs. Temporary Residential Subdivision Signs are permitted in single-family residential zoning districts for each builder in a recorded subdivision plat only in conjunction with a valid building permit for a model home complex. Temporary Residential Subdivision Signs are unlawful if they do not meet the criteria and limitations set forth below in Table 4.408.H, Temporary Residential Subdivision Signs: Criteria and Limitations.

TABLE 4.408.H. Temporary Residential Subdivision Signs: Criteria and Limitations			
	Principal Entry(ies)	Model Home Complex	Perimeter Subdivision Open Space
Maximum Number of Signs	1 per entry	1 or more	1 per street frontage
Maximum Sign Area	32 sq. ft.	96 sq. ft.	32 sq. ft.
Maximum Height	8 ft.	8 ft.	8 ft.
Minimum Setback/ Distance from Right of Way ¹	10 ft. (5 ft. if less than 32 sq. ft.)	10 ft. (5 ft. if less than 32 sq. ft.)	10 ft. (5 ft. if less than 32 sq. ft.)
Aggregate Maximum Sign Area	256 sq. ft.		
Duration	3 years or until the model home complex is permanently closed, whichever occurs first.		
Allowed on Public Sidewalk / Right-of-Way	No		
Allowed within a Sight Visibility Triangle	No		
Lighting or Illumination Allowed	No		
Permission of Owner Required	Yes		
Permit Required	Yes		
Movement Allowed	No		
Incorporation of Florescent Color or Exhibition of Florescence Allowed	No		

¹ Minimum sign setbacks are measured from the edge of the property line. Setbacks do not apply to wall signs.

HOME BUILDER SIGNS



Offsite Directional Sign located at an intersection.



Same picture as before.



Model home sign located at the driveway to the model home complex.

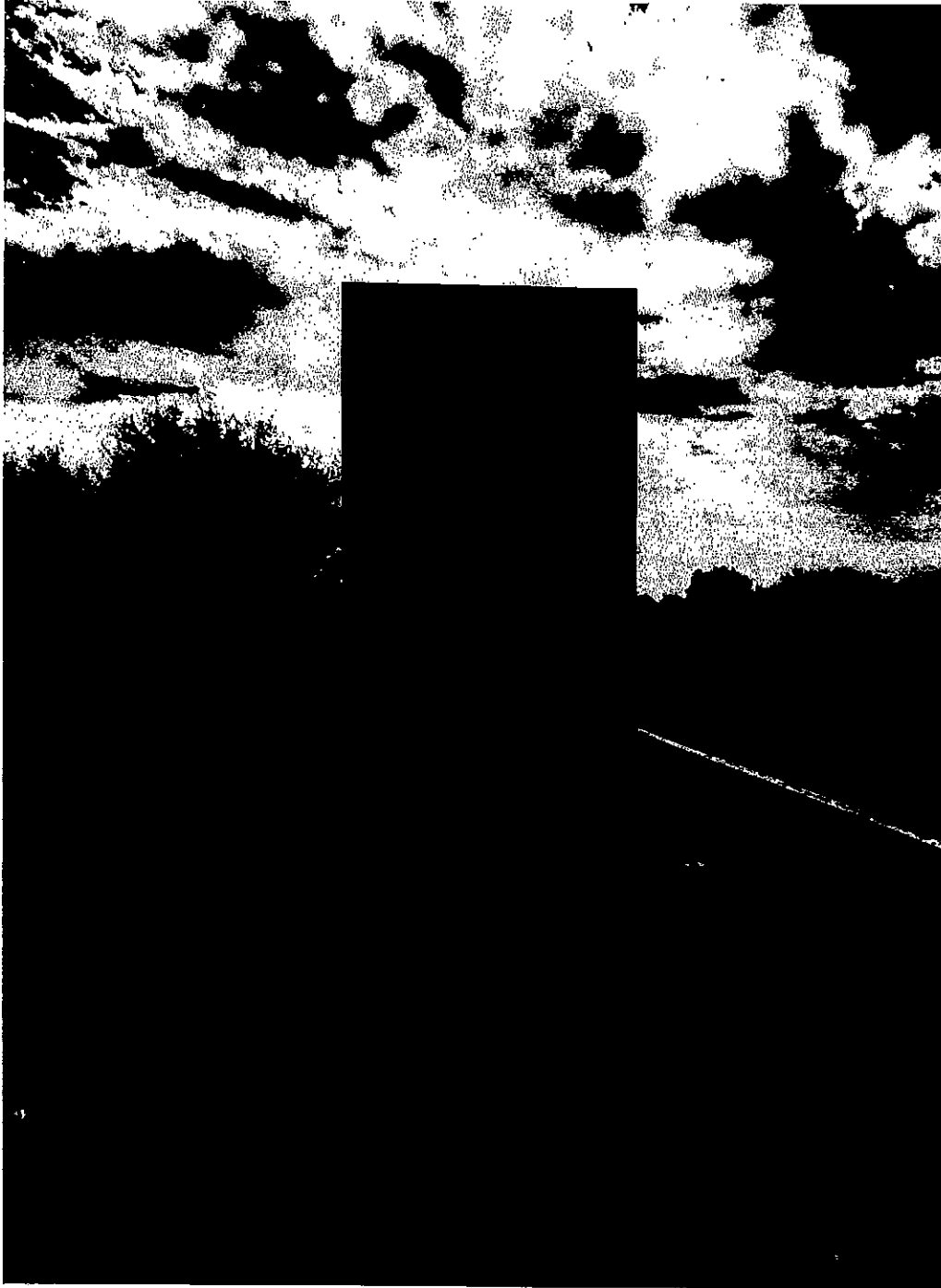


Two offsite directional signs located on what appears to be vacant land approaching an intersection.

Signs are 4' x 8' (32 square feet)



Same picture.



Another offsite directional sign located along the side of a road approaching an intersection. This sign is obviously oriented differently than the other signs.



This looks like one of those larger signs that came up at the last meeting that is located along the subdivision. This one is located next to the sidewalk along the adjacent collector street (Dixileta).



This is roughly the same size as the sign above, but it is located on a vacant lot within the subdivision. It is clearly larger than 4' x 8'.

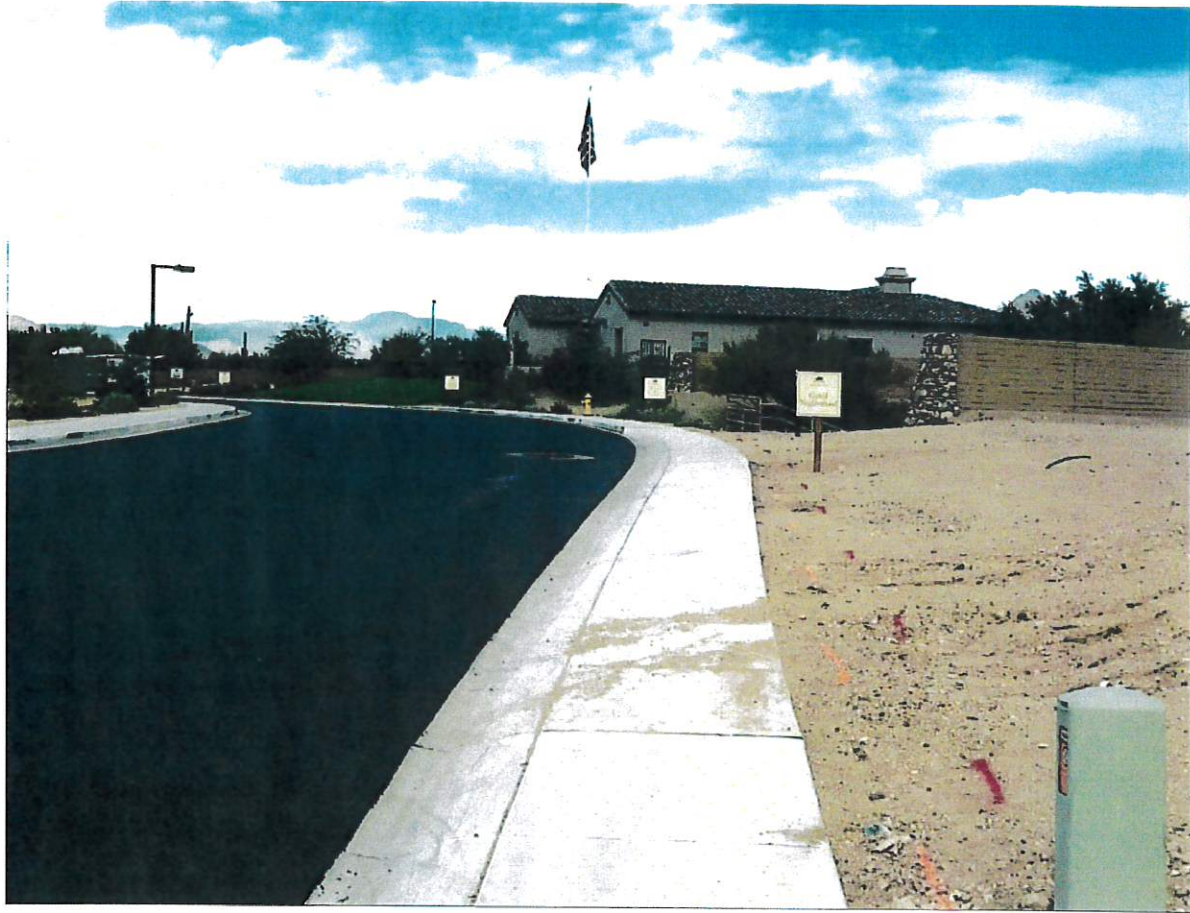
Sign is 8' x 12' (96 sq. ft.) For reference the sign permit number is 189009.



Same picture.



These are what I am going to call lead in signs. They are located on vacant lots once you enter the subdivision leading to the model home. Signs are 2' x 2'.



Different view showing the signs leading in to the model home.



These are flags located on the non-street side of the sidewalk on an adjacent street to the subdivision entrance. The sign in the background does appear to be 4' x 8'.



Another picture of the flags along the perimeter of the subdivision.



This is a sign that is along Cave Creek Rd. where you turn onto a local street to the entrance of the subdivision. I included this picture because of its size (larger than 4' x 8') and because of the rider.



A better picture of the placement of this sign.

From: [Eric Fitzer](#)
To: [Robert Kuhfuss](#)
Subject: FW: Surprise Sign Code Update - Minor Change
Date: Thursday, May 04, 2017 5:21:21 PM
Attachments: [image001.jpg](#)
[Surprise Sign Code Minor Modification.docx](#)

FYI

From: [REDACTED]
Sent: Thursday, May 04, 2017 11:38 AM
To: Eric Fitzer
Cc: Lloyd Abrams; [REDACTED]
Subject: Surprise Sign Code Update - Minor Change

Eric, you and Lloyd met with [REDACTED] a few weeks back regarding the City's sign code update. I believe when the meeting was over, Bill and Rhett stated that they would review the City's proposed update and provide for the possibility of allowing billboards as an option within the sign code. After thorough analysis and crafting some draft language that included utilizing a conditional use permit process for billboards, we decided to keep our requested change simple.

Since the comprehensive sign program allows for someone to introduce a unique or creative sign type that is not listed as a permitted sign type in Section 113-06.A, we are requesting removing the words 'billboard signs' from the prohibitive use section of the sign code update. We apologize for the time it took for us to get back to you on this, but we think this proposal makes the most sense. (the only edit in the attached document is the crossing out of the words billboard signs from section 113-06 F.1.) We are not sure if subsection F of the same overall section applies, but will leave that up to staff to decide.

Please call me to discuss. We did not intend on attending this evenings study session. Let us know how you would like us to proceed with this issue and how staff intends to handle this request. Thanks and look forward to discussing with you. Kurt

[REDACTED]

[REDACTED]

[REDACTED]

-
Offices: Arizona | California | Nevada

- B. **Signs in the Public Street Right-of-Way:** *Signs* are permitted within the public street right-of-way regardless of the zoning of said right-of-way, only when erected by, or on behalf of, the City of Surprise, or as permitted under Section 113-08.A.2.b and 113-08.A.3.b below.
- C. **Signs in the Private Street Right-of-way:** *Signs* are permitted within private street rights-of-way only when associated with an approved Planned Area Development (PAD) or Comprehensive Sign Program (CSP), or as required by the City of Surprise.
- D. **Encroachments:** No portion of any *sign* erected on any property may encroach into the public right-of-way unless expressed written permission is granted by the City of Surprise to allow said encroachment.
- E. **Signs as an Accessory Use:** All *signs* must be an accessory use to a primary use. In no case shall a *sign* be established as a primary use of the property; except that *temporary signs* as otherwise allowed within a given zoning district are exempt from this provision.
- F. **Prohibited Signs** – the following *sign* types are specifically prohibited:
1. *Abandoned signs, ~~Billboard Signs~~, Pole Signs* of a permanent nature, *Roof Signs and Snipe Signs*;
 2. *Animated Signs*, flashing, blinking, or rotating *signs*, festoons, *Inflatable Signs* including latex or Mylar balloons, permanent *Banner Signs*, *Pennants*, searchlights, streamers, *signs* other than *Class 1 Monument Signs* that emit audible sound, and any clearly similar features;
 3. *Vehicle Signs* when the *vehicle* is placed in a location not approved for vehicular parking or storage;
 4. *Signs* containing any words or symbols that would cause confusion because of their resemblance to highway traffic control or direction signals;
 5. Merchandise, equipment, products or other items which are not available for purchase, but are intended to attract attention, or for identification or advertising purposes;
 6. *Signs* located on trees, utility poles, public benches, or any other form of public property, or within any public right-of-way, unless explicitly permitted by these regulations;
 7. *Signs* containing vulgar or profane messages, hate speech, or language intended to incite violence.

From: [REDACTED]
To: [Robert Kuhfuss](#)
Subject: Sign Code input as it relates to case # CE-17-1444 and Code 113-4 (B)
Date: Wednesday, May 10, 2017 10:55:28 AM

Dear Robert,

It was suggested to me by Chr [REDACTED] that I may send you our feedback / input, as it pertains to Code 113-4 (B). We are a small business that opened on June 28th of 2016 (we are still in infant stages). Our store is [REDACTED] in Surprise. Our store is part of a plaza with other businesses as well. At the time we opened, we knew we were allowed to use A-Frame signs. We put them out everyday, and put them away at the end of the business day. These signs generated a large amount of traffic flow into the store. As a result of them, the store took right off in a positive direction and we've been very pleased with business. Sales exceeded my expectations early on. This store is our lifelong dream to open, and we work extremely hard to make it go.

Since we were forced to remove our signs, we are now only getting 1 - 3 people per day in the store now. When we had our A-frame signs set out, we'd get 50-75 people per day easily, and lots of purchases. In the past week, we've made 3 sales. There's a chance our business is going to fail now because we cannot adequately display signage. We are far enough back from the road that people just drive right by, blindly. Although we advertise both online and through periodical publications, it is not what really draws in the people. It's the A-frame signs that do it. We rely on that person that is just driving by and saw the A-frame sign.

It seems to me that the City would want us to bring in as much revenue as possible since we send in all of the Sales Tax we collect. These signs are not hurting anyone or causing any problems. We are hard working people just trying to earn a living.

I ask that the City of Surprise again, reinstate the use of A-Frame signs and help all of us little guys out. We are such a young business and we rely on the cars driving by to see our signs and stop.

Thank you for your consideration.

Sincerely,

[REDACTED]
[REDACTED]

From: [REDACTED]
To: [Robert Kuhfuss](#)
Subject: RE: Surprise Sign Code Update
Date: Monday, June 12, 2017 2:55:37 PM

That's great but what are we suppose to do till then. I have went from making \$1500 to \$2000 a day to making \$300.00 to \$500.00 City of surprise could of not picked the worst time of year to do this to small businesses...

[REDACTED]

----- Original Message -----

Subject: Surprise Sign Code Update
From: Robert Kuhfuss <Robert.Kuhfuss@surpriseaz.gov>
Date: Thu, June 08, 2017 4:50 pm
To: Robert Kuhfuss <Robert.Kuhfuss@surpriseaz.gov>

Greetings everyone,

I wanted to give everyone an update. We are planning a series of discussions with the Planning and Zoning Commission. Each session will cover a specific topic as outlined below. You are encouraged to attend, even if you think that subject matter might not pertain to your specific situation.

- <!--[if !supportLists]-->1. <!--[endif]-->**July 6, 2017** – Wall Signs and Freestanding Signs
- <!--[if !supportLists]-->2. <!--[endif]-->**July 20, 2017** – Billboards, Freeway Signs, and Electronic Messaging Centers (EMCs)
- <!--[if !supportLists]-->3. <!--[endif]-->**August 3, 2017** – Temporary Signs
- <!--[if !supportLists]-->4. <!--[endif]-->**September 7, 2017** – Open Discussion and Summary of Revisions

The above meetings will take place at 6:00 PM at the City Council Chambers located at 16000 Civic Center Plaza in Surprise.

As always, please feel free to contact me if you have any questions, comments, or concerns.

Thank you

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

City Hall offices open at 8 a.m. and close at 5 p.m. Monday through Friday. More info at www.surpriseaz.gov.

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08 Jun 2017 23:50:13 -0000

From: [Jim Beaudette](#)
To: [Robert Kuhfuss](#); [REDACTED]
Subject: Elimination of Open House signs on street corners etc.
Date: Saturday, August 12, 2017 10:48:56 AM

Hello,

By not allowing open house signs to direct prospective buyers to the home location has the potential to put the residents of Surprise who have listed their home for sale at a tremendous disadvantage compared to the communities that are close to Surprise. Surprise is a beautiful city, but finding certain streets and addresses can be very difficult. There are many prospective buyers who simply drive around in their car looking for open house signs. Open houses are a very effective way to market a home in our part of the Phoenix Valley. The open house signs do work very well. Please consider continuing to allow these signs to be utilized in Surprise.

Thank you so much

Jim Beaudette..... Long Realty West

Valley

Robert Kuhfuss

From: Cindy Kingery [REDACTED]
Sent: Wednesday, August 16, 2017 2:54 PM
To: Robert Kuhfuss
Subject: Enforcement of the current sign ordinance under consideration

Dear Mr. Kuhfuss,

I am a local Realtor, selling homes in Surprise, and I am in full support of the city's attempt to enforce the current sign ordinance. Driving either way on Bell Road in Surprise can be a challenge in and of itself, but throw in a sign-flipper or someone dressed as the Statue of Liberty can certainly draw the driver's eye away from the task at hand – driving safely.

However, in regards to that ordinance also covering Open House directional signs (Class 1, Temporary Small A-Frame signs), safely situated within a community of local streets, not busy thoroughfares, I feel that this ordinance is not only unnecessary but will have a harmful and negative effect on our homeowner's trying to get their homes sold. For instance, Sun City Grand does not allow signs within one block of Sunrise Blvd. and signs may not contain balloons, flags or any other distractions. Perhaps that could be a caveat when you are enforcing the sign ordinance, but **the City of Surprise should not be taking away our ability to successfully market our clients homes or growing our business.** Marketing a home includes Open Houses and that will impact local Realtors from growing their business. Remember that many of the agents holding the Open Houses are also Surprise residents and spend their earned dollars within the city.

Open Houses are an activity that certainly is popular in the Adult Communities of Surprise as well as a means of prospective buyers to view homes without the aid of an agent.

I strongly oppose the restrictions that prohibit the use of Class 1 Temporary Small A-Frame signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

*Regards,
Cindy*



Cindy Kingery,

[REDACTED]

From: [Joe Brown](#)
To: [Robert Kuhfuss](#)
Subject: Keep the temporary signs for Real Estate Open Houses
Date: Tuesday, September 05, 2017 12:44:47 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

Joe Brown
Associate Broker



From: [Ken Hill](#)
To: [Robert Kuhfuss](#)
Date: Thursday, August 17, 2017 1:14:56 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

Best Regards
KEN HILL
Long Realty Surprise



www.arizonapropertybykenhill.com

From: [Toni Froese](#)
To: [Robert Kuhfuss](#)
Subject: RE: A Frame signs banned in Surprise
Date: Wednesday, August 09, 2017 10:34:26 AM
Attachments: [image003.png](#)

Dear Mr. Kuhfuss,

I am sure you are being bombarding with emails and phone calls and I would like to make a suggestion. It would behoove you to explain WHY Surprise feels this ban on signs is necessary. It doesn't make any sense. If there is a specific reason as to how it can pertain to all businesses and Realtors trying to promote Surprise and your residents we would like to understand it. For the life of me, I cannot even phantom a reason for this rule.

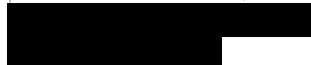
I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise.

I support modifying the code to allow the use of temporary signs to effectively market the homes that your constituency list for sale in Surprise.

Thank you for your consideration.

Respectfully,
Toni Froese, Realtor

Barbara "TONI" FROESE



GOD BLESS AMERICA

From: [Denise Williams](#)
To: [Robert Kuhfuss](#)
Subject: Restrictive signage
Date: Thursday, August 17, 2017 5:54:33 AM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

*Denise Williams
Realtor @ Long Realty, Surprise*

From: [Joan Boesen](#)
To: [Robert Kuhfuss](#)
Subject: Sign Code
Date: Monday, August 21, 2017 7:53:50 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

Joan Boesen, Associate Broker
GRI, CSSN, e-PRO, CPRES
Long Realty West Valley



 [panel](#)

Like my business page on facebook click above.

****Be aware! Online banking fraud is on the rise. If you receive an email containing WIRE TRANSFER INSTRUCTIONS, call your escrow officer immediately at a number you trust to verify the information prior to sending funds.****

From: [Susie Waggoner](#)
To: [Robert Kuhfuss](#)
Subject: Sign ordinance for temporary signs
Date: Wednesday, August 16, 2017 3:45:17 PM

Dear Mr. Kuhfuss,

I am a local REALTOR® and I list and sell homes in Surprise. I strongly oppose the restrictions that currently prohibit the use of temporary signs as indicated in the Surprise sign code. This code/rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. I would encourage Planning and Zoning as well as City Council Leaders to support modifying the code to allow the use of temporary signs to effectively market the homes that are listed for sale in Surprise, as well as limiting the number of signs that can be used. I completely understand and agree that there is NO need for signs every 2-3 feet and several signs on all 4 corners. It would be helpful to be able to place signs indicating where to turn, some houses would require only 5-6 signs but others may need to have many more. Perhaps defining 1 sign every X feet or at each street/intersection necessary to access the home.

Thank you for your consideration.

Respectfully,

Susie



Susie Waggoner,
REALTOR®, GRI®, SRES®
Long Realty West Valley



From: [Darlene Duke](#)
To: [Robert Kuhfuss](#)
Cc: [Darlene Duke](#)
Subject: Sign ordinance
Date: Sunday, August 13, 2017 8:50:28 AM

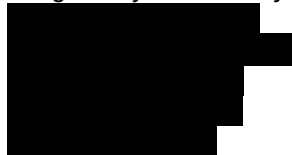
Dear Mr. kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

Darlene Duke
Long Realty West Valley



From: [Lona King](#)
To: [Robert Kuhfuss](#)
Subject: Sign Restriction
Date: Wednesday, August 09, 2017 12:05:32 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

Lona King
Long Realty West Valley

[REDACTED]
[REDACTED]
[REDACTED]

From: [Dana Barrette](#)
To: [Robert Kuhfuss](#)
Subject: Surprise Sign Code -- Allow Use of Temporary Signs
Date: Thursday, August 10, 2017 12:58:04 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

--

Dana J. Barrette
Realtor
Long Realty - West Valley

Knowledge. Expertise. Results.



From: [Roberta Davidson 623-889-1992](mailto:Roberta.Davidson@KellerWilliams.com)
To: [Robert Kuhfuss](mailto:Robert.Kuhfuss@KellerWilliams.com)
Subject: Surprise Sign Code Update
Date: Wednesday, August 09, 2017 10:22:30 AM

Dear Mr. Kuhfuss,

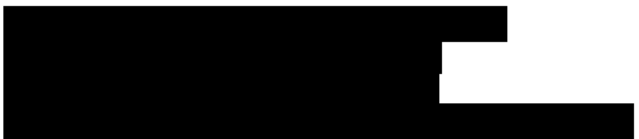
I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,



Roberta Davidson, GRI, CNE, REALTOR®, PLLC
Keller Williams Realty Professional Partners



From: [Dale Peterson](#)
To: [Robert Kuhfuss](#)
Subject: Surprise Sign Code
Date: Saturday, August 19, 2017 11:34:35 AM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

Dale Peterson

LONG REALTY WEST VALLEY



From: [Rachel Van Hoesen](#)
To: [Robert Kuhfuss](#)
Subject: Surprise Sign Petition Signatures
Date: Friday, August 18, 2017 10:57:22 AM
Attachments: [Scan.pdf](#)

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Attached is many signatures collected from our office signing the petition.

Respectfully,

The office of Long Realty West Valley

Rachel Van Hoesen

Listing Coordinator

Long Realty West Valley



From: [Mike Reppy](#)
To: [Robert Kuhfuss](#)
Subject: Surprise
Date: Wednesday, August 09, 2017 10:18:27 AM

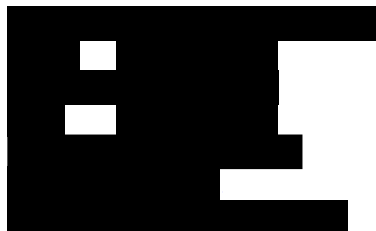
Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

MIKE REPPY
REALTOR
Multi-Million Dollar Producer



From: [Van Carranza](#)
To: [Robert Kuhfuss](#)
Subject: Temporary Real Estate Signs
Date: Friday, August 18, 2017 7:28:12 PM
Attachments: [OutlookEmoji-1464325383188_Mvc2238db2-0c7b-4dd3-b151-dba5974affdf.jpg](#)

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

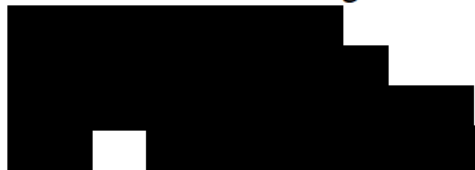
Thank you for your consideration.

Respectfully,

Van Carranza



Van Carranza



From: [Bob File](#)
To: [Robert Kuhfuss](#)
Subject: Temporary Sign Ordinance
Date: Wednesday, August 09, 2017 4:34:38 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,
Robert File
Long Realty West Valley
Sent from my iPhone

From: [Patti](#)
To: [Robert Kuhfuss](#)
Cc: jblanton13@cox.net
Subject: Temporary Sign Regulation - Surprise AZ
Date: Wednesday, August 09, 2017 11:32:50 AM

Dear Mr. Kuhfuss:

As active Realtors in the Surprise area we are writing to strongly oppose restrictions that prohibit the use of temporary signs - now a part of the Surprise sign code.

This code is extremely detrimental to any homeowner attempting to sell their home and, at the same time, detrimental to the City of Surprise as a whole. Homes that stay on the market for an extended period of time do nothing but decrease home values as you can see by reading and keeping abreast of home sales across the country.

If nothing else, serious consideration should be given to modifying the code to allow the use of temporary signs to effectively market the homes that we and our peers/colleagues list for sale in Surprise.

Patti Blanton/Debbie Myers
REALTORS
Long Realty West Valley



From: [Angela Brunetti](#)
To: [Robert Kuhfuss](#)
Subject: Temporary Sign Restrictions
Date: Wednesday, August 09, 2017 11:01:18 AM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

Angela Brunetti

Angela Brunetti
REALTOR®



Long Realty West Valley



From: [Dale Chandler](#)
To: [Robert Kuhfuss](#)
Subject: Temporary Sign use
Date: Wednesday, August 09, 2017 5:17:47 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

*Respectfully,
Dale Chandler, Associate Broker
Above & Beyond Realty*



Thank you,

Dale Chandler

Associate Broker

Above & Beyond Realty

"Success Through Serving Others" DaleChandler.com



From: [Marcie Coffman](#)
To: [Robert Kuhfuss](#)
Subject: Temporary Signs
Date: Wednesday, August 16, 2017 1:55:18 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

Marcie Coffman

A black rectangular redaction box covering the signature area.

From: [Marcia File](#)
To: [Robert Kuhfuss](#)
Subject: Temporary signs
Date: Wednesday, August 30, 2017 7:59:11 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of every home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

Respectfully,

Marcia File

Long Realty West Valley

From: [Margaret Popp](#)
To: [Robert Kuhfuss](#)
Subject: Temporary Signs to Market Surprise Homes
Date: Wednesday, August 09, 2017 12:09:20 PM

Dear Mr. Kuhfuss,

I am a local Realtor selling homes in Surprise. I strongly oppose the restrictions that prohibit the use of temporary signs currently included in the Surprise sign code. This rule creates a serious disadvantage for Surprise homeowners and their Realtors when marketing their homes for sale. This rule threatens the value of EVERY home in Surprise. I support modifying the code to allow the use of temporary signs to effectively market the homes that I list for sale in Surprise.

Thank you for your consideration.

*Respectfully,
Margi Popp*

--

MARGI POPP
e-Pro/Realtor®
Seller and Buyer Agent

"The secret of success in life is for a man to be ready for his opportunity when it comes."
Author Abraham Lincoln

LONG REALTY WEST VALLEY



From: [Liz Recchia](#)
To: [Robert Kuhfuss](#)
Cc: [Kathy Basque](#)
Subject: WeMAR comments to Council re: Feb vote
Date: Wednesday, August 09, 2017 12:54:19 PM
Attachments: [image001.jpg](#)
[image002.jpg](#)
[Letter WeMAR sent to Mayor & Council Plus Signature Pages.pdf](#)

Hi Robert,

I hope this finds you well.

I wanted to let you know we sent a letter to the Mayor and City Council yesterday regarding the February vote on the sign ordinance extension.

I have attached a copy of the package we sent for your reference. Additionally, we will be making comments at the August 15th City Council meeting.

I appreciate the comments you and Eric have made before the P&Z Committee and your recognition that temporary signage is important to residents and business.

Please let me know if you have any questions.

Thank you,

Liz Recchia

Government Affairs Director

West Maricopa Association of REALTORS®

[REDACTED]

[REDACTED]

2015 WeMAR REALTOR® of the Year

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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Liz Recchia
Government Affairs Director
West Maricopa Association of REALTORS®



To:
Mayor Wolcott and City Council
City of Surprise
16000 N Civic Center Plaza
Surprise, Az 85374

August 1, 2017

Dear Mayor Wolcott and City Council,

I am writing on behalf of the members of WeMAR, the West Maricopa Association of REALTORS®.

In February 2017, you voted to remove temporary sign policies in place since 2009. The reasons for the temporary sign policy are still valid. We request you reconsider, and allow those temporary policies to be put back in place.

Adequate, visible and legible signage is very important to business, their customers and the community. Surprise has several retail and business developments in which signage is not adequate or visible to passersby.

REALTORS® who have been hired to list and sell property on behalf of a property owner, depend on temporary signage to direct potential customers to the property and to identify a property as "for sale" or "for lease".



Property owners offering their property for sale or lease, or holding a garage sale, also depend on temporary signage.

The current ban on temporary A-Frame signs and limited temporary signage makes conducting business, open houses and other events extremely difficult. Businesses depend on A-Frame signs to direct customers to the entrance of their complex. REALTORS® conducting open houses rely on A-Frame signs to direct traffic to the property efficiently. Property owners depend on A-Frame signs in a like manner.

Waiting until a new sign ordinance is adopted places a substantial burden on business and property owners.

We ask you to reconsider, and allow the sign policy to be as it has been since 2009 until a new sign ordinance is established.

Sincerely,



Liz Recchia

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Walt Patterson

Walt Patterson

Coldwell Banker

Rick Messersmith

Rick

" "

Susan Bear

Susan Bear

" "

James Musselman

James Musselman

Coldwell Banker

Charles Thompson

Charles Thompson

Coldwell Banker

RITA KRENTZEL

Rita Krentzel

Coldwell Banker

MITCH WOLFE

Mitch Wolfe

Coldwell Banker

Nicola Piasnikowski

Nicola Piasnikowski

Coldwell Banker

DEREK OSTROVSKI

Derek Ostrovski

Coldwell Banker

Dorothy Quimette

Dorothy Quimette

Coldwell Banker

MIKE LUOSTEN

Mike Luosten

Coldwell Banker

SCILLA SMITH

Scilla Smith

Coldwell Banker

JOE RANDALL

Joe Randall

Coldwell Banker

OLIVIA COUZ

Olivia Couz

Coldwell Banker

JUDITH GLEY

Judith Gley

Coldwell Banker

Teresa Anderson

Teresa Anderson

Coldwell Banker

NAME (PRINT)

NAME (SIGN)

BROKERAGE

NAME (PRINT)	NAME (SIGN)	BROKERAGE
Kellydawn Zollinger	Kellydawn Zollinger	REAL LIVING Property for You
Teresa KUBO-ACUNA	Teresa KUBO-ACUNA	REAL LIVING Property for You
Aubrey Smith	A. Aubrey Smith	REAL LIVING Property for You
Leanne Fisher	Leanne Fisher	REAL LIVING Property for You
Nichelle Hiebert	Nichelle Hiebert	REAL LIVING Property for You!
Jack Hansen	Jack Hansen	REAL LIVING Property for You
Dennis Goodnick	Dennis Goodnick	REAL LIVING Property for You
Chris Hendrick	Chris Hendrick	REAL LIVING Property for You
Michael Klein	Michael Klein	REAL LIVING Property for You
Bill GADDIS	Bill GADDIS	REAL LIVING Property for You
Stephan Lauer	Stephan Lauer	REAL LIVING Property for You
Lisa Miller	Lisa Miller	REAL LIVING Property for You
William E. ASHWEIL	William E. ASHWEIL	REAL LIVING Property for You
Donna Stogden	Donna Stogden	REAL LIVING Property for You
Kellydawn Zollinger	Kellydawn Zollinger	REAL LIVING Property for You
Luke Lewis	Luke Lewis	REAL LIVING Property for You

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Cynthia Parker

Cynthia Parker

Keller Williams
Realty Professionals
Partners

LaMont Parker

LaMont Parker

Keller Williams
Realty Professionals
Partners

NAME (PRINT)

NAME (SIGN)

BROKERAGE

NAME (PRINT)	NAME (SIGN)	BROKERAGE
Andy Kest	[Signature]	Keller Williams
Eric Sanchez	[Signature]	Keller Williams
Laurenzy Erickson	[Signature]	Keller W. Williams
Anthony Hassell	[Signature]	Keller Williams
Underson Shelly	[Signature]	Keller Williams
Varlene Kees Shivers	[Signature]	Keller Williams
Lori Kennedy	[Signature]	Keller Williams
Erica [unclear]	[Signature]	Keller Williams
Ernest [unclear]	[Signature]	Keller Williams
Al. Lee M. [unclear]	[Signature]	Keller Williams
Andon [unclear]	[Signature]	Keller Williams
Angi Smith	[Signature]	Keller Williams
Alexa Smith	[Signature]	Keller Williams
Joyce [unclear]	[Signature]	Keller Williams
Sarah Struck	[Signature]	Keller Williams
Tan [unclear]	[Signature]	Keller Williams
Kelly [unclear]	[Signature]	Keller Williams
Adam [unclear]	[Signature]	Keller Williams

NAME (PRINT)

NAME (SIGN)

BROKERAGE

NAME (PRINT)	NAME (SIGN)	BROKERAGE
Wanda Neat	W Neat	Realty One Group
Mary Balderago	M Balderago	Realty One Group
Chris Kraemer	C Kraemer	Realty One Group
Maria Paulina Ruiz	Maria P Ruiz	Realty One Group
Yolanda Ruiz	Yolanda Ruiz	Realty One Group
Debra Ruiz	Debra Ruiz	Realty One Group
Phillip Jordano	Phillip Jordano	Realty One Group
Hector S. Nolasco	Hector S. Nolasco	Realty One Group
Lynn Ashton	Lynn Ashton	Realty One Group
Naomi Valles	Naomi Valles	Realty One Group
Cheryl Kende	Cheryl Kende	Realty One Group
Geetha Kende	Geetha Kende	Realty One Group
WIOLETA KAPUSTA	W. Kapusta	Realty One Group
Donna Laguna	Donna Laguna	Realty One Group
Yessenia Estrada	Yessenia Estrada	Realty One Group
Brian Cross	Brian Cross	Realty One Group
Larry Krueger	Larry Krueger	Realty One Group
Angela Giddings	Angela Giddings	Realty One Group
Karla Goodman	Karla Goodman	Realty One Group
Rae Sweet	Rae Sweet	Realty One Group

NAME (PRINT)

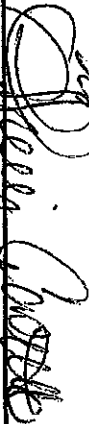
NAME (SIGN)

BROKERAGE

MATTHEW MOORE

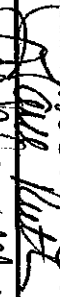
REALTY ONE GROUP

Sheri Castillo



Realty One Group

Tina Rothrock



Realty One Group

HEMEL M. HALL



Realty One Group

Sally Roer



Realty One Group

SESHU MADH



Realty One Group

Janell Lloyd



Realty One Group

Boldy Klatter



Realty One Group

Morgan Bailey



Realty One Group

Dolby Pearson



Realty One Group

Debra Lynn



Realty One Group

Calvin Williams



Realty One Group

Jay Oliver



Desert Home Premier

Isaac Schlegel



Reprints Preferred Choice

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Patricia Haines	Patricia Haines	Award Realty
SANDRA Fullerton	Sandra Fullerton	Award Realty
Maureen Sciotino	Maureen Sciotino	Award Realty
TAK Cutchell	TAK Cutchell	Award Realty
Robert E. BRISBY	Robert E. BRISBY	Award Realty
KIRBY M. BERRERS	KIRBY M. BERRERS	Award Realty
Lee Buchanan	Lee Buchanan	Award Realty
Julia J. Kramer	Julia J. Kramer	Award Realty
MIKE MARY	MIKE MARY	Award Realty
Emelinda Evans	Emelinda Evans	Award Realty
STEVE BRAUN	STEVE BRAUN	Award Realty
CARL SCHUEITZ	CARL SCHUEITZ	Award Realty
Joanna Coane	Joanna Coane	Award Realty
Kevin Wampler	Kevin Wampler	Award Realty
Janette Wampler	Janette Wampler	Award Realty
PHILIP E. CROSBY	PHILIP E. CROSBY	Award Realty
Thomas A. Halder	Thomas A. Halder	Award Realty
LEONA K. PETERS	LEONA K. PETERS	Award Realty
Mark Reinhardt	Mark Reinhardt	Award Realty
Randy Strick	Randy Strick	Award Realty

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Louise L. Byrne	Louise L. Byrne	Award Realty
Howard BenHoe	Howard BenHoe	" "
Mickey McGee	Mickey McGee	" "
MICHAEL POWERS	MICHAEL POWERS	" "
Georgina J. Starnwood	Georgina J. Starnwood	" "
Sue Beckwith	Sue Beckwith	Award Realty
William T. Brown	William T. Brown	Memoes T&T
William A. Shaw	William A. Shaw	Award Realty
GREEN BROWN	Green B. Brown	THUNDER 12/24/77
Kay Peterson	Kay A. Peterson	Award Realty
Shirley Dale	Shirley Dale	Award Realty
Joanne L. Hall	Joanne L. Hall	Award Realty
David Hall	David Hall	Award Realty
Bob Starn	Bob Starn	Award Realty
Andrea Bartsch	Andrea Bartsch	Award Realty
ARVID O. PETERSON	Arvid O. Peterson	Award Realty
Kent Potts	Kent Potts	Award Realty

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Brian McMahon

Brian McMahon

HomeSmart

Roxes Bojorgues

Roxes Bojorgues

HomeSmart

Sharon Rowison

Sharon Rowison

HomeSmart

Pam Rives

Pam Rives

HomeSmart

Deborah Carlsson

Deborah Carlsson

HomeSmart

David Hackety

David Hackety

HomeSmart

Elis Mulder

Elis Mulder

HomeSmart

Charlotte Brown

Charlotte Brown

HomeSmart

Kathy Stevers

Kathy Stevers

HomeSmart

Carol Dwyer

Carol Dwyer

HomeSmart

Maryann Gomez

Maryann Gomez

HomeSmart

Aggie L. Hartman

Aggie L. Hartman

HomeSmart

John Stevens

John Stevens

HomeSmart

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Christine Smith

Christine Smith

HomeSmart

Duane Smith

Duane Smith

HomeSmart

Olga Barthel

Olga Barthel

HomeSmart

Martha Navaro

Martha Navaro

HomeSmart

ROBERT PETROWSKI

Robert Petrowski

HomeSmart

Anna Carl

Anna Carl

HomeSmart

Edelweiss

Edelweiss

HomeSmart

ELLY WHITE

Elly White

HomeSmart

AUGUST WASSER

August Wasser

HomeSmart

Heidi Zimmer

Heidi Zimmer

HomeSmart

NAME (PRINT)

NAME (SIGN)

BROKERAGE

James Eyer

James Eyer

HomeSmart

MICHELLE STAN

Michelle Stan

HomeSmart

MARTY GREENBERG

Marty Greenberg

HomeSmart

James Kessler

James Kessler

HomeSmart

Baron Wacker

Baron Wacker

HomeSmart

PAT KETCHAM

Pat Ketcham

HomeSmart

Mark Olsen

Mark Olsen

HomeSmart

Laura Wilkerson

Laura Wilkerson

HomeSmart

Diana Hurst

Diana Hurst

HomeSmart

Brooke Kistner

Brooke Kistner

HomeSmart

David Mander

David Mander

HomeSmart

Rebecca Mank

Rebecca Mank

HomeSmart

NAME (PRINT)

NAME (SIGN)

BROKERAGE

NAME (PRINT)	NAME (SIGN)	BROKERAGE
Amelia Giventa	Amelia Giventa	HomeSmart
MARREN HOLLIS	MARREN HOLLIS	HomeSmart
DENISE VINES	DENISE VINES	HomeSmart
KIMBERLY MOORE	KIMBERLY MOORE	HomeSmart
PHILIP DANKS	PHILIP DANKS	HomeSmart
RANDI KLEIN	RANDI KLEIN	HomeSmart
RT MILLERSMITH	RT MILLERSMITH	HomeSmart
ORLAND J. SANDSON	ORLAND J. SANDSON	HomeSmart
OP SANDSON	OP SANDSON	HomeSmart
BARRY LAMONT GREENS	BARRY LAMONT GREENS	HomeSmart
BRANDIE L. CHECKS	BRANDIE L. CHECKS	HomeSmart

NAME (PRINT)

NAME (SIGN)

BROKERAGE

NAME (PRINT)	NAME (SIGN)	BROKERAGE
Indy Boell	Indy Boell	KW
John Wynn	John Wynn	KW
Kira Ste	Kira Ste	KW
John Bradburn	John Bradburn	15th
Marsela Reynolds	Marsela Reynolds	KW
Tracey A. Banning	Tracey A. Banning	KW
Yoland Biazano	Yoland Biazano	KW
Matthew Jones	Matthew Jones	KW
Michael Gore	Michael Gore	ROG
East MDavis	East MDavis	KWRP
John Daffner	John Daffner	KW
Walter Bitter	Walter Bitter	KW
Marshall Boies	Marshall Boies	KW
Julia D. Humes	Julia D. Humes	KWRP
Joe Delgado	Joe Delgado	KWRP
Christie McCulley	Christie McCulley	KWRP
Dale Proever	Dale Proever	KW
Stacy Christian	Stacy Christian	KWRP
Connie Drelling	Connie Drelling	KW
Edan Archibald	Edan Archibald	KWRP

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Gres Parler

Gres Parler

KW

Fred Delgado

Fred Delgado

KW

Carl Anderson

Carl Anderson

KW

Marcel Muthery

Marcel Muthery

KW

Patly Piciardini

Patly Piciardini

KW

Heather Rose

Heather Rose

KW.

Robert Plin

Robert Plin

KW.

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Tedd Smith



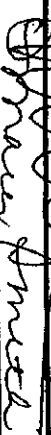
Kenneth Williams & Paul Partners

Shannon Cunningham



Keller Williams and Prof. Partners

Maest Smith

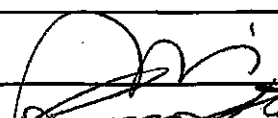
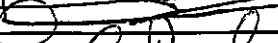
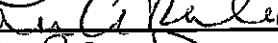
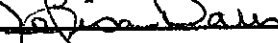
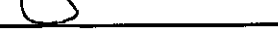


Keller Williams Pro Partners

NAME (PRINT)

NAME (SIGN)

BROKERAGE

PATRICIA DAVIS		Russ Lyon Sotheby's
CAMDEN STEELE		INTL REALTY
JAMON BROCKMAN		Russ Lyon Sotheby's Intc.
Mary Beth Clive		Russ Lyon Sotheby's Realty
Cindy Smith		Russ Lyon S I R
Linda Kaiser		Russ Lyon S I R
DAVID FRIEDMAN		Russ Lyon Sotheby's Intl Realty
Lori Reiland		Russ Lyon Sotheby's Intl Realty
DELISA DAUM		Russ Lyon Sotheby's Realty

DigiSign Verified: CFAEFBC5-0FA2-43BA-B510-4BF93ABE0E83

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Susan Lutz

Susan Lutz

CENTURY 21 Arizona Foothills

Surprise Resident Agents.

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Ginger Zilk	<i>[Signature]</i>	West USA Realty
Trish Bratt	<i>[Signature]</i>	West USA Realty
Erica Blankenship	<i>[Signature]</i>	West USA Realty
Erica Blankenship	<i>[Signature]</i>	West USA Realty
Michelle Lewis	<i>[Signature]</i>	West USA Realty
Teri Mogensen	<i>[Signature]</i>	West USA Realty
Scott Schultz	<i>[Signature]</i>	West USA Realty
Sammy Bowring	<i>[Signature]</i>	West USA Realty
DAVID NOCHRAAL	<i>[Signature]</i>	West USA Realty
Michelle Cochran	<i>[Signature]</i>	West USA Realty
Deborah Lamb	<i>[Signature]</i>	West USA Realty
Angela McIver	<i>[Signature]</i>	West USA Realty
Debbie Long	<i>[Signature]</i>	West USA Realty
Ann Pulver	<i>[Signature]</i>	West USA Realty
Deborah Welch	<i>[Signature]</i>	West USA Realty
Julie Kolland	<i>[Signature]</i>	West USA Realty
Jesse Gregory	<i>[Signature]</i>	West USA Realty

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Karen Cahill

Karen Cahill

Century 21 AZ Foothills

JUAN GOMEZ SALES

~~JUAN GOMEZ SALES~~

Century 21 AZ Foothills

Leonard Kelley

Leonard Kelley

Century 21 AZ Foothills

NAME (PRINT)

NAME (SIGN)

BROKERAGE

JACK TOWERS	J E Tamm	Long Realty Sunc
KIMBERLY MANKOWSKI	Kim Mankowski	Long Realty West Valley
JUDY PRIER-LEWIS	Judy Prier-Lewis	Long Realty
Craig Ploeger	Craig Ploeger	Long Realty West Valley
Maranetta Ploeger	Maranetta Ploeger	Long Realty West Valley
CARY ANIKU	Cary Aniku	" "
Nancy Mazour	Nancy Mazour	" "
JOSEPH FERRARO	Joseph Ferraro	Long Realty
SUSIE WAGGONER	Susie Waggoner	Long Realty
Pamela Bahl	Pamela Bahl	Long Realty West Valley
Don Wheeler-Riley	Don Wheeler-Riley	Long Realty West Valley
MARIE COFFMAN	Marie Coffman	Long Realty " "
Nancy Miska	Nancy Miska	Long Realty West Valley
Pamela Martin	Pamela Martin	Long Realty West Valley
Jim Hanbrick	Jim Hanbrick	" " " "
DARCENE TAFFE	Darlene Taffe	Long Realty West Valley
DIANA SNYDER	Diana Snyder	Long Realty West Valley
Ellen Rose Plotkin	Ellen Rose Plotkin	Long Realty West Valley
Rebecca Good	Rebecca Good	Long Realty West Valley
MATTHEW GEORGE	Matthew B. George	Long Realty West Valley
Jerry Rickles	Jerry Rickles	" " "

NAME (PRINT)

NAME (SIGN)

BROKERAGE

Susan Markus	Susan Markus	Long Realty
Van Carranza	Van Carranza	Long Realty
Kyle Conroy	Kyle Conroy	Long Realty
Coil Burgari	Coil Burgari	Long Realty
Deby Curcio	Deby Curcio	Long Realty
JAMES R. WATTIOWSKI	JAMES R. WATTIOWSKI	Long Realty
JOSEMARIE PLANT	JOSEMARIE PLANT	LONG REALTY
LINDA VAN PEURSEM	Linda Van Peursem	Long Realty
Heather VanPeursem	Heather VanPeursem	Long Realty
Yvette Kaplan	Yvette Kaplan	Long Realty



INTERNATIONAL SIGN ASSOCIATION

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info@signs.org

WWW.SIGNS.ORG



January 4, 2018

City of Surprise Planning and Zoning Commission

I am contacting you on behalf of the Arizona Sign Association and the International Sign Association. Both association work with jurisdictions to assist in the creation of beneficial and enforceable sign regulations.

We offer you the following suggestions Version 2 of the Draft Sign code for your consideration:

Recommended additions or deletions are highlighted.

Section 113-08 General Provisions B.2. – Page 35-36

~~Raceway cabinets may only be utilized when mounting a building wall sign to a building surface that is generally difficult to repair such as, but not limited to, stone or brick masonry. Raceway cabinets shall not be utilized in conjunction with surface materials that are generally easy to repair such as, but not limited to, stucco or Engineered Insulated Finishing Systems (EIFS). Where raceway cabinets are utilized, said raceway cabinets shall be painted to match the color of the surface onto which it is mounted.~~

An exterior may be stucco but does not allow for sufficient access inside the wall to install pan channel type letters. Due to the difficulty in administration as drafted, we recommend that raceways be allowed with proposed design guidelines.

Section 113-10 Sign Illumination

~~In those areas of the city that are considered environmentally sensitive located within the Scenic Lands Development Sub Area as depicted in the Surprise General Plan 2035, the city may require the use of muted colors unless specific colors are included in a federally registered trademark that has been registered with a federal or state agency. The city may also require reduced lighting intensities for those signs located within environmentally sensitive areas the Scenic Lands Development Sub Area. Signs in these areas shall have only the sign copy illuminated non sign copy area shall be non illumination.~~

We recommend that specific design requirements be stated since muted colors and reduced lighting cannot be easily administered nor understood by the applicants.

~~Any Building Wall Sign associated with a multi-story building greater than five (5) two (2) stories or a multi-story mixed use building greater than five (5) stories as outlined in Section 113-~~

201 Daktronics Dr. PO Box 5128
Brookings, SD 57006-5128

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January 17, 2018

Page 2

Neighboring cities have addressed this issue and allowed 50% of overall sign area for churches and/or other non-residential uses in residential areas. Below are code excerpts from Gilbert and Glendale, AZ:

Gilbert, AZ

4.409 – Permanent Signs

3. *Electronic Changing Message Displays.* The entire Sign Face of a Freestanding Monument, Tower Sign, and Freeway Sign may be an electronic Changing Message Display if said sign is located within a zoning district where Freestanding Signs are allowed except for residential zoning districts and subject to the following operational limitations. For non-residential uses in residential zoning districts, one-half (1/2) of the Sign Face of a Freestanding Monument Sign may be an electronic Changing Message Display, subject to the following operation limitations:

Glendale, AZ

7.104 General Provisions

Sign, Reader Panel: A sign designed to permit immediate change of copy either manually or electronically.

4. Reader Panel Signs.

- a. Churches may use up to one-half (1/2) of the allowed freestanding sign area for a reader panel.

Additionally, we wish to point out that restricting sign owners to small EMC sizes forces them to either use small fonts or to break up information into multiple messages. Both of these options can make it difficult for passerbys to read and completely understand the messages. This small, restrictive EMC size will prevent many customers from even considering EMC's in their signs, due to the limitations it imposes.

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www.daktronics.com

January 17, 2018

Page 3

We hope you find this information useful. We would strongly encourage you to allow up to 50% of overall sign area for non-residential uses in residential areas.

Daktronics is the world leader in design and manufacture of electronic display systems. We are committed to working with regulatory entities, while addressing the needs of local businesses, schools, churches, and organizations.

If you have any question or if I can provide any additional information, please let me know. Thank you for your time.

Sincerely,
DAKTRONICS, INC.



Kimberly Mayer
Signage Legislation
(605) 692-0220



INTERNATIONAL SIGN ASSOCIATION

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0809.B.1.c that is located within ~~1,320~~ 200' feet of and visible from any residential zoning district may not be illuminated in any manner between the hours of 10:00 PM and 6:00 AM except for ambient lighting present on the property.

A reasonable distance should be stated such as 200'. A wall sign that is 1/4 mile away from a residential district will have no measurable impact on that district.

Section 113-11 electronic Messaging Centers (EMCs)

When Electronic Messaging Centers are utilized in conjunction with a Freeway Monument Sign, or a Class VI monument sign, the sign area of the Electronic Messaging Center may encompass 50% of the allowable sign area as outlined in Paragraph 113-09.9.c)iii.

We recommend that sections 4a in this Section that is in reference to billboard regulations, be located in the billboard section of the code. For ease of administration for staff and applicants.

We truly appreciate your consideration of our recommendations.

Sincerely,

James Carpentier AICP
Director of State & Local Government Relations

From: Cruz, Frank
To: Robert Kuhfuss
Subject: RE: Surprise Sign Code Update
Date: Wednesday, January 03, 2018 11:19:39 AM
Attachments: [image006.png](#)
[image008.png](#)
[image009.png](#)

Hi Robert,

What are the possibilities to ALSO include the following coordinates to the State Route 303 Corridor: **EAST line of Section 9 Township 04 North, Range 01 West**. There are a few PAD parcels North of 303 that might work for our company in the future. These locations fall within this Township. Thanks, Frank

State Route 303 Corridor between a specific point located at Longitude 112°21'1335"W by Latitude 33°41'48"N and the **EAST line of Section 16, Township 04 North, Range 01 West**.



From: Robert Kuhfuss [mailto:Robert.Kuhfuss@surpriseaz.gov]
Sent: Tuesday, December 26, 2017 1:38 PM
To: Cruz, Frank <FrankCruz@clearchannel.com>
Subject: RE: Surprise Sign Code Update

623-222-3137. thanks

----- Original Message -----

From: "Cruz, Frank" <FrankCruz@clearchannel.com>
Date: Tue, December 26, 2017 1:35 PM -0700
To: Robert Kuhfuss <Robert.Kuhfuss@surpriseaz.gov>
Subject: RE: Surprise Sign Code Update

Great. Phone is fine. What's a good number and I'll call you tomorrow?

From: Robert Kuhfuss [mailto:Robert.Kuhfuss@surpriseaz.gov]
Sent: Tuesday, December 26, 2017 1:34 PM
To: Cruz, Frank <FrankCruz@clearchannel.com>
Subject: RE: Surprise Sign Code Update

yes. phone or in person?

----- Original Message -----

From: "Cruz, Frank" <FrankCruz@clearchannel.com>
Date: Tue, December 26, 2017 1:26 PM -0700
To: Robert Kuhfuss <Robert.Kuhfuss@surpriseaz.gov>
Subject: RE: Surprise Sign Code Update

Perfect. 10am tomorrow okay?

From: Robert Kuhfuss [mailto:Robert.Kuhfuss@surpriseaz.gov]
Sent: Tuesday, December 26, 2017 1:22 PM
To: Cruz, Frank <FrankCruz@clearchannel.com>
Subject: RE: Surprise Sign Code Update

Frank, happy to discuss. Tomorrow okay?

----- Original Message -----

From: "Cruz, Frank" <FrankCruz@clearchannel.com>
Date: Tue, December 26, 2017 1:15 PM -0700
To: Robert Kuhfuss <Robert.Kuhfuss@surpriseaz.gov>
Subject: RE: Surprise Sign Code Update

Hi Robert, do you have some time this week to discuss the language below? I have just a few questions and it shouldn't take too long.

Thanks,

Frank



Frank Cruz
Real Estate Representative and Public Affairs / Arizona Division

Clear Channel Outdoor
2325 E Camelback Rd. Suite 400
Phoenix, AZ . 85016
O: 602-381-4741
C: 480-417-9955
clearchanneloutdoor.com

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From: Robert Kuhfuss [mailto:Robert.Kuhfuss@surpriseaz.gov]

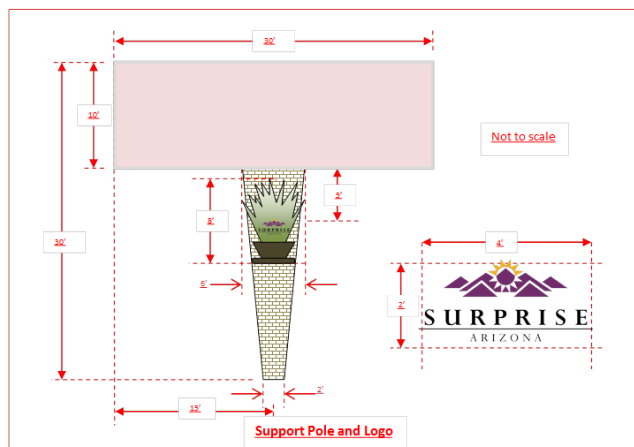
Sent: Friday, December 22, 2017 9:47 AM
To: Robert Kuhfuss <robertkuhfuss@yahoo.com>
Subject: Surprise Sign Code Update

Gentlemen - Hope all is well.

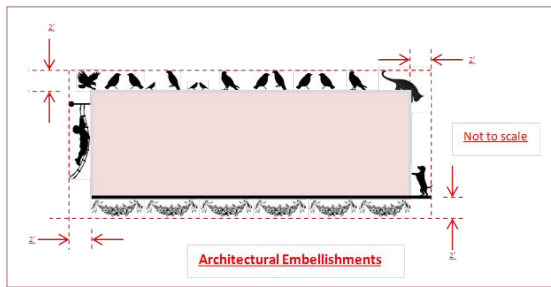
We finished drafting up some language regarding Billboards. We're targeting the January 4th P&Z for discussion. I've attached the billboard language for your convenience. The entire Version 2 revisions will be posted to our website in the near future.

8. Billboard Signs: *Billboard Signs may be permitted as outlined in this Section:*

- a) **U.S. 60 Corridor:** *Billboard Signs may be located within that portion of the U.S. 60 Corridor between the eastern line of Section 03, Township 03 North, Range 01 West (Dysart Road) and the north/south mid-section line of Section 03, Township 04 North, Range 02 West, subject to prior approval of a Conditional Use Permit in accordance with Section 122-154 of the Surprise Unified Development Code. All billboard signs located within the aforementioned corridor are subject to the provisions in Paragraph 113-09.C.8.c through f and the following:*
- i. *No billboard sign shall be located within 2,640 feet of the intersection of U.S. 60 and State Route 303, specifically defined as a point located at Longitude 112°24'13"W by Latitude 33°40'49"N.*
 - ii. *No billboard sign shall be located within 1,320 feet of the intersection of U.S. 60 and Bell Road, specifically defined as a point located at Longitude 112°21'02"W by Latitude 33°38'19"N.*
- b) **State Route 303 Corridor:** *Billboard Signs may be located within that portion of the State Route 303 Corridor between a specific point located at Longitude 112°21'4335"W by Latitude 33°41'48"N and the West line of Section 16, Township 04 North, Range 01 West, subject to prior approval of a Conditional Use Permit in accordance with Section 122-154 of the Surprise Unified Development Code. All billboard signs located within the aforementioned corridor are subject to the provisions in Paragraph 113-09.C.8.c through f and the following:*
- i. *No billboard sign shall be located within 2,640 feet of the intersection of U.S. 60 and State Route 303, specifically defined as a point located at Longitude 112°24'13"W by Latitude 33°40'49"N.*
 - ii. *Billboard signs located within the State Route 303 corridor as defined above may serve eastbound and/or westbound traffic, but shall only be located north of the freeway right-of-way.*
- c) **Additional Locational Requirements:** *The following additional locational requirements apply for all billboard signs regardless of the corridor in which it is located:*
- i. *Billboard signs may only be approved in the CN, CC, CR, BP, IP, PF or ILM zoning districts, or if located within a Planned Area Development (PAD), that portion of the PAD in which the approved land use plan specifically calls out commercial, industrial or employment uses.*
 - ii. *Notwithstanding the Union Pacific Railroad right-of-way, no billboard sign shall be located within 300 feet of a property zoned for Residential uses, or any open space tract that is associated with a residential development.*
 - iii. *Billboard signs shall not be located closer than twenty (20) feet from the U.S. 60 or State Route 303 right-of-way line and not further than 200 feet from said right-of-way line.*
 - vi. *No billboard sign shall be approved within 660 feet of any Freeway Monument Sign existing at the time of Conditional Use Permit application for the billboard sign in question.*
 - v. *No billboard sign shall be approved within 2,640 of any billboard sign approved or existing at the time of Conditional Use Permit application for the billboard sign in question.*
- d) **Dimensional Requirements:** *The following dimensional requirements apply for all billboard signs regardless of the corridor in which it is located:*
- i. *The overall height of a billboard sign shall not exceed thirty (30) feet as measured from the adjacent roadway to the top of the sign structure, exclusive of architectural embellishments as permitted in this Section.*
 - ii. *The overall dimensions of the sign panel associated with a billboard sign shall not exceed thirty (30) feet in width and ten (10) feet in height for a total sign area not to exceed 300 square feet, exclusive of architectural embellishments as permitted in this Section.*
- e) **Design Requirements:** *The following design requirements apply for all billboard signs regardless of the corridor in which it is located:*
- i. *Billboard Signs may incorporate Level 2 Electronic Messaging Centers as outlined Section 113-11 herein, except that Electronic Messaging Centers used in billboard applications may occupy up to 100% of the allowable sign area of the billboard, exclusive of architectural embellishments as may be permitted or required herein, and provided such Electronic Messaging Centers are turned off between 11:00 PM and dawn.*
 - ii. *Billboard Signs shall be supported by a single pole or column, which shall be dimensionally centered beneath the sign panel and shall incorporate a pole cover comprised of stone, brick or other architecturally compatible material that conceals the structural component of the pole or column. Unless an alternative design is approved by the Planning and Zoning Commission, the pole cover shall be of a trapezoidal shape, with a base width equal to one-third (1/3) the width of the top of the pole cover.*
 - iii. *Unless an alternative design is approved by the Planning and Zoning Commission, the supporting pole or column shall also include additional architectural embellishments that incorporate the official Primary City of Surprise Logo superimposed onto a stylized agave image. The logo shall be approximately two (2) feet tall by four (4) feet wide. The stylized agave image shall be eight (8) feet high by six (6) feet wide. The vertical center of the arrangement shall be five (5) feet below the lower edge of the sign panel.*



- iv. *Artistic or architectural embellishments up to thirty (30) square feet may be attached to the perimeter of the sign panel, provided said embellishments do not extend more than two (2) feet in any direction beyond the face of the sign and do not otherwise obstruct the architectural embellishments as may be required under Paragraph 113-09.C.8.e)iii above.*



f. Any Conditional Use Permit approval is hereby conditioned upon the applicant obtaining a valid construction permit for the billboard sign approved under said Conditional Use Permit. The applicant shall obtain Certificate of Completion from the City of Surprise within six (6) months of approval of the Conditional Use Permit by the Planning and Zoning Commission. Failure to obtain a Certificate of Completion within the designated time allotment shall render the Conditional Use Permit null and void; however, the City Manager or designee may grant a one-time extension for a period not to exceed six (6) months when in the opinion of the City Manager or designee the circumstances warrant such.

Our offices are essentially closed next week, but I will be working and am happy to discuss.

Thanks

Robert H. Kuhfuss, AICP, MPA
City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

City of Surprise offices open at 8 a.m. and close at 5 p.m. Monday through Friday. More info at www.surpriseaz.gov.

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22 Dec 2017 16:47:11 -0000

From: [Cruz, Frank](#)
To: [Robert Kuhfuss](#)
Subject: RE: Surprise Sign Code Update
Date: Thursday, January 04, 2018 8:54:42 AM
Attachments: [image001.png](#)
[image002.png](#)

Hi Robert, some quick feedback for you: The sign code below regarding spacing and the board dimensions and height are of some concern for us. To contrast, the City of Phoenix allows for 1000' of spacing, 70' in height, and up to 672' face dimensions (14'x48'). Glendale allows for 1000' of spacing, 60' in height, and also up to 672' face dimensions (14'x48').

In short, the opportunity to build larger/higher, and multiple signs outside of 1000' feet allows for more flexibility with land and good revenue generation. Especially for billboard developers/operators like ours.

Just some food for thought. See you tonight.

Frank

Frank Cruz
Real Estate Representative and Public Affairs / Arizona Division


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O: 602-381-4741
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From: Robert Kuhfuss [<mailto:Robert.Kuhfuss@surpriseaz.gov>]
Sent: Friday, December 22, 2017 9:47 AM
To: Robert Kuhfuss <robertkuhfuss@yahoo.com>
Subject: Surprise Sign Code Update

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 - ii. **No billboard sign shall be located within 1,320 feet of the intersection of U.S. 60 and Bell Road, specifically defined as a point located at Longitude 112°21'02"W**

by Latitude 33°38'19"N.

- b) **State Route 303 Corridor:** *Billboard Signs* may be located within that portion of the **State Route 303 Corridor** between a specific point located at Longitude 112°21'43.35"W by Latitude 33°41'48"N and the West line of Section 16, Township 04 North, Range 01 West, subject to prior approval of a Conditional Use Permit in accordance with Section 122-154 of the Surprise Unified Development Code. All *billboard signs* located within the aforementioned corridor are subject to the provisions in Paragraph 113-09.C.8.c through f and the following:

i. No *billboard sign* shall be located within **2,640 feet** of the intersection of U.S. 60 and State Route 303, specifically defined as a point located at Longitude 112°24'13"W by Latitude 33°40'49"N.

ii. *Billboard signs* located within the State Route 303 corridor as defined above may serve eastbound and/or westbound traffic, but shall only be located north of the freeway right-of-way.

- c) **Additional Locational Requirements:** The following additional locational requirements apply for all *billboard signs* regardless of the corridor in which it is located:

i. *Billboard signs* may only be approved in the CN, CC, CR, BP, IP, PF or ILM zoning districts, or if located within a Planned Area Development (PAD), that portion of the PAD in which the approved land use plan specifically calls out commercial, industrial or employment uses.

ii. Notwithstanding the Union Pacific Railroad right-of-way, no *billboard sign* shall be located within 300 feet of a property zoned for Residential uses, or any open space tract that is associated with a residential development.

iii. *Billboard signs* shall not be located closer than twenty (20) feet from the U.S. 60 or State Route 303 right-of-way line and not further than 200 feet from said right-of-way line.

vi. No *billboard sign* shall be approved within 660 feet of any *Freeway Monument Sign* existing at the time of Conditional Use Permit application for the *billboard sign* in question.

v. No *billboard sign* shall be approved within 2,640 of any *billboard sign* approved or existing at the time of Conditional Use Permit application for the *billboard sign* in question.

- d) **Dimensional Requirements:** The following dimensional requirements apply for all *billboard signs* regardless of the corridor in which it is located:

i. The overall height of a *billboard sign* shall not exceed thirty (30) feet as measured from the adjacent roadway to the top of the *sign structure*, exclusive of architectural embellishments as permitted in this Section.

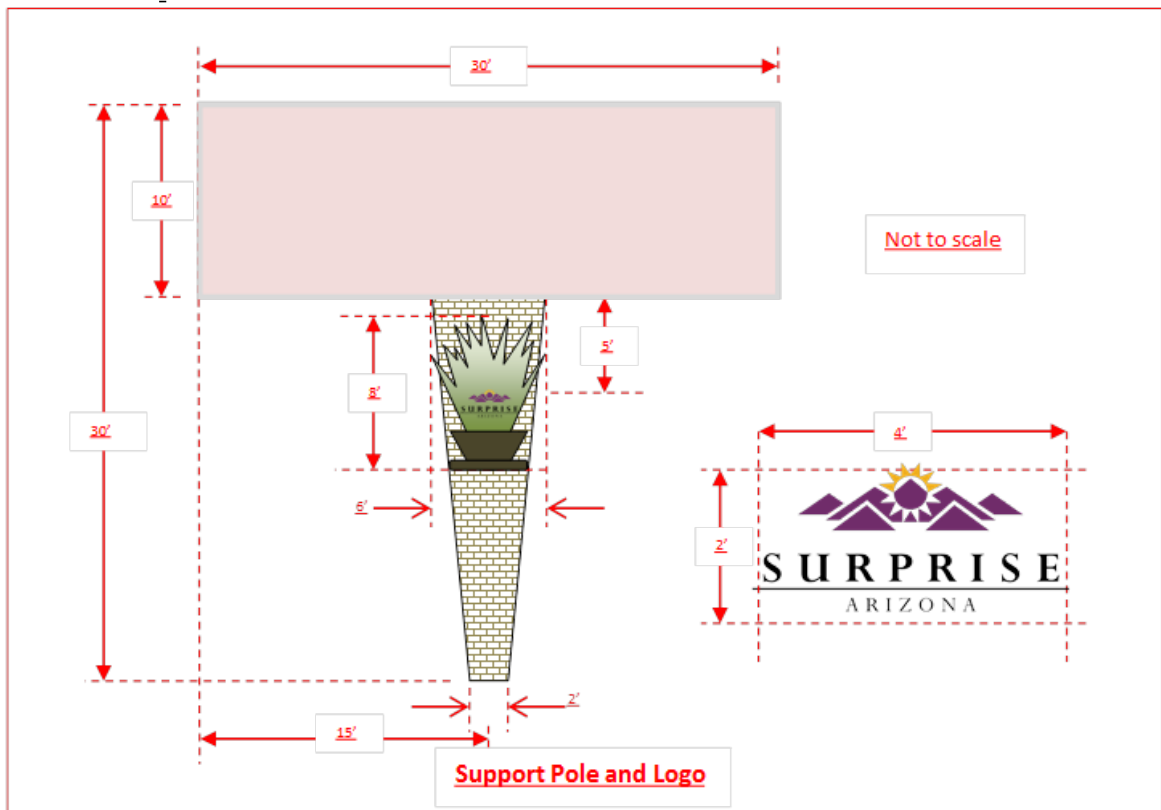
ii. The overall dimensions of the *sign panel* associated with a *billboard sign* shall not exceed thirty (30) feet in width and ten (10) feet in height for a total *sign area* not to exceed 300 square feet, exclusive of architectural embellishments as permitted in this Section.

- e) **Design Requirements:** The following design requirements apply for all *billboard signs* regardless of the corridor in which it is located:

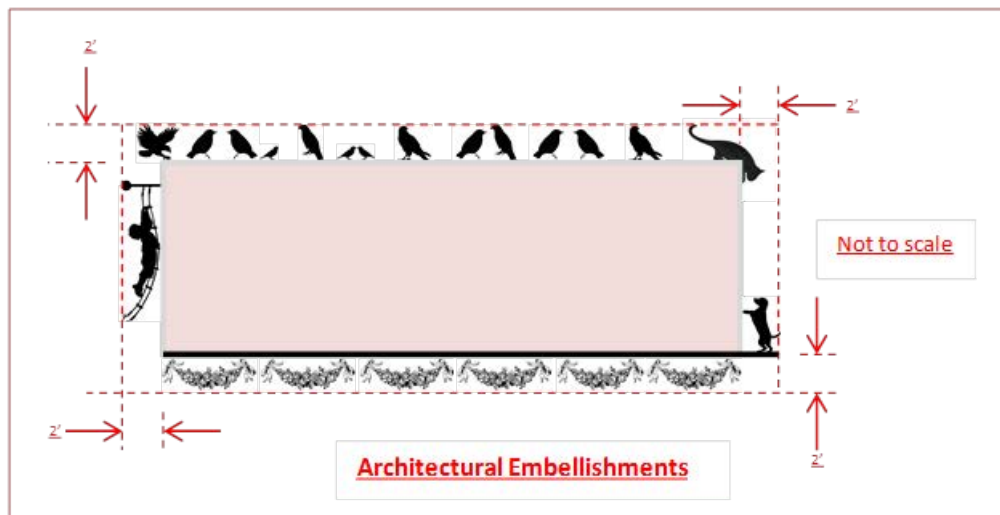
i. *Billboard Signs* may incorporate *Level 2 Electronic Messaging Centers* as

outlined Section 113-11 herein, except that *Electronic Messaging Centers* used in *billboard* applications may occupy up to 100% of the allowable *sign area* of the *billboard*, exclusive of architectural embellishments as may be permitted or required herein, and provided such *Electronic Messaging Centers* are turned off between 11:00 PM and dawn.

- ii. Billboard Signs shall be supported by a single pole or column, which shall be dimensionally centered beneath the *sign panel* and shall incorporate a pole cover comprised of stone, brick or other architecturally compatible material that conceals the structural component of the pole or column. Unless an alternative design is approved by the Planning and Zoning Commission, the pole cover shall be of a trapezoidal shape, with a base width equal to one-third (1/3) the width of the top of the pole cover.
- iii. Unless an alternative design is approved by the Planning and Zoning Commission, the supporting pole or column shall also include additional architectural embellishments that incorporate the official *Primary City of Surprise Logo* superimposed onto a stylized agave image. The logo shall be approximately two (2) feet tall by four (4) feet wide. The stylized agave image shall be eight (8) feet high by six (6) feet wide. The vertical center of the arrangement shall be five (5) feet below the lower edge of the *sign panel*.



- iv. Artistic or architectural embellishments up to thirty (30) square feet may be attached to the perimeter of the *sign panel*, provided said embellishments do not extend more than two (2) feet in any direction beyond the face of the *sign* and do not otherwise obstruct the architectural embellishments as may be required under Paragraph 113-09.C.8.e)iii above.



- f. Any Conditional Use Permit approval is hereby conditioned upon the applicant obtaining a valid construction permit for the *billboard sign* approved under said Conditional Use Permit. The applicant shall obtain Certificate of Completion from the City of Surprise within six (6) months of approval of the Conditional Use Permit by the Planning and Zoning Commission. Failure to obtain a Certificate of Completion within the designated time allotment shall render the Conditional Use Permit null and void; however, the City Manager or designee may grant a one-time extension for a period not to exceed six (6) months when in the opinion of the City Manager or designee the circumstances warrant such.

Our offices are essentially closed next week, but I will be working and am happy to discuss.

Thanks

Robert H. Kuhfuss, AICP, MPA
 City of Surprise Community Development Department
 16000 North Civic Center Plaza
 Surprise, AZ 85374-7470
 O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

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22 Dec 2017 16:47:11 -0000

From: [Cruz, Frank](#)
To: [Robert Kuhfuss](#)
Subject: FW: Surprise Sign Code Update
Date: Thursday, January 04, 2018 9:52:55 AM
Attachments: [image001.png](#)
[image002.png](#)

Sorry, one more very important fact: Digital technology has changed for the better regarding **aspect ratios**. Because of this, our company (and others), are now converting our old digital 10x30 sign faces to a newer and more improved digital 10.6'x36' sign face. The newer models offer much better quality (clarity, brightness, etc.) than the old 10x30s. However, the newer digital 10.6'x36' dimension is 381.6, which exceeds the current 10'x30' 300' dimension below.

Looking ahead, it'd be extremely prudent and helpful for the City to reconsider amending the sign face dimensions to allow 14'x48' (672' per face). Or at the very least, 381.6 per face' to allow for the newer digital 10'6"x36' signs. The former however, would be best the best case scenario.

I hope this helps. Frank

From: Cruz, Frank
Sent: Thursday, January 4, 2018 8:54 AM
To: 'Robert Kuhfuss' <Robert.Kuhfuss@surpriseaz.gov>
Subject: RE: Surprise Sign Code Update

Hi Robert, some quick feedback for you: The sign code below regarding spacing and the board dimensions and height are of some concern for us. To contrast, the City of Phoenix allows for 1000' of spacing, 70' in height, and up to 672' face dimensions (14'x48'). Glendale allows for 1000' of spacing, 60' in height, and also up to 672' face dimensions (14'x48').

In short, the opportunity to build larger/higher, and multiple signs outside of 1000' feet allows for more flexibility with land and good revenue generation. Especially for billboard developers/operators like ours.

Just some food for thought. See you tonight.

Frank

Frank Cruz
Real Estate Representative and Public Affairs / Arizona Division

 **Clear Channel Outdoor**
2325 E Camelback Rd. Suite 400
Phoenix, AZ . 85016
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C: 480-417-9955
clearchanneloutdoor.com

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From: Robert Kuhfuss [<mailto:Robert.Kuhfuss@surpriseaz.gov>]
Sent: Friday, December 22, 2017 9:47 AM
To: Robert Kuhfuss <robertkuhfuss@yahoo.com>
Subject: Surprise Sign Code Update

Gentlemen - Hope all is well.

We finished drafting up some language regarding Billboards. We're targeting the January 4th P&Z for discussion. I've attached the billboard language for your convenience. The entire Version 2 revisions will be posted to our website in the near future.

8. **Billboard Signs:** *Billboard Signs* may be permitted as outlined in this Section:

a) **U.S. 60 Corridor:** *Billboard Signs* may be located within that portion of the **U.S. 60 Corridor** between the eastern line of Section 03, Township 03 North, Range 01 West (Dysart Road) and the north/south mid-section line of Section 03, Township 04 North, Range 02 West, subject to prior approval of a Conditional Use Permit in accordance with Section 122-154 of the Surprise Unified Development Code. All *billboard signs* located within the aforementioned corridor are subject to the provisions in Paragraph 113-09.C.8.c through f and the following:

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ii. No *billboard sign* shall be located within 1,320 feet of the intersection of U.S. 60 and Bell Road, specifically defined as a point located at Longitude 112°21'02"W by Latitude 33°38'19"N.

b) **State Route 303 Corridor:** *Billboard Signs* may be located within that portion of the **State Route 303 Corridor** between a specific point located at Longitude 112°21'43.35"W by Latitude 33°41'48"N and the West line of Section 16, Township 04 North, Range 01 West, subject to prior approval of a Conditional Use Permit in accordance with Section 122-154 of the Surprise Unified Development Code. All *billboard signs* located within the aforementioned corridor are subject to the provisions in Paragraph 113-09.C.8.c through f and the following:

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-

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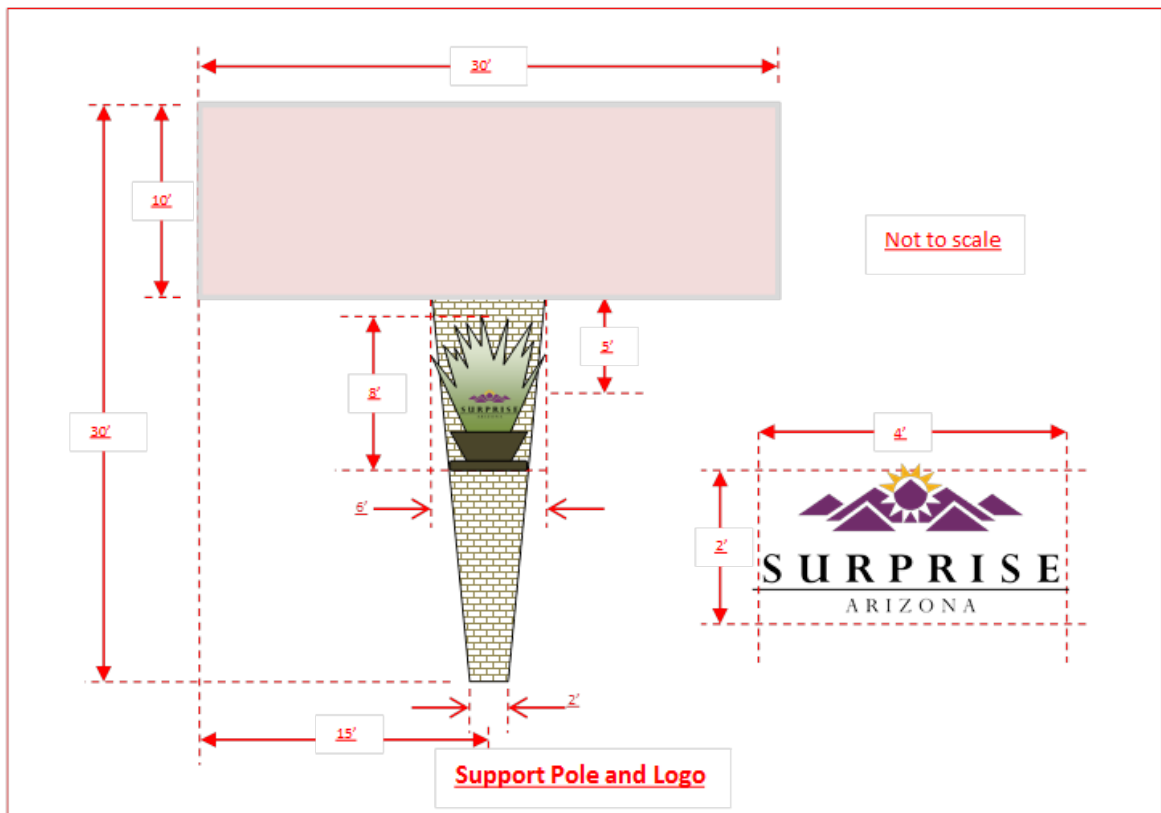
ii. The overall dimensions of the *sign panel* associated with a *billboard sign* shall not exceed thirty (30) feet in width and ten (10) feet in height for a total *sign area* not to exceed 300 square feet, exclusive of architectural embellishments as permitted in this Section.

-
e) **Design Requirements:** The following design requirements apply for all *billboard signs* regardless of the corridor in which it is located:
-

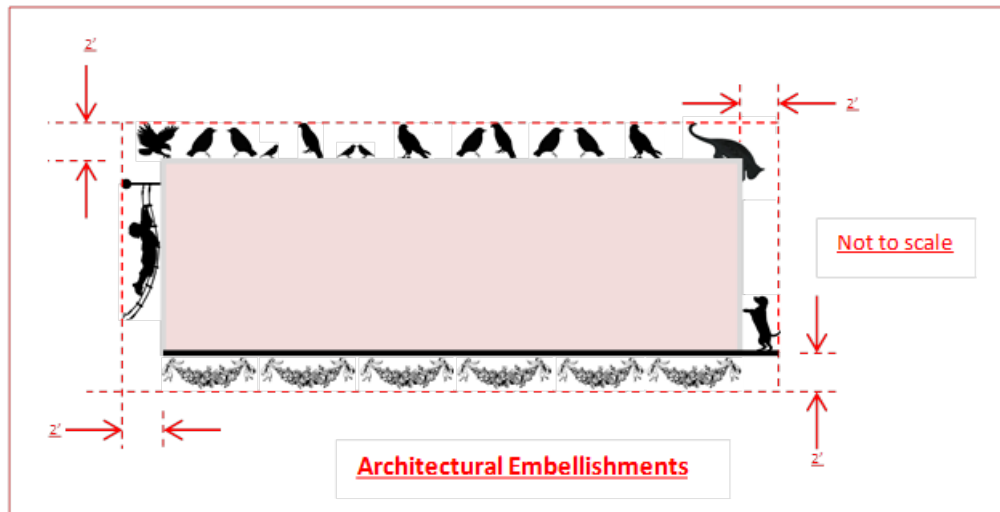
i. *Billboard Signs* may incorporate *Level 2 Electronic Messaging Centers* as outlined Section 113-11 herein, except that *Electronic Messaging Centers* used in *billboard* applications may occupy up to 100% of the allowable *sign area* of the *billboard*, exclusive of architectural embellishments as may be permitted or required herein, and provided such *Electronic Messaging Centers* are turned off between 11:00 PM and dawn.

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circumstances warrant such.

Our offices are essentially closed next week, but I will be working and am happy to discuss.

Thanks

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22 Dec 2017 16:47:11 -0000

From: Cruz, Frank
To: Robert Kuhfuss
Subject: RE: Helpful link to billboard comparables
Date: Monday, January 08, 2018 2:19:29 PM
Attachments: image001.png

Hi Robert, I just left you a vm about the management agreement. I'll sit tight and wait for your reply. Frank

From: Robert Kuhfuss [mailto:Robert.Kuhfuss@surpriseaz.gov]
Sent: Friday, January 5, 2018 4:33 PM
To: Cruz, Frank <FrankCruz@clearchannel.com>
Subject: Re: Helpful link to billboard comparables

Thank you Frank. I'm away from the office but will take a look when I get back. A couple weeks ago you said you might be able to find a billboard agreement with a city that would help us understand that structure. Were you able to find anything?

----- Original Message -----

From: "Cruz, Frank" <FrankCruz@clearchannel.com>
Date: Fri, January 05, 2018 1:17 PM -0700
To: Robert Kuhfuss <Robert.Kuhfuss@surpriseaz.gov>
Subject: Helpful link to billboard comparables

Hi Robert, You and Lloyd did fantastic last night. All things considered and with the vast amount of content you needed to cover in short amount of time, I don't think anyone else could've done a better job.

The following link below will be extremely helpful for you and Staff in regards to identifying like-for-like billboard comparables in the area that I recommend they drive and take look at. The boards on the link below are brand new (less than 2 years old) and along the Loop 101 and I-10 Corridors, as well as our brand new 10x30 "vinyl" board on L303 and Glendale. The link is also interactive and allows for anyone to click on any board featured for more detailed information about the billboard structures, etc. (Worth noting: The 14x48 boards on the link are 65' in height. The 10x30 board is 30' in height).

[https://seek.cco.io/results/map?](https://seek.cco.io/results/map?latitude=33.508386&longitude=-112.03170139999999&numbers=3892%2C3895%2C3890%2C3893%2C3894%2C3910%2C3896%2C3911%2C3891%2C3889%2C3888%2C3887%2C3885%2C3886%2C3913%2C3912)

[latitude=33.508386&longitude=-112.03170139999999&numbers=3892%2C3895%2C3890%2C3893%2C3894%2C3910%2C3896%2C3911%2C3891%2C3889%2C3888%2C3887%2C3885%2C3886%2C3913%2C3912](https://seek.cco.io/results/map?latitude=33.508386&longitude=-112.03170139999999&numbers=3892%2C3895%2C3890%2C3893%2C3894%2C3910%2C3896%2C3911%2C3891%2C3889%2C3888%2C3887%2C3885%2C3886%2C3913%2C3912)

Regarding the proposed 10.6x36 digital board along the L303, I'm still a bit concerned about the "cross-read" being too small and too hard to read for commuters travelling East. Even at the rate of speed at 65mph, the 303 has such a large "mid-section" in-between the East and West corridors that advertising could easily be missed or simply too hard to see for those East bound commuters who would be exposed to the "West Face" of the structure. This could be a challenge for us in terms of selling the West Face to our advertising clients, thus potential "devaluing" the structure. Typically, a company like mine would ask for a "height and size variance" to help offset this challenge. This is where we would usually ask to go higher than the allowed 30' height and larger than the 10.6x36 face dimension up to 14x48. Our digital costs average around \$250k up to \$500k. Therefore, our priority would be to ensure that we're able to provide the City and our advertising clients the highest and best structure and use for that area.

Regarding the US 60, 10.6x36 digital signs are perfect for that particular corridor.

Please let me know if you need anything else. Otherwise, I'll see you again at the next meeting.

Frank



Frank Cruz
Real Estate Representative and Public Affairs / Arizona Division

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05 Jan 2018 23:32:36 -0000

From: Robert Kuhfuss
To: ["Kim Mayer"](#)
Subject: RE: Sign Code Draft: Class VI Monument Signs - overall sign area
Date: Friday, January 12, 2018 12:19:00 PM

Kim,

Thank you! Great catch. I'm bumping up against a hard deadline so I might not be able to fix that before the packet goes out, but I will address it with the Commission on Thursday. I'm thinking maximum of 36 square feet with a 12 square foot increase per 1' increase in height up to a maximum of 120 square Feet.

Also, Version 3 will be published soon so keep an eye out.

Thanks again.

Robert H. Kuhfuss, AICP, MPA
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16000 North Civic Center Plaza
Surprise, AZ 85374-7470
O: 623-222-3137 | F: 623-222-3001
robert.kuhfuss@surpriseaz.gov

From: Kim Mayer [mailto:Kim.Mayer@daktronics.com]
Sent: Friday, January 12, 2018 9:48 AM
To: Robert Kuhfuss
Subject: Sign Code Draft: Class VI Monument Signs - overall sign area

Good Morning, Robert,

We have been reviewing the proposed sign code draft #2 and have a question regarding Class VI – major monument signs. I see where the height limitations are discussed, but I do not see where the overall sign area is identified. Would you or your staff please let me know where in the code the overall sign area is provided?

Thank you – I appreciate your assistance,
Kim Mayer

Kimberly Mayer
Sign Legislation

tel 605.275.1040 ext 56476
address 600 E. 54th Street N, Sioux Falls, SD 57104
website www.daktronics.com



From: [Kurt A. Jones](#)
To: [Robert Kuhfuss](#); [Eric Fitzer](#)
Subject: Meeting to discuss Proposed Sign Ordinance Update
Date: Tuesday, January 09, 2018 1:19:15 PM

Rob and Eric, our client, Rhett Cooney, was at the Planning & Zoning Commission meeting last week regarding the sign ordinance update. As you know, Mr. Cooney is interested in the Billboard portion of the ordinance update. He sent you an email last week on that subject. He feels the Commissions questions regarding his concerns with size, height and spacing weren't addressed.

He is preparing to reach out to the Planning & Zoning Commission members individually between now and next week's hearing on the subject. Can we sit down with you for an hour discuss our concerns before he/we do this? Let me know your availability later this week or early next week. Thanks, Kurt

Kurt A. Jones, AICP | Senior Planner | 602.452.2729



Seventh Floor Camelback Esplanade II | 2525 E Camelback Road | Phoenix, AZ 85016
C 480.225.8937 | P 602.255.6000 | F 602.255.0103
Offices: Arizona | California | Nevada

From: [JoAnna Mankiewicz](#)
To: [Robert Kuhfuss](#)
Subject: Citywide Amendment to Surprise Muni Code re signs
Date: Saturday, January 06, 2018 2:18:54 PM

Dear Robert,

I would ask you to read my email into the record at the public hearing on January 18. We are unable to attend, as I am suffering with pneumonia this holiday season and I need to recuperate for several weeks.

My husband and I attended a couple of your input meetings on the City's signage ordinance. I realize there are various viewpoints and stakeholders here, and I most strongly represent the aesthetic interests of our City, in keeping it as uncluttered and sophisticated as possible. This reflects on the perception of our city by residents as well as visitors. Very simply: The less signage, the better. I prefer NO signage. If you have to use signage, upgrade or upscale it if possible, and keep it to a minimum, so that the architectural and decorative elements of our landscape predominate rather than the signage.

JoAnna and Leo Mankiewicz
Surprise, AZ

From: [Rhett Cooney](#)
To: [Robert Kuhfuss](#)
Cc: [Eric Fitzer](#); [Kurt Jones](#)
Subject: Re: Surprise Sign Code Update - Upcoming Meetings
Date: Thursday, January 04, 2018 11:37:16 AM

Good Morning Robert,

I hope you had a safe and enjoyable holiday. I've had a chance to evaluate the latest draft and want to share my thoughts with you prior to tonight's meeting. I am hoping there is time to reconsider the size, height and separation on the "State Route 303 Corridor".

Size - The industry norm for freeway signs is 14'x48' the larger size is necessary do to the speed of the traveling motorists and the additional distance the sign is set off the lanes of travel. For instance on the 303 corridor the leading edge of the sign would be 150'-175' from the nearest west bound lane of traffic and 250' - 275' from the farthest East bound lane.

Height - The industry norm for freeway signs is 45' - 70' the increased height is necessary do to the speed of the traveling motorists, the additional distance the sign is set off the lanes of travel which creates a view which is lower in the horizon and the unknown variables of trees, topography, site improvements and other unique conditions on individual sites.

Separation - The industry norm for freeway signs varies from 500' which is A.D.O.T.'s requirement to between 1,000' & 1,200'. The defined corridor is limited to slightly less than a mile which could facilitate only 2 but more likely 1 sign within Surprise. A reduced requirement of 1,600' - 1,800' would allow 3 signs but more likely only 2 within the corridor.

If this is something you are willing to consider, you could either make individual changes to the various requirements or at least create language that allows the Planning Commission and City Council the latitude to make variations if there is justification for it.

I appreciate your help and consideration on these issues.

Best regards,

Rhett Cooney

Boulevard Media Company
P.O. Box 14652
Scottsdale, AZ 85267
(480) 326-1736 Cell

Please note the changes to our company name and email addresses.

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From: Robert Kuhfuss <Robert.Kuhfuss@surpriseaz.gov>
Sent: Thursday, December 28, 2017 4:04:13 PM
To: Robert Kuhfuss
Subject: Surprise Sign Code Update - Upcoming Meetings

Hello all. Hope the holidays find you well.

Just a quick note regarding our sign code update. We will be taking some revised language to the Planning and Zoning Commission as a discussion item on January 4, 2018 at 6:00 PM. This is not a public hearing, but you are welcome to attend. You can review the edits on line at <https://www.surpriseaz.gov/3369/Sign-Code-Update>. Specifically, Version 2 and the four associated Exhibits.



Sign Code Update | Official Website - Surprise, Arizona

www.surpriseaz.gov

The City of Surprise is in the process of amending City Code Chapter 113, which deals with signs. The update aims to balance business needs with aesthetics, while ...

Sign Code Update Documents

- [Res 2017-98 Approved Temporary Sign Code Policy](#)
- [Sign Code - Public Review Version 1](#)
- [Sign Code - Public Review Version 2](#)
- [Sign Code - Public Review Version 2 Exhibit A Section 113-09.A.2 Alternative #1](#)
- [Sign Code - Public Review Version 2 Exhibit B Section 113-09.A.2 Alternative #2](#)
- [Sign Code - Public Review Version 2 Exhibit C Section 113-09.A.3 Alternative #1](#)
- [Sign Code - Public Review Version 2 Exhibit D Section 113-09.A.3 Alternative #2](#)

Also, we are targeting the following dates:

City Council Work Session, January 16, 2018 at 4:00 PM

Planning and Zoning Commission Public Hearing, January 18, 2018 at 6:00 PM

City Council Public Hearing, February 6, 2018 at 6:00 PM

All meetings will be held at the City Council Chambers, 16000 Civic Center Plaza, Surprise, AZ 85374

These dates will likely generate further revisions. I'll send you updates as they occur.

Thank you

Robert H. Kuhfuss, AICP, MPA

City of Surprise Community Development Department

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robert.kuhfuss@surpriseaz.gov

City of Surprise offices open at 8 a.m. and close at 5 p.m. Monday through Friday. More info at www.surpriseaz.gov.

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28 Dec 2017 23:04:14 -0000

From: [Liz Recchia](#)
To: [Robert Kuhfuss](#)
Cc: [Kathy Basque](#); [Eric Fitzer](#); [Lorraine Nevarez](#)
Subject: WeMAR comments regarding Proposes sign ordinance
Date: Thursday, January 04, 2018 4:05:48 PM
Attachments: [Jan 4 2018 written comments.pdf](#)

Good Afternoon Robert,

Thank you for emailing the updated proposed sign ordinance. Attached is a copy of the written comments we have mailed to you. In addition to these I wanted to let you know there are a few typos:

Alternative #1&2 of Section 113-09 A3:

Paragraph 3.c – I believe *Class I Temporary Sign* should read *Class II Temporary Sign*.

Illustration: Title of illustration, *ocuring* should read *occurring*.

Pg 87 – Enforcement – There are two #2 items in this section. I believe there should be 5 items total (not 4).

Pg 66 – Item 5f: last line. I believe *utilty* should read *utility*

In addition to these, I wanted to suggest the word “permitted” be changed to “allowed” on page 31, Section 113-07 titled Permitted and Prohibited Signs. This change would make the meaning more clear to the reader.

If you have any questions or wish additional clarification of my remarks, please let me know.

Thank you,

Liz Recchia

Government Affairs Director

West Maricopa Association of REALTORS®

9001 West Union Hills Drive, #8

Peoria, Arizona 85382

2015 WeMAR REALTOR® of the Year

Cell: 623.433.9265

Office: 623.931.9294

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lrecchia@wemar.org

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Facebook: @WeMARGAD

www.WeMAR.org

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Also, check out our [REALTOR Store](#) and our [School of Real Estate](#)!





January 4, 2018

Dear Robert,

Thank you for the updated draft sign ordinance copy. We have looked it over and have the following comments and suggestions:

Alternative Language suggestion for Section 113-09 A2 – WeMAR prefers Alternative #2.

Alternative Language suggestion for Section 113-09 A3 – WeMAR prefers a combination of alternatives #1 and #2. We suggest adding paragraph 3c from Alternative #2 to the text of Alternative #1.

In addition to the Class II Temporary Sign permitted under 113-09 A.3.b. above, properties zoned for commercial uses may utilize one (1) Class II Temporary Sign per 200 linear feet of street frontage. Said signs may be placed adjacent to, but not within any right-of-way, median, vehicle or bicycle travel lane, or sidewalk, or within any sight visibility triangle as outlined in Standard Details 4-01 and 4-02 of the Surprise Engineering Development Standards.

We appreciate the access to the Public Right of Way surrounding neighborhoods in which an open house is held. We believe we have access to the Public Right of Way by definition and by case law. However, we recognize this is a point of disagreement, therefore we are requesting the code include language confirming this access. We also realize it is the City's right to govern sign placement as to numbers, size, type, time and safety. We suggest the City allow temporary directional signage to lawful temporary events along the public right of way at 1 sign per ¼ mile.

It is extremely difficult to guide potential homebuyers to open houses in the Northern areas of Surprise. People trying to find open houses in the Desert Oasis area, or farther north on Grand do not realize they need to keep driving after they cross the 303. As the city expands north and west, this problem of guiding people to their destination will become more vivid.

We realize the concern for sign clutter along the right of way, however by allowing one sign per ¼ mile per event and limiting the hours a sign may appear (example: one hour before to one hour after the event) it is likely Saturday and Sunday mid days will be the most heavily signed

times. This would limit the time of maximum signage, while providing property owners and REALTORS® with open houses the ability to efficiently guide customers to the open house.

When it comes to private right of ways, WeMAR does not see a compelling government interest in regulating signage, other than for safety. If private owners wish to place signs in their right of way, that is a property right and subject to the agreement of the private parties involved.

When it comes to the enforcement provisions, WeMAR is happy to see the City has added an appeal process. We would still like to see criminal violation taken out of the code.

We noticed on page 11, the terms “faded”, “cracking” and “rusting” are equated with disrepair and blight. Sometimes these are elements of intentional design, particularly with businesses promoting vintage or old west themes. We ask the phrase “*unless part of the intentional design*” be added.

WeMAR still contends that 90 days is too short a time to declare a sign abandoned when sitting on vacant land or a vacant building. Frequently distressed properties such as probate or bankruptcy will require longer periods of time to resolve as the court negotiates the final resolution. Signs and their good will value are part of the business valuation. We are concerned that in some cases the City removing a sign during a distressed property proceeding may reduce the value of the estate or business.

In the section on page 53 regarding wall signs, the term “tenant” is repeatedly used. Buildings may be occupied by tenants or owners. As a point of clarification, we suggest using the term “occupant”.

Window signs, WeMAR is still opposed to the limitation of signage on the window. Not only do window screens cover 100% of the window and give no visibility, but with consideration to new opaque window films that cover the window but allow for visibility into the business, this rule appears to be arbitrary.

On page 77, B – Legally recognized trademarks can, and are established by use. It seems an unnecessary and burdensome requirement to force business to also register their mark. The establishment of a legally recognized mark by use is established in case law and WeMAR believes the City should not overburden business.

Overall WeMAR is pleased with the changes the City has made. We appreciate the increased types of signage and the encouragement to business to expand architectural and aesthetic horizons. A business’ sign is integral to their identity in the community and serves to illuminate their uniqueness in the marketplace.

WeMAR appreciates the time and effort City Staff has made to create a more business friendly sign ordinance.

Please let me know if you have questions or require clarification of these remarks.

Sincerely,

A handwritten signature in blue ink, appearing to read "Liz Recchia", with a stylized flourish at the end.

Liz Recchia

Government Affairs Director

West Maricopa Association of REALTORS®

201 Daktronics Dr. PO Box 5128
Brookings, SD 57006-5128

tel 800-325-7446 605-692-0200
fax 605-692-0381

www.daktronics.com

January 17, 2018

Mr. Robert Kuhfuss

Robert.kuhfuss@surpriseaz.gov

City of Surprise Community Development Department
16000 North Civic Center Plaza
Surprise, AZ 85374

Re: Proposed Sign Ordinance – 2nd Draft

Dear Robert,

Please accept this letter as feedback on the second draft of the proposed sign ordinance.

We want to address the following section of the code:

Section 113-~~40~~11 – Electronic Messaging Centers (EMCs)

4. **EMCs as a Portion of Sign Area:** When allowed, *Electronic Messaging Centers* may comprise all or part of the not more than thirty (30) percent of the allowable sign area of a particular sign, but shall in no case exceed the maximum allowable sign area for a particular sign except that:

If we are interpreting this correctly, a Level 1 EMC - as part of a minor monument sign in a residential area - would be restricted to only 30% of the total sign area. We believe this is too restrictive and hinders our customers' abilities to communicate with the public.

We assume this proposal may be related to concerns about brightness. However, your proposed sign code already requires that EMC brightness not exceed 0.3 footcandles. The code also requires that all displays be equipped with sensors, so they automatically dim according to ambient light conditions.

We are pleased to see this language in the code, as it ensures that signs are not too bright nor too dim. Because the code adequately addresses brightness concerns, we propose that a church or similar business in a residential area be allowed to install an EMC of up to 50% of the total sign area.

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January 17, 2018

Page 2

Neighboring cities have addressed this issue and allowed 50% of overall sign area for churches and/or other non-residential uses in residential areas. Below are code excerpts from Gilbert and Glendale, AZ:

Gilbert, AZ

4.409 – Permanent Signs

3. *Electronic Changing Message Displays.* The entire Sign Face of a Freestanding Monument, Tower Sign, and Freeway Sign may be an electronic Changing Message Display if said sign is located within a zoning district where Freestanding Signs are allowed except for residential zoning districts and subject to the following operational limitations. For non-residential uses in residential zoning districts, one-half (1/2) of the Sign Face of a Freestanding Monument Sign may be an electronic Changing Message Display, subject to the following operation limitations:

Glendale, AZ

7.104 General Provisions

Sign, Reader Panel: A sign designed to permit immediate change of copy either manually or electronically.

4. Reader Panel Signs.

- a. Churches may use up to one-half (1/2) of the allowed freestanding sign area for a reader panel.

Additionally, we wish to point out that restricting sign owners to small EMC sizes forces them to either use small fonts or to break up information into multiple messages. Both of these options can make it difficult for passerbys to read and completely understand the messages. This small, restrictive EMC size will prevent many customers from even considering EMC's in their signs, due to the limitations it imposes.

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January 17, 2018

Page 3

We hope you find this information useful. We would strongly encourage you to allow up to 50% of overall sign area for non-residential uses in residential areas.

Daktronics is the world leader in design and manufacture of electronic display systems. We are committed to working with regulatory entities, while addressing the needs of local businesses, schools, churches, and organizations.

If you have any question or if I can provide any additional information, please let me know. Thank you for your time.

Sincerely,
DAKTRONICS, INC.



Kimberly Mayer
Signage Legislation
(605) 692-0220

ORDINANCE 2018-04

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING REPEAL OF CHAPTER 113 OF THE SURPRISE MUNICIPAL CODE REGARDING SIGNS AND ADOPTING NEW CHAPTER 113 OF THE SURPRISE MUNICIPAL CODE REGARDING SIGNS.

WHEREAS, the City of Surprise has determined that it would be beneficial to amend and update the City's Sign Code to improve the aesthetics of the community, promote public traffic safety, and provide increased signage and public visibility for local businesses;

WHEREAS, the City of Surprise has conducted a series of publicly noticed meetings of the City of Surprise Planning and Zoning Commission and City Council where the proposed revisions to the Sign Code were presented to the public and during which interested citizens and others were provided an opportunity to provide public input;

WHEREAS, the City received numerous written comments and input from citizens and other interested parties before, during, and after these public meetings;

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

WHEREAS, the proposed changes are deemed to be an improvement to the Surprise Municipal Code;

WHEREAS, the proposed changes are compliant with applicable case and statutory law as they pertain to signs;

WHEREAS, on January 18, 2018, the Surprise Planning and Zoning Commission recommended approval of the proposed sign code as set forth in attached Exhibit A; and

WHEREAS, the City Council has reviewed the proposed changes and concurs with said changes.

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

Section 1. *Repeal of existing text.* Chapter 113 of the Surprise Municipal Code is hereby repealed in its entirety.

Section 2. *Adoption of new Sign Code.* New Chapter 113 language as recommended for approval by the Planning and Zoning Commission on January 18, 2018 and incorporated into this Ordinance as attached Exhibit A is hereby adopted in its entirety.

Section 3. *Codification.* This ordinance is hereby codified.

Section 4. *Repeal of Conflicting Ordinances.* All ordinances or parts of ordinances in conflict with the provisions of this Ordinance or any part of the Surprise Municipal Code adopted herein by reference are hereby repealed, upon the effective date of this Ordinance.

Section 5. *Severability.* 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 shall not affect the validity of the remaining portions thereof.

Section 6. *Effective Date.* This Ordinance shall become effective at the time and in the manner prescribed by law.

APPROVED AND ADOPTED this _____ day of _____ 2018.

Sharon R. Wolcott, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

EXHIBIT A

Sign Code Update as Recommended by the Planning and Zoning Commission on
January 18, 2018



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

[Back](#) [Print](#)

Council Meeting Date:	February 6, 2018	Contact Person:	Andrea Davis, Assistant Finance Director
Submitting Department:		District:	Citywide
Staff Recommendations:	No Action		

Consent	Regular	Public Hearing	Report/Discussion
---------	---------	----------------	-------------------

Agenda Wording:

Discussion pertaining to the fiscal year 2017 annual audit and Comprehensive Annual Financial Report, and associated reports.

Motion:

None, information only

Background:

The city is subject to an annual audit performed by external auditors. Each year the finance department, in conjunction with the city's external auditors, produces the city of Surprise CAFR, Single Audit, Management Letter, Communication with Governance, Annual Expenditure Limitation (AELR) Report, and Highway User Revenue Fund (HURF) Report.

Objective Analysis:

A "clean" or unmodified opinion is the goal of all cities.

Policy Compliant:

The reports have met the requirements of external regulators.

Financial Impact:

There is no financial impact as these reports are for informational purposes only.

Budget Impact:

There is no budget impact as these reports are for informational purposes only.

FTE Impact:

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

ATTACHMENTS:

Click to download

- ☐ [2017 Annual Audits and CAFR Council Presentation.pdf](#)
 - ☐ [FY 2017 CAFR](#)
 - ☐ [FY 2017 Single Audit Report](#)
 - ☐ [FY 2017 HURF Report](#)
 - ☐ [FY 2017 AELR Report](#)
 - ☐ [FY 2017 AELR](#)
 - ☐ [Surprise Governance Communication](#)
 - ☐ [FY 2017 Management Letter](#)
-



S U R P R I S E
A R I Z O N A

FY2017 Annual Audit and Comprehensive Annual Financial Report

Finance Department February 6, 2018

Communications/Audit Reports

- Comprehensive Annual Financial Report (CAFR)
- Management Letter
- Communication with Governance
- Single Audit Report
- Annual Expenditure Limitation Report (AELR)
- Highway User Revenue Fund (HURF) Report

Comprehensive Annual Financial Report (CAFR)

- Unmodified opinion
 - “good” or “clean” opinion
 - This is the best possible opinion the City can receive.



Communication Letters

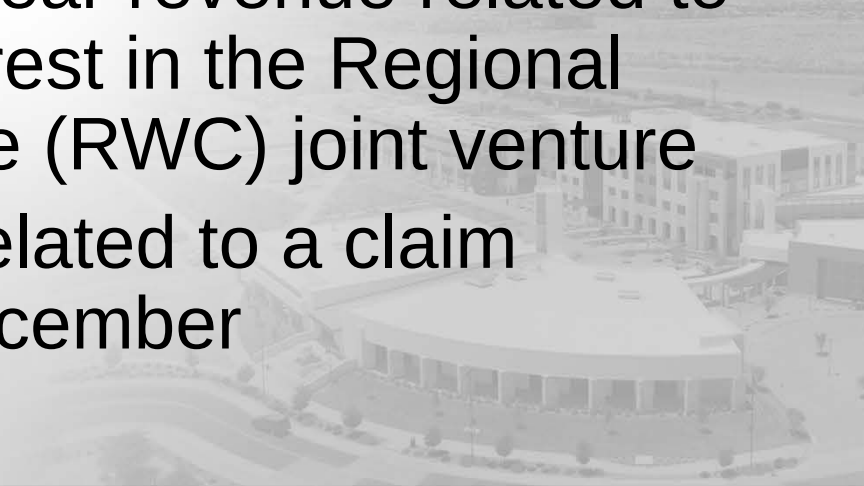
Management Letters

- Physical observation - capital assets
 - City has completed inventory of departmental assets still need to complete inventory of infrastructure assets (roads, utility lines, etc.)
- Password Requirements
 - Two applications lack password requirements



Communication Letters

Communication with Governance

- Uncorrected Misstatements
 - \$1,252,299 of prior year revenue related to the City's equity interest in the Regional Wireless Cooperative (RWC) joint venture
 - \$185,000 expense related to a claim settlement in late December
- 



Single Audit Report

- No questioned costs
- No prior year audit findings
- Current year finding
 - Submission of performance reports for the Arizona Military Energy Land Use Plan (AME-UP) grant were not submitted timely



Other Reports

- Annual Expenditure Limitation Report (AELR)
 - No issues
- Highway User Revenue Fund (HURF) Report
 - No issues



SURPRISE

ARIZONA

**QUESTIONS OR
COMMENTS?**

Thank You



CITY OF SURPRISE, ARIZONA COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2017

2017
EX

CITY OF SURPRISE, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2017

Prepared by:
Finance Department



SURPRISE

ARIZONA

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SURPRISE

ARIZONA



INTRODUCTORY SECTION

The introductory Section is the first of three essential components of the City's Comprehensive Annual Financial Report (CAFR). The second essential component is the Financial Section, and the third is the Statistical section. The Introductory section provides general information on the City's structure and personnel as well as information useful in assessing the City's economic condition, with the letter of transmittal as the key element to formally introduce the CAFR to the intended readers.



SURPRISE

ARIZONA



Finance Department
16000 N. Civic Center Plaza
Surprise, AZ 85374-7470
Ph: 623-222-1800
Fax: 623-222-1801
TTY: 623-222-1002

December 29, 2017

Honorable Mayor, Members of the City Council, and City Manager:

In accordance with the requirements of Arizona Revised Statutes (A.R.S.) § 41-1279.07, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Surprise, Arizona (the City), for the fiscal year ended June 30, 2017. These financial statements are prepared and presented in conformity with generally accepted accounting principles in the United States (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operations of the various funds of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information presented in this report based on internal controls established for this purpose. To provide a reasonable basis for making these representations, the City has established a framework of internal control that is designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, has audited the City of Surprise's financial statements pursuant to A.R.S. § 9-481. The audit is intended to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

An unmodified audit opinion denotes that the financial statements are presented fairly and in conformity with GAAP. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City is also required to undergo an annual single audit in conformity with the provisions of the Uniform Grant Guidance. CliftonLarsonAllen LLP was also contracted to perform the single audit of the City's major grant programs. This audit was designed to meet the requirements of the Uniform Grant Guidance. The single audit report is issued separately from this CAFR. Copies are available online and upon request from the City's Finance Department.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

City Profile

Surprise, located just 45 minutes west of downtown Phoenix along U.S. Route 60/State Highway 93, was founded on May 17, 1938 by Flora Mae Statler who purchased and subdivided the original town site. The

former small farming village now encompasses 108 square miles, including urban and commercial developments, ranches, industrial sites, and business parks. Surprise has grown from 500 residents to a city of over 132,000 people, evolving from a small town government to a regional governmental entity.

Surprise operates under the Council/Manager form of government. Policymaking and legislative authority are vested in a governing council consisting of the Mayor and six other members. The Council is responsible, among other things, for passing ordinances, appointing committees, adopting the budget, and appointing the City Manager, City Clerk, City Attorney, and the Presiding Judge. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing department directors.

The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three elected alternately every two years. The Mayor is elected at large every four years, while the other Council members are elected by district.

The City of Surprise provides a full range of services, including police and fire protection, roadway maintenance and construction, recreational and cultural activities, as well as general administrative services. Sanitation, water, stormwater, and sewer services are provided to many of the residents through the City's enterprise funds. The City provides street lighting for developing areas through legally formed street lighting districts. The City accounts for a non-profit corporation formed under Arizona Revised Statute, Title 10, designed to facilitate the acquisition and improvement of City property, and a community facilities district designed to provide funding for the construction and acquisition of certain public infrastructure improvements. These last three activities have been included as an integral part of the City's financial statements. Additional information on all three of these legally separate entities can be found in Note 1 section A. (1.A) in the Notes to the Financial Statements.

The annual budget is adopted by resolution and serves as the foundation for the City of Surprise's financial planning and control. It has been programmed to allow as much flexibility as possible while still establishing useful guidelines. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. The city budget is adopted by department within the General Fund, by project in the capital funds, and by fund in total for all other funds. In addition, the full time equivalent (FTE) position count is adopted by department within the General Fund and by fund in total for all other funds. Changes to the adopted budget must be made in accordance with the city's Budget Amendment Policy. This policy specifies the approval levels required for various types of budget amendments. During the fiscal year, amendment requests are submitted to the Finance Department for preparation and processing. Changes can be made pursuant to the policy only if funds are unencumbered and available. The budget preparation and adoption process is described in greater detail in the Notes to the Financial Statements.

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the City of Surprise operates.

Local Economy

Forecasts show continued improvement in the economic outlook for the city of Surprise. Key indicators supporting the forecasts include growth in both residential population and commercial square footage which result in increased revenues for the city as well as low inflation rates that keep expenditure increases at a manageable level. Residential population growth is expected to continue based on the availability of land within the city's planning area. This results in a greater number of consumers and a larger proportion of state shared revenues. The increase in commercial square footage allows for a greater capture of potential sales tax revenues from the increased consumer base. These have resulted in a 5.0% increase in sales tax collections and a 8.0% increase in state shared revenues over the previous year. In addition, the inflation rate has been held in check with the Phoenix-Mesa Consumer Price Index averaging 1.4% annually over the last five years. This shows prices have remained flat over the last five

years assisting the local economy by increasing the purchasing power of residents. The population and commercial square footage growth combined with low inflation rates translates into better economic performance for the city.

Further information on the history of City revenues can be found in the MD&A, pages 15 through 28, and the statistical section that begins on page 152, of this financial report.

Long-Term Financial Planning

The adopted budget includes funding for the Capital Improvement Plan (CIP) in the amount of \$45.8 million. The city continues to focus on allocating resources to maintain, preserve, and replace facilities, vehicles, and equipment; dedicating over \$20.8 million of capital funding toward this effort. The adopted budget includes a total of \$16.3 million for citywide asset replacement, maintaining the city's communications, facilities, information technology, recreation, and public safety assets. Funding for pavement preservation is also increased to \$4.5 million. The focus on maintenance of the city's assets is an important component in continuing to offer services at current levels, and maintaining a healthy, vibrant appearance for all residents and visitors. The budget also includes \$9.1 million of new funding for projects like a Surprise Long Range Planning Transit Plan Update, a Network Microsegmentation project and Ambulance #3 with a Fire Station 303 remodel, as well as \$15.9 million of funding carried forward from last fiscal year. These efforts will allow the city to achieve goals set out within the Council's Strategic Plan and to add infrastructure in line with new growth.

On November 7, 2017 registered voters in Surprise approved \$59.5 million of General Obligation (GO) Bonds for Public Safety, Traffic Congestion Mitigation and Pavement Preservation. The approval of these projects will allow the city to achieve goals set out within the Council's Strategic Plan and to add infrastructure in line with new growth.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Surprise for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. In order to be awarded this certificate, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

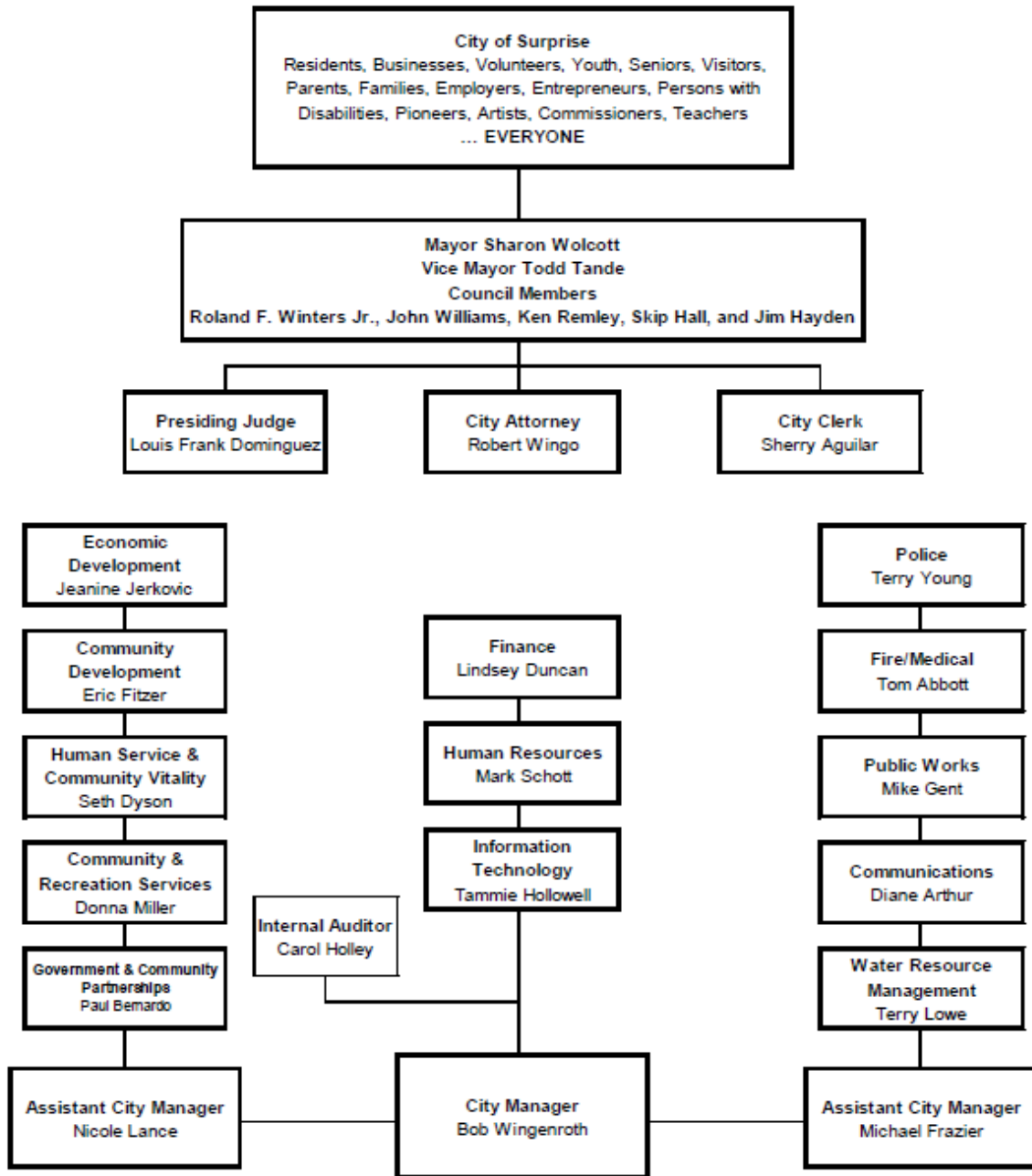
I want to thank and recognize the staff of the Finance Department for their efforts in preparing this report. I would like to thank all City departments for their assistance throughout the past year. I also appreciate the guidance and support extended by the City Manager and the Mayor and City Council in planning and conducting the financial operations of the City in a fiscally responsible manner.

Respectfully submitted,



Lindsey Duncan
Chief Financial Officer

CITYWIDE ORGANIZATION CHART





MAYOR AND CITY COUNCIL MEMBERS



MAYOR SHARON WOLCOTT – Mayor@surpriseaz.gov

Sharon Wolcott serves as the Mayor of the City of Surprise, a city of more than 127,000 residents. She was first elected as Mayor in November of 2011 and re-elected in August of 2016. Prior to her service as Mayor, Wolcott was a member of the Surprise City Council. Throughout her time as an elected leader in Surprise, Wolcott has been a champion for fiscal accountability and transparency in municipal government and setting a course for Surprise's long-term economic success.

Demanding Fiscal Responsibility and Accountability: Under Wolcott's leadership, Surprise has made a major turn-around to fiscal stability, adopting new financial policies, ordering sweeping reviews of financial records, and cutting budgets to address serious shortfalls without raising taxes. Essential services were not affected and the City's bond ratings were re-established. The current FY2017 annual budget protects public safety by adding police officers, firefighters and other related personnel to meet the needs of our growing community and keeping response times low.

Attracting Jobs and Economic Opportunities: Since Wolcott has taken office, the City of Surprise has contributed nearly \$50 million in sales and use taxes to the state's economy. In all, more than 300 new businesses and more than 1,000 jobs were added. Wolcott worked with Luke Air Force base and the City of Phoenix to release our city center property from the deed restrictions that have hampered landowners from developing downtown. The AZ TechCelerator, the city's business incubator, has 16 client start-ups, two onsite service providers, a track record of over 200 jobs graduated, and the only Google corporate office presence in the State of Arizona. In addition, Mayor Wolcott fought hard to gain Federal approval of a Foreign Trade Zone, which is helping Surprise attract exciting new businesses such as IRIS USA, Rioglass Solar and Gestamp Solar Steel.

Supporting Quality Education: Wolcott recently announced the new West-MEC career and technical education campus to open in Surprise this year offering jobs and career training for students and adults. In addition, she spearheaded the implementation of the *Rachel's Challenge* anti-bullying initiative in local schools, and is active with the innovative Arizona Charter Academy. The Mayor encourages development of youth leadership initiatives to include involvement with the City Council and summer employment at the city. She is sharply focused on securing a four-year liberal arts university in Surprise.

Improving Transportation: Mayor Wolcott is a strong advocate for a broad transportation vision on the state and national level advocating for increased connectivity and multimodal options. She is a strong supporter of building the I-11 - a congressionally authorized freeway linking Phoenix and Las Vegas and recognizing its vast economic potential for the West Valley. She's also taken on a leadership role on efforts to redevelop Grand Avenue by involving regional leaders from all communities along its length.

Protecting Surprise's Quality of Life: As a regional leader, Mayor Wolcott stands up to advocate for the interests of Surprise at our nation's capital, the State Legislature, and among her colleagues around the Valley. She has led the way to improve transparency through regularly held community meetings, an increased and active web presence, and social media tools. Wolcott continues to support the arts to help fuel community and economic development. Most recently, she was instrumental in bringing ARTS HQ, a 2,500-square-foot art museum and performance space operated by the West Valley Arts Council to



the Surprise Civic Center in July 2014. In 2016, she supported a council-initiative to create a one-and-one-third percent arts funding mechanism on all future capital improvement projects built in Surprise.

Mayor Wolcott is active in many regional organizations representing Surprise. She serves on the Arizona League of Cities & Towns Executive Committee, Greater Phoenix Economic Council Board of Directors, I-11 Coalition Board of Directors, Maricopa Association of Governments- Regional Council; Economic Development Committee; and Transportation Committee, and Westmarc Executive Committee & Board of Directors.

Mayor Wolcott has more than 25 years of experience in three states as an elected official, serving at both the state and local levels. As a mother of two and a grandmother of three, she brings a well-balanced perspective to her passion for public service and for making Surprise a great place to live and work.



Vice Mayor TODD TANDE – Todd.Tande@surpriseaz.gov

Todd Tande was elected in the newly-configured District 6 (Palo Verde) on August 27, 2013 to an extended five-year term beginning January 1, 2014. On January 17, 2017 Surprise City Council selected Councilmember Todd Tande to serve as Vice Mayor.

Vice Mayor Todd Tande also serves on the Board of Directors and as Sr. Executive Vice President, and co-founder of Education Connection Solutions, LLC., a management consulting firm with International clientele. Todd also is serving as Vice Chairman of Board of Directors for the Navajo Mission and School in Rock Point, Arizona. As part of his City Council duties, Todd currently serves as a member of the Maricopa Association of Governments (MAG) Human Services and Community Initiatives Committee. He received his Bachelor of Science degree in Management and his MBA from California State Polytechnic University, Pomona, California.

Todd spent his early career in the private sector with many years in the theme park (Disney and Knott's) and Aerospace and Defense (Rockwell International, Hughes Aircraft, Raytheon) industries including in Project Management for the Global Positioning Satellite (GPS) Production Program. After some promotions, he directly supported top corporate management of a Fortune 27 company with financial analysis and SEC reporting, including work on International Mergers and Acquisitions. Todd is also a licensed Realtor for a Coldwell Banker Residential Brokerage at the Sun City Grand Surprise Office.

In addition to serving as a Surprise City Council Member, Todd has significant experience in public service in California and Indiana. He served in a Budget and Policy Management role in the County Executive Office for Orange County, California where he was hired to help resolve the County's multi-billion-dollar bankruptcy. As part of the initial recovery efforts, Todd wrote the minute order (local law), unanimously adopted by the Board of Supervisors, to set up a Treasurer's Oversight Committee consisting of top financial experts from the private sector investment community. Todd also coordinated restructuring of major agency budgets and prepared the recovery briefing charts with information presented to Wall Street and Sacramento during successful recovery efforts.

Todd later served as Chief Financial Officer for Indianapolis-Marion County DPS where his ideas and efforts led to many improvements and changes in federal and state policies. Todd then was asked to join the State of Indiana government as the Deputy Director, serving in the Chief Operating Officer role for one of the largest State Agencies. He was tasked with achieving a successful operational and financial

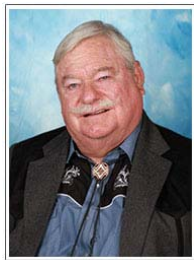


turnaround for the Indiana Department of Natural Resources, which included over 20 operating divisions and over 4,000 employees during peak seasons. Todd was then promoted and completed his Indiana public service in the State Capitol as Finance Director, responsible for statewide finances at a time when the state achieved its first ever AAA credit rating.

Todd has served in many volunteer roles including as a Council Member and Treasurer of his churches in California and Arizona, as well as being chosen as a voting delegate to represent the church at organizational conferences. Todd also founded and led the local Surprise, Arizona C3G Group providing free services to job seekers.

Todd has served his political party in Arizona, Indiana, and California, in roles such as Precinct Committeeman, State Delegate, Candidate Volunteer Team Member, Campaign Manager, and as an advisor for newly elected candidates on their transition teams. Todd also has served as a volunteer Docent Leader and Chair of the Ways and Means Committee at the Nixon Presidential Library and Birthplace Museum in Yorba Linda, California. Todd is an Eagle Scout from historic Troop 99 in Yorba Linda, California, and he also received the title of “Honored Citizen” for Orange County, California from the Board of Supervisors.

Todd met his wife Blossom while they were both working at Disneyland. Blossom has previously served as a Governing Board Member for our local award winning, “A” rated Dysart Unified School District. Todd and Blossom have been married since their freshman year in college. And they have two children and two grandchildren. Todd’s parents moved to Sun City Grand in 2003 – and now four generations of Tande’s live in Surprise, Arizona.



ROLAND WINTERS – Roland.Winters@surpriseaz.gov

Roland F. Winters Jr. was elected in the newly-configured District 1 (Acacia) on August 27, 2013 and is serving a five-year term which began January 1, 2014.

Born and educated through high school in New Jersey, Roland earned a degree in Business Administration and Pre Law at Fullerton College in Fullerton, Ca. He earned a BA degree in Marketing Management from the University of California.

He worked thirty five years at Hughes Air Craft Company in Fullerton, Ca. and also owned and operated a photo studio in Fullerton and Placentia, Ca. He served on the State Board of Directors for Californians for Disability Rights (CDR).

Roland and his wife Carroll have four children – two sons and two daughters. David lives in Muncie, Indiana; Donald lives in Wildwood, Florida; Nancy lives in Gilbert, Arizona; and Jennifer lives at home. Roland and Carroll have seven grandchildren.

Winters currently serves on the Boards and Commissions Selection Committee and the Committee on Community Outreach, Partnerships and Grants. In addition, he serves on the Northwest Valley Connect Advisory Board and the Joint Planning Advisory Council (JPAC).

Winters’ goal for Surprise is to be a fully self-sustaining city where its residents can live, get educated, work and play.



JOHN WILLIAMS – John.Williams@surpriseaz.gov

John Williams has lived in Surprise for 16 years and is very proud to call Surprise home. A native to New York, John has Bachelor's degree in Athletic Training from Hofstra University, a Master's Degree in Health Administration from Towson University, and a Masters in Educational Leadership from Grand Canyon University. His professional career began in sports medicine, where he worked as an athletic trainer for the New York Islanders, Johns Hopkins University in Baltimore, and as Head Athletic Trainer and Strength and Conditioning Coach for the New Mexico Scorpions Hockey Club before moving to Surprise. He transitioned into education upon his arrival to Surprise and spent the last 13 years helping build the Peoria Unified School District's Career and Technical Education Sports Medicine Program. He now serves as an Assistant Principal with Dysart Unified School District.

John was elected to the City Council from District 3 (Mesquite) in November 2007. He was elected Vice Mayor by the City Council in 2012 and again in 2015. John has served on several municipal, regional and federal committees during his tenure on the Council and has partnered with several neighboring City Council Members and State legislators who share similar passions. He currently serves on the Committee on Community Outreach, Partnerships and Grants as well as the Performance Evaluation Leaders Subcommittee. Some of his previous committee engagements have included Impact Ed, an education stakeholders committee, and the critical Water Resource Planning Committee. John has been a part of the WESTMARC Education & Workforce Development Committee and has served on the National League of Cities Human Services Committee. John's leadership and passion also puts a strong emphasis on youth, veterans, community engagement, job creation, partnerships, education and developing a four-year university.

As a teacher, parent and husband, John brings a community perspective to his commitment to serve as the voice for all residents. "Surprise is not just a suburb of Phoenix or a bedroom community at the far reaching corners of the northwest valley. Surprise is a place that offers opportunities for families to live grow and help build this great city. In District 3, our streets are new, our housing is new, our schools are new, and they all set a stage for limitless potential for this young and growing community. Melissa and I are so thankful for the opportunities Surprise has afforded us, and we look forward to being a part of this community for years to come."

John is an avid runner and trains at a local CrossFit gym in Surprise. He and Melissa have three children, Connor, Ashlyn and Matthew.



Jim Hayden – Jim.Hayden@surpriseaz.gov

Jim Hayden was appointed by the Surprise City Council to serve out the remainder of the term for the District 2 (D2) council seat in October 2016. That seat was vacated by the incumbent in September 2016.

He is a longtime West Valley resident dedicating his life to public service.

For 22 years, Jim served on the Glendale Fire Department as a fire fighter and EMT.

He is a Vietnam War veteran and served 20 years in the United States Air Force, where he trained pilots with critical skills needed to survive wartime conditions.

He also serves as Adjunct Faculty at Glendale Community College, teaching Fire Science and Emergency Medical Technicians.

Prior to joining council, he served as Chairman of the Surprise Public Safety Retirement Board. Jim served out the remainder of the current District 2 term which ended December 31, 2016. Having won the District 2 seat in the August 2016 Primary Election, Jim's four-year term began on January 1, 2017.

He believes in keeping tax rates low, while maintaining quality and affordable city services. He is an advocate for public safety and the overall Quality of Life for residents.

Jim and his wife Nancy have lived in Sun City Grand for 12 years.

D2 includes the following neighborhoods: Sun City Grand, Bell West Ranch and portions of Arizona Traditions.



SKIP HALL – Skip.Hall@surpriseaz.gov

Prior to serving in politics and serving three years on the Planning and Zoning Commission, Skip spent several decades working in various capacities in the Hospitality and Real Estate Industries. For three years, he was the Vice President of a new home builder and prior to that, he served as the Senior Vice President of a hospitality company based in Japan for ten years. Most of his professional career was spent opening and operating several restaurants and hotels along the west coast.

Councilman Hall was elected to the City Council in an April 2008 special election in District 6 (Palo Verde) and re-elected to office in 2009 to a full term. Redistricting placed him in the newly-configured District 5, and on August 27, 2013, he was elected to the District 5 seat. He was sworn in on January 1, 2014 to a four-year term and elected Vice Mayor by the City Council on January 14, 2014.

He has been part of the united Council effort that helped pull Surprise back to fiscal health over the last several years, generating a budget surplus and placing the City's fiscal house in order. Councilman Hall



also played a proactive supporting role with initiating a Surprise youth component and co-sponsors the Surprise Literacy Challenge annually.

His goals for the city include a 100-year water plan, working with transportation partners to expand east-west connections, developing a local circulator, expanding youth involvement in the community, increasing local veteran outreach and services and attracting new businesses to Surprise.

He has served on the Mayor's Business Roundtable Committee, the Form Based Code Sub-Committee, the Boards & Commissions Committee, WESTMARC's Water & Energy Committee and he chaired the Water Planning Sub-Committee. He currently serves as the chair of the Performance Evaluation Leaders and he is a Board Member on the Valley Metro RPTA.

Councilman Hall is active with the City's Tourism Commission and in promoting the City to local, regional and national organizations. Furthermore, he is active with the Surprise Regional Chamber of Commerce and the AZ TechCelerator to promote business growth. He serves on the MIKID Board of Directors, the Surprise Rotary Club and the Surprise Fraternal Order of Eagles. In addition, Councilman Hall is a member of the STEM Community of Practice with representatives of the Dysart Unified School District and the West Valley Veterans Success Project (VCP) Advisory Committee with several other State and local elected officials. He has also regularly volunteered his time with Radiant Church.

He grew up in Idaho and received a business degree from Seattle University. Skip is a Vietnam War Veteran and was awarded the Bronze Star for his outstanding service 1969-1970.



Ken Remley – Ken.Remley@surpriseaz.gov

Ken is a believer in strong leadership, partnership and fiscal responsibility.

His vision is to support initiatives that attract quality employers and good-paying jobs to Surprise, while maintaining cost-effective city services.

He was elected to District 4 in the August 2016 Primary Election and began his term in January 2017.

Ken is a licensed mortgage loan officer and income tax preparer.

He served as the treasurer for the Litchfield Manor Homeowners' Association for 10 years. He also served on the HOA's Budget, Landscaping, Architectural and Social Committees.

He is a Vietnam War Veteran, having served in the United States Navy.

Ken holds a bachelor's degree in Business Administration-Accounting from Cal State Fullerton.

Ken and his wife Beverley have lived in Surprise since 2004. They have four children, nine grandchildren and eight great-grandchildren.



CITY OF SURPRISE
APPOINTED OFFICIALS

CITY MANAGER	BOB WINGENROTH
CITY CLERK	SHERRY AGUILAR
CITY ATTORNEY	ROBERT WINGO
PRESIDING JUDGE	LOUIS FRANK DOMINGUEZ



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Surprise
Arizona**

For its Comprehensive Annual
Financial Report

for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO



FINANCIAL SECTION – INDEPENDENT AUDITORS’ REPORT

The Financial Section is divided into five subsections. The first subsection is the Independent auditors’ report, which is the official written communication of the audit results provided by the independent auditors expressing their opinion on the City’s financial statements as to whether the financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP).

Financial Subsection’s

- ❖ Independent Auditors’ Report
- ❖ Management’s Discussion and Analysis
- ❖ Government Wide Financial Statements
- ❖ Fund Financial Statements
- ❖ Notes to the Financial Statements



SURPRISE

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of City Council
City of Surprise, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Surprise, Arizona (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Surprise, Arizona as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension schedules, the OPEB plans' funding progress and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 29, 2017



FINANCIAL SECTION – MANAGEMENT’S DISCUSSION AND ANALYSIS

The Financial Section is divided into five subsections. The second subsection is Management’s Discussion and Analysis. This component of required supplementary information is used to introduce the basic financial statements and provide an analytical overview of the City’s financial activities.



SURPRISE

ARIZONA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Surprise (City) is pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2017. The intended purpose of Management's Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing a summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure and its impacts on our debt and operation. Amounts presented may reflect some minor differences due to rounding. This analysis is meant to be read in conjunction with the letter of transmittal.

FINANCIAL HIGHLIGHTS

- ❖ During the 2017 fiscal year, the City created a new proprietary fund for the newly established stormwater utility. Further, the City created a new internal service fund for the establishment of the new self-insured workers' compensation program that will be fully operational in fiscal year 2018.
- ❖ **Governmental Type net position.** The City's net position decreased 5.2% or \$21.4 million from \$411.0 million to \$389.6 million. This decrease is a larger decrease than the prior year decrease of \$7.7 million. Increases in full-time equivalent employees, personnel costs, depreciation expense, and the net pension liability accounted for the decrease in net position.
- ❖ **Business Type net position.** The City's net position increased by 0.3% or \$1.0 million from \$313.1 million to \$314.1 million, compared to a decrease in the prior year of \$1.5 million. A 4.0% increase in water utility rates, an increase in capital grants and contributions from development, and the establishment of a new Stormwater utility in November 2016 account for the change.
- ❖ **Governmental Activities expenses** of \$169.7 million exceeded program revenues of \$46.8 million, a difference of \$122.9 million. The remaining \$122.9 million of expense represents the total burden each separate function places on the City, that is the total cost after deducting revenues charged or grants and contributions received specifically for these programs. This amount is covered by general governmental revenues net of transfers.
- ❖ **Business Type expenses** were \$43.7 million, while program revenues totaled \$45.9 million, a difference of \$2.2 million. The current year excess of revenues will be added to net position.
- ❖ **Component units** – The City includes three separate legal entities in its report: the Surprise Municipal Property Corporation (SMPC), Marley Park Community Facilities District (CFD), and various Street Lighting Improvement Districts (SLID). Although legally separate, these "component units" are presented along with the City's financial statements (blended presentation). Blending component units is appropriate when they share a governing body with the primary government or when there is an exclusive benefit to the primary government. Each of the above mentioned component units, meets these requirements. A more detailed description of these component units is available in Note 1.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 29-30 and 31-32) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 33. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The fiduciary statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 29. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities provide information about the City as a whole and about its activities in a way that helps answer this question. These statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

These two statements report the City's net position and/or changes in them. You can think of the City's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

The statement of net position and the statement of activities are divided into two kinds of activities:

- ❖ **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation departments, and general administration.
- ❖ **Business type activities** – The City charges a fee to customers to help it cover all or most of the costs of certain services it provides. The City's water, sewer, sanitation and stormwater systems are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 33 where the fund financial statements begin. These provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- ❖ **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. A description of the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is included in the reconciliations following the fund financial statements.
- ❖ **Proprietary Funds** – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The City uses an internal service fund (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, specifically the City's Employee Healthcare Fund, the Risk Management Fund, and the Workers' Compensation Fund.
- ❖ **Fiduciary Funds** – The City is the fiduciary for the Flexible Spending Account. All of the City's fiduciary activities are reported in separate statements of fiduciary net position on pages 45.

These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Position as of June 30, 2017 and June 30, 2016.

City of Surprise's Net Position (in Millions)

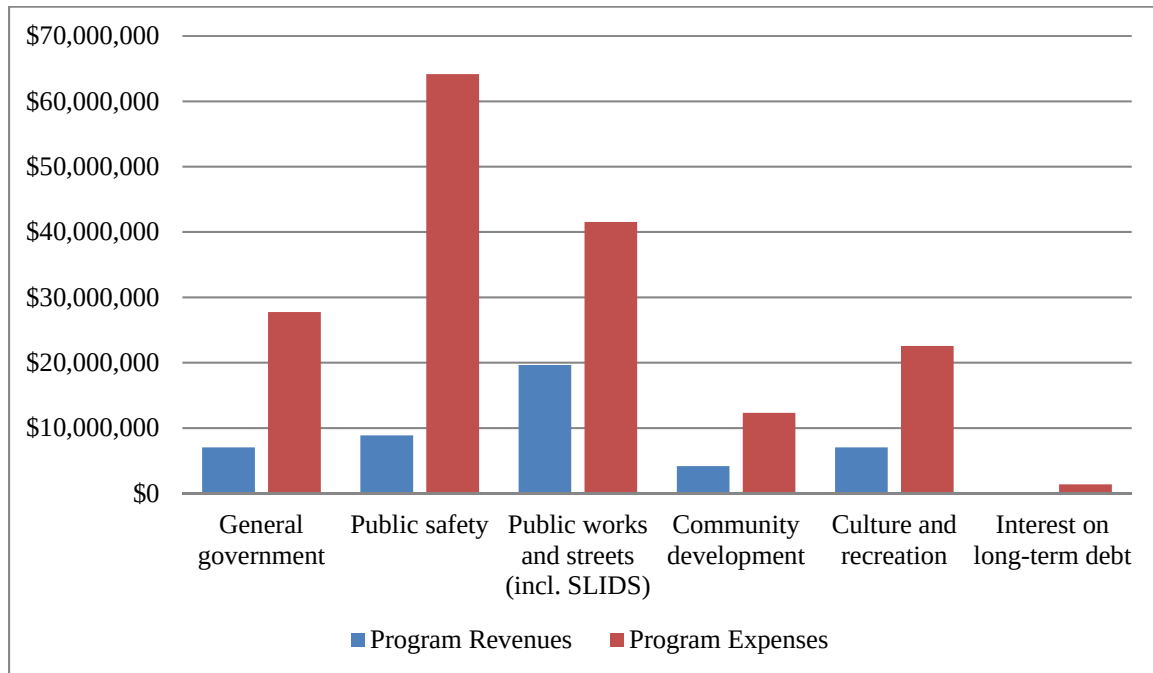
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 85.2	\$ 80.4	\$ 59.7	\$ 65.4	\$ 144.9	\$ 145.8
Capital assets, net	433.4	443.4	313.4	308.5	746.8	751.9
Total assets	<u>518.6</u>	<u>523.8</u>	<u>373.1</u>	<u>373.9</u>	<u>891.7</u>	<u>897.7</u>
 DEFERRED OUTFLOWS OF RESOURCES	 33.0	 22.9	 3.1	 1.9	 36.1	 24.8
 LIABILITIES						
Current liabilities	25.7	24.7	7.6	10.0	33.3	34.7
Long-term liabilities	<u>130.3</u>	<u>106.0</u>	<u>53.1</u>	<u>51.8</u>	<u>183.4</u>	<u>157.8</u>
Total liabilities	<u>156.0</u>	<u>130.7</u>	<u>60.7</u>	<u>61.8</u>	<u>216.7</u>	<u>192.5</u>
 DEFERRED INFLOWS OF RESOURCES	 6.0	 5.0	 1.4	 0.9	 7.4	 5.9
 NET POSITION						
Net investment in capital assets	392.5	405.1	279.2	270.1	671.7	675.2
Restricted	24.6	22.8	12.3	13.0	36.9	35.8
Unrestricted	<u>(27.5)</u>	<u>(16.9)</u>	<u>22.6</u>	<u>30.0</u>	<u>(4.9)</u>	<u>13.1</u>
Total net position	<u>\$ 389.6</u>	<u>\$ 411.0</u>	<u>\$ 314.1</u>	<u>\$ 313.1</u>	<u>\$ 703.7</u>	<u>\$ 724.1</u>

Net position is a good indicator of a city's overall financial standing. For fiscal year 2017, the City had total combined net position of \$703.7 million. This was a decrease of \$20.4 million, or 2.8% over the prior year's net position of \$724.1 million and is attributed to increased personnel costs, increases in the City's net pension liability, and increased depreciation expense. Not all of the \$703.7 million is available for the City to use without restraint. The largest portion of the City's total net position \$671.7 million, or 95.4% represents the City's net investment in capital assets. Of the remaining net position, \$36.9 million is restricted for various purposes and a deficit of \$4.9 million is unrestricted.

City of Surprise's Changes in Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:						
Charges for services	\$ 20.3	\$ 18.1	\$ 40.0	\$ 35.5	\$ 60.3	\$ 53.6
Operating grants and contributions	12.1	11.2	-	-	12.1	11.2
Capital grants and contributions	14.4	11.6	5.8	3.1	20.2	14.7
General Revenues:						
Property taxes	10.4	10.0	-	-	10.4	10.0
Sales taxes	49.4	46.8	-	-	49.4	46.8
Franchise taxes	5.7	5.1	-	-	5.7	5.1
State shared revenues	31.7	30.6	-	-	31.7	30.6
Unrestricted investment earnings	0.0	0.6	0.1	0.3	0.1	0.9
Other	3.1	0.4	-	-	3.1	0.4
Total revenues	147.1	134.4	45.9	38.9	193.0	173.3
EXPENSES						
Program activities:						
Governmental activities:						
General government	27.7	18.9	-	-	27.7	18.9
Public Safety	64.1	47.3	-	-	64.1	47.3
Public works and streets	41.5	38.7	-	-	41.5	38.7
Community development	12.3	10.2	-	-	12.3	10.2
Culture and recreation	22.6	25.7	-	-	22.6	25.7
Interest on long-term debt	1.5	1.5	-	-	1.5	1.5
Business-type activities:						
Water	-	-	15.0	11.8	15.0	11.8
Sewer	-	-	19.5	20.4	19.5	20.4
Sanitation	-	-	9.0	8.0	9.0	8.0
Stormwater	-	-	0.2	-	0.2	-
Total expenses	169.7	142.3	43.7	40.2	213.4	182.5
Excess before transfers	(22.6)	(7.9)	2.2	(1.3)	(20.4)	(9.2)
Transfers in (out)	1.2	0.2	(1.2)	(0.2)	-	-
Increase/(Decrease) in net position	(21.4)	(7.7)	1.0	(1.5)	(20.4)	(9.2)
Net position - beginning	411.0	418.7	313.1	314.6	724.1	733.3
Net Position - ending	<u>\$ 389.6</u>	<u>\$ 411.0</u>	<u>\$ 314.1</u>	<u>\$ 313.1</u>	<u>\$ 703.7</u>	<u>\$ 724.1</u>

FY 2017 Governmental Program Revenues and Expenses

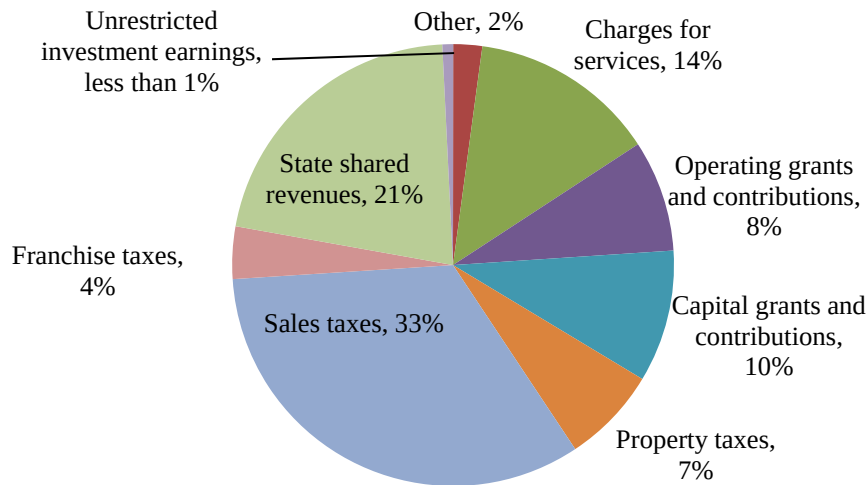


For fiscal year 2017, governmental program expenses exceeded program specific revenues by \$122.9 million. The remaining expenses were supported by general governmental revenues and net position.

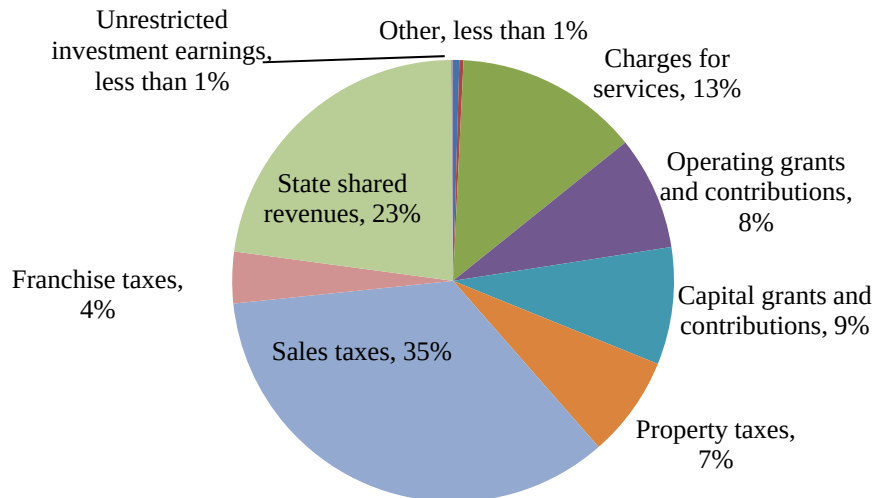
- ❖ Charges for services, operating grants and contributions, and capital grants and contributions account for 31.8% of total governmental revenues.
- ❖ Community oriented programs such as **Public Safety** (police, fire, and courts) and **Culture and Recreation** (parks, recreation, youth, and senior services) are subsidized by general governmental revenues. The City does not intend to charge for the total cost of these services directly.
 - The City of Surprise maintains a full-time paramedic-trained Fire Department funded by General Government revenues and charges for services for ambulance related calls.
 - Culture and Recreation often charges a fee for services it provides, but usually that fee does not cover the entire cost of the service.
- ❖ **Community Development** revenues come primarily from construction related activities.
- ❖ **SLIDS** are Street Light Improvement Districts that charge a fee/tax to pay for the maintenance of light poles and the electricity used by neighborhood streetlights. Revenues and expenses for SLIDS are included in the public works and streets program.

Governmental Activities Revenues for the fiscal year ended June 30, 2017 totaled \$147.1 million and have been identified by major revenue source in percentage format. The prior year percentages have also been provided for comparison.

Fiscal Year 2017 Governmental Activities Revenues



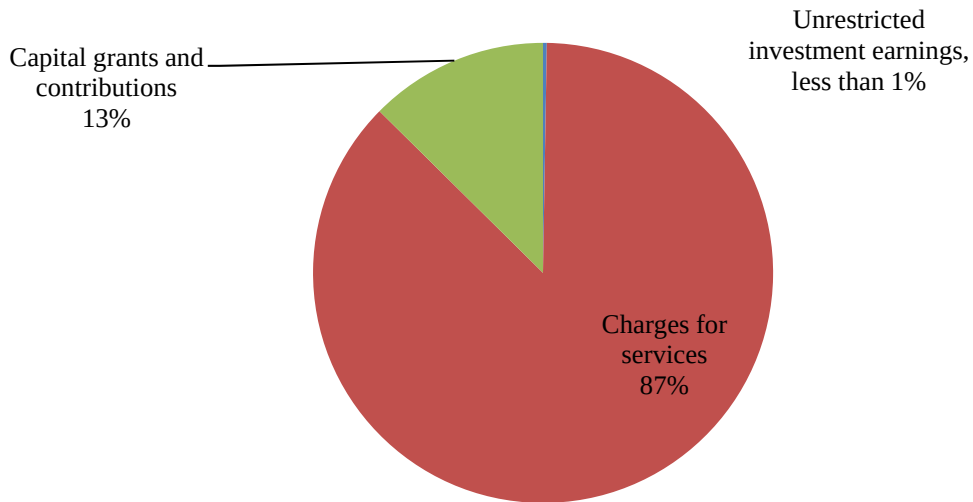
Fiscal Year 2016 Governmental Activities Revenues



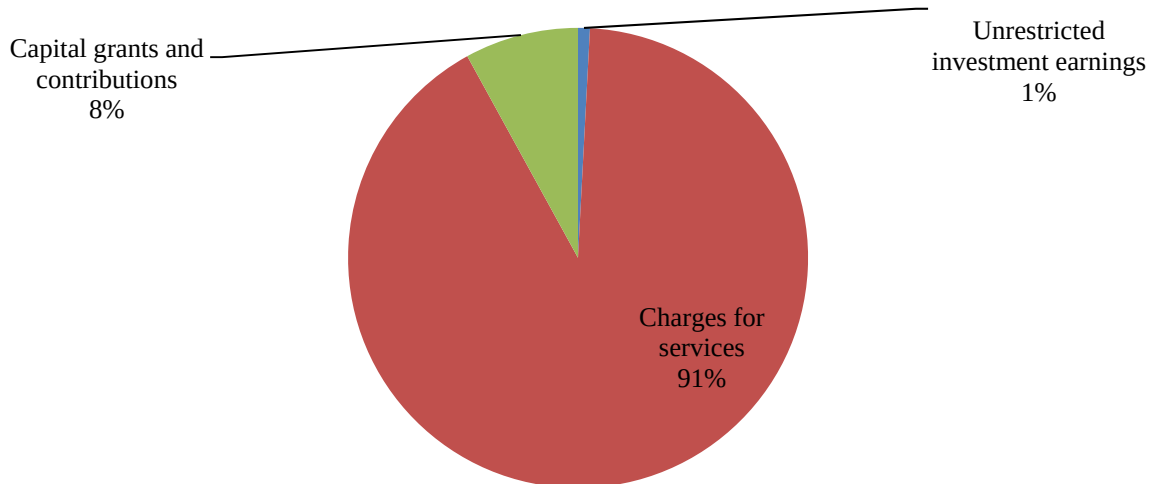
- ❖ The City's largest revenue source is sales taxes at \$49.4 million. This is followed by state shared revenues totaling \$31.7 million.
- ❖ Total governmental activities revenues increased \$12.7 million from the prior year as a result of the following changes in revenue: sales taxes increased \$2.6 million and state shared revenues increased \$1.1 million due to an improving local economy. Charges for services increased \$2.2 million, operating grants and contributions increased \$0.9 million, capital grants and contributions increased \$2.8 million and property taxes increased \$0.4 million from a 4.5% increase in property values.

Business Type Revenues for the fiscal year ended June 30, 2017 totaled \$45.9 million are identified by major revenue source in percentage format. The prior year percentages have also been provided for comparison.

Fiscal Year 2017 Business Type Revenues



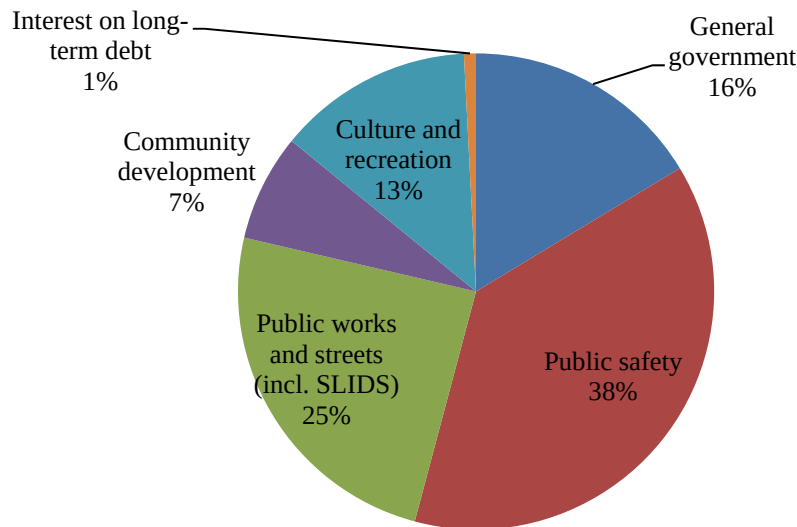
Fiscal Year 2016 Business Type Revenues



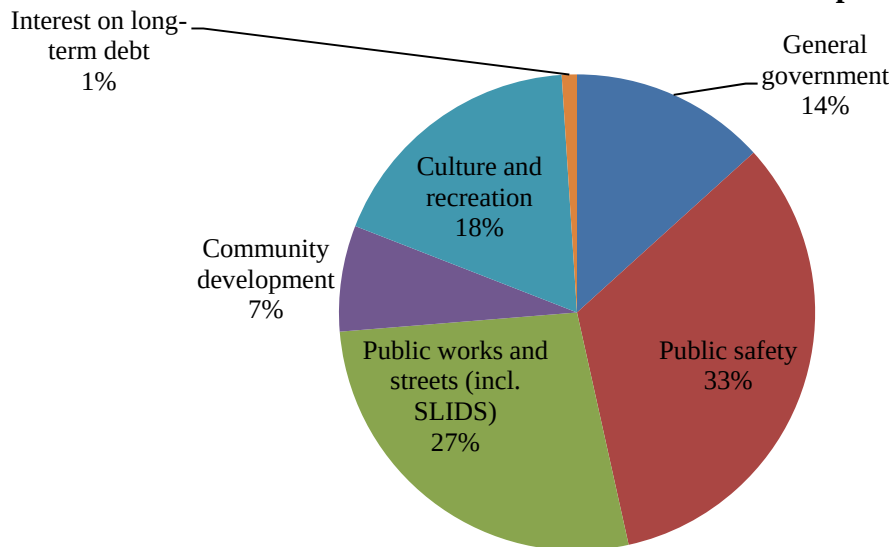
- ❖ Total Business Type Revenues increased \$7.0 million from the prior fiscal year. The increase is the result of a new stormwater utility, a 4% increase in water utility rates and an increase in capital grants and contributions as a result of increased development activities within the City during the current year.

Governmental Activities Expenses for the fiscal year ended June 30, 2017 totaled \$169.7 million and are identified by function in percentage format. The prior year percentages have also been provided for comparison.

Fiscal Year 2017 Governmental Activities Expenses



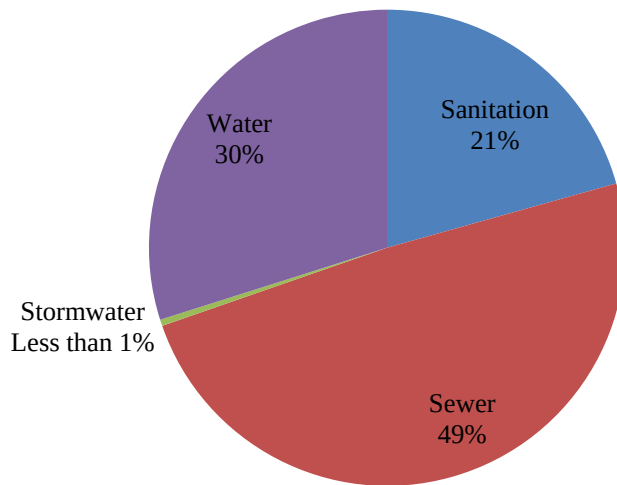
Fiscal Year 2016 Governmental Activities Expenses



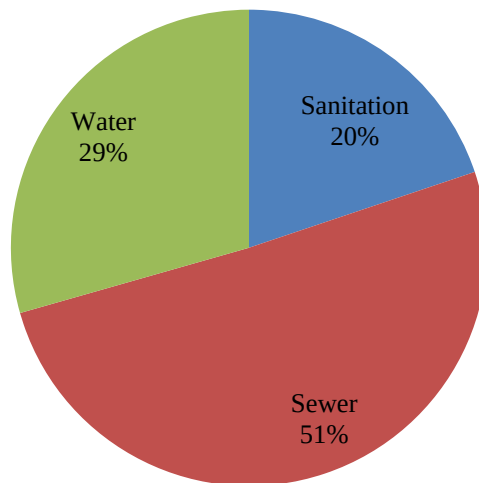
- ❖ Current year costs increased by \$27.4 million or 19.2%. The single largest expense for the City is the cost of personnel. Public safety has the largest workforce paid from governmental funds. As a result, public safety comprises the largest portion of program expenditures at \$64.1 million.

Business Type Expenses for the fiscal year ended June 30, 2017 totaled \$43.7 million and are identified by function in percentage format. The prior year percentages have also been provided for comparison.

Fiscal year 2017 Business Type Expenses



Fiscal year 2016 Business Type Expenses



- ❖ Business Type expenses increased by \$3.5 million or 8.7% from the prior year. Personnel increases, developer reimbursements, and increased depreciation expense account for the increase.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- ❖ **Total Governmental Funds** fund balance increased \$4.6 million from \$55.7 million to \$60.3 million. The increase was primarily due to a \$2.7 million increase in tax revenues, a \$1.2 million increase in intergovernmental revenue, a \$0.7 million increase in licenses and permits as a result of continued improvement of the local economy. Of the total ending fund balance, \$1.9 million has been classified as nonspendable and is not available to meet future funding needs because it is not in spendable form or is legally or contractually required to be maintained intact. An additional \$24.6 million has been classified as restricted and consists of amounts restricted by external parties or as a result of the law. Of the remaining total, \$40.0 million has been committed to recognize a specific council determined purpose. These amounts may be used for another purpose with council's direction. There is \$1.4 million of fund balance which has been assigned to a specific purpose by the chief financial officer; these amounts may be used for other than the currently assigned positions if the chief financial officer deems it necessary. Finally, there is an unassigned fund balance of (\$7.6) million. This negative unassigned fund balance is the result of several development fee funds that currently have deficit cash balances. Interfund loans were created to replenish the cash balances in these funds and the future receipt of development fees will be used to repay these interfund loans.
 - The General Fund balance increased \$1.3 million. This change was the result of increases in property taxes, sales taxes, state shared revenues, licenses and permits, intergovernmental revenues, charges for services, and interest income.
 - The General Capital Projects Fund balance increased \$0.6 million. This change was due to return of \$2.0 million in funding from an outside organization for a community facility project that was canceled. The City spent \$1.4 million of this funding on current year projects the remaining funds will be spent in future years.
 - The General Government Development Fee Fund contains \$42.5 million in advances from other funds which represents the current deficit in the fund. This amount will be reimbursed from future development fees to pay for the growth related capital improvements.
 - The Highway User Revenue Fund balance remained relatively the same as a result of an increase in inventories offsetting current year expenditures.
 - The Transportation Improvement fund balance decreased \$0.2 million from \$3.8 million to \$3.6 million. This decrease is the result of an increase in capital outlays related to construction projects during the current year.
 - The Non-major Governmental Funds fund balance increased \$2.4 million. The increase was due to transfers in of \$2.4 million from the General Fund and General Government Development Fee Fund for debt service and capital projects.
- ❖ **Proprietary Fund** financial statements provide similar information contained in the government- wide financial statements but in more detail. Their results are thoroughly discussed in the review of business type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

- ❖ The original General Fund budget for expenditures was \$104.9 million. Budget adjustments throughout the year increased total budgeted expenditures by \$1.3 million. Of that increase, \$0.6 million resulted from purchase of two new ambulances and associated durable medical equipment as part of the deployment of the City's new ground ambulance program. The remaining increase of \$0.7 million resulted from increased sales tax revenue to the City which resulted in increases in reimbursements to developers as part of the City's developer agreements.
- ❖ Actual General Fund expenditures totaling \$98.5 million were \$7.7 million less than budgeted. Of that variance, \$1.0 million of costs budgeted for Culture and recreation services within the General Fund were assumed by the Spring Training Ticket Surcharge fund. An additional \$0.8 million of the variance is a result of unused contingency. \$1.4 million of the variance is attributable to vacancy savings from the City of Surprise Police Department. The remaining variance was spread fairly evenly among all of the City's expenditures and was a result of conservative spending efforts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets at Year-End Net of Depreciation (in Millions)

	Governmental Activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land and improvements	\$ 39.9	\$ 33.8	\$ 5.1	\$ 5.1	\$ 45.0	\$ 38.9
Parks	10.2	10.3	-	-	10.2	10.3
Water rights	-	-	11.5	8.6	11.5	8.6
Construction in progress	1.7	10.4	2.4	9.5	4.1	19.9
Buildings and improvements	137.5	146.7	277.9	277.6	415.4	424.3
Improvements other than buildings	19.1	19.2	5.4	1.3	24.5	20.5
Equipment and vehicles	17.8	16.4	10.6	6.4	28.4	22.8
Intangibles	4.3	-	0.5	-	4.8	-
Infrastructure	202.9	206.6	-	-	202.9	206.6
Total capital assets, net	<u>\$433.4</u>	<u>\$443.4</u>	<u>\$313.4</u>	<u>\$308.5</u>	<u>\$746.8</u>	<u>\$751.9</u>

The capital assets of the Governmental Activities decreased by \$10.0 million from the prior fiscal year, net of depreciation (\$13.7 million increase before depreciation).

- ❖ Changes to the Governmental Activities capital assets for fiscal year 2017 were the result of:
 - Current year depreciation expense of \$27.1 million.
 - Capital asset donations made to the City. The assets donated consisted of streets infrastructure and right-of-ways.
 - ❖ \$3.2 million –right-of-ways throughout the city
 - ❖ \$6.6 million – streets infrastructure throughout the city

- ❖ Governmental Activities construction in process includes:
 - \$0.3 million – Fire Engine replacement
 - \$0.3 million – Fire Truck replacement
 - \$0.1 million – Reems Rd fiber optics from Waddell to Peoria
 - \$0.1 million – Fleet Management software replacement
 - \$0.1 million – Reclaimed water connections at City Hall
 - \$0.1 million – Bell Rd lake Booster Station

The capital assets of the Business Type Activities funds increased by \$4.9 million from the prior fiscal year, net of depreciation (\$15.4 million increase before depreciation).

- ❖ Changes to the Business Type Activities capital assets for fiscal year 2017 were the result of:
 - Current year depreciation expense of \$11.4 million.
 - Capital asset infrastructure donations made to the City. The assets donated consisted of water, sewer, and stormwater utilities.
 - ❖ \$0.7 million – Stormwater improvements
 - ❖ \$1.2 million – Sewer lines
 - ❖ \$1.4 million – Water lines
- ❖ Business Type Activities construction in process - includes:
 - \$1.1 million – SPA 1 dewatering centrifuge
 - \$0.1 million – SPA1 influent LN hydraulic rehabilitation
 - \$0.2 million – Bell Rd Lake booster station
 - \$0.1 million – Water transmission lines
- ❖ For more detailed information on Capital Assets see Note 4 of this report.

Outstanding Debt at Year-End (in Millions)

	Governmental		Business-type		Total	
	2017	2016	2017	2016	2017	2016
Pledged revenue obligations	\$29.2	\$31.7	\$5.2	\$5.9	\$34.4	\$37.6
Municipal property corporation bonds	-	-	35.7	37.6	35.7	37.6
Community facilities district bonds	12.1	6.9	-	-	12.1	6.9
Total debt outstanding	<u>\$41.3</u>	<u>\$38.6</u>	<u>\$40.9</u>	<u>\$43.5</u>	<u>\$82.2</u>	<u>\$82.1</u>

- ❖ **Long-term debt**, including amounts due within one year, increased \$0.1 million this year from \$82.1 million to \$82.2 million. The increase was the result of issuance of the series 2016 Marley Park Community Facilities District Bonds exceeding current year debt service payments.
- ❖ For more detailed information on long-term debt see Note 7 of this report.

ECONOMIC FACTORS, RATES, AND NEXT YEAR'S BUDGET

- ❖ **Revenues are expected to increase slightly** – City sales tax is expected to increase 3.2% or \$1.54 million over last year's budget of 1.6% as consumer spending continues to improve with the economy. State shared revenues are projected to increase 3.6%. Currently, the City of Surprise is the tenth most populated city in Arizona.
- ❖ **Personnel increase** – For the FY2018 budget, represented public safety employees received a step increase ranging from 3% to 5%. Further, increases in personnel costs are also attributable to an increase in employer contribution rates to the Public Safety Personnel Retirement System (PSPRS) in FY2018. The FY2018 budget also includes the addition of 20.7 full-time equivalents (FTE) compared to the FY2017 adopted budget to support public safety. The increase in FTEs will be offset by an increase in revenues during the fiscal year and no wage increases for general city employees.
- ❖ **Next year's budget** – Total budgeted expenditures for the General Fund for fiscal year 2018 is \$103.9 million, an increase of \$3 million over the FY2017 adopted budget of \$100.9 million. The increase in the budget is primarily due to PSPRS increases, one-time spending on a special bond election, and expected increases in payments related to development agreements as a result of the expected increase in sales tax revenue.

FINANCIAL CONTACT

The financial report is designed to provide a general overview of the City of Surprise's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information, should be addressed to the City's Chief Financial Officer at: 16000 North Civic Center Plaza, Surprise, Arizona 85374.



FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Financial Section is divided into five subsections. The third subsection is comprised of the Basic Financial Statements that are the core of general-purpose external financial reporting for local governments and are separated into three components. The first component is comprised of the government-wide financial statements. These financial statements incorporate all of the City's governmental and business-type activities. The business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are two basic government-wide financial statements: the statement of net position and the statement of activities.



SURPRISE

ARIZONA

City of Surprise, Arizona
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 74,673,364	\$ 28,605,831	103,279,195
Restricted cash and investments	6,841,808	14,268,131	21,109,939
Receivables (net of allowances)			-
Accounts	753,127	4,922,737	5,675,864
Taxes and franchise fees	9,241,261	-	9,241,261
Grants	652,796	-	652,796
Intergovernmental	916,601	-	916,601
Other	390,610	66,076	456,686
Prepaid items and other assets	309,001	168,781	477,782
Inventory	1,141,627	828,982	1,970,609
Internal balances	(10,818,973)	10,818,973	-
Total current assets	84,101,222	59,679,511	143,780,733
Noncurrent assets:			
Equity interest in joint venture	1,128,994	-	1,128,994
Capital assets, non-depreciable	51,831,805	19,066,676	70,898,481
Capital assets, depreciable	699,734,028	399,743,529	1,099,477,557
Accumulated depreciation	(318,152,198)	(105,402,287)	(423,554,485)
Total noncurrent assets	434,542,629	313,407,918	747,950,547
Total assets	518,643,851	373,087,429	891,731,280
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Pension related	32,688,974	3,146,526	35,835,500
Deferred Outflows of Resources - Loss on refunding	326,713	-	326,713
Total deferred outflows of resources	33,015,687	3,146,526	36,162,213
Total assets and deferred outflows of resources	551,659,538	376,233,955	927,893,493
LIABILITIES			
Current liabilities:			
Accounts payable	4,977,063	1,831,618	6,808,681
Accrued payroll and related taxes	2,750,649	336,374	3,087,023
Deposits	285,285	381,084	666,369
Unearned revenues	2,278,201	739,597	3,017,798
Contracts payable, due in less than one year	2,332,340	283,345	2,615,685
Claims payable	4,302,283	-	4,302,283
Other liabilities	189,634	-	189,634
Compensated absences payable, due in less than one year	2,555,329	339,321	2,894,650
Matured bond and loan interest payable	810,888	545,806	1,356,694
Matured bond and loans payable	2,613,738	576,262	3,190,000
Bonds, loans and payables due in less than one year	2,646,050	2,548,950	5,195,000
Total current liabilities	25,741,460	7,582,357	33,323,817
Noncurrent liabilities:			
Contracts payable, due in more than one year	-	2,683,774	2,683,774
Compensated absences payable, due in more than one year	3,528,785	468,586	3,997,371
Bonds, loans and payables due in more than one year	38,709,111	38,420,480	77,129,591
Net pension liability	88,090,954	11,529,785	99,620,739
Total noncurrent liabilities	130,328,850	53,102,625	183,431,475
Total liabilities	156,070,310	60,684,982	216,755,292
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Pension Related	5,996,678	1,403,182	7,399,860
Total deferred inflows of resources	5,996,678	1,403,182	7,399,860
Total liabilities and deferred inflows of resources	\$ 162,066,988	\$ 62,088,164	\$ 224,155,152

See accompanying Notes to Financial Statements

City of Surprise, Arizona
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 392,458,485	\$ 279,249,380	\$ 671,707,865
Restricted for:			
Court	71,112	-	71,112
Debt Service	74,171	6,810,892	6,885,063
Economic Development	5,333	-	5,333
Employee Dependent Scholarship	1,107	-	1,107
Fire	2,705,045	-	2,705,045
Library	4,617,236	-	4,617,236
Parks and recreation	2,237,551	-	2,237,551
Police	2,781,789	-	2,781,789
Public Works	8,409,097	-	8,409,097
Sewer system repair and replacement	-	5,515,315	5,515,315
Transportation	3,710,900	-	3,710,900
Unrestricted	(27,479,276)	22,570,204	(4,909,072)
Total net position	<u>\$ 389,592,550</u>	<u>\$ 314,145,791</u>	<u>\$ 703,738,341</u>



SURPRISE

ARIZONA

City of Surprise, Arizona
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General Government	\$ 27,733,034	\$ 5,863,856	\$ 195,061	\$ 973,164
Public Safety	64,148,194	3,600,402	2,423,958	2,837,330
Public works and streets	41,540,981	1,445,873	8,197,295	9,997,929
Community Development	12,326,274	3,770,393	395,742	3,880
Culture and recreation	22,555,794	5,586,303	885,902	544,529
Interest on long-term debt	1,381,807	-	-	-
Total governmental activities	169,686,084	20,266,827	12,097,958	14,356,832
Business-type activities:				
Sanitation Fund	9,034,441	7,525,140	-	-
Sewer Fund	19,519,303	17,190,499	-	2,874,239
Stormwater Fund	187,744	1,282,788	-	660,384
Water Fund	15,013,661	14,048,726	-	2,253,509
Total business-type activities	43,755,149	40,047,153	-	5,788,132
Total primary government	\$ 213,441,233	\$ 60,313,980	\$ 12,097,958	\$ 20,144,964
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Unrestricted State shared revenues				
Unrestricted investment earnings				
Other				
Transfers				
Total general revenues, special items, and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (20,700,953)	\$ -	\$ (20,700,953)
(55,286,504)	-	(55,286,504)
(21,899,884)	-	(21,899,884)
(8,156,259)	-	(8,156,259)
(15,539,060)	-	(15,539,060)
(1,381,807)	-	(1,381,807)
(122,964,467)	-	(122,964,467)
-	(1,509,301)	(1,509,301)
-	545,435	545,435
-	1,755,428	1,755,428
-	1,288,574	1,288,574
-	2,080,136	2,080,136
(122,964,467)	2,080,136	(120,884,331)
10,441,730	-	10,441,730
49,416,383	-	49,416,383
5,674,974	-	5,674,974
31,755,661	-	31,755,661
26,274	119,304	145,578
3,129,094	-	3,129,094
1,154,860	(1,154,860)	-
101,598,976	(1,035,556)	100,563,420
(21,365,491)	1,044,580	(20,320,911)
410,958,041	313,101,211	724,059,252
\$ 389,592,550	\$ 314,145,791	\$ 703,738,341



SURPRISE

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FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS FUND FINANCIAL STATEMENTS

The Financial Section is divided into five subsections. The fourth subsection is also comprised of the Basic Financial Statements that are the core of general-purpose external financial reporting for local governments and are separated into three components. The second component is comprised of the fund financial statements. These financial statements are presented on the basis of funds, in contrast to the government-wide financial statements.



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City of Surprise, Arizona
 Balance Sheet
 Governmental Funds
 June 30, 2017

	General Fund	General Capital Projects Fund	General Government Development Fee Fund	Highway User Revenue Fund
ASSETS				
Cash and investments	\$ 35,623,707	\$ 2,351,210	\$ -	\$ 937,102
Restricted cash and investments	1,747,072	73,298	-	2,000
Receivables (net of allowances)				
Accounts	753,127	-	-	-
Taxes and franchise fees	9,190,902	-	-	-
Grants	-	-	-	-
Intergovernmental	151,502	-	-	765,099
Due from other funds	275,179	-	-	-
Other	378,852	203	-	1,555
Prepaid items and other assets	285,633	814	-	5,892
Inventory	538,047	-	-	603,580
Advances to other funds	438,681	36,019,204	-	-
Total assets	<u>\$ 49,382,702</u>	<u>\$ 38,444,729</u>	<u>\$ -</u>	<u>\$ 2,315,228</u>
LIABILITIES				
Accounts payable	\$ 2,153,056	\$ 1,241,471	\$ -	\$ 508,581
Accrued payroll and related taxes	2,624,984	-	-	108,970
Due to other funds	-	-	-	-
Deposits	188,407	-	-	-
Unearned revenue	1,508,916	-	-	2,000
Contracts payable	2,131,905	-	-	-
Other liabilities	99,366	-	-	43,459
Matured bond interest payable	-	-	-	-
Matured bonds payable	-	-	-	-
Advances from other funds	-	-	42,451,206	-
Total liabilities	<u>8,706,634</u>	<u>1,241,471</u>	<u>42,451,206</u>	<u>663,010</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Unavailable revenue	137,326	-	-	-
Total deferred inflow of resources	<u>137,326</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>8,843,960</u>	<u>1,241,471</u>	<u>42,451,206</u>	<u>663,010</u>
FUND BALANCES (DEFICITS)				
Nonspendable	1,262,361	814	-	609,472
Restricted	501,278	73,298	-	1,042,746
Committed	-	36,019,204	-	-
Assigned	338,555	1,109,942	-	-
Unassigned	38,436,548	-	(42,451,206)	-
Total fund balances (deficits)	<u>40,538,742</u>	<u>37,203,258</u>	<u>(42,451,206)</u>	<u>1,652,218</u>
Total liabilities and fund balances (deficits)	<u>\$ 49,382,702</u>	<u>\$ 38,444,729</u>	<u>\$ -</u>	<u>\$ 2,315,228</u>

See accompanying Notes to Financial Statements.

Transportation Improvement Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 3,955,587	23,129,258	\$ 65,996,864
117,395	4,902,043	6,841,808
-	-	753,127
-	50,359	9,241,261
-	652,796	652,796
-	-	916,601
-	-	275,179
-	-	380,610
-	8,180	300,519
-	-	1,141,627
-	-	36,457,885
<u>\$ 4,072,982</u>	<u>\$ 28,742,636</u>	<u>\$ 122,958,277</u>
\$ 319,976	\$ 700,360	\$ 4,923,444
1,877	-	2,735,831
-	275,179	275,179
95,504	1,374	285,285
-	767,285	2,278,201
21,890	178,545	2,332,340
46,809	-	189,634
-	810,888	810,888
-	2,613,738	2,613,738
-	3,578,499	46,029,705
<u>486,056</u>	<u>8,925,868</u>	<u>62,474,245</u>
-	26,647	163,973
-	26,647	163,973
<u>486,056</u>	<u>8,952,515</u>	<u>62,638,218</u>
-	8,180	1,880,827
-	22,996,019	24,613,341
3,586,926	399,489	40,005,619
-	-	1,448,497
-	(3,613,567)	(7,628,225)
<u>3,586,926</u>	<u>19,790,121</u>	<u>60,320,059</u>
<u>\$ 4,072,982</u>	<u>\$ 28,742,636</u>	<u>\$ 122,958,277</u>

City of Surprise, Arizona

Reconciliation of the Governmental Funds Balance Sheet Fund Balances
to the Statement of Net Position
Fiscal Year Ended June 30, 2017

Fund balances - total governmental funds		\$ 60,320,059
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	751,565,833	
Less accumulated depreciation	<u>(318,152,198)</u>	
		433,413,635
Some revenues will not be available to pay for current-period expenditures and, therefore, are unavailable in the funds.		163,973
Internal Service Funds used by management to charge the costs of employee healthcare, risk management, and workers' compensation to individual funds are included in the statement of net position.		
Net position (adjusted for interfund activity)	6,021,335	
Net pension liability	(454,376)	
Deferred Outflows	124,001	
Deferred Inflows	(55,298)	
Compensated absences	<u>(21,005)</u>	
		5,614,657
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	32,564,973	
Deferred inflows of resources related to pensions	<u>(5,941,380)</u>	
		26,623,593
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(38,272,637)	
Issuance premium (to be amortized as interest expense)	(3,082,524)	
Net pension liability	(87,636,578)	
Compensated absences payable	(6,063,109)	
Deferred outflow of resources related to loss on refunding	326,713	
PSPRS Excess Contributions	<u>(2,944,226)</u>	
		(137,672,361)
The equity interest in the joint venture is not a financial resource and, therefore, is not reported in the funds.		
Regional Wireless Cooperative		<u>1,128,994</u>
Net position of governmental activities		\$ 389,592,550

See accompanying Notes to Financial Statements



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City of Surprise, Arizona

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2017

	General Fund	General Capital Projects Fund	General Government Development Fee Fund	Highway User Revenue Fund
REVENUES				
Taxes	\$ 49,651,894	\$ 3,176,282	\$ -	\$ -
Licenses and permits	5,811,255	-	-	-
Intergovernmental revenues	32,440,510	-	-	7,634,613
Charges for services	12,036,063	-	-	12,750
Grants revenue	5,000	-	-	-
Fines	947,640	-	-	-
Rents	621,033	-	-	-
Development fees	-	-	973,164	-
Interest revenue(loss)	(40,677)	10,282	8,629	2,348
Donations	160,706	-	-	-
Indirect charges	4,768,960	-	-	-
Other revenue	526,462	2,379,938	-	1,897
Total revenues	106,928,846	5,566,502	981,793	7,651,608
EXPENDITURES				
Current:				
General Government	16,578,181	-	-	-
Public Safety	46,379,259	-	-	-
Public works and streets	6,829,733	-	-	7,790,755
Community Development	11,503,447	-	-	-
Culture and recreation	16,038,779	-	-	-
Debt service:				
Administrative charges	-	-	-	-
Principal retirement	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay:				
General Government	214,552	2,073,964	-	-
Public Safety	900,974	2,079,920	-	-
Public works and streets	32,666	4,436,258	-	156,701
Community Development	30,821	1,297,841	-	-
Culture and recreation	9,314	895,591	-	-
Total expenditures	98,517,726	10,783,574	-	7,947,456
Excess (deficiency) of revenues over expenditures	8,411,120	(5,217,072)	981,793	(295,848)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	368,156	-	-	-
Transfers in	1,154,860	5,787,900	-	-
Transfers out	(8,618,697)	-	(367,332)	-
Bond Proceeds	-	-	-	-
Premium on debt issuance	-	-	-	-
Refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	(7,095,681)	5,787,900	(367,332)	-
Net change in fund balances	1,315,439	570,828	614,461	(295,848)
Fund Balances - beginning	39,216,429	36,632,430	(43,065,667)	1,692,422
Increase in inventories	6,874	-	-	255,644
Fund Balances (deficits) - ending	\$ 40,538,742	\$ 37,203,258	\$ (42,451,206)	\$ 1,652,218

Transportation Improvement Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 3,017,920	\$ 3,903,264	\$ 59,749,360
-	-	5,811,255
-	355,277	40,430,400
-	1,078,546	13,127,359
181,282	1,670,548	1,856,830
-	104,726	1,052,366
-	-	621,033
-	3,440,550	4,413,714
4,891	38,976	24,449
-	-	160,706
-	-	4,768,960
-	368	2,908,665
<u>3,204,093</u>	<u>10,592,255</u>	<u>134,925,097</u>
-	97,412	16,675,593
-	657,028	47,036,287
2,615,726	2,880,170	20,116,384
186,113	535,595	12,225,155
-	1,959,478	17,998,257
-	4,155	4,155
-	2,613,738	2,613,738
-	1,587,151	1,587,151
-	720,827	720,827
-	4,415,179	6,703,695
-	253,801	3,234,695
622,052	70,013	5,317,690
-	-	1,328,662
-	11,624	916,529
<u>3,423,891</u>	<u>15,806,171</u>	<u>136,478,818</u>
<u>(219,798)</u>	<u>(5,213,916)</u>	<u>(1,553,721)</u>
-	-	368,156
-	3,552,896	10,495,656
-	(1,154,767)	(10,140,796)
-	11,365,000	11,365,000
-	331,218	331,218
-	(6,500,617)	(6,500,617)
<u>-</u>	<u>7,593,730</u>	<u>5,918,617</u>
(219,798)	2,379,814	4,364,896
3,806,724	17,410,307	55,692,645
-	-	262,518
<u>\$ 3,586,926</u>	<u>\$ 19,790,121</u>	<u>\$ 60,320,059</u>

City of Surprise, Arizona

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$ 4,364,896
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures.

However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	8,229,595	
Less current year depreciation	<u>(27,081,866)</u>	
		(18,852,271)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

Capital Contributions	9,942,919	
Disposals of assets	<u>(1,122,426)</u>	
		8,820,493

Change in equity interest for joint venture	1,128,994
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(203,266)
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Inventories are recorded using the purchases method in the governmental funds and an adjustment is made to record inventory using the consumption method for the statement of activities.

Change in inventory	262,518
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Governmental funds report City pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.

Pension contributions	7,461,304	
Pension expense	<u>(20,371,771)</u>	
		(12,910,467)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Also, the effect of premiums, discounts and similar items when debt is first issued. These items are current finance resources or uses to governmental funds whereas, these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term liabilities and debt related items.

Amortization of issuance premium	317,353	
Contracts Payable	95,625	
Principal Paid	2,613,738	
Bond Refunding	6,500,617	
Bond Proceeds	(11,696,218)	
Amortization of Loss on refunding	<u>(108,904)</u>	
		(2,277,789)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.

Increase in compensated absences	(71,896)	
PSPRS Excess Contributions	<u>(2,944,226)</u>	
		(3,016,122)

Internal service funds are used by management to charge the costs of employee healthcare, risk management, and workers' compensation. The net revenue of certain activities of the internal services funds is reported in the statement of activities.

Change in net position for the internal service funds (adjusted for interfund activity)	517,523	
Transfers	<u>800,000</u>	
		1,317,523

Change in net position of governmental activities	<u>(\$21,365,491)</u>
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SURPRISE

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City of Surprise, Arizona
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities		
	Water Fund	Sewer Fund	Sanitation Fund
ASSETS			
Current assets:			
Cash and investments	\$ 10,377,205	\$ 11,705,539	\$ 5,613,286
Restricted cash and investments	100,449	13,955,072	212,610
Receivables (net of allowances)			
Accounts	1,967,408	1,924,169	797,675
Other	60,440	-	5,636
Other assets	168,781	-	-
Inventory	156,313	514,440	158,229
Total current assets	12,830,596	28,099,220	6,787,436
Noncurrent assets:			
Advances to other funds	-	9,571,820	-
Capital assets	128,331,486	281,666,965	8,151,370
Accumulated depreciation	(26,021,505)	(75,989,114)	(3,381,421)
Total noncurrent assets	102,309,981	215,249,671	4,769,949
Total assets	115,140,577	243,348,891	11,557,385
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	992,008	1,191,960	962,558
Total deferred outflows of resources	992,008	1,191,960	962,558
Total assets and deferred outflows of resources	\$ 116,132,585	\$ 244,540,851	\$ 12,519,943
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 842,284	\$ 750,201	\$ 239,133
Accrued payroll and related taxes	98,060	153,808	84,506
Deposits	91,494	168,127	121,463
Unearned revenue	-	604,788	91,146
Claims payable	-	-	-
Compensated absences payable, due in less than one year	100,531	162,149	76,641
Contracts payable	8,955	274,390	-
Matured bond interest payable	-	545,806	-
Matured bonds and loans payable	-	576,262	-
Bonds, loans and payables, due in less than one year	-	2,548,950	-
Total current liabilities	1,141,324	5,784,481	612,889
Noncurrent liabilities:			
Compensated absences payable, due in more than one year	138,829	223,920	105,837
Contracts payable, due in more than one year	2,683,774	-	-
Bonds, loans and payables, due in more than one year	-	38,420,480	-
Net pension liability	3,635,006	4,367,687	3,527,092
Total noncurrent liabilities	6,457,609	43,012,087	3,632,929
Total liabilities	7,598,933	48,796,568	4,245,818
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	442,383	531,550	429,249
Total deferred inflows of resources	442,383	531,550	429,249
Total liabilities and deferred inflows of resources	8,041,316	49,328,118	4,675,067
NET POSITION			
Net investment in capital assets	102,309,981	171,519,313	4,769,949
Restricted for:			
Debt service	-	6,810,892	-
Sewer system repair and replacement	-	5,515,315	-
Unrestricted	5,781,288	11,367,213	3,074,927
Total net position	\$ 108,091,269	\$ 195,212,733	\$ 7,844,876

Difference between business-type adjustments to assets and liabilities.
Net position of business-type activities

See accompanying Notes to Financial Statements

Stormwater Fund	Total Enterprise Funds	Governmental Activities	
		Internal Service Funds	
\$ 909,801	\$ 28,605,831	\$ 8,676,500	
-	14,268,131	-	
233,485	4,922,737	-	
-	66,076	10,000	
-	168,781	8,482	
-	828,982	-	
1,143,286	48,860,538	8,694,982	
-	9,571,820	-	
660,384	418,810,205	-	
(10,247)	(105,402,287)	-	
650,137	322,979,738	-	
1,793,423	371,840,276	8,694,982	
-	3,146,526	124,001	
-	3,146,526	124,001	
\$ 1,793,423	\$ 374,986,802	\$ 8,818,983	
\$ -	\$ 1,831,618	\$ 53,619	
-	336,374	14,818	
-	381,084	-	
43,663	739,597	-	
-	-	1,358,057	
-	339,321	8,822	
-	283,345	-	
-	545,806	-	
-	576,262	-	
-	2,548,950	-	
43,663	7,582,357	1,435,316	
-	468,586	12,183	
-	2,683,774	-	
-	38,420,480	-	
-	11,529,785	454,376	
-	53,102,625	466,559	
43,663	60,684,982	1,901,875	
-	1,403,182	55,298	
-	1,403,182	55,298	
43,663	62,088,164	1,957,173	
650,137	279,249,380	-	
-	6,810,892	-	
-	5,515,315	-	
1,099,623	21,323,051	6,861,810	
\$ 1,749,760	\$ 312,898,638	\$ 6,861,810	
	1,247,153		
	\$ 314,145,791		

See accompanying Notes to Financial Statements

City of Surprise, Arizona

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2017

	Business-Type Activities		
	Water Fund	Sewer Fund	Sanitation Fund
OPERATING REVENUES			
Charges for services	\$ 13,783,042	\$ 17,172,407	\$ 7,512,470
Other revenue	214,408	6,632	8,693
Total operating revenues	13,997,450	17,179,039	7,521,163
OPERATING EXPENSES			
Costs of sales and services	7,713,522	8,531,743	6,134,483
Indirect costs	1,219,922	1,543,044	2,005,994
Depreciation	3,160,169	7,379,593	893,964
Total operating expenses	12,093,613	17,454,380	9,034,441
Operating income (loss)	1,903,837	(275,341)	(1,513,278)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenues	48,000	-	-
Interest revenue	25,470	76,609	22,893
Developer reimbursement	(2,920,048)	(528,851)	-
Gain\ (Loss) on disposal of capital assets	3,276	11,460	3,977
Amortization on premium	-	78,152	-
Interest and fiscal charges	-	(1,727,749)	-
Total nonoperating revenues (expenses)	(2,843,302)	(2,090,379)	26,870
Income (loss) before contributions and transfers	(939,465)	(2,365,720)	(1,486,408)
Transfers in	1,937,851	-	-
Transfers out	(417,285)	(2,640,731)	(34,695)
Capital contributions	2,253,509	2,874,239	-
Change in net position	2,834,610	(2,132,212)	(1,521,103)
Total net position - beginning	105,256,659	197,344,945	9,365,979
Total net position - ending	\$ 108,091,269	\$ 195,212,733	\$ 7,844,876

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Changes in net position of business-type activities

		Governmental Activities	
Stormwater Fund	Total Enterprise Funds	Internal Service Funds	
\$ 1,282,788	\$ 39,750,707	\$ 13,136,080	
-	229,733	-	
1,282,788	39,980,440	13,136,080	
177,497	22,557,245	12,506,882	
-	4,768,960	-	
10,247	11,443,973	-	
187,744	38,770,178	12,506,882	
1,095,044	1,210,262	629,198	
-	48,000	-	
(5,668)	119,304	1,850	
-	(3,448,899)	-	
-	18,713	-	
-	78,152	-	
-	(1,727,749)	-	
(5,668)	(4,912,479)	1,850	
1,089,376	(3,702,217)	631,048	
-	1,937,851	800,000	
-	(3,092,711)	-	
660,384	5,788,132	-	
1,749,760	931,055	1,431,048	
-	311,967,583	5,430,762	
\$ 1,749,760	\$ 312,898,638	\$ 6,861,810	
	113,525		
	\$ 1,044,580		

City of Surprise, Arizona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities			
	Water Fund	Sewer Fund	Sanitation Fund	Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 14,367,959	\$ 17,933,480	\$ 8,034,859	\$ 915,469
Cash Other	214,408	6,632	8,693	-
Payments to employees	(3,062,788)	(3,933,827)	(2,900,949)	-
Payments to suppliers	(5,767,516)	(7,729,535)	(5,405,811)	-
Net cash provided (used) by operating activities	5,752,063	6,276,750	(263,208)	915,469
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other governments	48,000	-	-	-
Cash received from other funds	-	1,623,692	-	-
Cash paid to other funds	1,520,566	(702,880)	(34,695)	-
Net cash provided (used) by noncapital financing activities	1,568,566	920,812	(34,695)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from development fees	854,383	1,664,462	-	-
Proceeds received from extension fees	-	52,341	-	-
Principal and interest paid on bonds, loans and payables	-	(4,176,538)	-	-
Sale/Acquisition of capital assets	(6,758,091)	(6,665,742)	(1,580,342)	-
Developer reimbursements	(234,609)	(528,851)	-	-
Net cash provided (used) by capital and related financing activities	(6,138,317)	(9,654,328)	(1,580,342)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of investments	-	3,652,337	-	-
Purchases of investments	-	(3,517,853)	-	-
Cash received from interest income	25,470	76,605	22,893	(5,668)
Net cash provided (used) by investing activities	25,470	211,089	22,893	(5,668)
Net increase (decrease) in cash and cash equivalents	1,207,782	(2,245,677)	(1,855,352)	909,801
Balances - beginning of year	9,269,872	21,095,396	7,681,248	-
Balances - end of the year	\$ 10,477,654	\$ 18,849,719	\$ 5,825,896	\$ 909,801
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income	\$ 1,903,837	\$ (275,341)	\$ (1,513,278)	\$ 1,095,044
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	3,160,169	7,379,593	893,964	10,247
Changes in assets and liabilities:				
Accounts receivable	636,461	1,088,948	515,236	(233,485)
Other receivables	(56,372)	6,825	(5,636)	-
Other assets	(51,135)	-	-	-
Inventory	22,886	62,758	67,789	-
Accounts payable	(35,250)	(1,890,036)	(391,040)	-
Accrued payroll and related taxes	20,543	42,096	915	-
Deposits	4,828	(20,433)	7,724	-
Unearned revenue	-	(314,267)	(571)	43,663
Compensated absences	(12,785)	5,702	7,525	-
Net pension liability	158,881	190,905	154,164	-
Claims payable	-	-	-	-
Net cash provided (used) by operating activities	\$ 5,752,063	\$ 6,276,750	\$ (263,208)	\$ 915,469
Noncash investing, capital and financing activities				
Capital asset contributions from developers/governmental activities	\$ 1,399,126	\$ 1,157,435	\$ -	\$ 660,384
Capital asset contributions to/from other funds	1,937,851	(1,937,851)	-	-
Total noncash investing, capital and financing activities	\$ 3,336,977	\$ (780,416)	\$ -	\$ 660,384
Reconciliation to Statement of Net Position				
Cash and investments	\$ 10,377,205	\$ 11,705,539	\$ 5,613,286	\$ 909,801
Restricted cash and investments	100,449	13,955,072	212,610	-
Total cash and investments	\$ 10,477,654	\$ 25,660,611	\$ 5,825,896	\$ 909,801
Less investments	-	(6,810,892)	-	-
Total Cash	\$ 10,477,654	\$ 18,849,719	\$ 5,825,896	\$ 909,801

See accompanying Notes to Financial Statements

		Governmental Activities	
Total Enterprise Funds		Internal Service Funds	
\$	41,251,767	\$	13,126,080
	229,733		-
	(9,897,564)		(385,758)
	(18,902,862)		(12,344,042)
	12,681,074		396,280
	48,000		-
	1,623,692		800,000
	782,991		-
	2,454,683		800,000
	2,518,845		-
	52,341		-
	(4,176,538)		-
	(15,004,175)		-
	(763,460)		-
	(17,372,987)		-
	3,652,337		-
	(3,517,853)		-
	119,300		1,850
	253,784		1,850
	(1,983,446)		1,198,130
	38,046,516		7,478,370
\$	36,063,070	\$	8,676,500
\$	1,210,262	\$	629,198
	11,443,973		-
	2,007,160		-
	(55,183)		(10,000)
	(51,135)		(7,372)
	153,433		-
	(2,316,326)		38,234
	63,554		4,377
	(7,881)		-
	(271,175)		-
	442		9,251
	503,950		19,860
	-		(287,268)
\$	12,681,074	\$	396,280
\$	3,216,945	\$	-
	-		-
\$	3,216,945	\$	-
\$	28,605,831	\$	8,676,500
	14,268,131		-
\$	42,873,962	\$	8,676,500
	(6,810,892)		-
\$	36,063,070	\$	8,676,500

City of Surprise, Arizona

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2017

	<u>Agency funds</u>
ASSETS	
Cash and investments	\$ 67,382
Total assets	<u>67,382</u>
LIABILITIES	
Deposits held for others	\$ 67,382
Total liabilities	<u>67,382</u>



FINANCIAL SECTION – NOTES TO THE FINANCIAL STATEMENTS

The Financial Section is divided into five subsections. The fifth subsection is also comprised of the Basic Financial Statements that are the core of general-purpose external financial reporting for local governments and are separated into three components. In addition to the government-wide and fund financial statements, the third component, the notes to the basic financial statements, are an integral part of the financial statements and include a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying financial statements.



SURPRISE

ARIZONA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Surprise, Arizona (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

For the year ended June 30, 2017, the City implemented the provisions of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 77, *Tax Abatement Disclosures*; GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*; GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*; and GASB Statement No. 80, *Blending Requirements for Certain Component Units*. GASB Statement No. 74 establishes standards for improving the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB Statement No. 77 provides users of financial statements essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. GASB Statement No. 78 amended the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through certain cost-sharing multiple-employer defined benefit pension plans. GASB Statement No. 79 establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. GASB Statement No. 80 amended GASB Statement No. 14 requirements related to the blending requirements for certain component units.

A. REPORTING ENTITY

The City is located approximately 20 miles northwest of downtown Phoenix and was incorporated in 1960 under the provision of the Arizona Constitution. During 2003, the voters approved the Home Rule, an alternative expenditure limitation for budget years through June 30, 2007. City of Surprise voters approved an Alternative Expenditure Limitation (Permanent Base Adjustment) on November 7, 2006. The City is governed by an elected mayor, and a six-member council, and offers the following services: public safety (police, fire, and court), highways and streets, sanitation, water, sewer, storm water, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

COMPONENT UNITS

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. A primary government is considered financially accountable for another organization when it can impose its will or have a financial benefit or burden relationship. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The following entities are blended component units of the City:

The Surprise Municipal Property Corporation (Corporation) is an Arizona nonprofit corporation formed under the provision of Title 10 of the Arizona Revised Statutes. The Corporation was organized to acquire, construct, reconstruct, or improve buildings and other real and personal property suitable for leasing or sale to the City.

NOTES TO THE FINANCIAL STATEMENTS

Various Street Lighting Improvement Districts (SLIDs) are maintained by the City for developing areas, and the City's council is the board for the SLIDs. The SLID property tax assessment rates are approved by the City's council. The SLIDs are reported in a special revenue fund.

Marley Park Community Facilities District (CFD) is maintained by the City for a developing area. The CFD's board is the same as the City's council. CFD property tax rates are approved by the City's council. The CFD is reported in a special revenue fund.

For the fiscal year ended June 30, 2017, the City had no discretely presented component units. Separately issued financial statements are not prepared for any of the component units.

RELATED ORGANIZATIONS

A related organization is one for which the primary government is not financially accountable even though the primary government appoints a voting majority of the organization's governing board.

EXCLUDED ORGANIZATIONS

Although there are schools located within the geographic boundaries of the City, school districts are separate from the municipalities in which they are located, with their own elected officials and taxing powers. Consequently, the report does not include the activities of the area school districts.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

The government-wide statements of activities present a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with the service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges

NOTES TO THE FINANCIAL STATEMENTS

paid by the receipts of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenue, are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net position is reported as restricted when constraints placed on net position is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Using a fund accounting system, amounts are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activity. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end and on behalf of the government are also recognized as revenue. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Major governmental funds include the following:

The ***general fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***general capital projects fund***, a capital projects fund, accounts for revenues and expenditures relating to the acquisition of capital items.

The ***general government development fee fund***, a special revenue fund, accounts for revenues and expenditures associated with general government development impact fees assessed to fund infrastructure and other expenditures for growth-related general government projects.

The ***highway user revenue fund****, a special revenue fund, accounts for State shared highway user revenues consisting of state taxes collected on gasoline, vehicle registration, vehicle license tax, and a number of other additional transportation related fees and expenditures that are legally restricted to expenditures for transportation and the construction, repairs, and maintenance of public works and streets.

The ***transportation improvement fund****, a special revenue fund, accounts for revenues and expenditures that are legally restricted to expenditures for existing roadway corridor improvements and the related costs of the construction of new roadways.

NOTES TO THE FINANCIAL STATEMENTS

Proprietary Funds

All proprietary funds are accounted for on the flow of economic resources measurement focus and use of accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Major proprietary funds include the following:

The ***water fund*** accounts for the provision of the water treatment and distribution to residential and commercial customers of the City.

The ***sewer fund*** accounts for sanitary sewer services provided to the residential and commercial customers of the City.

The ***sanitation fund*** accounts for trash collection services provided to the residential and some commercial customers of the City.

The ***stormwater fund**** accounts for stormwater management services provided to the residential and commercial customers of the City.

* These funds have not met the criterion which mandates that they be reported separately as major funds. However, the City has chosen to present these funds as major funds.

In addition, the City reports the following fund types:

Internal service funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The funds account for transactions of the City's internal insurance activities which includes general insurance, health insurance programs, and workers' compensation.

Agency fund (not included in government-wide statements) accounts for employee contributions to their flexible spending accounts. The City staff performs all administrative and accounting functions for this fund.

C. DEPOSITS AND INVESTMENTS

Cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less, including amounts on deposit with the Local Government Investment Pool and invested with the Certificate of Deposit Account Registry Service (CDARS) program through Alliance Bank of Arizona.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

NOTES TO THE FINANCIAL STATEMENTS

D. RESTRICTED ASSETS

Restricted cash and investments reported in the statements are comprised of restricted deposits for development and construction agreements, for outstanding debt amounts and other contractual requirements.

E. RECEIVABLES AND PAYABLES

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Fund balance resulting from advances to other funds is shown as nonspendable and committed amounts.

All accounts receivable are shown net of allowance for un-collectibles when applicable.

F. INVENTORIES AND PREPAID ITEMS

Inventories consist of expendable supplies held for consumption. For the governmental funds inventories are reported using the purchases method, expenditures are incurred as inventory is purchased and an adjustment is made at year end directly to inventory and fund balance. For the proprietary funds and government wide statements inventories are reported using the consumption method, inventory is recorded when it is purchased and expensed as it is used. Inventory is valued using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are reported using the consumption method in both government-wide and fund financial statements and are therefore recorded as prepaid items.

G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, intangibles (e.g. software, rights such as water rights and facility use rights), and infrastructure assets (e.g., streets, traffic signals and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City’s policy defines capital assets as assets with an initial individual cost greater than \$10,000 and an estimated useful life of two or more years. Land, right-of-ways, and easements regardless of cost are capitalized. Donated (contributed) capital assets, works of art, historical treasures, and any capital assets the City may receive as part of a service concession arrangement are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Significant outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed.

Depreciation and amortization of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciated and amortized capital assets are as follows:

<u>Assets</u>	<u>Useful life (Years)</u>
Buildings	20-50
Improvements/Infrastructure	5-50
Machinery & Equipment	2-15
Intangibles (Software and Facility Use Rights)	5-30

NOTES TO THE FINANCIAL STATEMENTS

H. DEFERRED OUTFLOWS OF RESOURCES

The City recognizes the consumption of net position that is applicable to a future reporting period as deferred outflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions and bond refunding.

I. COMPENSATED ABSENCES

Vested or accumulated Paid Time Off (PTO) leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated PTO leave that is not expected to be liquidated with expendable available financial resources is reported in the government-wide statements. No expenditure is reported for these amounts in the governmental fund statements. Vested or accumulated PTO leave in proprietary funds and the government-wide statements is recorded as an expense and liability of those funds as the benefits accrue to employees. The internal service funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the governmental activities schedule. For the governmental activities, the General Fund, Highway User Revenue Fund, Transportation Improvement Fund, the non-major fund SPD Towing Fund, the Employee Healthcare Fund, and the Risk Management Fund have been used in prior years to liquidate the compensated absences liability.

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS), and the Elected Officials Retirement Plan (EORP) and additions to/deductions from ASRS/PSPRS/EORP's fiduciary net position have been determined on the same basis as they are reported by ASRS/PSPRS/EORP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. DEFERRED INFLOWS OF RESOURCES

The City recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions and in connection with receivables for revenues that are not considered to be measurable and available to liquidate liabilities of the current period.

NOTES TO THE FINANCIAL STATEMENTS

M. FUND BALANCE

In the fund financial statements, governmental funds report fund balance into classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purpose for which those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items, or because resources legally or contractually must remain intact.

Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantors, laws and regulations of other governments, or enabling legislation.

Committed fund balances are self-imposed limitations by the highest level of decision making authority, namely Mayor and City Council, prior to the end of the reporting period. Mayor and City Council approval is required to commit resources or to rescind the commitment through a City Council resolution or ordinance. Only City Council can remove or change the constraints placed on committed fund balance through formal council resolution.

Assigned fund balances are limitations imposed internally by management based on the intended use of the funds. The City Council has designated the authority to assign amounts to be used for specific purposes to the Chief Financial Officer (CFO). Approval of the CFO is necessary to establish, modify or rescind an assignment of fund balance.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed would be considered spent first (if available), followed by assigned (if available), and then unassigned amounts.

N. MINIMUM FUND BALANCE

The minimum fund balance is not intended to be spent. The purpose of the minimum fund balance is to ensure the City has adequate resources to meet its operational needs in the event of unusual and unforeseen circumstances. If the necessity arises to draw down fund balance below the minimum requirements that have been set, a plan to replenish the minimum fund balance will be presented to Council for approval.

NOTES TO THE FINANCIAL STATEMENTS

Fund	Minimum Fund Balance
General Fund	\$18.2 million which is updated by calculating an average of budgeted personnel, supplies and services expenses over a two month period for that year's Council Adopted Budget for the General Fund and the Highway User's Revenue Fund.
General Capital Projects Fund	\$1 million
Transportation Improvement Fund	\$0.5 million
Tourism Fund	\$5,000
Spring Training Ticket Surcharge Fund	\$600,000
Street Light Improvement Districts Fund	SLIDs have a maximum levy limit of \$1.20 per \$100 of assessed valuation in accordance with A.R.S. 48-616. To the extent that the levy limit has not been exceeded, taxes will be levied at a rate that will approach an individual ending fund balance reserve of 5% of its budgeted annual expenses.

There is no effect on the presentation of fund balance on the face of the financial statements. The City is in compliance with its established minimum fund balance policies.

O. NET POSITION

The government-wide and proprietary fund financial statements present ending resources as net position. Net position is categorized to help signify their availability.

Net Investment in Capital Assets includes all capital assets of the City both depreciable and non-depreciable net of accumulated depreciation and outstanding debt balances attributable to the acquisition, construction or improvement of these assets. Net position in this category represents infrastructure of the City and is not available to meet the City's needs.

Restricted net position consists of amounts that have external restrictions imposed upon them by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Net position in this category represent amounts that are not available to meet the City's needs as they have been promised for other purposes.

Unrestricted net position represents amounts that have not been restricted for any project or other purpose. These amounts are available to meet any needs of the City. While unrestricted net position is technically available to be spent by the City it is important to remember that the City has established financial policies that would prevent this. There are certain self-imposed criteria, such as maintaining a minimum operating fund balance that would further reduce the amount the City is willing to spend.

P. MINIMUM NET POSITION

Minimum net position is not intended to be spent. The purpose of the minimum net position balance is to ensure the City has adequate resources to meet its operational needs in the event of unusual and unforeseen circumstances.

Within the Sanitation, Sewer, and Water Funds net position is to be maintained at an amount equal to the average budgeted personnel, supplies and services expenses over a two-month period for that year's Council

NOTES TO THE FINANCIAL STATEMENTS

Adopted Budget. Additionally, an amount will be maintained for repair and replacement at a minimum of 2% of all tangible capital assets of the system.

The Risk Management Fund will maintain net position at an amount that, together with purchased insurance policies, will adequately indemnify the City. An actuarial evaluation will be performed annually to recommend appropriate funding levels, which will be approved by the City Council.

The Employee Healthcare Fund will maintain net position at a level which, together with purchased insurance policies, will adequately indemnify the City. An actuarial evaluation will be performed annually to recommend appropriate funding levels, which will be reviewed by the Board of Trustees and approved by the City Council.

The City is in compliance with its established minimum net position policies.

Q. PROPERTY TAX

A primary tax levy is limited to an increase of two percent over the previous year's maximum allowable primary levy plus an increased dollar amount due to a net gain in property not taxed the previous year (Section 42-301, Arizona Revised Statutes). The two percent increase is based on the City's "maximum allowable levy" for the prior year.

Property taxes are recognized as revenues in the year they are levied and collected, or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end, or collected in advance of the year-end for which they are levied, are reported as unavailable revenues.

The County levies real property taxes on or before the third Monday in August, that become due and payable in two equal installments. The first installment is due on the first day of October, and becomes delinquent after the first business day in November. The second installment is due on the first day of March of the next year, and becomes delinquent after the first business day of May. The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and becomes delinquent 30 days thereafter.

R. GRANT REVENUES

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursement grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

S. INTERFUND TRANSACTIONS

Interfund services provided or used are accounted for as revenues, expenditures or expenses. All other interfund transactions are reported as transfers.

T. ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

U. NEW FUNDS

On May 17, 2016, the City Council approved the establishment of the Stormwater Fund to assess and collect fees for the administration of the City's Stormwater management program. The stormwater fund began collecting and assessing fees on November 1, 2016. The stormwater fund is reported as a major proprietary fund.

On January 3, 2017, the City Council approved the establishment of the new Workers' Compensation Internal Service Fund to administer a self-insured workers' compensation program.

NOTE 2 – CASH AND INVESTMENTS

Arizona Revised Statutes authorize the City to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, in obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the City's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the City's deposits was \$42,737,706 and the bank balance was \$43,459,511. At year end, \$6,141,622 of the City's deposits was covered by federal depository insurance. The remaining bank balance not covered by federal depository insurance \$37,317,889 was fully collateralized. The collateral is held in the pledging banks trust department in the name of the pledging bank.

A reconciliation of the bank balance to the City's deposit balance as of June 30, 2017 follows:

Cash in bank	\$ 43,459,511
<i>Reconciling items:</i>	
Outstanding checks	(1,148,769)
Deposits in transit	412,254
Other	14,710
	<u>\$ 42,737,706</u>
Less:	
Fiduciary fund	67,382
Total City deposits	<u>\$ 42,670,324</u>

The City's investments consisted of the following as of June 30, 2017:

Investment Type	Investment Maturities			
	Fair Value	Less than 1 year	1-2 years	2-3 years
U. S. government securities	\$ 31,551,972	\$ -	\$ 15,278,421	\$ 16,273,551
Government sponsored entity debt	44,314,893	9,313,110	20,679,801	14,321,982
Money Market mutual funds	5,439,114	5,439,114	-	-
Local government investment pool	405,431	405,431	-	-
	<u>\$ 81,711,410</u>	<u>\$ 15,157,655</u>	<u>\$ 35,958,222</u>	<u>\$ 30,595,533</u>

NOTES TO THE FINANCIAL STATEMENTS

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments.

Total cash and investments for the City as of June 30, 2017, are as follows:

City's deposits	\$ 42,737,706
Cash on hand	7,400
City's investments	81,711,410
Total	<u>\$ 124,456,516</u>

Interest Rate Risk. The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The City's investments in securities included \$44,314,893 of government sponsored entity debt. At June 30, 2017, these investments were rated by Standard and Poor's at AA+. The money market mutual funds and local government investment pool are not rated. Aside from State laws, the City's formal investment policy does not further limit its investment choices.

Custodial Credit Risk – Investments. All of the City's security investments are held in the City's name. The City's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however the City's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer.

Fair Value Measurements. The City uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level III). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

- Level I – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

NOTES TO THE FINANCIAL STATEMENTS

- Level II – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- Level III – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Investments are measured as follows:

	Disclosure of Fair Value Inputs			
	FYE	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury Notes	\$ 31,551,972	\$31,551,972	\$ -	\$ -
Federal Agency	44,314,893	-	44,314,893	
Total investments by fair value level	75,866,865	31,551,972	44,314,893	-
Investments measured at net asset value				
LGIP	405,431			
Investments measured at amortized cost				
Money market funds	5,439,114			
Total investments:	\$ 81,711,410			

NOTES TO THE FINANCIAL STATEMENTS

Cash Reconciliation to Financial Statements

The following reconciliations are provided to reconcile cash to the government wide and fund financial statements:

Government-wide Financial Statements

Total cash and investments	\$ 103,279,195
Total restricted cash and investments	<u>21,109,939</u>
Subtotal	\$ 124,389,134

Government-wide total cash and investments	\$ 124,389,134
Plus: Fiduciary Fund cash and cash equivalents	<u>67,382</u>
Total	<u>\$ 124,456,516</u>

Fund Financial Statements

Governmental Funds

Cash and investments	\$ 65,996,864
Restricted cash and cash equivalents	6,841,808

Enterprise Funds

Cash and investments	28,605,831
Restricted cash and cash equivalents	14,268,131

Internal Service Fund

Cash and investments	8,676,500
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Fiduciary Fund

Cash and cash equivalents	<u>67,382</u>
Total	<u>\$ 124,456,516</u>

NOTE 3 – ACCOUNTS RECEIVABLE

The amount due from other governments of \$916,601, as reported in the statement of net position, includes \$765,099 in highway user tax, \$130,368 in wildland fire reimbursements, and \$21,134 in Helicopter Air-Medical and Logistics Operations (HALO) reimbursements.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received, but not yet earned.

The amounts reported in the governmental funds for the year ended June 30, 2017 are as follows:

CAFR Fund Name	Unearned	Unavailable
General Fund	\$ 1,508,916	\$ 137,326
Highway User Revenue Fund	2,000	-
Non-major Governmental Funds	<u>767,285</u>	<u>26,647</u>
	<u>\$ 2,278,201</u>	<u>\$ 163,973</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Not being depreciated:					
Land and land improvements	\$ 33,847,120	\$ 6,068,469	\$ -	\$ -	\$ 39,915,589
Parks	10,256,905	-	-	-	10,256,905
Construction in process	10,510,736	901,593	(9,753,018)	-	1,659,311
Total Not Being Depreciated	<u>54,614,761</u>	<u>6,970,062</u>	<u>(9,753,018)</u>	<u>-</u>	<u>51,831,805</u>
Other capital assets:					
Buildings and improvements	207,120,570	72,870	-	(3,542,498)	203,650,942
Improvements other than buildings	25,411,842	900,698	-	-	26,312,540
Equipment and vehicles	49,168,745	4,792,984	(3,433,065)	-	50,528,664
Intangibles	-	2,213,057	-	3,542,498	5,755,555
Infrastructure	401,553,796	11,932,531	-	-	413,486,327
Total Other Capital Assets	<u>683,254,953</u>	<u>19,912,140</u>	<u>(3,433,065)</u>	<u>-</u>	<u>699,734,028</u>
 Total Assets before Depreciation	<u>737,869,714</u>	<u>26,882,202</u>	<u>(13,186,083)</u>	<u>-</u>	<u>751,565,833</u>
 Accumulated depreciation:					
Building and improvements	(60,501,436)	(6,764,142)	-	1,121,791	(66,143,787)
Improvements other than buildings	(6,200,474)	(986,154)	-	-	(7,186,628)
Equipment and vehicles	(32,774,843)	(3,342,069)	3,353,969	-	(32,762,943)
Intangibles	-	(339,389)	-	(1,121,791)	(1,461,180)
Infrastructure	(194,947,548)	(15,650,112)	-	-	(210,597,660)
 Total Accumulated Depreciation	<u>(294,424,301)</u>	<u>(27,081,866)</u>	<u>3,353,969</u>	<u>-</u>	<u>(318,152,198)</u>
 Net Capital Assets - Governmental Activities	<u>\$ 443,445,413</u>	<u>\$ (199,664)</u>	<u>\$ (9,832,114)</u>	<u>\$ -</u>	<u>\$ 433,413,635</u>
 Depreciation was charged by function as follows:					
General government			\$ 2,498,971		
Public safety			2,469,722		
Public works and streets, includes depreciation for infrastructure			18,037,323		
Community development			12,385		
Culture and recreation			<u>4,063,465</u>		
 Total governmental activities depreciation expense			<u>\$ 27,081,866</u>		

NOTES TO THE FINANCIAL STATEMENTS

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Not being depreciated:					
Land	\$ 5,140,050	\$ 25,210	\$ (2,950)	\$ -	\$ 5,162,310
Water Rights	8,583,970	2,915,070	-	-	11,499,040
Construction in progress	9,536,561	1,655,954	(8,787,189)	-	2,405,326
Total not being depreciated	23,260,581	4,596,234	(8,790,139)	-	19,066,676
Other capital assets:					
Buildings and system	365,771,595	10,265,528	-	-	376,037,123
Improvements other than buildings	1,378,736	4,242,376	-	-	5,621,112
Vehicles and equipment	12,969,127	5,601,649	(1,007,339)	-	17,563,437
Intangibles	-	521,857	-	-	521,857
Total other capital assets	380,119,458	20,631,410	(1,007,339)	-	399,743,529
Total assets before depreciation	403,380,039	25,227,644	(9,797,478)	-	418,810,205
Accumulated depreciation:					
Buildings and system	(88,213,685)	(9,907,070)	-	-	(98,120,755)
Improvements other than buildings	(128,503)	(109,473)	-	-	(237,976)
Vehicles and equipment	(6,559,798)	(1,375,244)	943,672	-	(6,991,370)
Intangibles	-	(52,186)	-	-	(52,186)
Total accumulated depreciation	(94,901,986)	(11,443,973)	943,672	-	(105,402,287)
Net capital assets - business activities	<u>\$ 308,478,053</u>	<u>\$ 13,783,671</u>	<u>\$ (8,853,806)</u>		<u>\$ 313,407,918</u>
Depreciation was charged by function as follows:					
Water			\$ 3,160,169		
Sewer			7,379,593		
Sanitation			893,964		
Stormwater			10,247		
Total Depreciation Expense			<u>\$ 11,443,973</u>		

During the current fiscal year, the Sewer Fund capitalized net interest costs of \$316,162. Total interest expense in the Sewer Fund before capitalization was \$1,977,946.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - DEVELOPER AGREEMENTS

The City of Surprise has entered into agreements with developers for infrastructure related to commercial and residential development. The developers construct the infrastructure and convey the assets to the City. Based on the terms of the agreements, over a designated period of time, the City pays the developers for the infrastructure with collections of impact fees and other specified revenues, up to the maximum amount per agreement. Commitments to reimburse developers under these agreements are not currently recognized until the requirements of the agreements are met. If the term of the agreement expires before the maximum amount has been repaid, the City has no further obligation to continue making payments under the agreement.

Development agreements related to water system infrastructure will be reimbursed using water system impact fees and water resource impact fees. Total water system infrastructure value conveyed is \$31,527,710. Depending on the terms of the specific agreement, this value is eligible for reimbursement during the next sixteen years. Once an agreement expires, water system and water resource impact fees are no longer eligible for developer reimbursement. As of June 30, 2017, the City has reimbursed \$14,075,636, leaving a potential remaining balance of \$17,452,074.

Development agreements related to wastewater system infrastructure will be reimbursed using specified sales tax revenues. The total net value reimbursable for wastewater system infrastructure is \$14,002,595. Depending on the terms of the specific agreements, this value is eligible for reimbursement over the next thirty-three years. Once the agreements expire, the remaining unpaid balance of these infrastructure costs is no longer subject to repayment. As of June 30, 2017, the amount the City has reimbursed is \$86,424, leaving a potential remaining balance of \$13,916,171.

Infrastructure installed in connection with development agreements related to transportation will be reimbursed using a portion of sales tax collections as prescribed in the agreements. The total net reimbursable value for this infrastructure is \$65,603,304 at June 30, 2017. Depending on the terms of the specific agreements, this value is eligible for reimbursement over the next thirty-three years. Once the agreements expire, no further developer reimbursement of the unpaid balance is required. As of June 30, 2017, the City has reimbursed \$774,678 to developers, leaving a potential remaining balance of \$64,828,626.

Development agreements related to park infrastructure will be reimbursed using park impact fees. Total park infrastructure value conveyed is \$4,777,882. Depending on the terms of the specific agreement, this value is eligible for reimbursement during the next three years. Once an agreement expires, park impact fees are no longer eligible for developer reimbursement. As of June 30, 2017, the City has reimbursed \$156,836, leaving a potential balance remaining of \$4,621,046.

Development agreements related to fire infrastructure will be reimbursed using fire development impact fees. The total net value reimbursable for fire infrastructure is \$496,663. Depending on the terms of the specific agreement, this value is eligible for reimbursement during the next three years. Once the agreements expire, the remaining unpaid balance of these infrastructure costs is no longer subject to repayment. As of June 30, 2017, the amount the City has reimbursed is \$352,452, leaving a potential remaining balance of \$144,211.

In addition, the City has entered into a number of developer agreements for infrastructure that has not yet been conveyed to the City. The total cost to be incurred under these agreements is currently undeterminable.

NOTES TO THE FINANCIAL STATEMENTS

Tax Abatements

The City of Surprise participates in two tax abatement programs, foreign trade zones and a sales tax incentive program.

Foreign Trade Zones

The City of Surprise provides property tax abatements in any area of the City deemed to be foreign trade zone in accordance with Section 44-6501, Arizona Revised Statutes. The State of Arizona, any county, city or town within the state or a public or private corporation or any combination thereof can apply to the foreign trade zones board, United States Department of Commerce, for the right to establish, operate and maintain a foreign trade zone and subzones. For tax purposes, property in foreign trade zones is classified as class six property in accordance with Section 42-12006, Arizona Revised Statutes. The change in tax classification is administered by the County who levies and collects property taxes on the City's behalf. The property would otherwise be class one property. Class six foreign trade zones have a property tax assessment ratio of five percent compared to class one properties which have an assessment ratio of 18 percent. For fiscal year 2017, no taxes were abated by this program.

Sales Tax Incentive Program

The City of Surprise administers a transaction privilege tax incentive program in accordance with Ariz. Rev. Stat. § 42-6010. The City enters into agreements with specific businesses to return a portion of the transaction privilege tax generated by the business and paid to the Arizona State Department of Revenue. The amount of taxes paid and returned to the business is done through a review of monthly remittances by the business to the Arizona State Department of Revenue. Based on the individual agreement, a portion of the tax paid is returned to the business. The program will return up to 50% of the taxes generated by the business. The exact amount of taxes during fiscal year 2017 cannot be disclosed in accordance with Ariz. Rev. Stat. § 42-2002.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – CONSTRUCTION COMMITMENTS

The City of Surprise has active construction projects as of June 30, 2017. At year end, the City commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment	Funding Source
I740 Fire Truck Replacement	\$ 283,774	\$ 338,374	Vehicle Replacement
EOne Hush Truck Replacement	286,252	350,034	Vehicle Replacement
Pickleball Courts	30,476	453,947	General Capital Projects Fund
Surprise Farms Landscaping & Fence	967	499,313	General Capital Projects Fund
8 Acres Multi-Purpose Field Fencing	3,100	296,474	General Capital Projects Fund
Martin Acres Flood Control	186,000	8,300	General Capital Projects Fund
107th & Union Hills Drainage	323,261	-	General Capital Projects Fund
Booster Station Bell Rd Lake	234,465	103,610	Water Utility Capital
Booster Station Bell Rd Lake	124,970	-	General Capital Projects Fund
Booster Station Bell Rd Lake	77,895	43,794	Highway User Revenue Capital
Bell Rd Adap Sgl Ctrl Tech	5,394	-	General Capital Projects Fund
Bell Rd Adap Sgl Ctrl Tech	9,589	-	Public Works Dev Fee
New Public Works Yard	67,189	-	Solid Waste Operations
New Public Works Yard	69,189	-	Public Works Dev Fee
Reems Fiber Opt Waddell-Peoria	67,161	3,658	General Capital Projects Fund
Reems Fiber Opt Waddell-Peoria	-	6,928	Public Works Dev Fee
Reems Fiber Opt Waddell-Peoria	117,347	-	Transportation Improvement
Bullard Ave Greenway To Peoria	10,830	-	Transportation Improvement
Civic Center Pkwy Bell To Paradise	4,813	1,180	Sewer Utility Capital
Civic Center Pkwy Bell To Paradise	8,938	534,331	General Capital Projects Fund
City Hall Reclaim Connections	121,277	29,375	Water Utility Capital
Dewatering Centrifuge #1	1,347,273	309,496	Sewer SPA 1 Dev Fee
SPA1 WRF N. Entr Gate & Wall	180,810	-	Sewer Utility Capital
SPA1 Influent Ln Hydr Rehab	330,286	681,637	Sewer Utility Capital
Combine Water Transmission System	100,440	267,065	Water Utility Capital
SPA1 Rancho Gabriela WSF-Arsenic	32,897	66,299	Water Utility Capital
	<u>\$ 4,024,592</u>	<u>\$ 3,993,814</u>	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT & OTHER PAYABLES

MUNICIPAL PROPERTY CORPORATION BONDS

The City of Surprise Municipal Property Corporation (MPC) issued, for the purpose of constructing the South Wastewater Treatment Plant, the Wastewater Development Impact Fee and Utility Revenue Bonds, Series 2007, maturing in 2031, with an original issue amount of \$50,675,000 and a balance outstanding at June 30, 2017 of \$35,720,000. The Bonds are secured by a pledge of the City's wastewater development impact fee collections as well as a subordinate pledge of wastewater utility revenue collections, net of specified operating expenses. The wastewater development impact fees and utility revenue collections are recorded in the Sewer Fund. Required reserves for the MPC issuance have been met by the City. Principal and interest paid and system net revenues for the current year were \$3,637,668 and \$8,446,726 respectively. Next year's principal and interest payments will be \$3,633,015 and will constitute approximately 43% of the current year's system net revenues. Of the total system net revenues, \$1,664,462 are development impact fee revenues that have been specifically designated for debt service payments per the bond issuance statement. The remaining \$6,782,264 represents net revenues from wastewater operations during the year, and is available to meet debt service payment obligations.

PLEDGED REVENUE OBLIGATIONS

In 2015, the City of Surprise issued Pledged Revenue Obligations and Pledged Revenue Refunding Obligations secured by a pledge on excise tax revenues and state shared revenues. A portion of the issuance was for the purpose of refunding the former MPC Series 2003 Bonds, and the remainder was for the construction of stadium improvements.

The issuance requires excise tax and state shared revenues to be maintained at a minimum of 3.0 times the combined debt service requirement payable. The debt service coverage ratio at June 30, 2017 (revenues to debt service payable) is 22.5.

The Pledged Revenue Obligations, Series 2015, were issued in the amount of \$17,385,000, and have an outstanding principal balance at June 30, 2017 of \$15,635,000. Proceeds of these obligations are designated for the construction of stadium improvements. The obligations are payable solely from pledged revenues and are payable through 2030. Principal and interest payments and pledged revenues for the current year were \$1,583,000 and \$95,317,852, respectively. Next year's principal and interest payments of \$1,582,200 constitute approximately 1.7% of the current year pledged revenue.

The Pledged Revenue Refunding Obligations, Series 2015, were issued in the amount of \$19,280,000 and have an outstanding principal balance at June 30, 2017 of \$15,545,000. The proceeds of these obligations were used to refund (extinguish the debt) of the former MPC Series 2003 Bonds and pay costs of issuance. The refunding obligations are payable solely from pledged revenue and mature in 2024. Principal and interest payable and pledged revenues for the current year were \$2,656,050 and \$95,317,852, respectively. Next year's principal and interest payments totaling \$2,654,850 constitute approximately 2.8% of current year pledged revenue.

NOTES TO THE FINANCIAL STATEMENTS

COMMUNITY FACILITIES DISTRICT BONDS

Community Facilities District (CFD) Bonds are special purpose government entity debt which the City Council may issue under Arizona law to (among other things) acquire and improve public infrastructure.

In October 2016, Marley Park Community Facilities District issued \$11,365,000 in new general obligation and general obligation refunding bonds. The bonds issue included \$6,565,000 for the advance refunding of its outstanding bonds as well as \$4,800,000 in new general obligation bonds. These new bond funds were used for the cost of issuance as well as the acquisition of capital assets. The new bonds have interest rates that range between 2-4% with final maturity of the bonds occurring in 2041. The Series 2016 general obligation refunding bonds have interest rates that range between 2 to 4 percent to advance-refund older, higher-rate issues with interest rate that ranged between 5.2 to 7 percent. The District realized net proceeds of \$6,552,231 (including a \$408,228 premium) after payment of \$420,997 in underwriting fees, insurance, and other issuance costs. The District used these proceeds to purchase securities that it placed in an irrevocable trust with an escrow agent to provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased, and related liabilities are not included in the City's financial statements. At June 30, 2017, \$5,155,000 of defeased bonds remain outstanding. The reacquisition price exceeded the net carrying amount of the old debt by \$435,617. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. Details of the refunding transactions are as follows:

	<i>General obligation</i>
Amount of refunding bonds issued	\$ 6,565,000
Amount of bonds refunded	6,065,000
Reduction in debt service payments	1,614,019
Economic gain (loss)	1,251,744

Long-term debt as of June 30, 2017 is comprised of the following:

Classified in Governmental Activities on the Government-wide Financial Statements:

Revenue Obligations	Long-Term Debt Outstanding
2015, Pledged Revenue Obligation (issued June 23, 2015) due in annual installments of \$855,000 to \$1,505,000 through July 1, 2030; interest at 3 percent to 5 percent. Original issue amount \$17,385,000.	\$ 15,635,000
2015, Pledged Revenue Refunding Obligation (issued June 23, 2015) due in annual installments of \$1,830,000 to \$2,525,000 through July 1, 2024; interest at 3 percent to 5 percent. Original issue amount \$19,280,000. 69.75 percentage of this issue pertains to governmental activities.	10,842,637
Total Revenue Obligations	26,477,637

NOTES TO THE FINANCIAL STATEMENTS

Community Facilities District General Obligation Bonds

2006 Marley Park Community Facilities District General Obligation Bonds, due in annual installments of \$30,000 to \$95,000 beginning July 15, 2007 through July 15, 2031; interest at 4.85 percent to 5.30 percent. Original issue amount \$1,365,000. In October 2016, \$910,000 of these bonds was refunded by the 2016 Marley Park Community Facilities District General Obligation Refunding Bonds.

50,000

2007 Marley Park Community Facilities District General Obligation Bonds due in annual installments of \$80,000 to \$375,000 beginning July 15, 2008 through July 15, 2032; interest at 4.35 percent to 6.10 percent. Original issue amount \$3,950,000. In October 2016, \$2,685,000 of these bonds was refunded by the 2016 Marley Park Community Facilities District General Obligation Refunding Bonds.

250,000

2008 Marley Park Community Facilities District General Obligation Bonds due in annual installments of \$60,000 to \$630,000 beginning July 15, 2009 through July 15, 2033; interest at 3.80 percent to 7.00 percent. Original issue amount \$3,395,000. In October 2016, \$2,470,000 of these bonds was refunded by the 2016 Marley Park Community Facilities District General Obligation Refunding Bonds.

275,000

2016 Marley Park Community Facilities District General Obligation and General Obligation Refunding Bonds, due in annual installments of \$80,000 to \$665,000 beginning July 15, 2017 through July 15, 2041; interest at 2 percent to 4 percent. Original issue amount \$11,365,000 of which \$4,800,000 is new issuance and \$6,565,000 in refunding obligations.

11,220,000

Total Community Facilities Districts General Obligation Bonds Outstanding

11,795,000

Total Bonds Payable Recorded in Governmental Activities

\$ 38,272,637

Classified in Business-type Activities on the Government-wide Financial Statements:

Revenue Obligations

2015, Pledged Revenue Refunding Obligation (issued June 23, 2015) due in annual installments of \$1,830,000 to \$2,525,000 through July 1, 2024; interest at 3 percent to 5 percent. Original issue amount \$19,280,000. 30.25 percentage of this issue pertains to business-type activities.

\$ 4,702,363

Municipal Property Corporation Bonds

2007, Municipal Property Corporation Wastewater Development Impact Fee and Subordinate Lien Wastewater Utility Revenue Bonds (issued May 1, 2007) due in installments of \$4,675,000 to \$25,000,000 through October 1, 2031; interest at 4.25 percent to 4.90 percent. Original issue amount \$50,675,000.

35,720,000

Total Bonds Payable Recorded in Business-type Activities

\$ 40,422,363

Total Long-Term Bonds Payable

\$ 78,695,000

NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of long-term liabilities for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due within 1 year
Governmental activities					
Bonds payable:					
City of Surprise, Series 2015 Pledged revenue obligations \$28,701,375 (\$36,665,000 issued) \$	28,701,375	\$ -	\$ (2,223,738)	\$ 26,477,637	\$ 2,311,050
Issuance premium 2015	3,068,659	-	(296,420)	2,772,239	-
Community Facilities District					
Series 2006 Bonds, \$1,365,000 issued	1,005,000	-	(955,000)	50,000	50,000
Series 2007 Bonds, \$3,950,000 issued	3,050,000	-	(2,800,000)	250,000	120,000
Series 2008 Bonds, \$3,395,000 issued	2,830,000	-	(2,555,000)	275,000	85,000
Series 2016 Bonds, \$11,365,000 issued	-	11,365,000	(145,000)	11,220,000	80,000
Issuance premium 2016	-	331,218	(20,933)	310,285	-
Total bonds payable	38,655,034	11,696,218	(8,996,091)	41,355,161	2,646,050
Net pension liabilities	66,284,151	24,652,088	(2,845,285)	88,090,954	-
Compensated absences payable	6,002,967	5,087,681	(5,006,534)	6,084,114	2,555,329
Total governmental activities long-term liabilities	\$ 110,942,152	\$ 41,435,987	\$ (16,847,910)	\$ 135,530,229	\$ 5,201,379
Business-type activities					
Bonds payable:					
City of Surprise, Series 2015 Pledged revenue obligations \$5,278,625 (\$36,665,000 issued) \$	5,278,625	\$ -	\$ (576,262)	\$ 4,702,363	\$ 598,950
General municipal property corporation fund obligation Series 2007 Bonds, \$50,675,000 issued	37,585,000	-	(1,865,000)	35,720,000	1,950,000
Issuance premium 2015	625,219	-	(78,152)	547,067	-
Total bonds payable	43,488,844	-	(2,519,414)	40,969,430	2,548,950
Net pension liabilities	10,320,778	1,933,716	(724,709)	11,529,785	-
Compensated absences payable	807,465	663,558	(663,116)	807,907	339,321
Contracts and developer payable	209,824	3,167,119	(409,824)	2,967,119	283,345
Total business-type activities long-term liabilities	\$ 54,826,911	\$ 5,764,393	\$ (4,317,063)	\$ 56,274,241	\$ 3,171,616

NOTES TO THE FINANCIAL STATEMENTS

At June 30, 2017, the City's outstanding bonds had the following ratings:

Description	Fitch Rating	Standard & Poor's Rating
City of Surprise Municipal Property Corporation Wastewater Development Impact Fee and Subordinate Lien Wastewater Utility Revenue Bonds SERIES 2007	A+	Not rated
City of Surprise, Arizona, Pledged Revenue and Revenue Refunding Obligations SERIES 2015	AA+	AA
Marley Park Community Facilities District General Obligation and General Obligation Refunding Bonds SERIES 2016*	Not rated	AA
Marley Park Community Facilities District General Obligation Bonds SERIES 2008	Not rated	Not rated
Marley Park Community Facilities District General Obligation Bonds SERIES 2007	Not rated	Not rated
Marley Park Community Facilities District General Obligation Bonds SERIES 2006	Not rated	Not rated

* insured by Building America Mutual

NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of debt service requirements for the year ended June 30, 2017. Deferred amounts are not included:

Year Ended June 30	Governmental Activities					
	Refunding / Stadium Imp 2015		Marley Park CFD 2006		Marley Park CFD 2007	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 2,311,050	\$ 1,122,908	\$ 50,000	\$ 2,600	\$ 120,000	\$ 15,000
2019	2,382,900	1,053,576	-	-	130,000	7,800
2020	2,473,700	958,260	-	-	-	-
2021	2,549,037	884,049	-	-	-	-
2022	2,677,275	756,598	-	-	-	-
2023-2027	9,698,675	1,917,993	-	-	-	-
2028-2032	4,385,000	363,250	-	-	-	-
2033-2037	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-
Total	\$26,477,637	\$ 7,056,635	\$ 50,000	\$ 2,600	\$ 250,000	\$ 22,800

Year Ended June 30	Governmental Activities					
	Marley Park CFD 2008		Marley Park CFD 2016		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 85,000	\$ 17,450	\$ 80,000	\$ 358,488	\$ 2,646,050	\$ 1,516,445
2019	90,000	12,350	135,000	356,888	2,737,900	1,430,614
2020	100,000	6,500	275,000	354,188	2,848,700	1,318,948
2021	-	-	385,000	348,688	2,934,038	1,232,737
2022	-	-	395,000	340,988	3,072,275	1,097,585
2023-2027	-	-	2,125,000	1,532,950	11,823,675	3,450,943
2028-2032	-	-	2,470,000	1,188,406	6,855,000	1,551,656
2033-2037	-	-	2,805,000	678,906	2,805,000	678,906
2038-2042	-	-	2,550,000	202,031	2,550,000	202,031
Total	\$ 275,000	\$ 36,300	\$11,220,000	\$ 5,361,531	\$38,272,638	\$12,479,866

Year Ended June 30	Business-Type Activities					
	Refunding 2015		2007 MPC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 598,950	\$ 204,142	\$ 1,950,000	\$ 1,683,015	\$ 2,548,950	\$ 1,887,157
2019	617,100	186,174	2,045,000	1,589,133	2,662,100	1,775,306
2020	641,300	161,490	2,140,000	1,490,785	2,781,300	1,652,275
2021	660,963	142,251	2,240,000	1,387,855	2,900,963	1,530,106
2022	692,725	109,203	2,345,000	1,280,108	3,037,725	1,389,310
2023-2027	1,491,325	112,757	10,990,000	4,831,400	12,481,325	4,944,157
2028-2032	-	-	14,010,000	1,782,620	14,010,000	1,782,620
Total	\$ 4,702,363	\$ 916,015	\$35,720,000	\$14,044,915	\$40,422,363	\$14,960,930

NOTES TO THE FINANCIAL STATEMENTS

Contracts Payable

General Government Activities

A balance of \$2,332,340 is owed based on improvements made by developers per development agreements for various infrastructure items the City will own and amounts owed to contractors for the retainage of on-going projects.

Business Type Activities

A balance of \$2,967,119 is owed based on improvements made by developers per development agreements for various equipment and infrastructure items the City will own and amounts owed to contractors for the retainage of on-going projects.

Legal Debt Limit

The Arizona Constitution provides that the general obligation bonded indebtedness for a city may not exceed twenty percent of the net secondary assessed valuation of the taxable property of the city for projects for purposes of water, wastewater, artificial light, open space preserves, parks and recreational facilities, public safety, law enforcement, fire and emergency services facilities, streets, and transportation facilities. Outstanding general obligation bonded indebtedness for all other purposes may not exceed six percent of the City's net secondary assessed valuation. The following summarizes the City of Surprise, Arizona's legal general obligation bonded debt borrowing capacity at June 30, 2017:

20% Limitation		6% Limitation	
20% Constitutional limit	\$219,902,931	6% Constitutional Limit	\$ 65,970,879
Less General Obligation 20%		Less General Obligation 6%	
Bonds Outstanding	-	Bonds Outstanding	-
Available 20% Limitation		Available 6% Limitation	
Borrowing Capacity	<u>\$219,902,931</u>	Borrowing Capacity	<u>\$ 65,970,879</u>

OPERATING LEASES

The City leases copiers, trash compactors, and land under certain cancelable and non-cancelable operating leases expiring at various dates. Operating leases do not give rise to property rights or lease obligations (long-term debt), and therefore the results of the lease agreements are not reflected in the City's statement of net position. Lease expense for the fiscal year ended June 30, 2017 was \$117,030.

The following is a schedule of the future minimum lease payments on the non-cancelable operating leases:

Year Ending June 30:	
2018	\$ 49,012
2019	35,861
2020	24,564
2021	981
Total minimum payments required	<u>\$ 110,418</u>

NOTES TO THE FINANCIAL STATEMENTS

Operating Lease Revenue

The City leases various City-owned properties and buildings under cancelable long-term lease agreements. The carrying value of leased assets is \$3,627,655 (cost of \$7,070,069 less accumulated depreciation of \$3,442,414). The lease properties and building are included as capital assets in the government-wide financial statements. Operating lease revenues for fiscal year 2017 were \$437,464.

NOTE 8 – RETIREMENT PLANS

The City contributes to the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS) for police officers and firefighters, and the Elected Officials Retirement Plan (EORP) for elected officials and judges. The plans are component units of the State of Arizona.

At June 30, 2017, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of net position and statement of activities	Governmental activities	Business-type activities	Total
Net pension liabilities	\$ 88,090,954	\$ 11,529,785	\$ 99,620,739
Deferred outflows of resources	32,688,974	3,146,526	35,835,500
Deferred inflows of resources	5,996,678	1,403,182	7,399,860
Pension expense	20,422,006	1,274,716	21,696,722

The City reported accrued payroll and employee benefits of \$135,334 for outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2017. Also, the City reported \$7,796,632 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

Arizona State Retirement System

Plan Description — City employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided — The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

NOTES TO THE FINANCIAL STATEMENTS

Arizona State Retirement System

	Retirement Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions — In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2017, statute required active ASRS members to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill. The City's contributions to the pension plan for the year ended June 30, 2017, were \$3,796,886. The City's OPEB contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

Year ended June 30	Health benefit supplement fund	Long-term disability fund
2017	\$ 196,952	\$ 49,278
2016	164,158	39,434
2015	178,990	36,405

During fiscal year ended 2017, the City paid for ASRS pension and OPEB contributions were 73 percent from the general fund, 26 percent from major funds, and 1 percent from other funds.

NOTES TO THE FINANCIAL STATEMENTS

Pension liability — At June 30, 2017, the City reported a liability of \$56,796,968 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The City's proportion measured as of June 30, 2016, was 0.35 percent, which was an increase of 0.025 from its proportion measured as of June 30, 2015.

Pension expense and deferred outflows/inflows of resources — For the year ended June 30, 2017, the City recognized pension expense for ASRS of \$6,279,388. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 345,151	\$ 3,907,216
Changes of assumptions or other inputs	-	3,005,013
Net difference between projected and actual earnings on pension plan investments	6,154,901	-
Changes in proportion and differences between City contributions and proportionate share of contributions	5,203,189	-
City contributions subsequent to the measurement date	3,773,263	-
Total	<u>\$ 15,476,504</u>	<u>\$ 6,912,229</u>

The \$3,773,263 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30:		
2018	\$	584,130
2019		(289,028)
2020		2,770,094
2021		1,725,816

NOTES TO THE FINANCIAL STATEMENTS

Actuarial assumptions — The significant actuarial assumptions used to measure the total pension liability for ASRS are as follows:

Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS Asset class	Target allocation	Long-term expected arithmetic real rate of return
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.84%
Total	<u>100%</u>	

Discount rate — The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity of the City's proportionate share of the ASRS net pension liability to changes in the discount rate — The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate

ASRS	1% Decrease (7%)	Current discount rate (8%)	1% Increase (9%)
City's proportionate share of the net pension liability	\$ 72,420,446	\$ 56,796,968	\$ 44,270,352

Pension plan fiduciary net position — Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System

Plan descriptions — City police employees and City firefighters who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS plans. The report is available on the PSPRS website at www.psprs.com.

NOTES TO THE FINANCIAL STATEMENTS

Benefits provided — The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

Retirement and disability	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
<u>Benefit percent</u>		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<u>Survivor benefit</u>		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

NOTES TO THE FINANCIAL STATEMENTS

Employees covered by benefit terms — At June 30, 2017, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS	
	Police	Fire
Inactive employees or beneficiaries currently receiving benefits	33	8
Inactive employees entitled to but not yet receiving benefits	19	4
Active employees	123	109
Total	175	121

Contributions and annual OPEB cost — State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2017, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS	
	Police	Fire
Active members—pension	11.65%	11.65%
City		
Pension	22.68%	16.44%
Health insurance premium benefit	0.50%	0.37%

In addition, statute required the City to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill.

	PSPRS	
	Police	Fire
Pension	11.04%	8.00%

For the agent plans, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2017, were:

	PSPRS	
	Police	Fire
Pension		
Contributions made	\$2,598,440	\$1,832,987
Health Insurance premium benefit		
Annual OPEB cost	58,849	40,740
Contributions made	58,849	40,740

During fiscal year 2017, the City paid for PSPRS pension and OPEB contributions as follows: 100 percent from the general fund.

Pension liability — At June 30, 2017, the City reported the following net pension liabilities:

PSPRS Police	\$	25,398,203
PSPRS Fire		15,595,859

NOTES TO THE FINANCIAL STATEMENTS

PSPRS net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2016, reflect the following changes of benefit terms and actuarial assumptions.

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments changed the basis for cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.
- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.
- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent for PSPRS plans.

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the City's net pension liabilities as a result of these changes is not known.

Pension actuarial assumptions — The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	4.0%–8.0% for PSPRS
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

NOTES TO THE FINANCIAL STATEMENTS

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected arithmetic real rate of return
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	<u>16%</u>	6.23%
Total	<u>100%</u>	

Pension discount rates — At June 30, 2016, the discount rate used to measure the PSPRS total pension liabilities was 7.50 percent, which was a decrease of 0.35 from the discount rate used as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO THE FINANCIAL STATEMENTS

Changes in the net pension liability – The following tables present changes in the City’s net pension liability for the PSPRS – Police, and PSPRS – Fire pension plans as follows:

PSPRS - Police	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balances at June 30, 2016	\$ 44,850,869	\$27,865,726	\$ 16,985,143
Changes for the year:			
Service cost	2,064,206	-	2,064,206
Interest on the total pension liability	3,530,001	-	3,530,011
Changes of benefit terms	4,507,117	-	4,507,117
Differences between expected and actual experience in the measurement of the pension liability	144,478	-	144,478
Changes of assumptions or other inputs	2,249,172	-	2,249,172
Contributions—employer	-	2,303,420	(2,303,420)
Contributions—employee	-	1,496,064	(1,496,064)
Net investment income	-	168,147	(168,147)
Benefit payments, including refunds of employee contributions	(1,829,352)	(1,829,352)	-
Administrative expense	-	(24,595)	(24,595)
Other changes	-	138,888	(138,888)
Net changes	10,665,632	2,252,572	8,413,060
Balances at June 30, 2017	\$55,516,501	\$30,118,298	\$ 25,398,203

NOTES TO THE FINANCIAL STATEMENTS

PSPRS - Fire			
	Total pension liability	Plan fiduciary net position	Net pension liability (asset)
	(a)	(b)	(a) – (b)
Balances at June 30, 2016	\$ 35,690,021	\$ 28,187,537	\$ 7,502,484
Changes for the year:			
Service cost	1,944,045	-	1,944,045
Interest on the total pension liability	2,858,919	-	2,858,919
Changes of benefit terms	4,813,386	-	4,813,386
Differences between expected and actual experience in the measurement of the pension liability	(428,646)	-	(428,646)
Changes of assumptions or other inputs	2,042,866	-	2,042,866
Contributions—employer	-	1,773,960	(1,773,960)
Contributions—employee	-	1,188,041	(1,188,041)
Net investment income	-	170,022	(170,022)
Benefit payments, including refunds of employee contributions	(485,385)	(485,385)	-
Administrative expense	-	(24,864)	24,864
Other changes	-	30,036	(30,036)
Net changes	10,745,185	2,651,810	8,093,375
Balances at June 30, 2017	\$ 46,435,206	\$ 30,839,347	\$ 15,595,859

Sensitivity of the City’s net pension liability to changes in the discount rate — The following table presents the City’s net pension liabilities calculated using the discount rate of 7.50 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
PSPRS- Police			
Net pension liability	\$ 34,001,778	\$ 25,398,203	\$ 18,437,516
PSPRS- Fire			
Net pension liability	\$ 23,609,456	\$ 15,595,859	\$ 9,120,560

Pension plan fiduciary net position — Detailed information about the pension plans’ fiduciary net position is available in the separately issued PSPRS financial reports.

Pension expense — For the year ended June 30, 2017, the City recognized the following pension expense:

	Pension expense
PSPRS- Police	\$ 8,221,382
PSPRS- Fire	6,844,017

NOTES TO THE FINANCIAL STATEMENTS

Pension deferred outflows/inflows of resources — At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 4,886,461	\$ -
Changes of assumptions or other inputs	3,402,872	-
Net difference between projected and actual earnings on pension plan investments	1,852,691	-
City contributions subsequent to the measurement date	2,598,440	-
Total	<u>\$ 12,740,464</u>	<u>\$ -</u>
 PSPRS - Fire	 Deferred outflows of resources	 Deferred inflows of resources
Differences between expected and actual experience	\$ 891,246	\$ 387,085
Changes of assumptions or other inputs	2,614,419	-
Net difference between projected and actual earnings on pension plan investments	1,883,298	-
City contributions subsequent to the measurement date	1,832,987	-
Total	<u>\$ 7,221,950</u>	<u>\$ 387,085</u>

The amounts reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS	
	Police	Fire
Year ending June 30		
2018	\$ 2,002,070	\$ 765,262
2019	2,002,069	765,264
2020	2,239,117	1,010,399
2021	2,023,823	789,905
2022	1,315,763	361,883
Thereafter	559,182	1,309,165

NOTES TO THE FINANCIAL STATEMENTS

Agent plan OPEB actuarial assumptions — The health insurance premium benefit contribution requirements for the year ended June 30, 2017, were established by the June 30, 2015, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as the City and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2017 contribution requirements:

PSPRS — OPEB contribution requirements

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%–8% for PSPRS
Wage growth	4% for PSPRS

Agent plan OPEB trend information — Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

<u>Year ended June 30</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual cost contributed</u>	<u>Net OPEB obligation</u>
PSPRS Police			
2017	\$ 58,849	100.00%	\$ -
2016	52,449	100.00%	-
2015	111,399	100.00%	-
PSPRS Fire			
2017	\$ 40,740	100.00%	\$ -
2016	40,464	100.00%	-
2015	80,317	100.00%	-

NOTES TO THE FINANCIAL STATEMENTS

Agent plan OPEB funded status — The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2016, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Police	PSPRS Fire
Actuarial value of assets (a)	\$ 1,000,517	\$ 787,616
Actuarial accrued liability (b)	1,251,818	1,033,554
Unfunded actuarial accrued liability (funding excess) (b) – (a)	251,301	245,938
Funded ratio (a)/(b)	79.9%	76.2%
Annual covered payroll (c)	\$ 10,601,982	\$ 10,231,815
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a) / (c)	2.37%	2.40%

The actuarial methods and assumptions used are the same for all the PSPRS health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS - OPEB funded status	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4%–8% for PSPRS
Wage growth	4% for PSPRS

C. Elected Officials Retirement Plan

Plan description — Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

NOTES TO THE FINANCIAL STATEMENTS

Benefits provided — The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms.

Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

Retirement and disability	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
<u>Benefit percent</u>		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service

Survivor benefit

Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Contributions — State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2017, statute required active EORP members with an initial membership date on or before July 19, 2011, to contribute 13 percent of the members' annual covered payroll. Statute required active EORP members with an initial membership date after July 19, 2011, to contribute 13 percent of the members' annual covered payroll and the City to contribute 23.5 percent of all active EORP members' annual covered payroll. Also, statute required the City to contribute 12.16 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 17.50 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the City's required contributions to ASRS and EODCRS for these elected officials and judges. The City's contributions to the pension plan for the year ended June 30, 2017, were \$34,133. No OPEB contributions were required or made for the years ended June 30, 2015, 2016, and 2017.

NOTES TO THE FINANCIAL STATEMENTS

During fiscal year 2017, the City paid for EORP pension contributions as follows: 100 percent from the general fund.

Pension liability — At June 30, 2017, the City reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the City's proportionate share of the State's appropriation for EORP. The amount the City recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the EORP net pension liability	\$ 1,829,709
State's proportionate share of the EORP net pension liability associated with the City	100,812
Total	<u>\$ 1,930,521</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2016, reflects a decrease in the investment rate of return actuarial assumption from 7.85 percent to 7.50 percent.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2016. The City's proportion measured as of June 30, 2016, was 0.19 percent, which was an increase of 0.03 percent from its proportion measured as of June 30, 2015.

The collective net pension liability measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the City's proportionate share of the collective net pension liability as a result of these changes is not known.

Pension expense and deferred outflows/inflows of resources — For the year ended June 30, 2017, the City recognized pension expense for EORP of \$351,935 and revenue of \$100,812 for the City's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 34,408
Changes of assumptions or other inputs	205,431	-
Net difference between projected and actual earnings on pension plan investments	42,385	-
Changes in proportion and differences between City contributions and proportionate share of contributions	114,633	66,138
City contributions subsequent to the measurement date	34,133	-
Total	<u>\$ 396,582</u>	<u>\$ 100,546</u>

The \$34,133 reported as deferred outflows of resources related to EORP pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2018	\$ 160,374
2019	77,637
2020	15,402
2021	8,490

Actuarial assumptions — The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.50 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected arithmetic real rate of return
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	100%	

NOTES TO THE FINANCIAL STATEMENTS

Discount rate — At June 30, 2016, the discount rate used to measure the EORP total pension liability was 3.68 percent, which was a decrease of 1.18 from the discount rate used as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.50 percent was applied to periods of projected benefit payments through the year ended June 30, 2027. A municipal bond rate of 2.85 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2016, was applied to periods of projected benefit payments after June 30, 2027.

Sensitivity of the City's proportionate share of the EORP net pension liability to changes in the discount rate — The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.68 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.68 percent) or 1 percentage point higher (4.68 percent) than the current rate:

	1% Decrease (2.68%)	Current discount rate (3.68%)	1% Increase (4.68%)
City's proportionate share of the net pension liability	\$ 2,129,872	\$ 1,829,709	\$ 1,579,150

Pension plan fiduciary net position—Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

EODCRS plan — Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS and the Elected Officials Defined Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provisions of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by state statute.

For the year ended June 30, 2017, active EODCRS members were required by statute to contribute 8 percent of the members' annual covered payroll, and the City was required by statute to contribute 6 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the City's contributions to the individual employee account and the earnings on those contributions. In addition, statute required active EODCRS members and the City to each contribute at the actuarially determined rate of 0.125 percent of the members' annual covered payroll to the EODCDP plan. For the year ended June 30, 2017, the City recognized pension expense of \$660. The City's OPEB contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

Year ended June 30:	Disability fund
2017	\$ 14
2016	-
2015	-

NOTES TO THE FINANCIAL STATEMENTS

Hall v. Elected Officials Retirement Plan (EORP) and Parker v. Public Safety Personnel Retirement System plan (PSPRS plan) Lawsuits

During fiscal year 2017, the Arizona State Supreme Court upheld a ruling that found a 2011 law's increases in employee contribution rates for active PSPRS plan and EORP members hired prior to the law's effective date were unconstitutional. As a result, these members are entitled to refunds of their excess employee contributions, plus interest. PSPRS has recommended that employers participating in these plans begin providing refunds to their employees who paid the excess contributions. Employers must provide these refunds because IRS regulations prevent PSPRS from issuing them from the plans' trusts. However, PSPRS will allow employers to reduce future required employer contributions to the plans' trusts by the amount of excess employee contributions and prejudgment interest refunded to employees. As a result of the resolution of this case, the City reported the following claims payable in the Statement of Net Position:

Refund Details	Amount
EORP Excess Contribution Refund	\$ 31,302
EORP Prejudgment Interest	4,015
EORP Post Judgment Interest	129
PSPRS Police Excess Contribution Refund	1,370,832
PSPRS Fire Excess Contribution Refund	1,537,947
Total	\$ 2,944,226

Deferred Compensation Plans

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. A governing board (committee) makes decisions about investment options available within each Plan. In fiscal year 2017, the City contributed to the 457 plan on behalf of eligible employees in an amount equal to a percentage of base annual salary. The City contributed \$549,962 for the year ended June 30, 2017. The deferred compensation is not available to participants until termination, retirement, death, or an unforeseeable emergency.

The City also offers a Post-Employment Health Plan (PEHP). The PEHP is a defined contribution plan designed to allow the City and employees to set aside money during the course of employment with the City, for the payment of qualified medical expenses incurred post-employment. The Post-Employment Health Plan consists of two sub-accounts that can accept contributions. One account accepts fixed contributions, which has been suspended, and the other accepts earned and unused personal time off (vacation and sick leave). After voluntary termination of employment with the City, employees are provided with the option to be paid for all, or a portion of, earned and unused personal time off, or move earned and unused personal time off into their PEHP account.

The City's fiduciary responsibility for both plans is that of exercising "due care" in selecting a third-party administrator. Federal legislation requires that Section 457 plan and post-employment health plan assets be held in trust for employees; therefore, employee assets held in Section 457 plan and post-employment plan assets are held in trust for employees. Employee assets held in Section 457 plans and post-employment health plans are not the property of the City and are not subject to claims of the City's general creditors. Therefore, the Deferred Compensation Agency Funds are not included in the City's Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - RISK MANAGEMENT

Risk Management Fund

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Thus, the City participates in the Arizona Municipal Risk Retention Pool (AMRRP), which provides a comprehensive municipal coverage program including property, general liability, public officials' liability, automobile liability and physical damage, bonds and crime. The basic coverage program is standard for all participants and deemed to be appropriate by the governing board of the AMRRP. Individual limits are determined by the Council and staff members.

The limit for basic coverage is \$2 million per occurrence and \$13 million under an umbrella policy for a total of \$15 million on a claim made basis. The AMRRP is structured such that member premiums are based on actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligation. The Pool has the authority to assess its members' additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations. The City can be assessed up to the amount of the current year's contribution. The City's obligation is to file claims timely. The AMRRP is responsible for investigating claims, settling claims and billing the City for any deductible portion. The City's loss has not exceeded its coverage in any of the last three years, and the deductible portion has not been material to the City's financial position.

Employee Healthcare Fund

The City has established the Employee Healthcare Fund to account for the costs of claims incurred by the City through a self-insurance program. The City is self-insured for individual health claims up to \$100,000. Commercial stop loss insurance is in place for claims in excess of the individual limit as well as aggregate insurance for claims in excess of 110% of the City's total actuarially projected claims.

The claims liability includes an estimated amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends and other economic and social factors. Claims that have been incurred but not reported make up \$575,800 of the total claims payable reported. The remaining \$782,257 is made up of outstanding claims at year end. The City's loss has not exceeded its coverage over the last year.

As of June 30, 2017, unpaid claims were as follows:

	Employee Healthcare Fund	
	2016	2017
Beginning unpaid claims	\$ 1,538,461	\$ 1,226,062
Claims incurred and changes in estimates	7,897,628	8,136,372
Payments made	(8,210,027)	(8,004,377)
Ending unpaid claims	<u>\$ 1,226,062</u>	<u>\$ 1,358,057</u>

Worker's Compensation Fund

The City Council approved the establishment the Worker's Compensation Fund on January 3, 2017; to administer a self-insured workers' compensation program beginning on July 1, 2017. During the year ended June 30, 2017, the City purchased insurance to cover any claims incurred by the City. For the fiscal year ending June 30, 2017, the fund incurred expenses in order to establish the new program and was funded by an \$800,000 transfer from the General Fund.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - CONTINGENT LIABILITIES

The City is a defendant in various lawsuits that are incidental to the ordinary course of its operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the City's financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City has entered into a settlement agreement of which the City is financially responsible for a drainage study and road improvements. The total cost to be incurred is currently unknown. The City is also financially responsible to reimburse future development impact fees, planning and zoning fees, and building permits charged by the City related directly to the development of the Property defined in the settlement agreement up to \$800,000. As of June 30, 2017 the City had reimbursed the developer as part of the settlement agreement \$385,411 leaving up to \$414,589 to be reimbursed to the developer in future years.

NOTE 11 - INTERFUND BORROWING AND TRANSFERS

As of June 30, 2017, interfund balances were as follows:

Due to/from other funds:

Due from	Due to General Fund
Non-Major Governmental Fund – Grants Fund	\$ 275,179

At year end, the Grants fund, a non-major governmental fund, had a negative cash balance in the pooled cash account. The short-term negative cash balance was eliminated by interfund borrowing with the General Fund and is expected to be paid within one year.

Advances to/from other funds:

Advances to	Advances from			
	General Fund	General Capital Projects Fund	Sewer Fund	Total
Gen Gov Dev Fee Fund	\$ 438,681	\$ 36,019,204	\$ 5,993,321	\$ 42,451,206
Non-Major Governmental Funds	-	-	3,578,499	3,578,499
Total	\$ 438,681	\$ 36,019,204	\$ 9,571,820	\$ 46,029,705

As of June 30, 2017, the City had several long-term loans outstanding. The General Fund loan is the result of a shortage of cash in prior years, related to the repayment of outstanding bonded debt for which the General Government Development Fee is responsible for paying. The remaining loans relate to expenditures for projects to be funded by impact fees. These loans will be repaid as impact fees are collected in future years.

NOTES TO THE FINANCIAL STATEMENTS

Interfund Transfers:

Transfers out	Transfers in					
	General Fund	General Capital Project Fund	Non-Major Governmental Funds	Water Fund	Internal Service Funds	Total
General Fund	\$ -	\$ 5,787,900	\$ 2,030,797	\$ -	\$ 800,000	\$ 8,618,697
General Gov Dev Fee Fund	-	-	367,332	-	-	367,332
Non-Major Governmental Funds	-	-	1,154,767	-	-	1,154,767
Water Fund	417,285	-	-	-	-	417,285
Sewer Fund	702,880	-	-	1,937,851	-	2,640,731
Sanitation Fund	34,695	-	-	-	-	34,695
Total	\$ 1,154,860	\$ 5,787,900	\$ 3,552,896	\$ 1,937,851	\$ 800,000	\$ 13,233,507

Transfers between funds were used to (1) record payments in lieu of franchise fees, payments in lieu of property taxes and license fees from the enterprise funds to the General Fund (2) to support as needed replacement of vehicles and maintenance, construction or purchase of city assets (3) move amounts for debt service payments (4) to establish a new self-insured Worker's Compensation program, and (5) to transfer water rights (capital assets) generated by the Sewer Fund to the Water Fund to be used for water services.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – FUND BALANCE CLASSIFICATION

Fund balance classifications:

	General Fund	General Capital Projects Fund	General Government Development Fee Fund	Highway User Revenue Fund	Transportation Improvement Fund	Non-Major Governmental Fund	Total
Fund balance							
Nonspendable:							
Advance to other funds	\$ 438,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 438,681
Inventory	538,047	-	-	603,580	-	-	1,141,627
Prepays	285,633	814	-	5,892	-	8,180	300,519
Total Nonspendable	1,262,361	814	-	609,472	-	8,180	1,880,827
Restricted:							
Court	-	-	-	-	-	71,112	71,112
Debt Service	-	73,298	-	-	-	873	74,171
Economic Development	5,333	-	-	-	-	-	5,333
Employee Dependent Scholarship	1,107	-	-	-	-	-	1,107
Fire and Medical	6,533	-	-	-	-	-	6,533
Library	-	-	-	-	-	2,698,512	2,705,045
Parks and recreation	458,326	-	-	-	-	4,617,236	4,617,236
Police	29,979	-	-	-	-	1,779,225	2,237,551
Public works	-	-	-	-	-	2,751,810	2,781,789
Transportation	-	-	-	-	-	8,409,097	8,409,097
Total Restricted	501,278	73,298	-	1,042,746	-	22,996,019	24,613,341
Committed:							
Construction projects	-	36,019,204	-	-	-	67,978	36,087,182
Transportation	-	-	-	-	3,586,926	-	3,586,926
Tourism	-	-	-	-	-	331,511	331,511
Total Committed	-	36,019,204	-	-	3,586,926	399,489	40,005,619
Assigned:							
Construction projects	-	1,036,942	-	-	-	-	1,036,942
Ground Ambulance Replacement	-	73,000	-	-	-	-	73,000
Public Safety	111,696	-	-	-	-	-	111,696
Wildland Vehicle Replacement	221,885	-	-	-	-	-	221,885
Other	4,974	-	-	-	-	-	4,974
Total Assigned	338,555	1,109,942	-	-	-	-	1,448,497
Unassigned:							
Unassigned or negative fund balance	38,436,548	-	(42,451,206)	-	-	(3,613,567)	(7,628,225)
Total	\$ 40,538,742	\$ 37,203,258	\$ (42,451,206)	\$ 1,652,218	\$ 3,586,926	\$ 19,790,121	\$ 60,320,059

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – DEFICIT FUND BALANCES

As of June 30, 2017, the following individual governmental funds reported deficits in fund balances:

<u>Fund</u>	<u>Deficit</u>
Major Funds:	
General Government Development Fee Fund	\$ 42,451,206
Non-Major Governmental Funds:	
Fire & EMS Development Fee Grandfathered Fund	3,605,583

Deficits arose due to project expenses incurred in current and prior years exceeding impact fee revenues collected. The deficit fund balances are expected to be funded with future development impact fees received.

NOTE 14 – BUDGET BASIS OF ACCOUNTING

The City records bad debt as an expense in the general operations department in the General Fund, which is not budgetary. This amount of \$175,429 is not budgeted as it is a reduction of revenues received rather than an actual cash outlay.

NOTE 15 – JOINT VENTURE

The City currently participates with nineteen cities, towns and fire districts in the Regional Wireless Cooperative (RWC) agreement for the administration, operation, management, construction, and maintenance of a regional public safety communications network. The RWC is an Arizona joint venture, multi-jurisdictional organization throughout the Phoenix Metropolitan Region. The City of Phoenix is both the Network Managing Member and the Administrative Managing Member. As the Network Managing Member, the City of Phoenix operates and maintains the network. As the Administrative Managing Member, the City of Phoenix is responsible for accounting, budgeting, procurement and contracting for the RWC.

The City has an ongoing financial responsibility as a result of the agreement to participate in the cost to construct, operate and maintain the network. The City's share of costs is determined based on the proportionate number of subscriber units in use at the time of assessment. The equity interest for the City at June 30, 2017, was \$1,128,994.

Separate financial statements may be obtained from RWC Director's Office, 200 W. Washington Street, 12th Floor, Phoenix, Arizona 85003.

NOTE 16 – SUBSEQUENT EVENTS

On October 10, 2017 the Marley Park Community Facilities District issued \$3,000,000 in General Obligation Bonds. The bonds are payable in annual installments of \$100,000 to \$245,000 with coupon rates of 2.69%.

On November 7, 2017 the voters of the City of Surprise authorized the City to issue \$59,500,000 in General Obligation bonds for public safety, traffic congestion mitigation, and pavement preservation projects. The bonds will be issued in installments over the next three years with the first issuance expected in spring 2018.



SURPRISE

ARIZONA



REQUIRED SUPPLEMENTARY INFORMATION



SURPRISE

ARIZONA

Required Supplementary Information
Schedule of the City's Proportionate Share of Net Pension Liability
Cost Sharing Pension Plans

Arizona State Retirement System

	Reporting fiscal year (measurement date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
City's proportion of the net pension liability	0.35%	0.32%	0.29%	Information not available
City's proportionate share of the net pension liability				
	\$56,796,968	\$50,841,272	\$42,980,167	
City's covered payroll	\$32,932,534	\$30,121,665	\$26,536,195	
City's proportionate share of the net pension liability as a percentage of its covered payroll	172.46%	168.79%	161.97%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%	

Elected Officials Retirement Plan

	Reporting fiscal year (measurement date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
City's proportion of the net pension liability	0.19%	0.16%	0.22%	Information not available
City's proportionate share of the net pension liability	\$ 1,829,709	\$ 1,276,030	\$1,505,462	
State's proportionate share of the net pension liability associated with the City	100,812	107,037	136,820	
Total	\$ 1,930,521	\$ 1,383,067	\$1,642,282	
City's covered payroll	\$ 155,470	\$ 155,470	\$ 154,983	
City's proportionate share of the net pension liability as a percentage of its covered payroll	1241.73%	889.60%	1059.65%	
Plan fiduciary net position as a percentage of the total pension liability	23.42%	28.32%	31.91%	

See accompanying notes to this schedule

Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Agent Pension Plans

PSPRS Police	Reporting fiscal year (measurement date)			2014 through 2008
	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability				Information not available
Service cost	\$ 2,064,206	\$ 1,663,042	\$ 1,565,018	
Interest on the total pension liability	3,530,011	2,833,422	2,300,961	
Changes of benefit terms	4,507,117	-	241,790	
Differences between expected and actual experience in the measurement of the pension liability	144,478	5,574,308	1,218,340	
Changes of assumptions or other inputs	2,249,172	-	2,469,394	
Benefit payments, including refunds of employee contributions	(1,829,352)	(965,851)	(1,157,301)	
Net change in total pension liability	10,665,632	9,104,921	6,638,202	
Total pension liability—beginning	44,850,869	35,745,948	29,107,746	
Total pension liability—ending (a)	\$ 55,516,501	\$ 44,850,869	\$35,745,948	
Plan fiduciary net position				
Contributions—employer	\$ 2,303,420	\$ 1,729,946	\$ 1,359,213	
Contributions—employee	1,496,064	1,196,870	977,373	
Net investment income	168,147	951,951	2,875,527	
Benefit payments, including refunds of employee contributions	(1,829,352)	(965,851)	(1,157,301)	
Administrative expense	(24,595)	(23,613)	-	
Other changes	138,888	210,447	(462,996)	
Net change in plan fiduciary net position	2,252,572	3,099,750	3,591,816	
Plan fiduciary net position—beginning	27,865,726	24,765,976	21,174,160	
Plan fiduciary net position—ending (b)	\$ 30,118,298	\$ 27,865,726	\$24,765,976	
City's net pension liability (asset)—ending (a) – (b)	\$ 25,398,203	\$ 16,985,143	\$10,979,972	
Plan fiduciary net position as a percentage of the total pension liability	54.25%	62.13%	69.28%	
Covered payroll	\$11,159,388	\$10,682,880	\$8,730,979	
City's net pension liability (asset) as a percentage of covered payroll	227.59%	158.99%	125.76%	

See accompanying notes to this schedule

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios (Continued)

Agent Pension Plans

PSPRS Fire	Reporting fiscal year (measurement date)			2014 through 2008 Information not available
	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability				
Service cost	\$ 1,944,045	\$ 1,709,096	\$ 1,635,304	
Interest on the total pension liability	2,858,919	2,480,922	2,170,938	
Changes of benefit terms	4,813,386	-	25,204	
Differences between expected and actual experience in the measurement of the pension liability	(428,646)	991,201	122,957	
Changes of assumptions or other inputs	2,042,866	-	1,068,570	
Benefit payments, including refunds of employee contributions	(485,385)	(481,494)	(1,740,565)	
Net change in total pension liability	10,745,185	4,699,725	3,282,408	
Total pension liability—beginning	35,690,021	30,990,296	27,707,888	
Total pension liability—ending (a)	\$46,435,206	\$ 35,690,021	\$30,990,296	
Plan fiduciary net position				
Contributions—employer	\$ 1,773,960	\$ 1,394,750	\$ 1,298,311	
Contributions—employee	1,188,041	1,085,819	916,860	
Net investment income	170,022	956,696	2,973,644	
Benefit payments, including refunds of employee contributions	(485,385)	(481,494)	(1,740,565)	
Administrative expense	(24,864)	(23,732)	-	
Other changes	30,036	23,521	(491,977)	
Net change in plan fiduciary net position	2,651,810	2,955,560	2,956,273	
Plan fiduciary net position—beginning	28,187,537	25,231,977	22,275,704	
Plan fiduciary net position—ending (b)	\$30,839,347	\$ 28,187,537	\$25,231,977	
City's net pension liability (asset)—ending (a) – (b)	\$15,595,859	\$ 7,502,484	\$ 5,758,319	
Plan fiduciary net position as a percentage of the total pension liability	66.41%	78.98%	81.42%	
Covered payroll	\$10,648,460	\$9,802,389	\$8,942,409	
City's net pension liability (asset) as a percentage of covered payroll	146.46%	76.54%	64.39%	

See accompanying notes to this schedule

Required Supplementary Information
Schedule of City Pension Contributions

Arizona State Retirement System

	Reporting fiscal year				
	2017	2016	2015	2014	
Statutorily required contribution	\$ 3,773,263	\$ 3,569,994	\$ 3,259,073	\$ 2,801,701	2013 through 2008 information not available
City's contributions in relation to the statutorily required contribution	3,773,263	3,569,994	3,259,073	2,801,701	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$35,238,842	\$32,932,534	\$30,121,665	\$26,536,195	
City's contributions as a percentage of covered payroll	10.71%	10.84%	10.82%	10.56%	

Elected Official Retirement Plan

	Reporting fiscal year				
	2017	2016	2015	2014	
Statutorily required contribution	\$ 34,133	\$ 36,535	\$ 35,199	\$ 47,836	2013 through 2008 information not available
City's contributions in relation to the statutorily required contribution	34,133	36,535	35,199	47,836	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$154,566	\$155,470	\$155,470	\$154,983	
City's contributions as a percentage of covered payroll	22.08%	23.50%	22.64%	30.87%	

PSPRS Police

	Reporting fiscal year				
	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,598,440	\$ 2,301,028	\$ 1,753,988	\$ 1,359,213	2013 through 2008 information not available
City's contributions in relation to the statutorily required contribution	2,598,440	2,301,028	1,753,988	1,359,213	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$11,769,882	\$11,159,388	\$10,682,880	\$8,730,979	
City's contributions as a percentage of covered payroll	22.08%	20.62%	16.42%	15.57%	

PSPRS Firefighters

	Reporting fiscal year				
	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,832,987	\$ 1,716,087	\$ 1,417,546	\$ 1,298,311	2013 through 2008 information not available
City's contributions in relation to the statutorily required contribution	1,832,987	1,716,087	1,417,546	1,298,311	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$11,296,060	\$10,648,460	\$9,802,389	\$8,942,409	
City's contributions as a percentage of covered payroll	16.23%	16.12%	14.46%	14.52%	

See accompanying notes to this schedule

Required Supplementary Information

Notes to Pension Schedules

Note 1 – Actuarially determined contribution rates

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2015 actuarial valuation	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5%.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006–June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Note 2 – Factors that affect trends

In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases. These changes are included in the PSPRS' changes in total pension liability for fiscal year 2015 (measurement date 2014) in the schedule of changes in the City's net pension liability and related ratios. These changes also increased the PSPRS required contributions beginning in fiscal year 2016 in the schedule of city pension contributions.

Note 3 – Information Prior to the Measurement Date

Information prior to the measurement date (June 30, 2014) was not available.

See accompanying notes to this schedule

Required Supplementary Information
Schedule of agent OPEB plans' funding progress

Health Insurance Premium Benefit						
Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability (UAAL) (funding excess)	Funded ratio	Annual covered payroll	UAAL (funding excess) as a percentage of covered payroll
	(a)	(b)	(b) – (a)	(a)/(b)	(c)	(b) – (a)/c
PSPRS Police						
6/30/16	\$ 1,000,517	\$ 1,251,818	\$ 251,301	79.9%	\$ 10,601,982	2.37%
6/30/15	914,353	1,196,404	282,051	76.4	10,225,901	2.76
6/30/14	797,597	952,965	155,368	83.7	8,561,827	1.81
6/30/13	-	856,758	856,758	-	7,998,905	10.71
PSPRS Firefighters						
6/30/16	\$ 787,616	\$ 1,033,554	\$ 245,938	76.2%	\$ 10,231,815	2.40%
6/30/15	710,185	897,623	187,438	79.1	9,753,914	1.92
6/30/14	615,616	806,301	190,685	76.4	8,942,411	2.13
6/30/13	-	729,789	729,789	-	8,419,235	8.67

See accompanying notes to this schedule.

Required Supplementary Information
Note to Schedule of Agent OPEB Plans' Funding Progress

Note 1 – Factors that affect the identification of trends

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same pension fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's pension fund to the new health insurance fund.

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 47,691,200	\$ 47,691,200	\$ 49,651,894	\$ 1,960,694
Licenses and permits	5,339,000	5,339,000	5,811,255	472,255
Intergovernmental revenues	33,115,400	33,115,400	32,440,510	(674,890)
Charges for services	8,901,200	9,200,700	12,036,063	2,835,363
Grants revenue	5,000	5,000	5,000	-
Fines	1,117,500	1,117,500	947,640	(169,860)
Rents	640,500	665,800	621,033	(44,767)
Interest revenue(loss)	74,900	74,900	(40,677)	(115,577)
Donations	506,100	541,100	160,706	(380,394)
Indirect charges	5,331,000	5,331,000	4,768,960	(562,040)
Other revenue	1,277,100	977,600	526,462	(451,138)
Total revenues	103,998,900	104,059,200	106,928,846	2,869,646
EXPENDITURES				
Current:				
General Government				
City council	384,100	458,100	457,378	722
City manager	3,174,700	3,306,600	3,118,430	188,170
City attorney	1,982,100	1,982,100	1,907,860	74,240
City clerk	848,500	848,500	630,753	217,747
Finance	4,400,200	4,400,200	3,733,516	666,684
Human resources	2,228,800	2,228,800	2,150,531	78,269
Information technology	4,525,500	4,525,500	4,404,284	121,216
General operations	-	-	175,429	(175,429)
Total general government	17,543,900	17,749,800	16,578,181	1,171,619
Public Safety				
Police	26,087,300	26,087,900	24,647,452	1,440,448
Fire	19,823,000	20,334,300	19,707,808	626,492
Court	2,228,800	2,228,800	2,023,999	204,801
Total public safety	48,139,100	48,651,000	46,379,259	2,271,741
Community Development				
Economic development	5,645,300	7,369,800	7,320,858	48,942
Community development	4,495,500	4,520,800	4,182,589	338,211
Total community development	10,140,800	11,890,600	11,503,447	387,153
Culture and Recreation				
Culture and recreation services	16,863,000	16,863,000	14,786,967	2,076,033
Human services and community vitality	1,377,600	1,540,500	1,251,812	288,688
Total culture and recreation	18,240,600	18,403,500	16,038,779	2,364,721
Public Works and Streets				
Public works and streets	7,505,000	7,506,800	6,816,547	690,253
Water resource management	16,600	16,600	13,186	3,414
Total public works and streets	7,521,600	7,523,400	6,829,733	693,667
Contingency				
Contingency	2,636,700	756,700	-	756,700
Total contingency	2,636,700	756,700	-	756,700
Total current	104,222,700	104,975,000	97,329,399	7,645,601

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Capital outlay:				
General Government				
Finance	\$ -	\$ -	\$ 48,428	\$ (48,428)
Human resources	5,800	5,800	-	5,800
Information technology	182,000	182,000	166,124	15,876
Public Safety				
Police	340,100	340,100	319,601	20,499
Fire	71,800	655,800	581,373	74,427
Public works and streets				
Public works and streets	4,100	-	32,666	(32,666)
Community Development				
Community development	25,000	25,000	30,821	(5,821)
Culture and recreation				
Culture and recreation services	13,000	13,000	9,314	3,686
Total capital outlay	641,800	1,221,700	1,188,327	33,373
Total expenditures	104,864,500	106,196,700	98,517,726	7,678,974
Excess (deficiency) of revenues over expenditures	(865,600)	(2,137,500)	8,411,120	10,548,620
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	368,156	368,156
Transfers in	1,129,000	1,154,865	1,154,860	(5)
Transfers out	(12,885,200)	(16,510,900)	(8,618,697)	7,892,203
Total other financing sources (uses)	(11,756,200)	(15,356,035)	(7,095,681)	8,260,354
Net change in fund balances	\$ (12,621,800)	\$ (17,493,535)	\$ 1,315,439	\$ 18,808,974

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

General Government Development Fee Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 694,000	\$ 694,000	\$ 973,164	\$ 279,164
Interest revenue	-	-	8,629	8,629
Total revenues	694,000	694,000	981,793	287,793
EXPENDITURES				
General Government	25,000	10,400	-	10,400
Contingency	1,265,500	1,280,100	-	1,280,100
Total expenditures	1,290,500	1,290,500	-	1,290,500
Excess (deficiency) of revenues over expenditures	(596,500)	(596,500)	981,793	1,578,293
OTHER FINANCING SOURCES (USES)				
Transfers out	(367,400)	(367,400)	(367,332)	68
Total other financing sources (uses)	(367,400)	(367,400)	(367,332)	68
Net change in fund balances	\$ (963,900)	\$ (963,900)	\$ 614,461	\$ 1,578,361

See accompanying notes to this schedule.

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Highway User Revenue Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 7,747,700	\$ 7,747,700	\$ 7,634,613	\$ (113,087)
Charges for services	-	-	12,750	12,750
Interest revenue	-	-	2,348	2,348
Other revenue	108,000	108,000	1,897	(106,103)
Total revenues	<u>7,855,700</u>	<u>7,855,700</u>	<u>7,651,608</u>	<u>(204,092)</u>
EXPENDITURES				
Public works and streets	9,047,000	8,521,300	7,790,755	730,545
Contingency	-	61,900	-	61,900
Total current	<u>9,047,000</u>	<u>8,583,200</u>	<u>7,790,755</u>	<u>792,445</u>
Capital outlay:				
Public works and streets	400,700	271,600	156,701	114,899
Total capital outlay	<u>400,700</u>	<u>271,600</u>	<u>156,701</u>	<u>114,899</u>
Total expenditures	<u>9,447,700</u>	<u>8,854,800</u>	<u>7,947,456</u>	<u>907,344</u>
Excess (deficiency) of revenues over expenditures	<u>(1,592,000)</u>	<u>(999,100)</u>	<u>(295,848)</u>	<u>703,252</u>
Net change in fund balances	<u>\$ (1,592,000)</u>	<u>\$ (999,100)</u>	<u>\$ (295,848)</u>	<u>\$ 703,252</u>

See accompanying notes to this schedule.

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Transportation Improvement Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,300,900	\$ 2,300,900	\$ 3,017,920	\$ 717,020
Grants revenue	-	-	181,282	181,282
Interest revenue	-	-	4,891	4,891
Total revenues	2,300,900	2,300,900	3,204,093	903,193
EXPENDITURES				
Public works and streets	3,167,100	2,994,300	2,615,726	378,574
Community Development	299,200	299,100	186,113	112,987
Total current	3,466,300	3,293,400	2,801,839	491,561
Capital outlay:				
Public works and streets	975,500	973,500	622,052	351,448
Total capital outlay	975,500	973,500	622,052	351,448
Total expenditures	4,441,800	4,266,900	3,423,891	843,009
Excess (deficiency) of revenues over expenditures	(2,140,900)	(1,966,000)	(219,798)	1,746,202
Net change in fund balances	\$ (2,140,900)	\$ (1,966,000)	\$ (219,798)	\$ 1,746,202

See accompanying notes to this schedule.

Note to Required Supplementary Information

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds with the following exceptions: (1) Capital Projects Funds adopt project-length budgets which normally extend beyond the fiscal year (2) Compensated absences are expended when paid, (3) Capital outlays within the enterprise funds are expended on a budget basis, (4) Bad debt expense represents revenue the City won't receive, rather than an actual cash outlay.

Prior to the third Monday in July, the City Manager submits to the City Council, and Council adopts a tentative budget for the fiscal year commencing on July 1. The tentative budget includes a schedule of the estimated expenditures and revenues. The proposed budget sets the maximum limit. The tentative budget is then published once a week for two consecutive weeks in a local newspaper. Finally, the City holds a public hearing on the budget and convenes a special meeting to adopt the final proposed budget on or before the 14th day before the tax levy is adopted.

The annual budget is adopted by resolution and serves as the foundation for the City of Surprise's financial planning and control. It has been programmed to allow as much flexibility as possible while still establishing useful guidelines. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. The city budget is adopted by department within the General Fund, by project in the capital funds, and by fund in total for all other funds. In addition, the full time equivalent (FTE) position count is adopted by department within the General Fund and by fund in total for all other funds. Changes to the adopted budget must be made in accordance with the city's Budget Amendment Policy. This policy specifies the approval levels required for various types of budget amendments. During the fiscal year, amendment requests are submitted to the Finance Department for preparation and processing. Changes can be made pursuant to the policy only if funds are unencumbered and available.



SURPRISE

ARIZONA



**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**



SURPRISE

ARIZONA

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

General Capital Projects Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,124,700	\$ 2,124,700	\$ 3,176,282	\$ 1,051,582
Interest revenue	34,100	34,100	10,282	(23,818)
Other revenue	7,300	7,300	2,379,938	2,372,638
Total revenues	2,166,100	2,166,100	5,566,502	3,400,402
EXPENDITURES				
Capital outlay:				
General Government	3,351,100	3,287,300	2,073,964	1,213,336
Public Safety	1,297,000	2,985,400	2,079,920	905,480
Public works and streets	14,953,800	11,140,000	4,436,258	6,703,742
Community Development	-	1,370,000	1,297,841	72,159
Culture and recreation	2,755,000	2,457,700	895,591	1,562,109
Contingency	167,500	167,500	-	167,500
Total capital outlay	22,524,400	21,407,900	10,783,574	10,624,326
Total expenditures	22,524,400	21,407,900	10,783,574	10,624,326
Excess (deficiency) of revenues over expenditures	(20,358,300)	(19,241,800)	(5,217,072)	14,024,728
OTHER FINANCING SOURCES (USES)				
Transfers in	11,406,100	13,586,800	5,787,900	(7,798,900)
Total other financing sources (uses)	11,406,100	13,586,800	5,787,900	(7,798,900)
Net change in fund balances	\$ (8,952,200)	\$ (5,655,000)	\$ 570,828	\$ 6,225,828

City of Surprise, Arizona

Combining Governmental Balance Sheet

Nonmajor Governmental Funds

Summary by Fund Type

June 30, 2017

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 23,129,258	\$ -	\$ 23,129,258
Restricted cash and investments	2,071,503	2,830,540	4,902,043
Receivables (net of allowances)			
Taxes and franchise fees	50,359	-	50,359
Grants	652,796	-	652,796
Prepaid items and other assets	8,180	-	8,180
Total assets	<u>\$ 25,912,096</u>	<u>\$ 2,830,540</u>	<u>\$ 28,742,636</u>
LIABILITIES			
Accounts payable	\$ 700,360	\$ -	\$ 700,360
Due to other funds	275,179	-	275,179
Deposits	1,374	-	1,374
Unearned revenue	767,285	-	767,285
Contracts payable	178,545	-	178,545
Matured bond interest payable	204,959	605,929	810,888
Matured bonds payable	390,000	2,223,738	2,613,738
Advances from other funds	3,578,499	-	3,578,499
Total liabilities	<u>6,096,201</u>	<u>2,829,667</u>	<u>8,925,868</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Unavailable revenue	26,647	-	26,647
Total deferred inflow of resources	<u>26,647</u>	<u>-</u>	<u>26,647</u>
Total liabilities and deferred inflows of resources	<u>6,122,848</u>	<u>2,829,667</u>	<u>8,952,515</u>
FUND BALANCES (DEFICITS)			
Nonspendable	8,180	-	8,180
Restricted	22,995,146	873	22,996,019
Committed	399,489	-	399,489
Unassigned	(3,613,567)	-	(3,613,567)
Total fund balances (deficits)	<u>19,789,248</u>	<u>873</u>	<u>19,790,121</u>
Total liabilities and fund balances (deficits)	<u>\$ 25,912,096</u>	<u>\$ 2,830,540</u>	<u>\$ 28,742,636</u>

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Summary by Fund Type

For the Year Ended June 30, 2017

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 3,903,264	\$ -	\$ 3,903,264
Intergovernmental revenues	355,277	-	355,277
Charges for services	1,078,546	-	1,078,546
Grants revenue	1,670,548	-	1,670,548
Fines	104,726	-	104,726
Development fees	3,440,550	-	3,440,550
Interest revenue	38,915	61	38,976
Other revenue	368	-	368
Total revenues	10,592,194	61	10,592,255
EXPENDITURES			
Current:			
General Government	97,412	-	97,412
Public Safety	657,028	-	657,028
Public works and streets	2,880,170	-	2,880,170
Community Development	535,595	-	535,595
Culture and recreation	1,959,478	-	1,959,478
Debt service:	-		
Administrative charges	3,104	1,051	4,155
Principal retirement	390,000	2,223,738	2,613,738
Interest	375,293	1,211,858	1,587,151
Bond issuance costs	720,827	-	720,827
Capital outlay:			
General Government	4,415,179	-	4,415,179
Public Safety	253,801	-	253,801
Public works and streets	70,013	-	70,013
Culture and recreation	11,624	-	11,624
Total expenditures	12,369,524	3,436,647	15,806,171
Excess (deficiency) of revenues over expenditures	(1,777,330)	(3,436,586)	(5,213,916)
OTHER FINANCING SOURCES (USES)			
Transfers in	116,250	3,436,646	3,552,896
Transfers out	(1,154,767)	-	(1,154,767)
Bond Proceeds	11,365,000	-	11,365,000
Premium on debt issuance	331,218	-	331,218
Refunded bond escrow agent	(6,500,617)	-	(6,500,617)
Total other financing sources (uses)	4,157,084	3,436,646	7,593,730
Net change in fund balances	2,379,754	60	2,379,814
Fund balances - beginning	17,409,494	813	17,410,307
Fund balances - ending	\$ 19,789,248	\$ 873	\$ 19,790,121

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

- ❖ Special Revenue Funds – These funds account for specific non-capital revenues that are restricted in their allowable use.
 - *Grants Fund* - this fund has been established to account for revenues and expenditures from the various grants received by the City.
 - *LTAF II/ALF Fund* - This fund has been established to account for revenues and expenditures received by the City from the state of Arizona. These funds are a portion of lottery money collected and can be used to fund transit operations, facilities, and equipment purchases.
 - *Municipal Court Enhancement Fund* - Established in FY2003, this fund tracks revenue associated with fines dedicated to Municipal Court technology improvements. City policy restricts the use of these funds.
 - *Municipal Court FARE fund* - This fund is used to discretely track funds received by the City that are restricted to use on projects which enhance the fine collections process. FARE - Fare/fees and restitution enforcement.
 - *Municipal Court JCEF Fund* - This fund is used to discretely track funds received by the City that are restricted to use on technology improvements in the Municipal Court. JCEF - Judicial court enhancement fund.
 - *Municipal Court MFTG Fund* - This fund is used to discretely track funds received by the City that are restricted to use on projects which aid in the processing of criminal cases. MFTG - Municipal fill the gap.
 - *Neighborhood Revitalization Fund* - This fund is used to track all revenues and expenditures associated with the City's neighborhood revitalization program. This program is funded through a combination of federal, state and local funds. City policy, grant agreements, and contractual obligations restrict the use of these funds.
 - *Net Premium Seating Fund* - This fund was established to account for the revenues and expenditures for a ticket surcharge on the sale of spring training tickets for premium seats.
 - *Proposition 400 Fund* - This fund is used to track all revenues and expenditures for the county-wide half-cent sales tax to be used for regional transportation improvements.
 - *SB1398 Fines Fund* - This fund was established to account for funds the City receives from the state of Arizona for penalties charged on certain violations. These revenues are limited to the purchase of officer safety equipment.
 - *SPD DEA Fund* - This fund is used to discretely track funds received from the participation on DEA task forces in the Greater Phoenix area. The use of these funds is limited to approval by the disbursing program manager and is generally related to purchase and maintenance of department equipment not included in the general budget. SPD - Surprise Police Department. DEA - Drug Enforcement Activity.
 - *SPD RICO Fund* - This fund is used to discretely track funds received from participation in the Maricopa County Attorney's Office Anti-Racketeering Influenced and Corrupt Organizations (RICO) task force.
 - *SPD Towing Fund* - This fund is used to track activity in the Police Department for vehicle impounds. The use of these funds is limited to administrative management of the vehicle impound program.
 - *Spring Training Ticket Surcharge Fund* - This fund was established to account for the revenue and expenditures from a \$1 per ticket surcharge on the sale of spring training tickets. These revenues are limited to operational improvements to stadium facilities.
 - *Tourism Fund* - This fund is used to track all revenues and expenditures associated with the City's 2.52% bed tax. The funds are used to support tourism within the City. City policy and state statute restrict the use of these funds.
 - *163rd Avenue Roadway Development Impact Fee Fund* - This fund was established to account for development impact fees which are assessed to the service area identified as the 163rd Avenue Roadway.

- *Fire & EMS Development Fee 2014 Law Fund* - This fund was established to account for the inflow of Fire and EMS development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction, financing and furnishing of new capital or one-time items directly related to the increased demand on Fire and EMS services caused by growth. This fund accounts for the development fees approved to be collected beginning August 1, 2014.
 - *Fire and EMS Development Fee Grandfathered Fund* - This fund was established to account for the inflow of Fire and EMS development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction, financing and furnishing of new capital or one-time items directly related to the increased demand on Fire and EMS services caused by growth. This fund accounts for the development fees approved to be collected prior to August 1, 2014.
 - *Library Development Fee Fund* - This fund was established to account for the inflow of library development fees levied on new residential construction. This fee can only be used for the purchase, construction, financing and furnishing of new items directly related to the increased demand on library services caused by growth.
 - *Parks and Recreation Development Fee Fund* - This fund was established to account for the inflow of parks and recreation development fees levied on new residential construction. This fee can only be used for the purchase, construction, financing and furnishing of new items directly related to the increased demand on parks and recreation services caused by growth.
 - *Police Development Fee Fund* - This fund was established to account for the inflow of police development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction financing and furnishing of new capital or one-time items directly related to the increased demand of police services caused by growth.
 - *Public Works Expansion Development Fee Fund* - This fund was established to account for the inflow of public works development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction, financing and furnishing of new capital or one-time items directly related to the increased demand on public works caused by growth.
 - *Roads of Regional Significance SPA 2,4, & 6 Fund* - This fund was established to account for the inflow of development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction, financing, and furnishing of new capital or one-time items directly related to the increased demand on roadways caused by growth.
 - *Roads of Regional Significance SPA 3 & 5 Fund* - This fund was established to account for the inflow of development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction, financing, and furnishing of new capital or one-time items directly related to the increased demand on roadways caused by growth.
 - *Street Lighting Districts Fund* – One hundred and seven Street Light Improvement Districts (SLIDs) have been established by ordinance to provide a centralized location for the collection of taxes from properties located in the district. These proceeds are legally restricted to the payment of electricity to operate the street lights within the district.
 - *Marley Park Community Facility District Fund* – This fund was established to provide a location to process operating expenditures and for the collection of the related portion of the property taxes from properties located in the district. These proceeds are legally restricted to the payment of operations and debt service within the district.
- ❖ Debt Service Funds – Used to track those activities relating to the issuance and repayment of debt.
- *Debt Service Fund* – This fund was created to track the issuance and repayment of debt.

City of Surprise, Arizona
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Grants Fund	LTAF II/ALF Fund	Municipal Court Enhancement Fund	Municipal Court FARE Fund	Municipal Court JCEF Fund
ASSETS					
Cash and investments	\$ -	\$ 17,698	\$ 143,766	\$ 25,081	\$ 5,468
Restricted cash and investments	-	-	-	-	-
Receivables (net of allowances)					
Taxes and franchise fees	-	-	-	-	-
Grants	358,046	-	-	-	-
Prepaid items and other assets	7,984	-	-	-	-
Total assets	<u>\$ 366,030</u>	<u>\$ 17,698</u>	<u>\$ 143,766</u>	<u>\$ 25,081</u>	<u>\$ 5,468</u>
LIABILITIES					
Accounts payable	\$ 90,385	\$ 17,698	\$ 142,392	\$ -	\$ -
Due to other funds	275,179	-	-	-	-
Deposits	-	-	-	-	-
Unearned revenue	466	-	-	-	-
Contracts payable	-	-	-	-	-
Matured bond interest payable	-	-	-	-	-
Matured bonds payable	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>366,030</u>	<u>17,698</u>	<u>142,392</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Unavailable revenue	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>366,030</u>	<u>17,698</u>	<u>142,392</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	7,984	-	-	-	-
Restricted	-	-	1,374	25,081	5,468
Committed	-	-	-	-	-
Unassigned	(7,984)	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>1,374</u>	<u>25,081</u>	<u>5,468</u>
Total liabilities and fund balances (deficits)	<u>\$ 366,030</u>	<u>\$ 17,698</u>	<u>\$ 143,766</u>	<u>\$ 25,081</u>	<u>\$ 5,468</u>

City of Surprise, Arizona
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2017

Municipal Court MFTG Fund	Neighborhood Revitalization Fund	Net Premium Seating Fund	Proposition 400 Fund	SB1398 Fines Fund	SPD DEA Fund	SPD RICO Fund	SPD Towing Fund
\$ 39,189	\$ -	\$ 96,998	\$ 47,688	\$ 5,684	\$ -	\$ -	\$ 273,079
-	592,427	-	-	-	16,495	575,786	-
-	-	-	-	-	-	-	-
-	294,750	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 39,189</u>	<u>\$ 887,177</u>	<u>\$ 96,998</u>	<u>\$ 47,688</u>	<u>\$ 5,684</u>	<u>\$ 16,495</u>	<u>\$ 575,786</u>	<u>\$ 273,079</u>
\$ -	\$ 120,358	\$ 29,020	\$ -	\$ -	\$ -	\$ -	\$ 20
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,374	-
-	766,819	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>887,177</u>	<u>29,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,374</u>	<u>20</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>887,177</u>	<u>29,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,374</u>	<u>20</u>
-	-	-	-	-	-	-	-
39,189	-	-	47,688	5,684	16,495	574,412	273,059
-	-	67,978	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>39,189</u>	<u>-</u>	<u>67,978</u>	<u>47,688</u>	<u>5,684</u>	<u>16,495</u>	<u>574,412</u>	<u>273,059</u>
<u>\$ 39,189</u>	<u>\$ 887,177</u>	<u>\$ 96,998</u>	<u>\$ 47,688</u>	<u>\$ 5,684</u>	<u>\$ 16,495</u>	<u>\$ 575,786</u>	<u>\$ 273,079</u>

City of Surprise, Arizona
 Combining Balance Sheet
 Nonmajor Special Revenue Funds (Continued)
 June 30, 2017

	Spring Training Ticket Surcharge Fund	Tourism Fund	163rd Ave Development Fee Fund	Fire Development Fee 2014 Law Fund	Fire Development Fee Grandfathered Fund
ASSETS					
Cash and investments	\$ 600,925	\$ 360,109	\$ 107,578	\$ 2,699,763	\$ -
Restricted cash and investments	-	-	-	-	-
Receivables (net of allowances)					
Taxes and franchise fees	-	-	-	-	-
Grants	-	-	-	-	-
Prepaid items and other assets	-	-	-	-	-
Total assets	<u>\$ 600,925</u>	<u>\$ 360,109</u>	<u>\$ 107,578</u>	<u>\$ 2,699,763</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ 28,598	\$ -	\$ 1,251	\$ -
Due to other funds	-	-	-	-	-
Deposits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Contracts payable	-	-	-	-	27,084
Matured bond interest payable	-	-	-	-	-
Matured bonds payable	-	-	-	-	-
Advances from other funds	-	-	-	-	3,578,499
Total liabilities	<u>-</u>	<u>28,598</u>	<u>-</u>	<u>1,251</u>	<u>3,605,583</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Unavailable revenue	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>28,598</u>	<u>-</u>	<u>1,251</u>	<u>3,605,583</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	600,925	-	107,578	2,698,512	-
Committed	-	331,511	-	-	-
Unassigned	-	-	-	-	(3,605,583)
Total fund balances (deficits)	<u>600,925</u>	<u>331,511</u>	<u>107,578</u>	<u>2,698,512</u>	<u>(3,605,583)</u>
Total liabilities and fund balances (deficits)	<u>\$ 600,925</u>	<u>\$ 360,109</u>	<u>\$ 107,578</u>	<u>\$ 2,699,763</u>	<u>\$ -</u>

City of Surprise, Arizona
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2017

Library Development Fee Fund	Parks and Recreation Development Fee Fund	Police Development Fee Fund	Public Works Expansion Development Fee Fund	Roads of Regional Significance SPA 2, 4 and 6 Fund	Roads of Regional Significance SPA 3 and 5 Fund	Street Lighting Districts Fund	Marley Park Community Facility District Fund	Total Nonmajor Special Revenue Funds
\$ 4,617,236	\$ 1,019,428	\$ 1,883,411	\$ 8,409,097	\$ 2,489,181	\$ 23,707	\$ 182,782	\$ 81,390	\$ 23,129,258
-	151,461	-	-	-	-	-	735,334	2,071,503
-	-	-	-	-	-	45,112	5,247	50,359
-	-	-	-	-	-	-	-	652,796
-	-	-	-	-	-	-	196	8,180
<u>\$ 4,617,236</u>	<u>\$ 1,170,889</u>	<u>\$ 1,883,411</u>	<u>\$ 8,409,097</u>	<u>\$ 2,489,181</u>	<u>\$ 23,707</u>	<u>\$ 227,894</u>	<u>\$ 822,167</u>	<u>\$ 25,912,096</u>
\$ -	\$ 1,251	\$ 1,251	\$ -	\$ -	\$ -	\$ 201,247	\$ 66,889	\$ 700,360
-	-	-	-	-	-	-	-	275,179
-	-	-	-	-	-	-	-	1,374
-	-	-	-	-	-	-	-	767,285
-	151,461	-	-	-	-	-	-	178,545
-	-	-	-	-	-	-	204,959	204,959
-	-	-	-	-	-	-	390,000	390,000
-	-	-	-	-	-	-	-	3,578,499
<u>-</u>	<u>152,712</u>	<u>1,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,247</u>	<u>661,848</u>	<u>6,096,201</u>
-	-	-	-	-	-	26,647	-	26,647
-	-	-	-	-	-	26,647	-	26,647
-	152,712	1,251	-	-	-	227,894	661,848	6,122,848
-	-	-	-	-	-	-	196	8,180
4,617,236	1,018,177	1,882,160	8,409,097	2,489,181	23,707	-	160,123	22,995,146
-	-	-	-	-	-	-	-	399,489
-	-	-	-	-	-	-	-	(3,613,567)
<u>4,617,236</u>	<u>1,018,177</u>	<u>1,882,160</u>	<u>8,409,097</u>	<u>2,489,181</u>	<u>23,707</u>	<u>-</u>	<u>160,319</u>	<u>19,789,248</u>
<u>\$ 4,617,236</u>	<u>\$ 1,170,889</u>	<u>\$ 1,883,411</u>	<u>\$ 8,409,097</u>	<u>\$ 2,489,181</u>	<u>\$ 23,707</u>	<u>\$ 227,894</u>	<u>\$ 822,167</u>	<u>\$ 25,912,096</u>

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	Grants Fund	LTAF II/ALF Fund	Municipal Court Enhancement Fund	Municipal Court FARE Fund	Municipal Court JCEF Fund	Municipal Court MFTG Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	344,813	-	3,861	-	6,603
Charges for services	-	-	-	-	-	-
Grants revenue	1,047,284	-	-	-	-	-
Fines	-	-	67,706	-	16,146	-
Development fees	-	-	-	-	-	-
Interest revenue(loss)	-	-	194	24	37	16
Other revenue	-	-	-	-	-	-
Total revenues	1,047,284	344,813	67,900	3,885	16,183	6,619
EXPENDITURES						
Current:						
General Government	87,999	-	-	-	-	-
Public Safety	430,075	-	78,325	-	25,606	-
Public works and streets	-	344,813	-	-	-	-
Community Development	395,742	-	-	-	-	-
Culture and recreation	133,468	-	-	-	-	-
Debt service:						
Administrative charges	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay:						
General Government	-	-	-	-	-	-
Public Safety	-	-	146,753	-	-	-
Public works and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	1,047,284	344,813	225,078	-	25,606	-
Excess (deficiency) of revenues over expenditures	-	-	(157,178)	3,885	(9,423)	6,619
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-	-
Refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	(157,178)	3,885	(9,423)	6,619
Fund balances - beginning	-	-	158,552	21,196	14,891	32,570
Fund balances - ending	\$ -	\$ -	\$ 1,374	\$ 25,081	\$ 5,468	\$ 39,189

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

Neighborhood Revitalization Fund	Net Premium Seating Fund	Proposition 400 Fund	SB1398 Fines Fund	SPD DEA Fund	SPD RICO Fund	SPD Towing Fund	Spring Training Ticket Surcharge Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	32,214	-	-	-	-	77,618	968,714
623,264	-	-	-	-	-	-	-
-	-	-	15,708	488	4,678	-	-
-	-	-	-	-	-	-	-
-	(177)	50	68	21	3,464	279	5,464
-	-	-	-	-	368	-	-
623,264	32,037	50	15,776	509	8,510	77,897	974,178
-	-	-	-	-	-	-	-
-	-	-	32,352	464	87,806	2,400	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
623,264	133,880	-	-	-	-	-	973,253
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	68,413	38,635	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
623,264	133,880	-	32,352	464	156,219	41,035	973,253
-	(101,843)	50	(16,576)	45	(147,709)	36,862	925
-	-	-	-	-	-	-	-
-	116,250	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	116,250	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	14,407	50	(16,576)	45	(147,709)	36,862	925
-	53,571	47,638	22,260	16,450	722,121	236,197	600,000
\$ -	\$ 67,978	\$ 47,688	\$ 5,684	\$ 16,495	\$ 574,412	\$ 273,059	\$ 600,925

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	Tourism Fund	163rd Ave Development Fee Fund	Fire Development Fee 2014 Law Fund	Fire Development Fee Grandfathered Fund	Library Development Fee Fund
REVENUES					
Taxes	\$ 575,203	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Grants revenue	-	-	-	-	-
Fines	-	-	-	-	-
Development fees	-	68,770	1,297,822	1,091,988	236
Interest revenue(loss)	1,613	-	-	10,261	4,643
Other revenue	-	-	-	-	-
Total revenues	<u>576,816</u>	<u>68,770</u>	<u>1,297,822</u>	<u>1,102,249</u>	<u>4,879</u>
EXPENDITURES					
Current:					
General Government	-	1,375	8,038	-	-
Public Safety	-	-	-	-	-
Public works and streets	-	-	-	-	-
Community Development	-	-	-	49,536	-
Culture and recreation	28,598	-	-	-	-
Debt service:					
Administrative charges	-	-	-	-	-
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital outlay:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public works and streets	-	-	-	-	-
Culture and recreation	5,684	-	-	-	-
Total expenditures	<u>34,282</u>	<u>1,375</u>	<u>8,038</u>	<u>49,536</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>542,534</u>	<u>67,395</u>	<u>1,289,784</u>	<u>1,052,713</u>	<u>4,879</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(514,659)	-	-	(66,932)	-
Bond Proceeds	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(514,659)</u>	<u>-</u>	<u>-</u>	<u>(66,932)</u>	<u>-</u>
Net change in fund balances	27,875	67,395	1,289,784	985,781	4,879
Fund balances - beginning	303,636	40,183	1,408,728	(4,591,364)	4,612,357
Fund balances - ending	<u>\$ 331,511</u>	<u>\$ 107,578</u>	<u>\$ 2,698,512</u>	<u>\$ (3,605,583)</u>	<u>\$ 4,617,236</u>

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

Parks and Recreation Development Fee Fund	Police Development Fee Fund	Public Works Expansion Development Fee Fund	Roads of Regional Significance SPA 2, 4 and 6 Fund	Roads of Regional Significance SPA 3 and 5 Fund	Street Lighting Districts Fund	Marley Park Community Facility District Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,502,543	\$ 825,518	\$ 3,903,264
-	-	-	-	-	-	-	355,277
-	-	-	-	-	-	-	1,078,546
-	-	-	-	-	-	-	1,670,548
-	-	-	-	-	-	-	104,726
544,093	437,521	120	-	-	-	-	3,440,550
2,106	975	8,914	2,633	25	(1,695)	-	38,915
-	-	-	-	-	-	-	368
<u>546,199</u>	<u>438,496</u>	<u>9,034</u>	<u>2,633</u>	<u>25</u>	<u>2,500,848</u>	<u>825,518</u>	<u>10,592,194</u>
-	-	-	-	-	-	-	97,412
-	-	-	-	-	-	-	657,028
-	-	34,509	-	-	2,500,848	-	2,880,170
90,317	-	-	-	-	-	-	535,595
-	-	-	-	-	-	67,015	1,959,478
-	-	-	-	-	-	3,104	3,104
-	-	-	-	-	-	390,000	390,000
-	-	-	-	-	-	375,293	375,293
-	-	-	-	-	-	720,827	720,827
-	-	-	-	-	-	4,415,179	4,415,179
-	-	-	-	-	-	-	253,801
-	-	70,013	-	-	-	-	70,013
5,940	-	-	-	-	-	-	11,624
<u>96,257</u>	<u>-</u>	<u>104,522</u>	<u>-</u>	<u>-</u>	<u>2,500,848</u>	<u>5,971,418</u>	<u>12,369,524</u>
<u>449,942</u>	<u>438,496</u>	<u>(95,488)</u>	<u>2,633</u>	<u>25</u>	<u>-</u>	<u>(5,145,900)</u>	<u>(1,777,330)</u>
-	-	-	-	-	-	-	116,250
(437,717)	(135,459)	-	-	-	-	-	(1,154,767)
-	-	-	-	-	-	11,365,000	11,365,000
-	-	-	-	-	-	331,218	331,218
-	-	-	-	-	-	(6,500,617)	(6,500,617)
<u>(437,717)</u>	<u>(135,459)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,195,601</u>	<u>4,157,084</u>
12,225	303,037	(95,488)	2,633	25	-	49,701	2,379,754
1,005,952	1,579,123	8,504,585	2,486,548	23,682	-	110,618	17,409,494
<u>\$ 1,018,177</u>	<u>\$ 1,882,160</u>	<u>\$ 8,409,097</u>	<u>\$ 2,489,181</u>	<u>\$ 23,707</u>	<u>\$ -</u>	<u>\$ 160,319</u>	<u>\$ 19,789,248</u>

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Grants Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Grants revenue	\$ 13,425,400	\$ 14,306,600	\$ 1,047,284	\$ (13,259,316)
Total revenues	13,425,400	14,306,600	1,047,284	(13,259,316)
EXPENDITURES				
Current:				
General Government	133,800	110,600	87,999	22,601
Public Safety	387,500	1,275,400	430,075	845,325
Public works and streets	67,100	67,100	-	67,100
Community Development	202,800	1,054,500	395,742	658,758
Culture and recreation	146,200	142,500	133,468	9,032
Contingency	12,497,200	9,745,900	-	9,745,900
Total current	13,434,600	12,396,000	1,047,284	11,348,716
Capital outlay:				
Public Safety	-	18,000	-	18,000
Total capital outlay	-	18,000	-	18,000
Total expenditures	13,434,600	12,414,000	1,047,284	11,366,716
Excess (deficiency) of revenues over expenditures	(9,200)	1,892,600	-	(1,892,600)
Net change in fund balances	\$ (9,200)	\$ 1,892,600	\$ -	\$ (1,892,600)

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

LTAF II/ALF Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 350,000	\$ 350,000	\$ 344,813	\$ (5,187)
Total revenues	350,000	350,000	344,813	(5,187)
EXPENDITURES				
Public works and streets	350,000	350,000	344,813	5,187
Total expenditures	350,000	350,000	344,813	5,187
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Municipal Court Enhancement Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 85,000	\$ 85,000	\$ 67,706	\$ (17,294)
Interest revenue	-	-	194	194
Total revenues	85,000	85,000	67,900	(17,100)
EXPENDITURES				
Public Safety	85,000	85,000	78,325	6,675
Contingency	7,200	7,200	-	7,200
Total current	92,200	92,200	78,325	13,875
Capital outlay:				
Public Safety	150,000	150,000	146,753	3,247
Total capital outlay	150,000	150,000	146,753	3,247
Total expenditures	242,200	242,200	225,078	17,122
Excess (deficiency) of revenues over expenditures	(157,200)	(157,200)	(157,178)	22
Net change in fund balances	\$ (157,200)	\$ (157,200)	\$ (157,178)	\$ 22

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Municipal Court FARE Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 4,000	\$ 4,000	\$ 3,861	\$ (139)
Interest revenue	200	200	24	(176)
Total revenues	<u>4,200</u>	<u>4,200</u>	<u>3,885</u>	<u>(315)</u>
EXPENDITURES				
Contingency	25,900	25,900	-	25,900
Total expenditures	<u>25,900</u>	<u>25,900</u>	<u>-</u>	<u>25,900</u>
Excess (deficiency) of revenues over expenditures	<u>(21,700)</u>	<u>(21,700)</u>	<u>3,885</u>	<u>25,585</u>
Net change in fund balances	<u>\$ (21,700)</u>	<u>\$ (21,700)</u>	<u>\$ 3,885</u>	<u>\$ 25,585</u>

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Municipal Court JCEF Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 19,000	\$ 19,000	\$ 16,146	\$ (2,854)
Interest revenue	1,100	1,100	37	(1,063)
Total revenues	20,100	20,100	16,183	(3,917)
EXPENDITURES				
Public Safety	33,200	33,200	25,606	7,594
Contingency	4,000	4,000	-	4,000
Total expenditures	37,200	37,200	25,606	11,594
Excess (deficiency) of revenues over expenditures	(17,100)	(17,100)	(9,423)	7,677
Net change in fund balances	\$ (17,100)	\$ (17,100)	\$ (9,423)	\$ 7,677

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Municipal Court MFTG Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 10,000	\$ 10,000	\$ 6,603	\$ (3,397)
Interest revenue	400	400	16	(384)
Total revenues	10,400	10,400	6,619	(3,781)
EXPENDITURES				
Contingency	44,700	44,700	-	44,700
Total expenditures	44,700	44,700	-	44,700
Excess (deficiency) of revenues over expenditures	(34,300)	(34,300)	6,619	40,919
Net change in fund balances	\$ (34,300)	\$ (34,300)	\$ 6,619	\$ 40,919

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Neighborhood Revitalization Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Grants revenue	\$ 3,308,100	\$ 2,361,600	\$ 623,264	\$ (1,738,336)
Total revenues	3,308,100	2,361,600	623,264	(1,738,336)
EXPENDITURES				
Culture and recreation	3,211,600	2,361,600	623,264	1,738,336
Total current	3,211,600	2,361,600	623,264	1,738,336
Capital outlay:				
Culture and recreation	96,500	-	-	-
Total capital outlay	96,500	-	-	-
Total expenditures	3,308,100	2,361,600	623,264	1,738,336
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Net Premium Seating Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 25,000	\$ 25,000	\$ 32,214	\$ 7,214
Interest revenue(loss)	-	-	(177)	(177)
Total revenues	25,000	25,000	32,037	7,037
EXPENDITURES				
Culture and recreation	150,000	150,000	133,880	16,120
Total expenditures	150,000	150,000	133,880	16,120
Excess (deficiency) of revenues over expenditures	(125,000)	(125,000)	(101,843)	23,157
OTHER FINANCING SOURCES (USES)				
Transfers in	89,900	116,250	116,250	-
Total other financing sources (uses)	89,900	116,250	116,250	-
Net change in fund balances	\$ (35,100)	\$ (8,750)	\$ 14,407	\$ 23,157

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Proposition 400 Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ -	\$ -	\$ 50	\$ 50
Total revenues	-	-	50	50
EXPENDITURES				
Contingency	12,900	12,900	-	12,900
Total current	12,900	12,900	-	12,900
Capital outlay:				
Public works and streets	4,600	4,600	-	4,600
Total capital outlay	4,600	4,600	-	4,600
Total expenditures	17,500	17,500	-	17,500
Excess (deficiency) of revenues over expenditures	(17,500)	(17,500)	50	17,550
Net change in fund balances	\$ (17,500)	\$ (17,500)	\$ 50	\$ 17,550

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

SB1398 Fines Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 18,300	\$ 18,300	\$ 15,708	\$ (2,592)
Interest revenue	-	-	68	68
Total revenues	18,300	18,300	15,776	(2,524)
EXPENDITURES				
Public Safety	43,000	43,000	32,352	10,648
Total expenditures	43,000	43,000	32,352	10,648
Excess (deficiency) of revenues over expenditures	(24,700)	(24,700)	(16,576)	8,124
Net change in fund balances	\$ (24,700)	\$ (24,700)	\$ (16,576)	\$ 8,124

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

SPD DEA Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ -	\$ -	\$ 488	\$ 488
Interest revenue	-	-	21	21
Total revenues	-	-	509	509
EXPENDITURES				
Public Safety	-	500	464	36
Contingency	16,500	16,000	-	16,000
Total expenditures	16,500	16,500	464	16,036
Excess (deficiency) of revenues over expenditures	(16,500)	(16,500)	45	16,545
Net change in fund balances	\$ (16,500)	\$ (16,500)	\$ 45	\$ 16,545

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

SPD RICO Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 245,000	\$ 245,000	\$ 4,678	\$ (240,322)
Interest revenue	-	-	3,464	3,464
Other revenue	-	-	368	368
Total revenues	245,000	245,000	8,510	(236,490)
EXPENDITURES				
Current:				
Public Safety	728,100	630,100	87,806	542,294
Contingency	377,700	377,700	-	377,700
Total current	1,105,800	1,007,800	87,806	919,994
Capital outlay:				
Public Safety	242,500	71,200	68,413	2,787
Total capital outlay	242,500	71,200	68,413	2,787
Total expenditures	1,348,300	1,079,000	156,219	922,781
Excess (deficiency) of revenues over expenditures	(1,103,300)	(834,000)	(147,709)	686,291
Net change in fund balances	\$ (1,103,300)	\$ (834,000)	\$ (147,709)	\$ 686,291

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

SPD Towing Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 105,000	\$ 105,000	\$ 77,618	\$ (27,382)
Interest revenue	-	-	279	279
Total revenues	105,000	105,000	77,897	(27,103)
EXPENDITURES				
Current:				
Public Safety	32,500	54,500	2,400	52,100
Contingency	321,500	245,500	-	245,500
Total current	354,000	300,000	2,400	297,600
Capital outlay:				
Public Safety	-	54,000	38,635	15,365
Total capital outlay	-	54,000	38,635	15,365
Total expenditures	354,000	354,000	41,035	312,965
Excess (deficiency) of revenues over expenditures	(249,000)	(249,000)	36,862	285,862
Net change in fund balances	\$ (249,000)	\$ (249,000)	\$ 36,862	\$ 285,862

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Spring Training Ticket Surcharge Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 645,000	\$ 645,000	\$ 968,714	\$ 323,714
Interest revenue	-	-	5,464	5,464
Total revenues	645,000	645,000	974,178	329,178
EXPENDITURES				
Culture and recreation	-	973,300	973,253	47
Total expenditures	-	973,300	973,253	47
Excess (deficiency) of revenues over expenditures	645,000	(328,300)	925	329,225
OTHER FINANCING SOURCES (USES)				
Transfers out	(645,000)	-	-	-
Total other financing sources (uses)	(645,000)	-	-	-
Net change in fund balances	\$ -	\$ (328,300)	\$ 925	\$ 329,225

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Tourism Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 531,100	\$ 531,100	\$ 575,203	\$ 44,103
Intergovernmental revenues	60,000	60,000	-	(60,000)
Interest revenue	-	-	1,613	1,613
Total revenues	591,100	591,100	576,816	(14,284)
EXPENDITURES				
Current:				
Culture and recreation	60,000	90,000	28,598	61,402
Contingency	446,600	416,600	-	416,600
Total current	506,600	506,600	28,598	478,002
Capital outlay:				
Culture and recreation	16,300	6,700	5,684	1,016
Total capital outlay	16,300	6,700	5,684	1,016
Total expenditures	522,900	513,300	34,282	479,018
Excess (deficiency) of revenues over expenditures	68,200	77,800	542,534	464,734
OTHER FINANCING SOURCES (USES)				
Transfers out	(398,300)	(514,659)	(514,659)	-
Total other financing sources (uses)	(398,300)	(514,659)	(514,659)	-
Net change in fund balances	\$ (330,100)	\$ (436,859)	\$ 27,875	\$ 464,734

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

163rd Ave Development Fee Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 37,300	\$ 37,300	\$ 68,770	\$ 31,470
Total revenues	37,300	37,300	68,770	31,470
EXPENDITURES				
General Government	-	1,600	1,375	225
Public works and streets	12,500	-	-	-
Contingency	57,300	68,200	-	68,200
Total expenditures	69,800	69,800	1,375	68,425
Excess (deficiency) of revenues over expenditures	(32,500)	(32,500)	67,395	99,895
Net change in fund balances	\$ (32,500)	\$ (32,500)	\$ 67,395	\$ 99,895

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Fire Development Fee 2014 Law Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 821,600	\$ 821,600	\$ 1,297,822	\$ 476,222
Total revenues	821,600	821,600	1,297,822	476,222
EXPENDITURES				
General Government	25,000	26,600	8,038	18,562
Contingency	1,506,400	1,504,800	-	1,504,800
Total expenditures	1,531,400	1,531,400	8,038	1,523,362
Excess (deficiency) of revenues over expenditures	(709,800)	(709,800)	1,289,784	1,999,584
Net change in fund balances	\$ (709,800)	\$ (709,800)	\$ 1,289,784	\$ 1,999,584

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Fire Development Fee Grandfathered Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 725,100	\$ 725,100	\$ 1,091,988	\$ 366,888
Interest revenue	-	-	10,261	10,261
Total revenues	<u>725,100</u>	<u>725,100</u>	<u>1,102,249</u>	<u>377,149</u>
EXPENDITURES				
Community Development	-	49,600	49,536	64
Contingency	1,410,300	1,409,800	-	1,409,800
Total expenditures	<u>1,410,300</u>	<u>1,459,400</u>	<u>49,536</u>	<u>1,409,864</u>
Excess (deficiency) of revenues over expenditures	<u>(685,200)</u>	<u>(734,300)</u>	<u>1,052,713</u>	<u>1,787,013</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(67,000)	(67,000)	(66,932)	68
Total other financing sources (uses)	<u>(67,000)</u>	<u>(67,000)</u>	<u>(66,932)</u>	<u>68</u>
Net change in fund balances	<u>\$ (752,200)</u>	<u>\$ (801,300)</u>	<u>\$ 985,781</u>	<u>\$ 1,787,081</u>

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Library Development Fee Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ -	\$ -	\$ 236	\$ 236
Interest revenue	-	-	4,643	4,643
Total revenues	-	-	4,879	4,879
EXPENDITURES				
General Government	25,000	10,400	-	10,400
Contingency	4,547,000	4,561,600	-	4,561,600
Total expenditures	4,572,000	4,572,000	-	4,572,000
Excess (deficiency) of revenues over expenditures	(4,572,000)	(4,572,000)	4,879	4,576,879
Net change in fund balances	\$ (4,572,000)	\$ (4,572,000)	\$ 4,879	\$ 4,576,879

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Parks and Recreation Development Fee Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 354,700	\$ 354,700	\$ 544,093	\$ 189,393
Interest revenue	-	-	2,106	2,106
Total revenues	354,700	354,700	546,199	191,499
EXPENDITURES				
General Government	25,000	10,400	-	10,400
Community Development	-	91,300	90,317	983
Contingency	1,024,200	957,700	-	957,700
Total current	1,049,200	1,059,400	90,317	969,083
Capital outlay:				
Culture and recreation	15,900	6,100	5,940	160
Total capital outlay	15,900	6,100	5,940	160
Total expenditures	1,065,100	1,065,500	96,257	969,243
Excess (deficiency) of revenues over expenditures	(710,400)	(710,800)	449,942	1,160,742
OTHER FINANCING SOURCES (USES)				
Transfers out	(437,800)	(437,800)	(437,717)	83
Total other financing sources (uses)	(437,800)	(437,800)	(437,717)	83
Net change in fund balances	\$ (1,148,200)	\$ (1,148,600)	\$ 12,225	\$ 1,160,825

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Police Development Fee Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 308,500	\$ 308,500	\$ 437,521	\$ 129,021
Interest revenue	-	-	975	975
Total revenues	<u>308,500</u>	<u>308,500</u>	<u>438,496</u>	<u>129,996</u>
EXPENDITURES				
General Government	25,000	10,400	-	10,400
Contingency	1,685,600	1,675,200	-	1,675,200
Total expenditures	<u>1,710,600</u>	<u>1,685,600</u>	<u>-</u>	<u>1,685,600</u>
Excess (deficiency) of revenues over expenditures	<u>(1,402,100)</u>	<u>(1,377,100)</u>	<u>438,496</u>	<u>1,815,596</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(135,500)	(135,500)	(135,459)	41
Total other financing sources (uses)	<u>(135,500)</u>	<u>(135,500)</u>	<u>(135,459)</u>	<u>41</u>
Net change in fund balances	<u>\$ (1,537,600)</u>	<u>\$ (1,512,600)</u>	<u>\$ 303,037</u>	<u>\$ 1,815,637</u>

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Public Works Expansion Development Fee Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ -	\$ -	\$ 120	\$ 120
Interest revenue	-	-	8,914	8,914
Other revenue	12,700	12,700	-	(12,700)
Total revenues	12,700	12,700	9,034	(3,666)
EXPENDITURES				
General Government	25,000	10,400	-	10,400
Public works and streets	84,000	84,000	34,509	49,491
Contingency	8,104,400	8,061,300	-	8,061,300
Total	8,213,400	8,155,700	34,509	8,121,191
Capital outlay:				
Public works and streets	485,800	224,700	70,013	154,687
Total capital outlay	485,800	224,700	70,013	154,687
Total expenditures	8,699,200	8,380,400	104,522	8,275,878
Excess (deficiency) of revenues over expenditures	(8,686,500)	(8,367,700)	(95,488)	8,272,212
Net change in fund balances	\$ (8,686,500)	\$ (8,367,700)	\$ (95,488)	\$ 8,272,212

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Roads of Regional Significance SPA 2, 4 and 6 Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ -	\$ -	\$ 2,633	\$ 2,633
Total revenues	-	-	2,633	2,633
EXPENDITURES				
Contingency	2,464,800	2,464,800	-	2,464,800
Total expenditures	2,464,800	2,464,800	-	2,464,800
Excess (deficiency) of revenues over expenditures	(2,464,800)	(2,464,800)	2,633	2,467,433
Net change in fund balances	<u>\$ (2,464,800)</u>	<u>\$ (2,464,800)</u>	<u>\$ 2,633</u>	<u>\$ 2,467,433</u>

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Roads of Regional Significance SPA 3 and 5 Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ -	\$ -	\$ 25	\$ 25
Total revenues	-	-	25	25
EXPENDITURES				
General Government	12,500	-	-	-
Contingency	11,000	23,500	-	23,500
Total expenditures	23,500	23,500	-	23,500
Excess (deficiency) of revenues over expenditures	(23,500)	(23,500)	25	23,525
Net change in fund balances	\$ (23,500)	\$ (23,500)	\$ 25	\$ 23,525

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Street Lighting Districts Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,507,200	\$ 2,507,200	\$ 2,502,543	\$ (4,657)
Interest revenue(loss)	-	-	(1,695)	(1,695)
Other revenue	88,700	88,700	-	(88,700)
Total revenues	2,595,900	2,595,900	2,500,848	(95,052)
EXPENDITURES				
Public works and streets	2,545,400	2,574,600	2,500,848	73,752
Total expenditures	2,545,400	2,574,600	2,500,848	73,752
Excess (deficiency) of revenues over expenditures	50,500	21,300	-	(21,300)
Net change in fund balances	\$ 50,500	\$ 21,300	\$ -	\$ (21,300)

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Marley Park Community Facility District Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 938,000	\$ 938,000	\$ 825,518	\$ (112,482)
Total revenues	938,000	938,000	825,518	(112,482)
EXPENDITURES				
General Government	-	100	-	100
Culture and recreation	72,200	72,200	67,015	5,185
Contingency	12,246,100	553,000	-	553,000
Total current	12,318,300	625,300	67,015	558,285
Debt service:				
Administrative charges	3,000	4,000	3,104	896
Principal retirement	245,000	390,000	390,000	-
Interest	430,300	420,300	375,293	45,007
Bond issuance costs	-	733,800	720,827	12,973
Total debt service	678,300	1,548,100	1,489,224	58,876
Capital outlay:				
General Government	4,415,200	4,415,200	4,415,179	21
Total expenditures	17,411,800	6,588,600	5,971,418	617,182
Excess (deficiency) of revenues over expenditures	(16,473,800)	(5,650,600)	(5,145,900)	504,700
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	12,000,000	12,000,000	11,365,000	(635,000)
Premium on debt issuance	-	-	331,218	331,218
Refunded bond escrow agent	-	(6,500,700)	(6,500,617)	83
Total other financing sources (uses)	12,000,000	5,499,300	5,195,601	(303,699)
Net change in fund balances	\$ (4,473,800)	\$ (151,300)	\$ 49,701	\$ 201,001

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Debt Service Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ -	\$ -	\$ 61	\$ 61
Total revenues	-	-	61	61
EXPENDITURES				
Debt service:				
Administrative charges	4,500	4,500	1,051	3,449
Principal retirement	2,223,800	2,223,800	2,223,738	62
Interest	1,211,900	1,211,900	1,211,858	42
Total expenditures	3,440,200	3,440,200	3,436,647	3,553
Excess (deficiency) of revenues over expenditures	(3,440,200)	(3,440,200)	(3,436,586)	3,614
OTHER FINANCING SOURCES (USES)				
Transfers in	3,440,200	3,440,200	3,436,646	(3,554)
Total other financing sources (uses)	3,440,200	3,440,200	3,436,646	(3,554)
Net change in fund balances	\$ -	\$ -	\$ 60	\$ 60

- ❖ Internal Service Funds – These funds are used to track those transactions relating to the City’s internal insurance activities.
- *Risk Management Fund* – This fund was created to provide general insurance coverage as well as risk management, loss control, and safety programs city-wide.
 - *Employee Healthcare Trust Fund* – This fund was created to provide health insurance claims, plan administration, stop loss premiums, and fund reserves.
 - *Workers’ Compensation Fund* – This fund was created to account for expenses incurred for worker’s compensation claims, administration, coverage, and fund reserves.

City of Surprise, Arizona
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Risk Management Fund	Employee Healthcare Trust	Workers' Compensation Fund	Total Internal Service funds
ASSETS				
Current assets:				
Cash and investments	\$ 1,996,108	\$ 5,955,864	\$ 724,528	\$ 8,676,500
Receivables (net of allowances)				
Other	-	10,000	-	10,000
Other assets	5,452	3,030	-	8,482
Total current assets	2,001,560	5,968,894	724,528	8,694,982
Total assets	2,001,560	5,968,894	724,528	8,694,982
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	88,351	35,650	-	124,001
Total deferred outflows of resources	88,351	35,650	-	124,001
Total assets and deferred outflows of resources	2,089,911	6,004,544	724,528	8,818,983
LIABILITIES				
Current liabilities:				
Accounts payable	44,463	9,147	9	53,619
Accrued payroll and related taxes	8,863	3,493	2,462	14,818
Claims payable	-	1,358,057	-	1,358,057
Compensated absences payable, due in less than one year	7,183	1,504	135	8,822
Total current liabilities	60,509	1,372,201	2,606	1,435,316
Noncurrent liabilities:				
Compensated absences payable, due in more than one year	9,920	2,077	186	12,183
Net pension liability	323,743	130,633	-	454,376
Total noncurrent liabilities	333,663	132,710	186	466,559
Total liabilities	394,172	1,504,911	2,792	1,901,875
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	39,400	15,898	-	55,298
Total deferred inflows of resources	39,400	15,898	-	55,298
Total liabilities and deferred inflows of resources	433,572	1,520,809	2,792	1,957,173
NET POSITION				
Unrestricted	1,656,339	4,483,735	721,736	6,861,810
Total net position	\$ 1,656,339	\$ 4,483,735	\$ 721,736	\$ 6,861,810

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Net Position

Internal Service Funds

For the Year Ended June 30, 2017

	Risk Management Fund	Employee Healthcare Trust	Workers' Compensation Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 1,674,794	\$ 11,461,286	\$ -	\$ 13,136,080
Total operating revenues	1,674,794	11,461,286	-	13,136,080
OPERATING EXPENSES				
Costs of sales and services	1,590,255	10,843,625	73,002	12,506,882
Total operating expenses	1,590,255	10,843,625	73,002	12,506,882
Operating income (loss)	84,539	617,661	(73,002)	629,198
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	369	6,743	(5,262)	1,850
Total nonoperating revenues (expenses)	369	6,743	(5,262)	1,850
Income (loss) before contributions and transfers	84,908	624,404	(78,264)	631,048
Transfers in	-	-	800,000	800,000
Change in net position	84,908	624,404	721,736	1,431,048
Total net position - beginning	1,571,431	3,859,331	-	5,430,762
Total net position - ending	<u>\$ 1,656,339</u>	<u>\$ 4,483,735</u>	<u>\$ 721,736</u>	<u>\$ 6,861,810</u>

City of Surprise, Arizona
 Statement of Cash Flows
 Internal Service Funds
 For the Year Ended June 30, 2017

	Risk Management Fund	Employee Healthcare Trust	Workers' Compensation Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 1,674,794	\$ 11,451,286	\$ -	\$ 13,126,080
Payments to employees	(237,645)	(142,688)	(5,425)	(385,758)
Payments to suppliers	(1,719,405)	(10,559,852)	(64,785)	(12,344,042)
Net cash provided (used) by operating activities	(282,256)	748,746	(70,210)	396,280
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other funds	-	-	800,000	800,000
Net cash provided (used) by noncapital financing activities	-	-	800,000	800,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from interest income	369	6,743	(5,262)	1,850
Net cash provided (used) by investing activities	369	6,743	(5,262)	1,850
Net increase (decrease) in cash and cash equivalents	(281,887)	755,489	724,528	1,198,130
Balances - beginning of year	2,277,995	5,200,375	-	7,478,370
Balances - end of the year	<u>\$ 1,996,108</u>	<u>\$ 5,955,864</u>	<u>\$ 724,528</u>	<u>\$ 8,676,500</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ 84,539	\$ 617,661	\$ (73,002)	\$ 629,198
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities:				
Other receivables	-	(10,000)	-	(10,000)
Other assets	(5,452)	(1,920)	-	(7,372)
Accounts payable	34,123	4,102	9	38,234
Accrued payroll and related taxes	1,562	353	2,462	4,377
Compensated absences	8,084	846	321	9,251
Net pension liability	14,151	5,709	-	19,860
Claims payable	(419,263)	131,995	-	(287,268)
Net cash provided (used) by operating activities	<u>\$ (282,256)</u>	<u>\$ 748,746</u>	<u>\$ (70,210)</u>	<u>\$ 396,280</u>



STATISTICAL SECTION

This section provides detailed information, for purposes of providing a context for comprehending the information presented in the financial statements, not disclosures and required supplementary information, and gaining a better understanding of the financial shape of the City of Surprise, Arizona.

Contents:

Financial Trends:

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity:

These schedules contain information to help the reader assess the government's most significant local revenue sources, transaction privilege (sales) tax and property taxes.

Debt Capacity:

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information:

These schedules of demographic and economic indicators help the reader understand the environment that the government's financial activities take place.

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Reports for the relevant year



SURPRISE

ARIZONA

City of Surprise, Arizona
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment of capital assets	\$ 309,902,948	\$ 355,991,192	\$ 437,142,472	\$ 425,526,375	\$ 445,035,827	\$ 428,076,477	\$ 413,717,047	\$ 409,274,827	\$ 405,111,110	\$ 392,458,485
Restricted	45,172,071	28,504,107	27,494,001	27,405,931	27,011,749	28,105,434	29,650,958	27,948,361	22,743,525	24,613,341
Unrestricted	47,851,783	16,550,858	5,285,625	1,266,669	4,750,944	19,164,721	25,538,922	(18,482,747)	(16,896,594)	(27,479,276)
Total governmental activities net position	<u>\$ 402,926,802</u>	<u>\$ 401,046,157</u>	<u>\$ 469,922,098</u>	<u>\$ 454,198,975</u>	<u>\$ 476,798,520</u>	<u>\$ 475,346,632</u>	<u>\$ 468,906,927</u>	<u>\$ 418,740,441</u>	<u>\$ 410,958,041</u>	<u>\$ 389,592,550</u>
Business-type activities										
Net investment of capital assets	\$ 238,368,447	\$ 256,006,743	\$ 250,936,354	\$ 257,403,366	\$ 269,712,138	\$ 262,605,698	\$ 263,420,571	\$ 264,678,599	\$ 270,081,565	\$ 279,249,380
Restricted*	-	-	13,841,284	21,445,388	6,673,158	6,867,426	6,895,582	5,381,403	13,039,887	12,326,207
Unrestricted	55,098,885	43,044,370	40,360,365	39,592,483	54,053,088	60,409,577	57,257,700	44,564,505	29,979,759	22,570,204
Total business-type activities net position	<u>\$ 293,467,332</u>	<u>\$ 299,051,113</u>	<u>\$ 305,138,003</u>	<u>\$ 318,441,237</u>	<u>\$ 330,438,384</u>	<u>\$ 329,882,701</u>	<u>\$ 327,573,853</u>	<u>\$ 314,624,507</u>	<u>\$ 313,101,211</u>	<u>\$ 314,145,791</u>
Primary government										
Net investment of capital assets	\$ 548,271,395	\$ 611,997,935	\$ 688,078,826	\$ 682,929,741	\$ 714,747,965	\$ 690,682,175	\$ 677,137,618	\$ 673,953,426	\$ 675,192,675	\$ 671,707,865
Restricted	45,172,071	28,504,107	41,335,285	48,851,319	33,684,907	34,972,860	36,546,540	33,329,764	35,783,412	36,939,548
Unrestricted	102,950,668	59,595,228	45,645,990	40,859,152	58,804,032	79,574,298	82,796,622	26,081,758	13,083,165	(4,909,072)
Total primary government net position	<u>\$ 696,394,134</u>	<u>\$ 700,097,270</u>	<u>\$ 775,060,101</u>	<u>\$ 772,640,212</u>	<u>\$ 807,236,904</u>	<u>\$ 805,229,333</u>	<u>\$ 796,480,780</u>	<u>\$ 733,364,948</u>	<u>\$ 724,059,252</u>	<u>\$ 703,738,341</u>

Source: The source of this information is the City's financial records.

* Restricted amount for fiscal year 2010 is for sewer fund debt-related reserves. Beginning in fiscal year 2010, sewer fund debt was properly recorded in the sewer fund as a business-type activity, instead of a governmental activity as previously reported.

City of Surprise, Arizona
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Expenses</u>										
Governmental Activities:										
General government	\$ 18,230,474	\$ 20,248,301	\$ 21,961,410	\$ 18,092,847	\$ 17,438,582	\$ 14,958,702	\$ 16,079,202	\$ 21,038,892	\$ 18,906,430	\$ 27,733,034
Public safety	34,962,539	39,409,554	33,876,919	38,760,889	39,628,843	39,096,150	40,931,709	44,415,505	47,273,449	64,148,194
Public works & streets (including SLIDs)	25,092,309	26,621,704	28,392,783	29,748,611	29,415,043	33,710,624	34,988,682	35,141,030	38,670,796	41,540,981
Community development	5,237,442	4,824,047	6,484,414	4,915,385	7,401,566	7,668,373	8,388,639	5,205,925	10,235,430	12,326,274
Culture and recreation	19,972,094	21,138,623	16,399,646	15,229,013	16,189,568	16,285,289	17,228,719	21,863,417	25,690,406	22,555,794
Interest	5,047,505	5,124,808	2,044,603	1,919,145	1,594,060	1,505,313	1,378,709	1,635,320	1,472,910	1,381,807
Total governmental activities expenses	108,542,363	117,367,037	109,159,775	108,665,890	111,667,662	113,224,451	118,995,660	129,300,089	142,249,421	169,686,084
Business-type Activities:										
Sanitation	4,015,174	4,269,858	4,559,778	5,603,983	6,047,844	5,934,789	7,144,521	7,883,309	7,972,061	9,034,441
Sewer	11,021,010	16,315,148	16,665,251	20,090,934	19,325,017	18,717,547	20,072,400	20,360,031	20,399,067	19,519,303
Stormwater	-	-	-	-	-	-	-	-	-	187,744
Water	7,060,228	11,629,143	9,792,043	11,188,199	10,792,041	10,849,653	10,546,378	10,619,858	11,823,538	15,013,661
Replenishment	1,585,734	-	-	-	-	-	-	-	-	-
Total business-type activities	23,682,146	32,214,149	31,017,072	36,883,116	36,164,902	35,501,989	37,763,299	38,863,198	40,194,666	43,755,149
Total primary government expenses	\$ 132,224,509	\$ 149,581,186	\$ 140,176,847	\$ 145,549,006	\$ 147,832,564	\$ 148,726,440	\$ 156,758,959	\$ 168,163,287	\$ 182,444,087	\$ 213,441,233
<u>Program Revenues</u>										
Governmental Activities:										
Charges for services:										
General government	\$ 7,468,412	\$ 7,762,750	\$ 5,630,748	\$ 7,947,615	\$ 6,435,843	\$ 6,313,245	\$ 8,494,212	\$ 5,301,697	\$ 5,041,335	\$ 5,863,856
Public safety	2,409,665	3,132,368	1,257,537	1,522,658	3,096,058	2,922,055	1,306,553	2,963,326	3,778,584	3,600,402
Public works & streets (including SLIDs)	4,017,706	3,004,313	328,230	3,786,620	3,238,179	792,288	499,338	507,198	853,321	1,445,873
Community development	3,441,463	1,436,629	868,305	1,315,799	1,622,594	2,003,777	1,697,315	2,005,421	2,552,293	3,770,393
Culture and recreation	2,903,069	3,539,257	3,783,816	3,838,003	5,307,491	4,837,786	4,917,918	5,313,203	5,894,021	5,586,303
Operating grants and contributions	2,268,074	1,774,977	13,157,726	10,404,916	8,207,130	10,139,981	9,833,470	9,908,788	11,178,339	12,097,958
Capital grants and contributions	43,039,657	21,552,356	31,142,608	8,655,730	32,449,260	5,925,348	2,877,937	11,561,202	11,558,409	14,356,832
Total governmental activities program revenues	65,548,046	42,202,650	56,168,970	37,471,341	60,356,555	32,934,480	29,626,743	37,560,835	40,856,302	46,721,617
Business-type activities:										
Charges for services:										
Sanitation	5,280,028	5,627,829	6,175,989	6,598,929	6,700,961	6,862,696	7,000,935	6,952,296	7,099,896	7,525,140
Sewer	12,990,898	13,587,358	14,857,689	15,303,709	15,481,721	15,904,030	16,046,564	17,950,085	16,151,096	17,190,499
Stormwater	-	-	-	-	-	-	-	-	-	1,282,788
Water	8,683,732	10,282,626	9,711,411	9,841,874	10,047,169	10,073,124	9,987,819	10,814,903	12,195,621	14,048,726
Replenishment	771,602	-	-	-	-	-	-	-	-	-
Capital grants and contributions	22,488,762	12,856,449	51,714,784	16,878,654	14,502,214	4,427,857	3,270,131	129,722	3,107,265	5,788,132
Total business-type activities program revenues	50,215,022	42,354,262	82,459,873	48,623,166	46,732,065	37,267,707	36,305,449	35,847,006	38,553,878	45,835,285
Total primary government program revenues	\$ 115,763,068	\$ 84,556,912	\$ 138,628,843	\$ 86,094,507	\$ 107,088,620	\$ 70,202,187	\$ 65,932,192	\$ 73,407,841	\$ 79,410,180	\$ 92,556,902
Net revenue/expense:										
Governmental activities	\$ (42,994,317)	\$ (75,164,387)	\$ (52,990,805)	\$ (71,194,549)	\$ (51,311,107)	\$ (80,289,971)	\$ (89,368,917)	\$ (91,739,254)	\$ (101,393,119)	\$ (122,964,467)
Business-type activities	26,532,876	10,140,113	51,442,801	11,740,050	10,567,163	1,765,718	(1,457,850)	(3,016,192)	(1,640,788)	2,080,136
Total primary government net expense	\$ (16,461,441)	\$ (65,024,275)	\$ (1,548,004)	\$ (59,454,499)	\$ (40,743,944)	\$ (78,524,253)	\$ (90,826,767)	\$ (94,755,446)	\$ (103,033,907)	\$ (120,884,331)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 7,379,236	\$ 7,403,211	\$ 6,831,553	\$ 7,018,180	\$ 6,112,789	\$ 9,274,735	\$ 9,401,277	\$ 9,713,903	\$ 9,962,925	\$ 10,441,730
Sales taxes	39,336,323	33,241,899	29,144,497	29,826,572	33,266,049	37,836,088	39,685,844	42,111,177	46,807,817	49,416,383
Franchise taxes	3,907,778	4,073,771	4,309,896	4,448,614	4,547,621	4,732,649	5,159,956	5,249,320	5,062,719	5,674,974
State shared revenue	20,808,942	20,546,483	21,234,739	18,767,966	23,434,911	25,983,982	26,722,541	29,879,804	30,560,635	31,755,661
Unrestricted investment earnings	3,959,328	422,965	414,492	488,919	304,846	164,984	329,637	400,260	607,602	26,274
Other	1,437,163	3,545,306	1,425,472	489,667	297,016	562,787	482,776	1,146,649	407,445	3,129,094
Transfers	4,078,000	4,050,107	(6,195,179)	946,818	968,148	1,068,522	1,147,181	1,132,145	201,576	1,154,860
Total governmental activities	80,906,770	73,283,742	57,165,470	61,986,736	68,931,380	79,623,747	82,929,212	89,633,258	93,610,719	101,598,976
Business-type activities:										
Unrestricted investment earnings	2,344,100	365,454	423,050	552,583	331,127	150,350	296,183	253,407	319,068	119,304
Other	-	-	110,149	483,773	-	-	-	-	-	-
Special item - Extinguishment of debt	-	-	2,821,348	-	-	-	-	-	-	-
Transfers	(4,078,000)	(4,373,199)	6,195,179	(946,818)	(968,148)	(1,068,522)	(1,147,181)	(1,132,145)	(201,576)	(1,154,860)
Total business-type activities	(1,733,900)	(4,007,745)	9,549,726	89,538	(637,021)	(918,172)	(850,998)	(878,738)	117,492	(1,035,556)
Total primary government	\$ 79,172,870	\$ 69,275,997	\$ 66,715,196	\$ 62,076,274	\$ 68,294,359	\$ 78,705,575	\$ 82,078,214	\$ 88,754,520	\$ 93,728,211	\$ 100,563,420
Change in Net Position										
Governmental activities	\$ 37,912,453	\$ (1,880,645)	\$ 4,174,665	\$ (9,207,813)	\$ 17,620,273	\$ (666,224)	\$ (6,439,705)	\$ (2,105,996)	\$ (7,782,400)	\$ (21,365,491)
Business-type activities	24,798,976	6,132,368	60,992,527	11,829,588	9,930,142	847,546	(2,308,848)	(3,894,930)	(1,523,296)	1,044,580
Prior period adjustments	(3,430,317)	-	-	-	-	-	-	-	-	-
Total primary government	\$ 59,281,112	\$ 4,251,722	\$ 65,167,192	\$ 2,621,775	\$ 27,550,415	\$ 181,322	\$ (8,748,553)	\$ (6,000,926)	\$ (9,305,696)	\$ (20,320,911)

Source: The source of this information is the City's financial records.

Note: GASB Statement No. 68 was implemented in fiscal year 2015. Prior years' financial statements were not restated.

City of Surprise, Arizona
Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 327,420	\$ 637,513	\$ 626,565	\$ 821,009	\$ 1,313,505	\$ 1,287,510	\$ 1,262,361
Restricted	-	-	-	129,117	79,170	77,439	66,385	-	-	501,278
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	1,334,202	317,343	327,182	360,030	578,518	542,821	338,555
Unassigned	-	-	-	239,533	4,459,773	17,166,622	26,849,205	34,324,717	37,385,696	38,436,548
Reserved	56,667	4,048,909	2,692,681	-	-	-	-	-	-	-
Unreserved	31,766,001	17,105,789	12,527,329	-	-	-	-	-	-	-
Total general fund	\$ 31,822,668	\$ 21,154,698	\$ 15,220,010	\$ 2,030,272	\$ 5,493,799	\$ 18,197,808	\$ 28,096,629	\$ 36,216,740	\$ 39,216,027	\$ 40,538,742
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 125,744	\$ 106,844	\$ 134,673	\$ 206,294	\$ 195,374	\$ 368,126	\$ 618,466
Restricted	-	-	-	27,151,070	26,932,579	28,027,995	29,584,573	46,848,361	23,064,256	24,112,063
Committed	-	-	-	7,767,079	7,915,957	7,266,032	47,607,527	42,241,616	40,246,190	40,005,619
Assigned	-	-	-	41,951,897	42,460,372	44,505,144	1,173,198	1,209,403	469,830	1,109,942
Unassigned	-	-	-	(50,850,735)	(50,409,260)	(49,901,573)	(50,029,315)	(49,288,936)	(47,671,784)	(46,064,773)
Reserved	2,289,307	2,289,308	57,870,335	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	37,336,735	22,123,789	(37,216,769)	-	-	-	-	-	-	-
Capital projects funds	21,474,937	2,895,166	(8,724,406)	-	-	-	-	-	-	-
Debt service funds	555,713	27,832	6,236,019	-	-	-	-	-	-	-
Total all other governmental funds	\$ 61,656,692	\$ 27,336,095	\$ 18,165,179	\$ 26,145,055	\$ 27,006,492	\$ 30,032,271	\$ 28,542,277	\$ 41,205,818	\$ 16,476,618	\$ 19,781,317

Source: The source of this information is the City's financial records.

Note: GASB 54 established new categories for reporting fund balance in fiscal year 2011.

City of Surprise, Arizona
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 46,715,559	\$ 40,645,112	\$ 38,940,670	\$ 39,445,440	42,290,109	\$ 47,442,186	\$ 48,262,126	\$ 52,178,522	\$ 56,908,903	\$ 59,749,360
Licenses and permits	3,907,778	4,073,771	4,342,546	4,490,664	4,586,621	4,771,649	5,197,956	4,975,398	5,121,719	5,811,255
Intergovernmental	30,539,662	29,229,811	28,985,886	25,743,085	30,476,028	33,441,035	35,923,296	37,947,604	39,209,688	40,430,400
Charges for services	8,198,304	9,511,853	4,963,482	5,708,552	7,052,487	7,943,039	7,896,783	9,241,853	11,363,453	13,127,359
Grants	1,881,543	1,314,944	2,855,614	3,010,650	1,626,534	2,443,199	2,131,707	1,659,609	3,060,620	1,856,830
Fines	1,348,307	1,862,634	1,930,945	1,827,127	1,870,202	1,986,692	1,498,451	1,768,671	1,214,978	1,052,366
Rents	7,844,593	7,789,822	4,000,944	611,019	580,820	584,972	606,679	549,400	630,514	621,033
Development fees	8,910,391	3,929,986	1,721,280	2,494,845	2,415,290	2,240,664	1,790,461	2,224,125	3,297,082	4,413,714
Interest	3,894,950	403,629	391,530	464,496	278,177	149,655	307,139	400,260	607,602	24,449
Special assessments*	1,442,179	2,186,412	-	-	-	-	-	-	-	-
Donations	-	-	-	429,237	257,372	344,589	148,062	245,671	228,316	160,706
Indirect charges**	-	-	-	3,660,700	3,660,700	3,660,700	4,682,772	4,682,772	4,884,443	4,768,960
Other	3,831,556	1,451,216	2,286,355	2,047,634	1,175,823	960,297	482,776	1,155,192	392,199	2,908,665
Total revenues	118,514,822	102,399,190	90,419,252	89,933,449	96,270,163	105,968,677	108,928,208	117,029,077	126,919,517	134,925,097
Expenditures										
Current										
General government	17,221,315	17,770,249	17,750,497	12,073,329	12,627,722	11,925,890	13,674,046	20,291,986	16,306,183	16,675,593
Public safety	31,932,891	34,769,733	30,461,294	34,968,406	35,592,854	35,984,984	38,018,470	41,862,877	44,433,546	47,036,287
Public works and streets (incl. SLIDS)	15,145,796	14,831,441	15,573,166	15,425,981	14,706,512	15,350,181	16,784,098	17,314,612	20,492,467	20,116,384
Community development	5,179,121	4,707,176	6,447,218	4,802,971	7,336,377	7,605,656	8,344,991	5,074,395	10,080,446	12,225,155
Culture and recreation	17,326,488	18,110,338	13,393,070	12,373,798	13,421,538	13,210,175	14,912,746	19,301,123	18,416,339	17,998,257
Capital outlay	67,295,318	56,371,993	12,918,988	6,186,111	5,177,828	3,215,160	6,409,054	8,604,468	36,511,052	17,501,271
Debt Service										
Principal	4,123,668	3,376,652	2,137,075	2,328,300	2,449,900	2,533,138	2,661,713	2,786,800	2,361,425	2,613,738
Interest	4,806,074	4,987,153	1,973,329	1,898,152	1,594,060	1,505,313	1,378,709	1,245,447	1,749,568	1,587,151
Other charges	256,445	231,221	-	-	-	-	-	389,873	19,762	724,982
Total expenditures	163,287,116	155,155,956	100,654,637	90,057,048	92,906,791	91,330,497	102,183,827	116,871,581	150,370,788	136,478,818
Excess of revenues over (under) expenses	(44,772,294)	(52,756,766)	(10,235,385)	(123,599)	3,363,372	14,638,180	6,744,381	157,496	(23,451,271)	(1,553,721)
Other financing sources (uses)										
Proceeds from sale of assets	-	-	-	-	-	33,035	240,830	226,080	336,821	368,156
Transfers in (out)	4,078,000	4,373,199	(6,167,991)	946,818	968,148	1,068,522	4,803,747	1,132,145	1,150,009	354,860
From bonding	3,950,000	3,395,000	-	-	-	-	(3,656,566)	19,320,205	-	11,696,218
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(6,500,617)
Total other financing sources (uses)	8,028,000	7,768,199	(6,167,991)	946,818	968,148	1,101,557	1,388,011	20,678,430	1,486,830	5,918,617
Net change in fund balances	\$ (36,744,294)	\$ (44,988,567)	\$ (16,403,376)	\$ 823,219	\$ 4,331,520	\$ 15,739,737	\$ 8,132,392	\$ 20,835,926	\$ (21,964,441)	\$ 4,364,896
Debt service as a percentage of noncapital expenditures***	9.6%	8.7%	4.7%	5.0%	4.6%	4.6%	4.2%	4.1%	3.6%	4.1%

Source: The source of this information is the City's financial records.

* Beginning in fiscal year 2010, the revenue related to Street Light Improvement Districts are reflected in the taxes category rather than special assessments as in previous years.

** Beginning in fiscal year 2011, indirect charges are shown as revenue rather than transfers in.

*** Beginning in fiscal year 2010, the debt related to the sewer fund was properly reported in the sewer fund, which decreases the percentage of debt reported for governmental funds.

City of Surprise, Arizona
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Primary Property Tax*	Sales Tax	Franchise & Business Licenses	Total
2008	\$ 5,759,123	\$ 39,336,323	\$ 3,907,778	\$ 49,003,224
2009	6,349,918	33,241,899	4,073,771	43,665,588
2010	6,831,553	29,144,497	4,309,896	40,285,946
2011	7,018,180	29,826,572	4,448,614	41,293,366
2012	6,112,789	33,266,049	4,547,621	43,926,459
2013	9,274,735	37,836,088	4,732,649	51,843,472
2014	9,401,277	39,685,844	5,159,956	54,247,077
2015	9,713,903	42,111,177	5,249,320	57,074,400
2016	9,962,925	46,807,817	5,062,719	61,833,461
2017	10,441,730	49,416,383	5,674,974	65,533,087

Source: The source of this information is the City's financial records.

* Excludes tax assessments for Communities Facilities Districts, improvement districts, and secondary taxes for specific debt.

City of Surprise, Arizona
Major Sources of Municipal Sales Tax
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Description of Payers Business</u>										
Construction	\$ 19,944,596	\$ 10,173,434	\$ 4,391,089	\$ 3,870,561	\$ 4,936,286	\$ 7,071,711	\$ 5,702,652	\$ 5,318,361	\$ 8,429,076	\$ 7,444,202
Retail trade	7,614,991	9,839,563	10,886,710	11,258,630	12,588,859	13,831,839	15,319,378	17,897,576	18,608,256	20,578,048
Communications and utilities	2,319,957	4,278,158	4,706,978	4,558,281	4,813,827	5,053,313	5,230,594	5,379,741	5,609,855	5,682,238
Restaurant and bar	2,329,386	3,509,150	3,704,296	3,910,930	4,254,798	4,877,292	5,262,786	5,600,500	5,933,745	6,543,214
Real estate, rental and leasing	2,863,422	2,576,629	2,618,870	2,824,605	3,160,567	3,610,593	3,872,029	4,077,066	4,246,757	4,790,722
Other	2,747,576	2,559,706	2,833,644	2,858,970	3,278,980	3,488,295	3,439,338	4,188,861	4,109,905	4,377,959
Total	\$ 37,819,928	\$ 32,936,640	\$ 29,141,587	\$ 29,281,977	\$ 33,033,317	\$ 37,933,043	\$ 38,826,777	\$ 42,462,105	\$ 46,937,594	\$ 49,416,383

Source: City of Surprise "Sales, Use, and Bed Tax Report" as of June 30, 2017.

Beginning in January 2004, the Arizona Department of Revenue began using a new reporting software system for classifying business establishments call the North American Industry Classification System (NAICS). Under the new system, the category may be defined a little differently. In addition, more categories were established.

When NAICS reporting began, many businesses checked the "Other" category due to uncertainty. This problem is being remedied and therefore, the "Other" category will decrease as more businesses will be classified under their proper category.

State and local laws prohibit the disclosure of individual taxpayer information.

City of Surprise, Arizona
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year		Real Property		Exemptions	Total		Ratio of Total
		Assessed Value Residential Property	Assessed Value Commercial Property	Real Property	Full Cash Value	Estimated Actual Taxable Full Cash Value	Assessed Value to Total Estimated Actual Value
2008	P	\$ 694,136,036	\$ 234,267,304	\$ (41,376,119)	\$ 887,027,221	\$ 8,136,769,543	10.90%
2008	S	941,574,261	314,493,838	(61,825,516)	1,194,242,583	11,075,464,347	10.78%
2009	P	819,125,453	326,443,400	(68,872,401)	1,076,696,452	9,935,245,974	10.84%
2009	S	1,079,864,541	510,525,409	(133,155,590)	1,457,234,360	13,645,111,961	10.68%
2010	P	899,879,844	407,255,079	(147,231,863)	1,159,903,060	11,218,267,227	10.34%
2010	S	932,885,757	567,640,639	(95,418,806)	1,405,107,590	12,479,985,619	10.84%
2011	P	734,802,358	444,395,674	(110,470,743)	1,068,727,289	9,795,021,688	10.91%
2011	S	739,725,180	532,775,146	(143,459,254)	1,129,041,072	10,353,625,385	10.90%
2012	P	653,425,523	390,774,648	(112,327,444)	931,872,727	8,729,697,453	10.67%
2012	S	653,862,821	414,853,720	(131,986,535)	936,730,006	8,883,000,424	10.55%
2013	P	613,827,446	355,335,651	(117,175,984)	851,987,113	8,131,671,314	10.48%
2013	S	614,117,003	369,093,201	(128,526,531)	854,683,673	8,219,696,417	10.40%
2014	P	590,891,318	352,740,031	(120,457,469)	823,173,880	7,921,310,783	10.39%
2014	S	592,539,973	366,349,440	(128,753,963)	830,135,450	8,021,860,448	10.35%
2015	P	635,011,041	351,426,277	(128,356,166)	858,081,152	8,378,359,740	10.24%
2015	S	674,517,543	367,445,212	(137,241,712)	904,721,043	8,871,516,138	10.20%
2016	P	659,032,840	359,978,533	(129,767,780)	889,243,593	8,723,777,883	10.19%
2016	S	775,338,584	403,053,294	(146,482,133)	1,031,909,745	10,151,951,511	10.16%
2017	P	703,447,546	353,382,997	(127,933,738)	928,896,805	9,188,106,400	10.11%
2017	S	832,582,676	418,393,201	(151,461,223)	1,099,514,654	10,888,981,453	10.10%

Source: Maricopa County Assessor's Office State Abstract

Direct Tax Rate is From the Maricopa County Finance Department's "Tax Levy Book for the City of Surprise" for the applicable tax year.

City of Surprise, Arizona
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

City of Surprise				Overlapping Rates								Total Direct & Overlapping Rates
				Maricopa County				Dysart School District				
Fiscal Year	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	Operating Tax Rate	Debt Service Tax Rate	County Library	Total County Tax Rate	Operating Tax Rate	Debt Service Tax Rate	Total School District Tax Rate	Other	
2008	0.6593	0.1007	0.7600	1.1046	-	0.0391	1.1437	4.4326	1.6402	6.0728	1.3281	9.3046
2009	0.5939	0.0195	0.6134	1.0327	-	0.0353	1.0680	4.0525	1.5226	5.5751	1.2662	8.5227
2010	0.5661	-	0.5661	0.9909	-	0.0353	1.0262	3.0430	1.7251	4.7681	1.2182	7.5786
2011	0.6735	-	0.6735	1.0508	-	0.0412	1.0920	2.9051	2.0919	4.9970	1.3405	8.1030
2012	0.6700	-	0.6700	1.2407	-	0.0492	1.2899	3.4104	2.5820	5.9924	1.6440	9.5963
2013	0.7383	-	0.7383	1.2407	-	0.0492	1.2899	4.6547	2.7317	7.3864	1.8351	11.2497
2014	0.7783	-	0.7783	1.2807	-	0.0492	1.3299	4.3492	2.9538	7.3030	1.6356	11.0468
2015	0.7591	-	0.7591	1.3209	-	0.0556	1.3765	3.9957	2.7750	6.7707	1.7472	10.6535
2016	0.7591	-	0.7591	1.4009	-	0.0556	1.4565	3.0640	2.9085	5.9725	1.7120	9.9001
2017	0.7591	-	0.7591	1.4009	-	0.0556	1.4565	4.1562	2.8032	6.9594	2.5181	11.6931

Source: Maricopa County Finance Department's "Maricopa County 2017 Tax Levy" report.

**City of Surprise, Arizona
Principal Property Taxpayers
June 30, 2017 and 2008**

Taxpayer	2017			2008		
	Primary Assessed Valuation	Rank	Percentage of Total	Primary Assessed Valuation	Rank	Percentage of Total
Arizona Public Service Company	\$ 22,299,212	1	2.40%			
Southwest Gas Corporation (T&D)	5,510,783	2	0.59%			
Arizona Public Service Company (CWIP)	3,995,534	3	0.43%			
Epcor - Agua Fria Water Division	3,721,769	4	0.40%			
CCD Real Estate Holdings LLC	3,159,970	5	0.34%			
Surprise Industrial NCP LLC	2,739,288	6	0.29%			
Wal-Mart Stores Inc	2,626,731	7	0.28%			
MCI Communications Services Inc	2,547,137	8	0.27%			
G&I VII Stadium Village LLC	2,477,373	9	0.27%			
Harmony at Surpri LLC	2,312,146	10	0.25%			
Arizona Public Service Company				\$ 18,522,548	1	2.09%
Asante LH LLC				5,401,929	2	0.61%
Southwest Gas Corporation (T&D)				4,876,481	3	0.55%
AWC: Agua Fria Water Division				4,465,956	4	0.50%
Surprise Center Development LLC				3,848,513	5	0.43%
Courtland Homes Inc				3,292,874	6	0.37%
Surprise Towne Center Holdings				3,053,141	7	0.34%
Surprise Marketplace Holdings LLC				2,819,444	8	0.32%
Austin Ranch LLC				2,718,514	9	0.31%
Qwest Corporation				2,559,255	10	0.29%
Total	<u>\$ 51,389,943</u>		<u>5.52%</u>	<u>\$ 51,558,655</u>		<u>5.81%</u>
Primary Assessed Valuation	928,896,805			887,027,221		

Source: Maricopa County Assessor's Office

City of Surprise, Arizona
Primary Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Tax Collections in Subsequent Years	Total Collections to Date	
		Current Tax Collections	Percentage of Levy		Tax Collections	Percentage of Levy
2008	\$ 5,849,651	\$ 5,745,663	98.2%	\$ 102,410	\$ 5,848,073	100.0%
2009	6,352,774	6,166,879	97.1%	184,327	6,351,206	100.0%
2010	6,736,563	6,599,191	98.0%	135,965	6,735,156	100.0%
2011	7,073,535	6,892,250	97.4%	172,487	7,064,737	99.9%
2012	6,150,736	6,021,059	97.9%	118,546	6,139,605	99.8%
2013	6,272,801	6,159,818	98.2%	96,352	6,256,170	99.7%
2014	6,350,356	6,249,156	98.4%	70,226	6,319,382	99.5%
2015	6,498,000	6,425,856	98.9%	63,487	6,489,343	99.9%
2016	6,727,511	6,661,068	99.0%	56,639	6,717,707	99.9%
2017	7,037,842	6,947,745	98.7%	13,303	6,961,048	98.9%

Source: Maricopa County Treasurer's Office "Secured Levy Report" through June 30, 2017.

City of Surprise, Arizona
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special (CFD) Assessment Bonds	Municipal Property Corp. Bonds	Pledged Revenue Obligations	Municipal Property Corp. Bonds	Water					
						Infrastructure Financing Authority Loan	Pledged Revenue Obligations				
2008	\$ 413,270	\$ 5,275,000	\$ 97,195,000	\$ -	\$ -	\$ -	\$ -	\$ 102,883,270	N/A	\$ 981	
2009	-	8,495,000	94,560,000	-	-	-	-	103,055,000	4.4%	954	
2010*	-	8,290,000	28,677,713	-	63,112,287	1,500,000	-	101,580,000	4.0%	864	
2011	-	7,935,000	24,489,225	-	61,295,775	1,324,760	-	95,044,760	4.0%	803	
2012	-	7,745,000	22,229,325	-	60,315,675	-	-	90,290,000	3.4%	755	
2013	-	7,545,000	19,896,188	-	59,303,813	-	-	86,745,001	3.3%	713	
2014	-	7,335,000	17,444,474	-	53,565,524	-	-	78,344,998	3.0%	633	
2015	-	7,115,000	-	30,832,800	39,365,000	-	5,832,000	83,144,800	3.1%	658	
2016	-	6,885,000	-	31,770,034	37,585,000	-	5,903,844	82,143,878	3.0%	640	
2017	-	12,105,285	-	29,249,876	35,720,000	-	5,249,430	82,324,591	2.8%	620	

* The amount for fiscal year 2010 is for sewer related municipal property corporation bonds. Beginning in fiscal year 2010, the municipal property corporation bonds were properly recorded in the sewer fund as a business-type activity instead of as a governmental activity as previously reported.

City of Surprise, Arizona
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	\$ 413,270	\$ 170,095	\$ 243,175	0.003%	2
2009	-	-	-	0.000%	-
2010	-	-	-	0.000%	-
2011	-	-	-	0.000%	-
2012	-	-	-	0.000%	-
2013	-	-	-	0.000%	-
2014	-	-	-	0.000%	-
2015	-	-	-	0.000%	-
2016	-	-	-	0.000%	-
2017	-	-	-	0.000%	-

City of Surprise, Arizona
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

Overlapping Jurisdiction	General Obligation Bonded Debt	Proportion Applicable to the City	
		Approximate Percent	Net Debt Amount
State of Arizona	None	1.69%	None
Maricopa County	None	2.57%	None
Maricopa County Community College District	\$ 445,570,000	2.57%	\$ 11,451,149
Maricopa County Special Health Care District	37,000,000	2.57%	950,900
Western Maricopa Education Center	138,655,000	7.00%	9,705,850
Dysart Unified School District No. 89	141,793,000	77.67%	110,130,623
Peoria Unified School District No. 11	217,615,000	0.38%	826,937
Nadaburg Unified School District No. 81	535,000	25.10%	134,285
Wickenburg Unified School District No. 9	12,804,000	2.14%	274,006
Marley Park Community Facilities District	11,795,000	100.00%	11,795,000
Subtotal, overlapping debt	\$ 1,005,767,000		\$ 145,268,750
City of Surprise direct debt	\$ 26,477,637	100.00%	\$ 26,477,637
Total Direct and Overlapping General Obligation Bonded Debt			\$ 171,746,387

Source: The various jurisdictions

Proportion applicable to City of Surprise, Arizona is computed on the ratio of limited property valuation for fiscal year 2016/2017.

Excludes various other non-property tax supported debt such as Public Finance Corporation lease revenue bonds, Stadium District revenue bonds, Stadium District loans, Housing Authority loans and capital leases.

Excludes non-property tax supported debt such as revenue bonds.

Marley Park refunded \$6,065,000 of existing debt with \$11,365,000 of General Obligation bonds on October 6, 2016.

Includes: Excise Tax Revenue obligations

City of Surprise, Arizona
Legal Debt Margin Information Unrestricted and Restricted
Last Ten Fiscal Years

Unrestricted

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit 6%	\$ 71,654,555	\$ 87,434,062	\$ 81,197,672	\$ 67,742,464	\$ 56,203,800	\$ 51,281,020	\$ 49,298,862	\$ 54,283,263	61,914,585	65,970,879
Total net debt applicable to limit	-	-	-	-	-	-	-	-		
Unrestricted legal debt margin	\$ 71,654,555	\$ 87,434,062	\$ 81,197,672	\$ 67,742,464	\$ 56,203,800	\$ 51,281,020	\$ 49,298,862	\$ 54,283,263	\$ 61,914,585	\$ 65,970,879
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Restricted

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit 20%	\$ 238,848,517	\$ 291,446,872	\$ 270,658,907	\$ 225,808,214	\$ 187,346,001	\$ 170,936,735	\$ 164,329,540	\$ 180,944,209	\$ 206,381,949	\$ 219,902,931
Total net debt applicable to limit	1,372,603	243,175	-	-	-	-	-	-	-	-
Restricted legal debt margin	\$ 237,475,914	\$ 291,203,697	\$ 270,658,907	\$ 225,808,214	\$ 187,346,001	\$ 170,936,735	\$ 164,329,540	\$ 180,944,209	\$ 206,381,949	\$ 219,902,931
Total net debt applicable to the 20% limit as a percentage of the 20% debt limit	0.57%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Maricopa County Assessor's Office - 2016 Levy Limit Worksheet

City of Surprise, Arizona
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income	Median Household Income	Median Age	Unemployment Rate
2008	104,895	N/A	N/A	N/A	6.0%
2009	108,010	\$ 2,337,443,265	\$ 61,244	40.2	8.3%
2010	117,517	2,541,689,235	61,208	35.4	9.4%
2011	118,349	2,388,475,189	57,114	36.8	6.5%
2012	119,530	2,624,633,827	62,141	35.9	4.3%
2013	121,629	2,608,232,906	60,687	36.8	5.0%
2014	123,797	2,623,490,276	59,973	36.0	5.4%
2015	126,275	2,684,147,318	58,455	37.0	9.8%
2016	128,422	2,779,842,369	59,094	38.7	9.4%
2017	132,677	2,911,895,653	59,916	39.0	4.5%

Data Sources: Office of Economic Opportunity
Maricopa Association of Governments
US Department of Labor, Bureau of Labor Statistics

N/A: Information was not available

City of Surprise, Arizona
Principal Employers
June 30, 2017 and Nine Years Prior

Employer	2017¹			2008²		
	Employees	Rank	%of Total	Employees	Rank	%of Total
Dysart School District (Surprise Schools Only)	1,680	1	8.72%	1,060	1	3.05%
City of Surprise	1,060	2	5.50%	828	2	2.38%
Wal-Mart	720	3	3.74%	650	3	1.87%
Fry's Food Store	520	4	2.70%	160	7	0.46%
McDonalds	320	5	1.66%			
Maricopa County	210	6	1.09%			
Home Depot	210	7	1.09%	170	5	0.42%
Kohl's Department Store	190	8	0.99%	125	10	0.36%
Safeway Stores Inc.	170	9	0.88%			
Sun City Grand Community Assoc Inc.	160	10	0.83%			
Surprise Charter Schools				258	4	0.74%
APS				160	6	0.46%
Target				145	9	0.42%
Lowe's				145	8	0.42%

Sources:

¹ Maricopa Association of Governments, as of June 30, 2017

² Estrella Mountain Community College Office of Planning and Institutional Effectiveness and phone surveys, as of December 31, 2008

City of Surprise, Arizona
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Function</u>										
General government	139	140	124	124	118	123	123	136	134	140
Public safety:										
Police:										
Officers	150	134	132	130	132	133	134	130	139	158
Civilians	20	53	56	58	49	49	48	54	49	43
Fire:										
Firefighters and officers	156	110	110	114	112	111	111	113	113	128
Civilians	10	15	9	8	6	7	7	7	8	8
Public works and streets:										
All others	105	113	100	96	87	83	83	83	84	84
Community development	48	43	40	36	36	40	40	43	40	41
Economic Development	-	-	-	-	-	-	-	-	8	8
Culture and recreation	124	117	95	97	97	110	110	122	118	117
Human Service and Communitiy										
Vitality	-	-	-	-	-	-	-	-	9	15
Water	8	31	31	33	29	25	25	24	29	33
Sanitation	29	32	32	34	34	31	31	32	33	35
Sewer	34	39	39	39	36	36	36	37	39	50
Replenishment	5	-	-	-	-	-	-	-	-	-
Total	828	827	769	769	736	748	748	781	804	861

Source: Fiscal year 2017 Adopted Budget

City of Surprise, Arizona
Operating Indicators by Function
Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety:										
Police:										
Calls- incidents responded to	40,344	43,002	41,495	40,779	42,010	39,866	37,566	38,191	39,511	40,909
Citations issued	11,732	13,728	12,455	8,233	7,856	9,673	7,020	7,524	5,971	6,358
Officers per 1,000 residents	1.2	1.2	1.2	1.5	1.1	1.1	1.1	1.1	1.0	1.0
Fire:										
Number of responses	10,281	10,523	10,998	11,620	12,313	13,649	14,004	15,750	16,896	16,546
Inspections	2,285	2,114	639	1,101	1,122	1,184	1,411	1,885	2,745	2,407
Public works and streets:										
Sq. ft. of buildings to maintain	535,717	567,245	830,271	830,431	830,431	830,271	830,271	830,271	855,774	855,774
Vehicles/equipment maintained per month	418	484	444	387	494	403	392	405	334	375
Number of street lights repaired	124	212	249	270	291	300	377	43	44	38
Street miles maintained	592	592	526	536	539	607	607	627	627	627
Community development:										
Building safety inspections performed	30,311	17,749	11,349	11,106	13,257	20,150	18,220	15,624	20,320	22,407
Annual new residential starts	774	373	291	206	395	554	385	417	486	600
Culture and recreation:										
Organized recreation program participants	132,795	186,139	170,336	176,569	185,232	191,648	192,300	178,186	160,535	163,580
Special events/open facility participants	249,599	259,731	242,759	261,327	256,674	269,823	278,980	321,214	307,475	306,714
Water:										
Water service connections	14,375	14,472	14,519	14,130	14,329	14,570	14,740	14,971	15,362	15,499
Sewer:										
Sewage treated (million gallons per day)	7.0	6.0	7.6	7.4	7.6	8.1	8.1	8.4	8.4	8.4
Sewer service connections	42,912	45,032	46,448	44,077	44,583	45,802	45,984	44,923	47,273	48,196
Sanitation:										
Refuse collected (tons/annually)	31,506	29,757	30,398	30,803	30,289	29,400	30,583	33,351	32,787	33,671
Number of routes	25	26	34	34	33	33	32	32	56	56
Total services	32,096	32,719	33,797	37,144	32,357	32,975	33,321	32,683	35,366	36,421
Stormwater:										
Customers	-	-	-	-	-	-	-	-	-	49,429

Sources: Various government departments

City of Surprise, Arizona
Capital Asset Statistics by Function
Last Ten Years

<u>Function</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety:										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	68	81	73	80	64	63	63	68	72	90
Fire:										
Fire stations	6	7	7	7	7	7	7	7	7	7
Fire engines and ladder trucks	9	10	11	11	11	11	12	12	12	12
Ambulances	0	0	0	0	0	0	0	0	1	3
Public works and streets:										
Street miles	593	592	592	536	539	607	607	627	627	627
Street lighting improvement districts	79	79	83	98	103	101	105	107	107	123
Traffic Signals	34	41	42	42	45	51	51	50	50	50
Bridges	9	12	15	15	19	19	19	19	19	19
Community development:										
Inspection vehicles	14	12	12	12	12	12	10	10	10	11
Culture and recreation:										
Parks acreage	367	383	393	393	393	393	393	393	393	393
Parks	12	12	12	12	12	12	12	12	12	12
Swimming pools	2	2	2	2	2	2	2	2	2	2
Softball fields	3	9	11	11	11	11	11	11	11	11
Baseball fields	17	21	21	21	21	21	21	21	21	21
Libraries	2	2	2	2	2	2	2	2	2	2
Water:										
Well production maximum daily	21.8	20.7	24.6	31.0	31.0	31	31	32	32	33
Sewer:										
Sewer treatment plants	1	1	1	2	2	2	2	2	2	2
Maximum daily treatment capacity	8.3	16.3	16.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3
Sanitation:										
Collection trucks	25	26	26	26	26	26	26	26	27	27

Sources: Various government departments

CITY OF SURPRISE, ARIZONA
SINGLE AUDIT ACT REPORTS
YEAR ENDED JUNE 30, 2017

**CITY OF SURPRISE, ARIZONA
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council
City of Surprise, Arizona
Surprise, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Surprise, Arizona, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Surprise, Arizona's basic financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Surprise, Arizona's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Surprise, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Surprise, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and Members of the City Council
City of Surprise, Arizona

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Surprise, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Surprise, Arizona's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Surprise, Arizona's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 29, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members of the City Council
City of Surprise, Arizona
Surprise, Arizona

Report on Compliance for Each Major Federal Program

We have audited the City of Surprise, Arizona's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Surprise, Arizona's major federal programs for the year ended June 30, 2017. The City of Surprise, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Surprise, Arizona's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Surprise, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Surprise, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Surprise, Arizona complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

City of Surprise, Arizona's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Surprise, Arizona's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City of Surprise, Arizona is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Surprise, Arizona's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Surprise, Arizona's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, which we consider to be a significant deficiency.

City of Surprise, Arizona's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Surprise, Arizona's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Honorable Mayor and Members of the City Council
City of Surprise, Arizona

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Surprise, Arizona as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Surprise, Arizona's basic financial statements. We issued our report thereon dated, December 29, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 29, 2017

**CITY OF SURPRISE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? X yes _____ none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes _____ no

Identification of major programs:

CFDA Numbers

12.610

Name of Federal Program or Cluster

Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**CITY OF SURPRISE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

**CITY OF SURPRISE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2017-001

Department of Defense

Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies

CFDA Number: 12.610

Grant Award Number: EN-1567-16-01

Award Period: May 1, 2016 – December 31, 2017

Reporting

Type of Finding: Compliance (Other Matters) and Significant Deficiency in Internal Control over Compliance

Criteria: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of reporting. Internal controls over compliance would dictate that reports be submitted in accordance with grant requirements, including the timeliness of the submission to the federal agency.

Condition: Semi-annual performance reports were not submitted timely.

Questioned Costs: None.

Context: Two of two performance reports tested.

Cause: The City lacked internal controls over reporting to ensure reports are submitted to the federal agency in accordance with grant requirements.

Effect: The City was not compliant with grant requirements.

Repeat Finding: No

Recommendation: We recommend the City implement a system of internal controls to monitor federal program reporting requirements to ensure compliance.

Views of responsible officials: There is no disagreement with the audit finding.

CITY OF SURPRISE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number/Other Award ID Number	Expenditures	Subrecipient's Share of Total Expenditures
<u>U.S. DEPARTMENT OF DEFENSE</u>				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	EN-1567-16-01	\$ 384,017	\$ 384,017
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>				
Neighborhood Stabilization Program (NSP1)	14.218	Program Income	23,155	-
Neighborhood Stabilization Program (NSP3)	14.218	Program Income	8,150	-
Community Development Block Grants/Entitlement Grants	14.218	B13-MC-04-0514	107,748	-
Community Development Block Grants/Entitlement Grants	14.218	B15-MC-04-0514	60,548	14,406
Community Development Block Grants/Entitlement Grants	14.218	B16-MC-04-0514	173,002	28,302
Total Community Development Block Grant Cluster - CFDA No. 14.218			372,603	42,708
<u>Passed Through Maricopa County HOME Consortium</u>				
HOME Investment Partnership Program - 2012	14.239	3,085	57,757	-
HOME Investment Partnership Program - 2013	14.239	C-22-14-0393-00	32,944	-
HOME Investment Partnership Program - 2015	14.239	COS-09-017	19,570	-
HOME Investment Partnership Program - 2015	14.239	3,230	114,150	-
HOME Investment Partnership Program	14.239	C-22-17-046-3-00	26,241	-
Total HOME Investment Partnership Program - CFDA No. 14.239			250,662	-
Total U.S. Department of Housing and Urban Development			623,265	42,708
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Law Enforcement Assistance, Narcotics and Dangerous Drugs Training	16.004		32,059	-
<u>Passed Through Arizona Department of Public Safety</u>				
Office of Victims of Crime/Crime Victim Assistance	16.575	2015-VA-GX-0032	20,483	-
Office of Victims of Crime/Crime Victim Assistance	16.575	2015-VA-GX-0032	53,131	-
Office of Victims of Crime/Crime Victim Assistance	16.575	2015-VA-GX-0032	11,385	-
Office of Victims of Crime/Crime Victim Assistance	16.575	2014-VA-GX-0018	22,623	-
Office of Victims of Crime/Crime Victim Assistance	16.575	2015-VA-GX-0032	66,884	-
Total Office of Victims of Crime/Crime Victim Assistance - CFDA No. 16.575			174,506	-
Joint Law Enforcement Operations (JLEG)	16.unkn	MN-16-0014	2,343	-
Joint Law Enforcement Operations (JLEG)	16.unkn	MN-16-0014	2,408	-
Total Drug Enforcement Agency/Task Force - CFDA No. 16.unkn			4,751	-
Total U.S. Department of Justice			211,316	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<u>Passed Through Arizona Department of Transportation</u>				
Highway Planning and Construction	20.205	SUR-0(229)T	11,724	-
Total Highway Planning and Construction Grant			11,724	-
<u>Passed through Governor's Office of Highway Safety</u>				
State and Community Highway Safety	20.600	2016-AL-044	16,545	-
State and Community Highway Safety	20.600	2017-AL-045	7,165	-
State and Community Highway Safety	20.600	2017-CIOT-019	4,000	-
State and Community Highway Safety	20.600	2017-AL-044	4,547	-
National Priority Safety Programs	20.616	2017-II-015	31,740	-
National Priority Safety Programs	20.616	2017-II-016	5,805	-
Total Highway Safety Cluster - CFDA No. 20.600 and 20.616			69,802	-
Total U.S. Department of Transportation			81,526	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF SURPRISE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number/Other Award ID Number</u>	<u>Expenditures</u>	<u>Subrecipient's Share of Total Expenditures</u>
<u>U.S. DEPARTMENT OF HUMAN SERVICES</u>				
Passed through the Area Agency on Aging, Region One				
Special Programs for the Aging - Title III, Part C - Nutritional Services	93.045	2017-37-SUR	\$ 48,484	\$ -
Passed Through Maricopa County Human Services				
Community Action Program Services	93.667	C-22-16-043-3-00	79,984	-
Total Department of Health and Human Services			<u>128,468</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY/FEMA</u>				
Passed through the Arizona Department of Homeland Security				
Homeland Security Grant Program	97.067	150822-01	9,933	-
Homeland Security Grant Program	97.067	160823-01	16,996	-
Homeland Security Grant Program	97.067	150822-02	9,298	-
Homeland Security Grant Program	97.067	150821-01	492	-
Homeland Security Grant Program	97.067	160822-01	42,921	-
Total Homeland Security Grant Program - CFDA No. 97.067			79,640	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2015-FH-00791	136,400	-
Total U.S. Department of Homeland Security			<u>216,040</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,644,632</u>	<u>\$ 426,725</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF SURPRISE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Surprise, Arizona under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Surprise, Arizona.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. City of Surprise, Arizona has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

NOTE 4 INDIRECT COST RATE

The City did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414 Indirect (F&A) costs.

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor and Members of City Council
City of Surprise, Arizona

We have examined the City of Surprise, Arizona's (City) compliance as to whether expenditures made during the fiscal year ended June 30, 2017, from Highway User Revenue Fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City were used solely for the authorized transportation purposes prescribed in Article IX, §14, of the Arizona Constitution. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Surprise, Arizona complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2017.

This report is intended solely for the information and use of the Mayor and City Council, and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 29, 2017

INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and the City Council
City of Surprise, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Surprise, Arizona (City), for the year ended June 30, 2017. The City's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 29, 2017



City of Surprise, Arizona
Annual Expenditure Limitation Report
For the Fiscal Year Ended June 30, 2017

City of Surprise
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	\$	<u>981,408,916</u>
2. Voter-approved alternative expenditure limitation		<u>-</u>
3. Enter applicable amount from line 1 or line 2	\$	<u>981,408,916</u>
4. Amount subject to the expenditure limitation (total amount from part II, line C)		<u>160,258,803</u>
11. Amount under (in excess of) the expenditure limitation	\$	<u><u>821,150,113</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of chief financial officer:



Name and title: Lindsey Duncan, Chief Financial Officer/Finance Director

Telephone number: (623) 222-1820

Date: 12/29/2017

See accompanying notes to report.

City of Surprise
Annual Expenditure Limitation Report—part II
Year ended June 30, 2017

Description	Internal			Total
	Governmental funds	Enterprise funds	service funds	
A. Amounts reported on the reconciliation, line D	\$ 127,642,152	\$ 47,374,980	\$ 12,453,746	\$ 187,470,878
B. Less exclusions claimed:				
Debt service requirements (See Note 2)	3,435,596	4,441,122	-	7,876,718
Grants and aid from the federal government (See Note 3)	1,644,632	-	-	1,644,632
Amounts received from the State of Arizona (See Note 5)	370,419	-	-	370,419
Quasi-external interfund transactions (See Note 10)	-	-	9,435,281	9,435,281
Highway user revenues in excess of those received in fiscal year 1979-80 (See Note 4)	7,885,025	-	-	7,885,025
Total exclusions claimed	13,335,672	4,441,122	9,435,281	27,212,075
C. Amounts subject to the expenditure limitation	\$ 114,306,480	\$ 42,933,858	\$ 3,018,465	\$ 160,258,803

See accompanying notes to report.

City of Surprise
Annual expenditure limitation report—reconciliation
Year ended June 30, 2017

Description	Governmental funds	Enterprise funds	Internal service funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 142,979,435	\$ 43,946,826	\$ 12,506,882	\$ 199,433,143
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation	-	11,443,973	-	11,443,973
Bad debt expense (See Note 11)	364,400	743,301	-	1,107,701
Claims incurred but not reported (IBNR) (See Note 6)	-	-	575,800	575,800
Pension expense (See Note 7)	-	503,950	19,860	523,810
Expenditures of separate legal entities established under Arizona Revised Statutes (See Note 8)	14,972,883	-	-	14,972,883
Total subtractions	15,337,283	12,691,224	595,660	28,624,167
C. Additions:				
Principal payments on long-term debt (See Note 2)	-	2,441,262	-	2,441,262
Capital asset acquisitions (See Note 9)	-	12,907,348	-	12,907,348
Amounts paid in the current year but reported as expenses in previous years:				
Claims previously recognized as IBNR (See Note 6)	-	-	512,149	512,149
Pension contributions paid in the current year (See Note 7)	-	770,768	30,375	801,143
Total additions	-	16,119,378	542,524	16,661,902
D. Amounts reported on part II, line A	\$ 127,642,152	\$ 47,374,980	\$ 12,453,746	\$ 187,470,878

See accompanying notes to report.

City of Surprise
Notes to annual expenditure limitation report
Year ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

NOTE 2 – DEBT SERVICE

The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental and Enterprise Funds consists of principal retirement and interest expenditures/expenses.

Governmental		
	<i>Bonded Indebtedness</i>	
2015 Bond Issuance Principal	\$	2,223,738
2015 Bond Issuance Interest		1,211,858
Total	\$	<u>3,435,596</u>
Enterprise		
	<i>Bonded Indebtedness</i>	
2007 Bond Issuance Principal	\$	1,865,000
2007 Bond Issuance Interest		1,772,668
2015 Bond Issuance Principal		576,262
2015 Bond Issuance Interest		227,192
Total	\$	<u>4,441,122</u>

NOTE 3 – GRANTS AND AID FROM FEDERAL GOVERNMENT

Expenditures of grants and aid from the Federal Government consist of the following:

Federal	
U.S Department of Housing and Urban Development	\$ 623,265
U.S. Department of Defense	384,017
U.S. Department of Justice	211,316
U.S. Department of Transportation	81,526
U.S. Department of Health and Human Services	128,468
U.S Department of Homeland Security	216,040
Total	\$ <u>1,644,632</u>

City of Surprise

Notes to annual expenditure limitation report Year ended June 30, 2017

NOTE 4 – HIGHWAY USER REVENUES

Highway user revenues for the current fiscal year were \$7,634,613 which is \$7,572,182 more than the highway user revenues received by the City in fiscal year 1980. Excludable revenues expended in the current fiscal year totaled \$7,885,025, which exceeded current revenues by \$312,843, reducing the carryforward balance to \$657,530.

NOTE 5 – AMOUNTS RECEIVED FROM THE STATE

Expenditures of amounts received from the State consist of the following:

Local Transportation Assistance Funds II/Arizona Lottery Funds	\$	344,813
Judicial Collection Enhancement Fee		25,606
Total	\$	<u>370,419</u>

NOTE 6 – CLAIMS INCURRED BUT NOT REPORTED

The subtraction of \$575,800 for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service funds. The addition of \$512,149 for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years in the internal service funds.

NOTE 7- PENSION PLANS

The subtraction of pension expense consists of the change in the net pension liability recognized in the current year in the enterprise and internal service funds. The addition of pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the enterprise and internal service funds.

Pension Expense		
Enterprise Funds	\$	503,950
Internal Service		19,860
Total	\$	<u>523,810</u>

Pension Contributions		
Enterprise Funds	\$	770,768
Internal Service		30,375
Total	\$	<u>801,143</u>

City of Surprise
Notes to annual expenditure limitation report
Year ended June 30, 2017

NOTE 8 – SEPARATE LEGAL ENTITIES

The subtraction of \$14,972,883 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the City's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the governmental funds category in the fund financial statements:

Street Lighting Districts Funds	
Public works and streets	\$ 2,500,848
Subtotal	<u>\$ 2,500,848</u>
Marley Park Community Facility District Fund	
Culture and Recreation	\$ 67,015
Principal	390,000
Interest and other charges	1,099,224
Capital outlay	4,415,179
Refunded bond escrow agent	6,500,617
Subtotal	<u>\$ 12,472,035</u>
Total separate legal entities	<u>\$ 14,972,883</u>

NOTE 9 – ACQUISITION OF CAPITAL ASSETS

The amount reported for the acquisition of capital assets within the enterprise funds was computed as follows:

Enterprise	
Total capital asset additions	\$ 16,124,293
Less: capital contributions	<u>(3,216,945)</u>
Total	<u>\$ 12,907,348</u>

NOTE 10 – QUASI-EXTERNAL INTERFUND TRANSACTIONS

There are certain transactions that are recorded between the City's funds as if the transaction was with an entity external to the City. The Employee Healthcare Fund Charged other funds \$7,828,181 in order to meet the costs of providing health insurance claims coverage, plan administration, stop loss premiums and reserves. The Risk Management Fund charged other funds \$1,607,100 to provide risk management, loss control and safety programs citywide.

NOTE 11 – BAD DEBT EXPENSE

The City records bad debt expense which is a reduction of revenues for revenues that have billed that the City has determined are not likely to be collected as the accounts receivable is greater than 90 days old. The City reported the following bad debt expense by fund type:

Bad debt expense	
Governmental	\$ 364,400
Enterprise	743,301
Total bad debt expense	<u>\$ 1,107,701</u>

The Honorable Mayor and City Council
City of Surprise, Arizona
Surprise, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Surprise, Arizona for the year ended June 30, 2017, and have issued our report thereon dated December 29, 2017. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Surprise, Arizona are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of capital assets is based on an analysis of historical data. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the current portion of compensated absences is based on the average activity over the prior five years. We evaluated the key factors and assumptions used to develop the estimate of compensated absences in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts related to the City's receivables is based on historical revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the claims payable is based on an actuarial analysis performed by the City's consultant, CBIZ. We evaluated the key factors and assumptions used to develop the estimate of claims payable in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the unfunded pension liability, inflows, and outflows related to the Arizona State Retirement System, Elected Officials pension plans and Public Safety Personnel Retirement System Plan benefits are based on actuarial reports prepared by other professionals. We reviewed the key assumptions used to estimate the liability in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the investments at fair value is based on published market values at June 30, 2017. We reviewed the key assumptions used to estimate the fair market value in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the value of water rights and long-term storage credits is based on annual rate schedules prepared by the Central Arizona Project and are compared to actual costs incurred by the City. We reviewed the key assumptions used to estimate the water rights and long-term storage credit values in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 29, 2017.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Limitations on the group audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 29, 2017.

With respect to the combining statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 29, 2017.

The introductory and statistical sections accompanying the financial statements, which are of a nonaccounting nature and which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the City Council and management of the City of Surprise, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 29, 2017

Summary of Uncorrected Misstatements
City of Surprise, Arizona
June 30, 2017

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Opinion Unit:	Aggregate Remaining Funds		
To properly record claims payable for settlement in December 2017			
9010-90116311-55530	Claim Settlement	\$ 185,000	
9010-9010-2011	Claims Payable		\$ 185,000
Total Aggregate Remaining Funds		<u><u>\$ 185,000</u></u>	<u><u>\$ 185,000</u></u>
Opinion Unit:	Governmental Activities		
To properly state beginning net position for joint venture.			
1090-10931111-41100	Non-grant intergovernmental revenue	\$ 1,252,299	
1090-1090-30010	Beginning Net Position		\$ 1,252,299
Total Governmental Activities		<u><u>\$ 1,252,299</u></u>	<u><u>\$ 1,252,299</u></u>

Management
City of Surprise, Arizona
Surprise, Arizona

In planning and performing our audit of the financial statements of the City of Surprise, Arizona as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below.

Physical Observation – Capital Assets

During our audit, we noted that the City has started but has not completed a physical verification of City assets. We recommend the City continue this process to ensure assets claimed on the City asset records are in fact in the possession of the City. In addition, we recommend that City departments review established policies and ensure departmental procedures comply.

Password Requirements

The City uses the native VistaHRMS and HDL authentication which enforces the following password requirements:

- No minimum characters
- No complexity of password
- No change frequency for HDL
- No password history
- No Unsuccessful login attempts for HDL
- No Lockout period for HDL

Based on the lack of password requirements listed above, unauthorized or malicious activity could be performed on the City's technical infrastructure due to unauthorized workstation access and could remain undetected for an extended period.

The City should consider enforcing the following password requirements:

- 10 to 12 minimum characters for all systems
- Complexity enabled
- 90 day change frequency
- 13 password history
- 3 invalid login attempts
- Indefinite Lockout period

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 29, 2017



CITY OF SURPRISE
Regular City Council Meeting

February 6, 2018 @ 6:00:00 PM

[Back](#) [Print](#)

Council Meeting Date:	February 6, 2018	Contact Person:	Eric Fitzer - Community Development
Submitting Department:		District:	5
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion
---------	---------	----------------	-------------------

Agenda Wording:

Consideration and action pertaining to acceptance of a Special Warranty Deed from Surprise Center Development Company, LLC for conveyance of Real Property; Resolution # 2018-24.

Motion:

I move to approve Resolution # 2018-24.

Background:

In accordance with the Compromise Settlement Agreement and Full and Final Release of All Claims dated May 5, 2016 between the City of Surprise and Surprise Center Development Corporation LLC (SCDC) Section 7 *Conditional Conveyance of Land* the City issued Notice of Request for Conveyance of the twenty acre reserved parcel.

Per the written notice issued on January 17th, 2018 the City has secured a *bona fide higher educational use* for the reserved parcel. In February of 2017, the city announced its collaboration with Ottawa University. Ottawa University has taken over operations of an existing 26,000 square foot education building and has begun campus development on 13 acres of city land. The university subsequently submitted a plan to the city in December of 2017 identifying development on the 13 acres and its proposed use of the Reserved Parcel of 20 acres.

The city requested conveyance of the 20 acres for drainage purposes related to higher education development. The university plan identifies a recreation use on the southern portion of the property and future campus expansion on the northern portion of the property. The drainage solution for the campus development is a pressing item as the university is on an accelerated schedule to deliver its next building for fall of 2018.

Objective Analysis:

Positive impacts include the City obtaining 20 acres for expansion of the Ottawa University Campus and increased development within the City Center.

Policy Compliant:

Accepting the reserved parcel as indicated in the is City and Council policy compliant Compromise Settlement Agreement and Full and Final Release of All Claims dated May 5, 2016 between the City of Surprise and Surprise Center Development Corporation LLC.

Financial Impact:

All activity related to ongoing development of the City of Surprise has an economic and fiscal impact on the city and the region. The 20 acre parcel is valued based on the appraisal that was completed on the 13 acres City parcel. The land value determined by \$2.73/square foot for a total valuation of the the 20 reserved parcel (871,200 square feet) at \$2,378,376.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

Click to download

- ☐ [20 Acre Special Warranty Deed](#)
 - ☐ [Resolution 2018-24 Accepting Special Warranty Deed](#)
 - ☐ [City Notice Letter - Conveyance of Reserved Parcel](#)
 - ☐ [City Center Land Donation Location Map](#)
 - ☐ [20 Acre Parcel Legal Description](#)
 - ☐ [University Reserve Parcel Master Plan](#)
 - ☐ [Land Value 20 Acres](#)
 - ☐ [Compromise Settlement Agreement Signed](#)
 - ☐ [Presentation](#)
-

When recorded return to:
City Clerk
City of Surprise, Arizona
16000 N. Civic Center Plaza
Surprise, AZ 85374-7470

Exempt from filing an
Affidavit of legal value
A.R.S. §11-1134(A)(3)

SPECIAL WARRANTY DEED
(WITH DEED RESTRICTIONS)

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SURPRISE CENTER DEVELOPMENT COMPANY L.L.C., an Arizona limited liability company ("Grantor"), hereby conveys to the CITY OF SURPRISE, an Arizona municipal corporation ("Grantee"), the following real property situated in Maricopa County, Arizona (the "Property"):

see **Exhibit A** attached hereto and by this reference made a part hereof;

including any and all water rights and all other rights, easements and privileges appurtenant to such Property.

Subject to all taxes and other assessments, patent reservations, easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, declarations, obligations, liabilities or other matters of record or to which reference is made in the public record and any and all conditions, easements, encroachments, rights of way, or other restrictions which a physical inspection, or accurate survey of the Property would reveal and further expressly subject to those Deed Restrictions set forth in Exhibit "B" attached hereto and made a part hereof.

And the Grantor, hereby binds itself and its successors to warrant and defend the title, as against all acts of Grantor herein and none other, subject to the matters above set forth.

The person executing this document on behalf of a corporation, trust or other organization warrants his or her authority to do so and that all persons necessary to bind Grantor have joined in this document.

IN WITNESS WHEREOF, the Grantor has caused this Special Warranty Deed to be executed this ____ day of _____, 20____.

SURPRISE CENTER DEVELOPMENT COMPANY. L.L.C.,
an Arizona limited liability company

By: AIRFIELD CAPITAL PARTNERS L.L.C.,
an Arizona limited liability
company Its: Managing Member

By: Airfield Management Associates L.L.C.,
an Arizona limited liability company
Its: Managing Member

By: TRW Partners LLC,
an Arizona limited liability company
Its: Member

By: West Management Limited Partnership,
an Arizona limited partnership
Its: Managing Member

By: The Richard West Co.,
an Arizona corporation,
Its: General Manager

By: _____
Richard B. West, III,

Grantor's address:
C/O Carefree Partners Investment, LLC
11811 North Tatum Blvd., Suite 4052
Phoenix, AZ 85028

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by Richard B. West, III, President of The Richard West Co., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Notary Public

EXHIBIT "A"

DESCRIPTION

20 ACRE PARCEL

A portion of the southwest quarter of Section 4, Township 3 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:

COMMENCING at the south quarter corner of said Section 4 from which the southwest corner of said Section 4 lies North 89°45'04" West 2636.14 feet;

Thence along the North-South midsection line of said Section 4 being also the centerline of Surprise Center Parkway North 00°22'34" West 115.01 feet;

Thence departing said midsection line North 89°45'04" West 55.00 feet to a point on the west right-of-way line of said Surprise Center Parkway to the POINT OF BEGINNING;

Thence on a line parallel with and 115.00 feet north, measured at right angles, of the south line of the southwest quarter of said Section 4 North 89°45'04" West 752.91 feet;

Thence parallel to said Surprise Center Parkway North 00°22'34" West 1158.37 feet to a point on the south right-of-way line of Tierra Buena Lane;

Thence along said south right-of-way line South 89°40'47" East 719.90 feet;

Thence continuing along said south right-of-way line South 45°03'42" East 46.95 feet to a point on said west right-of-way line of Surprise Center Parkway;

Thence along said west right-of-way line South 00°22'34" East 1124.45 feet to the POINT OF BEGINNING.

Containing 871,196 square feet or 20.000 acres, more or less.

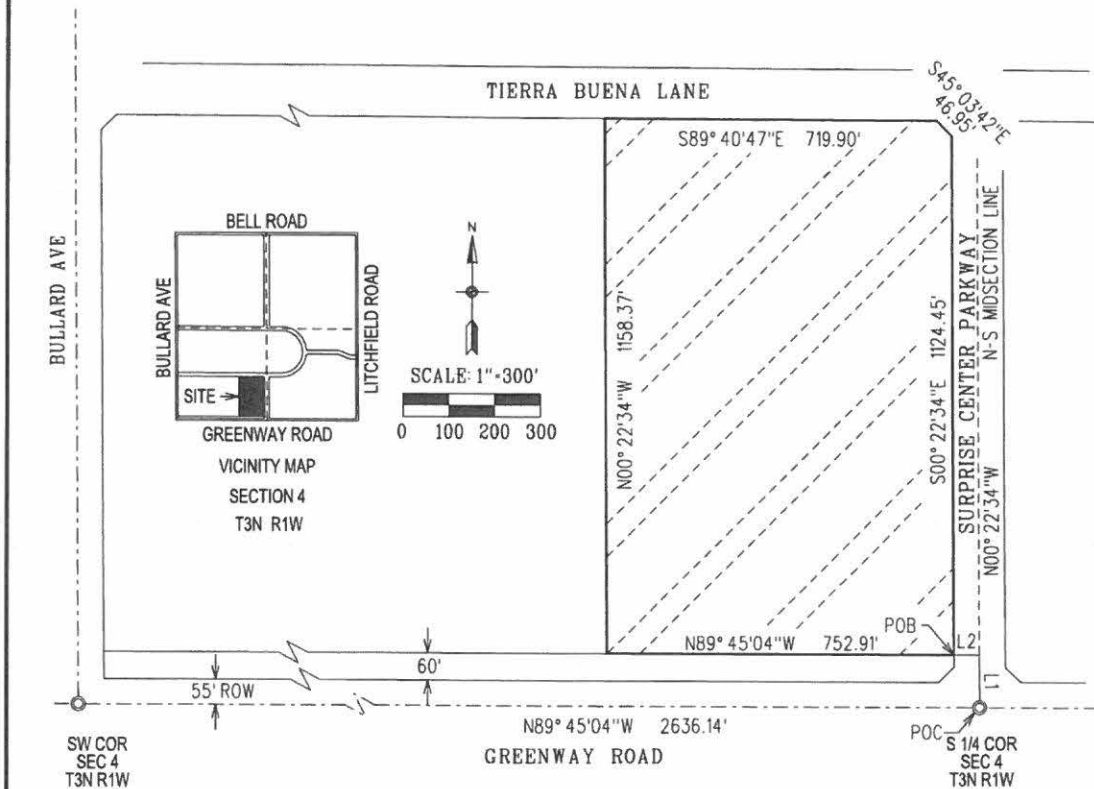
Attached is EXHIBIT "B" and by this reference is made a part hereof.

End of description



EXPIRES 09-30-2017

EXHIBIT "B"



20 ACRE PARCEL		 CITY OF SURPRISE LAND SURVEY DEPARTMENT	
PROJECT #	15029	DRAWN BY	RCD
		DATE	05-02-16
		SHEET	1 OF 1

Exhibit B

DEED RESTRICTIONS

The Property shall be used solely for the following purposes and no others: (i) higher educational uses; and/or (ii) civic and/or governmental uses. “{H}igher educational uses” shall be strictly limited to public or private colleges and universities. “Civic and/or governmental uses” shall be strictly limited to all Civic and/or governmental uses (except for staging areas, corporation yards, police and fire stations and public utility facilities used to generate, treat, dispose of, or recycle any water, wastewater, or refuse) together with such parking facilities as may be necessary to support the same. The foregoing restricted uses shall be defined for all purposes as the “**Deed Restrictions**” which shall attach to and run with the Property and remain in place in perpetuity. The Deed Restrictions may be enforced only by Grantor (or its corporate or other entity successor, by merger or otherwise). The Deed Restrictions may be amended only by a recorded instrument signed by Grantor (or its corporate or other entity successor, by merger or otherwise) and by Grantee or the successor fee owner or fee owners of the Property or the portion of the Property affected by any such amendment. The Deed Restrictions shall be enforceable by injunctive relief.

RESOLUTION # 2018-24

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA ACCEPTING A SPECIAL WARRANTY DEED (WITH DEED RESTRICTIONS) FROM SURPRISE CENTER DEVELOPMENT COMPANY, L.L.C. GRANTING AND CONVEYING REAL PROPERTY TO THE CITY OF SURPRISE

WHEREAS, A.R.S. §9-241 provides that the City of Surprise may receive real property necessary or proper to carry out the purposes of the municipal corporation;

WHEREAS, in accordance with Section 5 of the Compromise Settlement Agreement dated May 5, 2016, between the City of Surprise and Surprise Center Development Company L.L.C., the City has requested conveyance of a 20-acre parcel of real property as described in the Special Warranty Deed (With Deed Restrictions) attached as Exhibit A to this resolution; and

WHEREAS, accepting the real property is necessary to carry out the purposes of the City and the Compromise Settlement Agreement;

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

Section 1. The City of Surprise does hereby accept and receive the real property conveyed by the Special Warranty Deed (With Deed Restrictions) attached as Exhibit A to this resolution,

Section 2. The City Manager or his designee is authorized to perform any and all other acts necessary or appropriate to accept the City's interests in the property.

APPROVED AND ADOPTED this ____ day of _____, 2018.

Sharon R. Wolcott, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney



CITY MANAGER'S OFFICE
CITY OF SURPRISE
16000 N. CIVIC CENTER PLAZA
SURPRISE, AZ 85374
T. 623-222-1335

January 17, 2018

VIA Certified Mail, Return Receipt Requested

Surprise Center Development Company, L.L.C.
Terry L. Rakow, Esq.
The Cavanagh Law Firm
1850 N. Central Ave., Suite 2400
Phoenix, AZ 85374

Airfield Capital Partners L.L.C.
Attn: Richard B. West
11811 N. Tatum Blvd., Suite 4052
Phoenix, AZ 85028

Re: Notice of Request for Conveyance of the Reserved Parcel pursuant to the Compromise Settlement Agreement and Full and Final Release of All Claims dated May 5, 2016

Dear Mr. West,

This letter serves as Notice that the City of Surprise requests conveyance of the 20-acre Reserved Parcel pursuant to the Compromise Settlement Agreement and Full and Final Release of All Claims dated May 5, 2016 (the "Compromise Agreement").

As you are aware, the City announced its intent in February 2017 to lease certain City-owned property to Ottawa University for development of a higher education campus. Ottawa is leasing an existing 26,000 square foot education building and has begun campus development on 13 acres of City land. The City will use the 20-acre Reserved Parcel for the express purpose of constructing drainage improvements necessary to accommodate the growing university campus. In addition, the City will use the Reserved Parcel for future recreational programming, including athletic fields. Ultimately, the City expects that the entire Reserved Parcel will be used for an expanded higher education campus. All proposed future uses will comply with the deed restrictions that are to be recorded in conjunction with the conveyance of the Reserved Parcel. A proposed site plan depicting the initial development of the site is enclosed.

The drainage solution for the campus development is a pressing item as the university is on an accelerated schedule to deliver its next building for Fall of 2018. To aid the university's schedule and secure the City's drainage needs, the City has identified the February 6th City Council meeting to accept the conveyance. At the same City Council meeting, the City will process a plat of the Reserved Parcel and execute the associated avigation easements and release of liability. Enclosed is a copy of the Special



CITY MANAGER'S OFFICE
CITY OF SURPRISE

16000 N. CIVIC CENTER PLAZA
SURPRISE, AZ 85374

T. 623-222-1335

Warranty Deed (With Deed Restrictions) (Exhibit "D" to the Compromise Agreement) that the parties agreed to execute.

Please acknowledge in written form or email by January 19, 2018 SCDC's willingness to process the conveyance of the property at the February 6, 2018 City Council meeting. Your cooperation in this matter is greatly appreciated.

Sincerely,

Bob Wingenroth
City Manager

CC: Mayor and City Council

Enclosure



Map

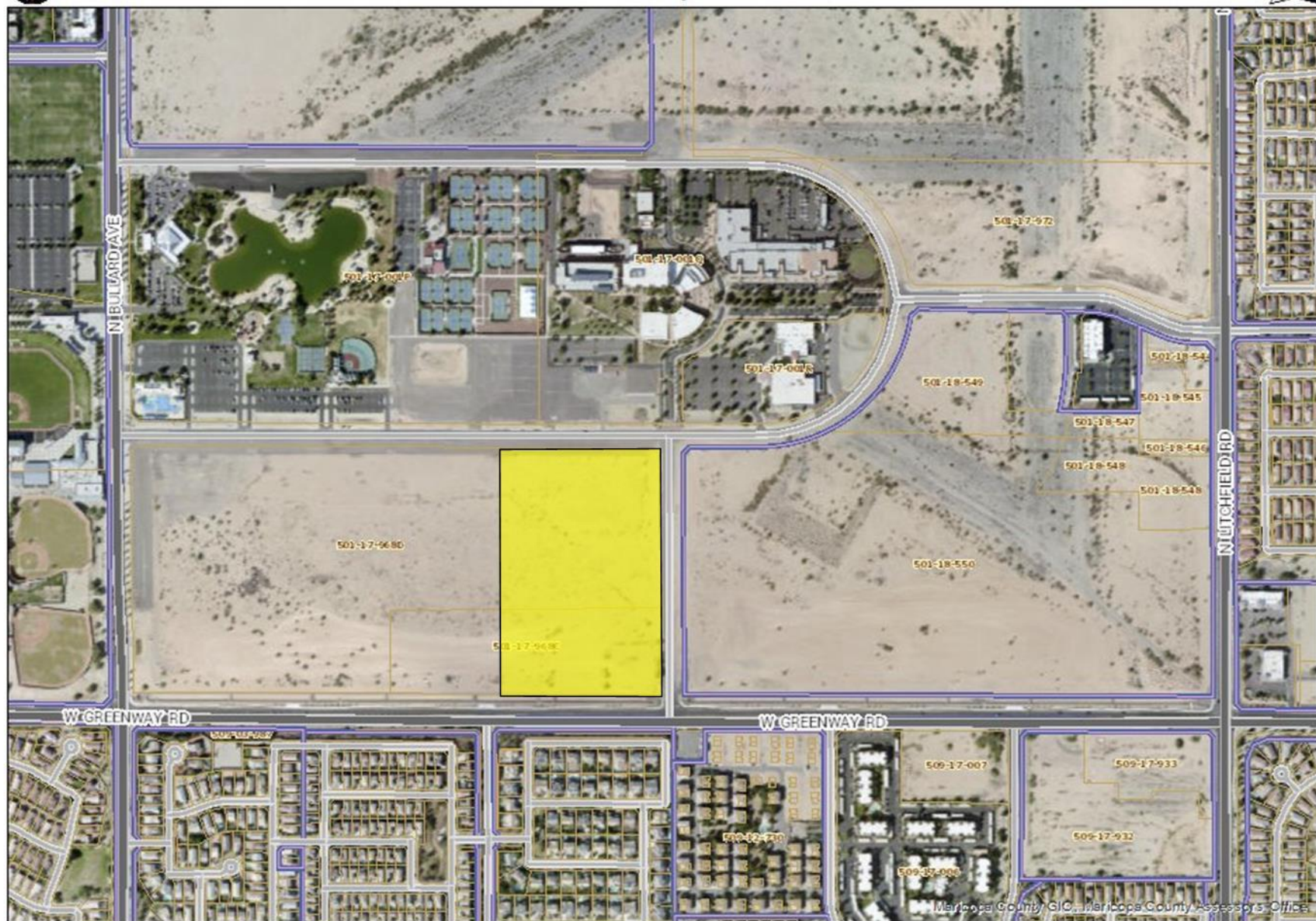


EXHIBIT "A"

DESCRIPTION

20 ACRE PARCEL

A portion of the southwest quarter of Section 4, Township 3 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:

COMMENCING at the south quarter corner of said Section 4 from which the southwest corner of said Section 4 lies North 89°09'02" West 2636.03 feet;

Thence along the North-South midsection line of said Section 4 being also the centerline of North Civic Center Drive North 00°12'57" East 115.01 feet;

Thence departing said midsection line North 89°09'02" West 55.00 feet to a point on the west right-of-way line of said North Civic Center Drive to the POINT OF BEGINNING;

Thence on a line parallel with and 115.00 feet north, measured at right angles, of the south line of the southwest quarter of said Section 4 North 89°09'02" West 752.96 feet;

Thence parallel to said North Civic Center Drive North 00°12'57" East 1158.25 feet to a point on the south right-of-way line of Tierra Buena Lane;

Thence along said south right-of-way line South 89°05'13" East 719.99 feet;

Thence continuing along said south right-of-way line South 44°26'09" East 46.92 feet to a point on said west right-of-way line of North Civic Center Drive;

Thence along said west right-of-way line South 00°12'57" East 1124.44 feet to the POINT OF BEGINNING.

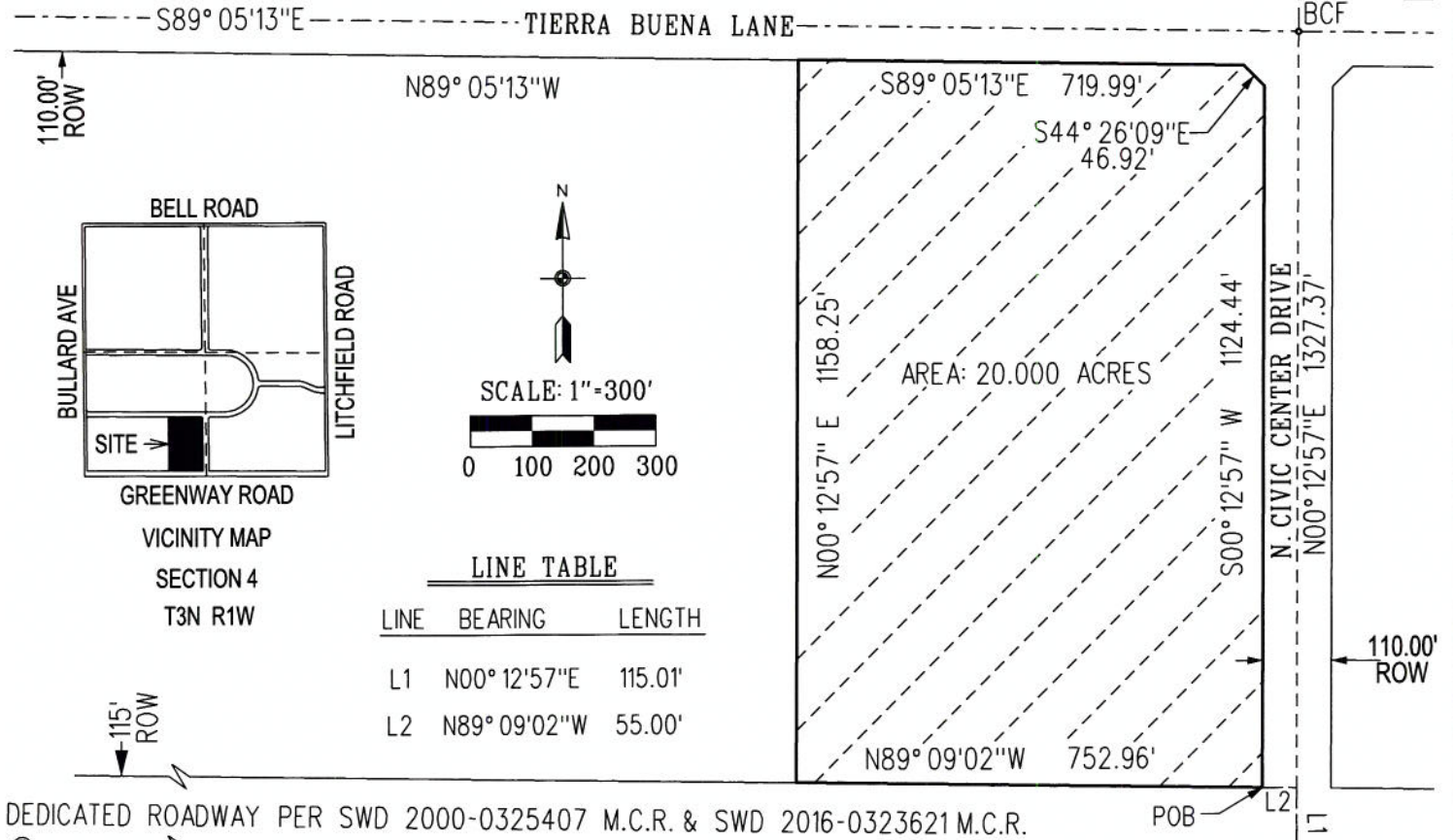
Containing 871,207 square feet or 20.000 acres, more or less.

Attached is EXHIBIT "B" and by this reference is made a part hereof.

End of description



EXHIBIT "B"



DEDICATED ROADWAY PER SWD 2000-0325407 M.C.R. & SWD 2016-0323621 M.C.R.

SW COR
SEC 4
COS BCF

LEGEND

M.C.R. MARICOPA COUNTY RECORDER
POC POINT OF COMMENCEMENT
POB POINT OF BEGINNING
COS CITY OF SURPRISE
BC BRASS CAPPED SURVEY MONUMENT
HH HANDHOLE
BCF BRASS CAP FLUSH WITH ROAD SURFACE



20 ACRE PARK PARCEL

SEC SECTION
● SURVEY MONUMENT
- - - SECTION LINE
- - - MID-SECTION LINE
- - - ROADWAY RIGHT OF WAY LINE
- - - TIE LINE



EXPIRES 09/30/20

BEARING BASE: THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 4 AS SHOWN ON PAGE 30 OF 54 OF ORDINANCE NO. 01-12 OF THE CITY OF SURPRISE, ARIZONA AS RECORDED IN INSTRUMENT 2001-1090773, RECORDS OF MARICOPA COUNTY, CITED AS NORTH 89°09'02" WEST

20 ACRE PARCEL



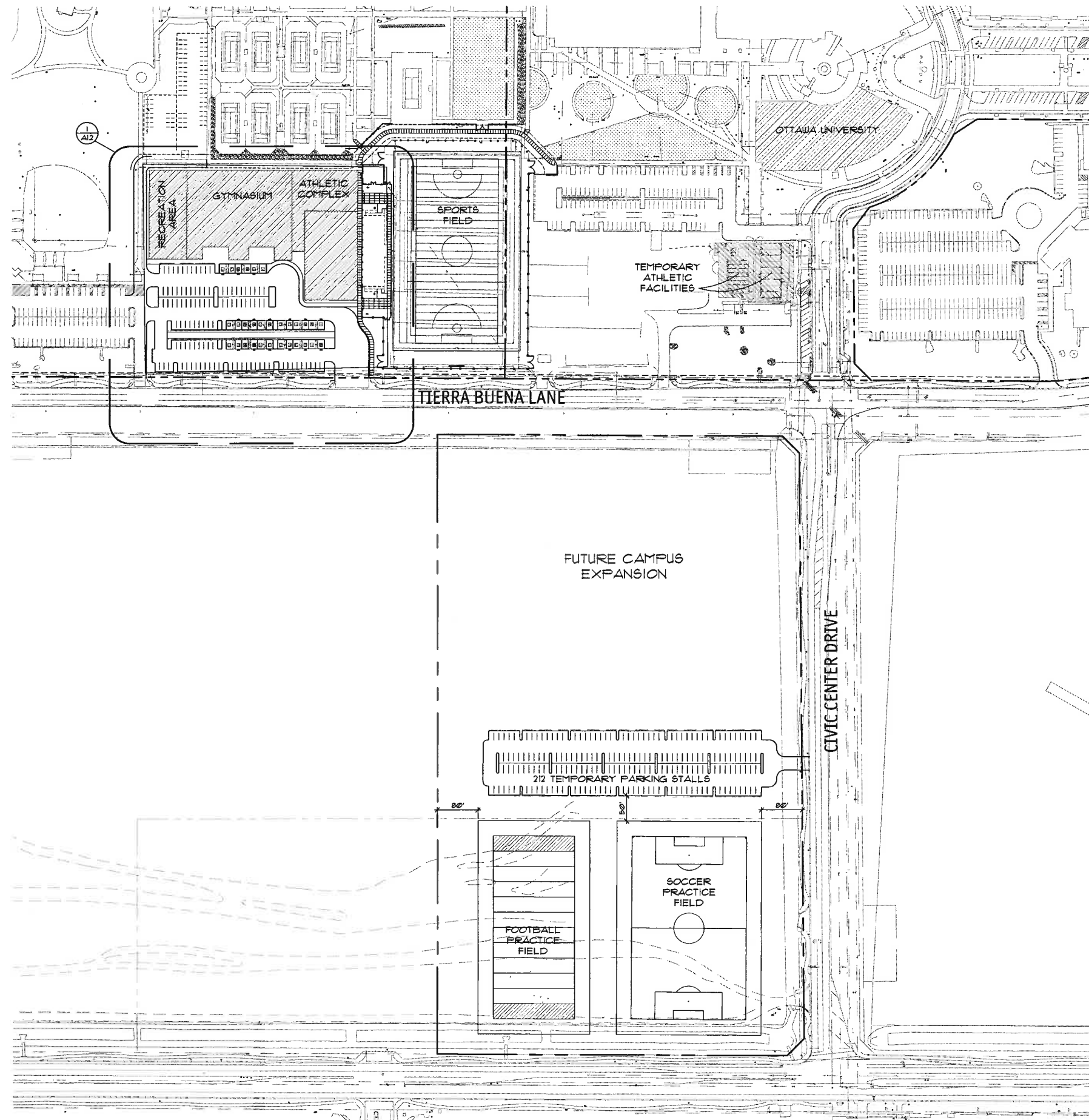
CITY OF SURPRISE
LAND SURVEY DEPARTMENT

PROJECT # 15029

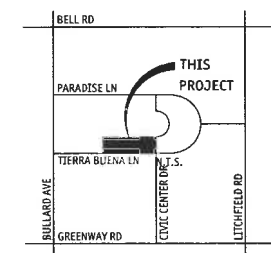
DRAWN BY RCD

DATE 03-27-17

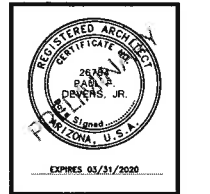
SHEET 1 OF 1



VICINITY MAP



OVERALL SITE PLAN
1" = 100'-0"
0 50 100 200



OTTAWA
UNIVERSITY
SURPRISE

SWC OF
SURPRISE CENTER
PKWY AND TIERRA
BUENA LANE
SURPRISE
ARIZONA

DATE

CONCEPT REVIEW
04-19-2017
1st DEVELOPMENT
SUBMITTAL 07-27-2017
PHASE I - FENCE PLAN
08-14-2017
2nd DEVELOPMENT
SUBMITTAL 08-16-2017
PHASE I - FENCE PLAN
09-20-2017
PRELIMINARY SITE PLAN
12-12-2017

**NOTICE OF ALTERNATE BILLING
CYCLE:**

This contract allows the owner to require
submission of billings or estimates in billing
cycles other than thirty days. A written
description of such other billing cycle
applicable to the project is available from
the owner or the owner's designated agent
upon request. The owner's designated agent
shall provide the written description upon request.

The architect's design and data
presented in these documents is an
instrument of service provided by Cawley
Architects.

All discrepancies found in these documents
or conflicts between these documents and
actual field conditions shall be reported to
Cawley Architects for resolution prior to
commencement of the work.

Discrepancies between bid amounts and
these documents shall be reported to the
General Contractor prior to
commencement of work.



COMMUNITY DEVELOPMENT
CITY OF SURPRISE

16000 N. CIVIC CENTER PLAZA
SURPRISE, AZ 85374

T. 623-222-3000

Date: January 30, 2018

To: Eric Fitzer, Community Development Director

From: Lari Beth Kirkendall, Real Property Manager

Re: Land Value on 20-acre parcel

The 20 acre parcel will be valued based on the appraisal that was completed by Dennis Lopez on the 13 acres parcel. The land value determined by Mr. Lopez was 2.73/square foot.

The Value of the 20 acres parcel (871,200 square feet) is \$2,378,376.

COMPROMISE SETTLEMENT AGREEMENT
AND FULL AND FINAL RELEASE OF ALL CLAIMS

This *Compromise Settlement Agreement and Full and Final Release of All Claims* (hereinafter referred to as the "**Agreement**") is made and entered into this 5th day of May, 2016 ("**Effective Date**").

PARTIES

City of Surprise,
an Arizona municipal corporation ("**City**")

AND

Surprise Center Development Company L.L.C.,
an Arizona limited liability Company ("**SCDC**")

The City and SCDC are referred to herein collectively as the "Parties".

ATTORNEYS

The attorneys for the various Parties are as follows:

CITY:	Robert Wingo, Esq. City Attorney City of Surprise 16000 N. Civic Center Plaza Surprise, AZ 85374	John M. O'Neal, Esq. Quarles & Brady Renaissance One Two North Central Phoenix, AZ 85004
SCDC:	Terry L. Rakow, Esq. The Cavanagh Law Firm 1850 N. Central Suite 2400 Phoenix, AZ 85004	Gary L. Birnbaum, Esq. Dickinson Wright 1850 N. Central Suite 1400 Phoenix, AZ 85004

RECITALS

WHEREAS, SCDC is the owner of approximately 472.23 acres of real property located between Bell Road on the north, Greenway Road on the south, Litchfield Road on the east and Bullard Avenue on the west, located in Surprise, Arizona (the "**Property**"). The Property owned by SCDC is legally described in **Exhibit "A"** attached hereto;

WHEREAS, the City and SCDC entered into that certain *Greenway Corridor Redevelopment Area Redevelopment and Disposition Agreement* dated June 20, 1997 (the "**RDA**");

WHEREAS, the RDA was recorded in the official records of the Maricopa County Recorder's Office on June 23, 1997, at Document Number 97-0421643;

WHEREAS, the RDA was subsequently amended on four separate occasions as follows:

- (a) *First Amendment to Redevelopment and Disposition Agreement*, recorded in the official records of the Maricopa County Recorder's Office on February 10, 2000, at Document Number 2000-0099654;
- (b) *Second Amendment to Redevelopment and Disposition Agreement*, recorded in the official records of the Maricopa County Recorder's Office on April 28, 2000, at Document Number 2000-0325399;
- (c) *Third Amendment to Redevelopment Agreement and Disposition Agreement*, recorded in the official records of the Maricopa County Recorder's Office on April 28, 2000, at Document Number 2000-0325401;

(d) *Fourth Amendment to Redevelopment and Disposition Agreement*, recorded in the official records of the Maricopa County Recorder's Office on October 9, 2001, at Document Number 2001-0934097.

(The RDA and Amendments are hereinafter collectively referred to as the "**RDA, As Amended**"); and

WHEREAS, the City approved SCDC's Planned Area Development [P.A.D. 00-105] on January 25, 2001 (hereinafter the "**PAD**"). The City adopted an ordinance rezoning SCDC's Property. SCDC's rights pursuant to the PAD became vested pursuant to the *Fourth Amendment to Redevelopment and Disposition Agreement*;

WHEREAS, on September 15, 2014, the City filed a Complaint (as subsequently amended and/or modified), alleging claims for breach of contract, bad faith, unjust enrichment, and declaratory judgment against SCDC in the Maricopa County Superior Court, Arizona, pending as CV2014-011510. On October 13, 2014, SCDC filed an Answer to the Complaint, and on June 23, 2015, SCDC filed Counterclaims for breach of contract, breach of the covenant of good faith and fair dealing, declaratory judgment, tortious interference with contract, and tortious interference with business expectancy against the City. For purposes of this Agreement, the term "Lawsuit" refers collectively to any and all claims, counterclaims, and causes of action that were asserted or could have been asserted in the action pending as CV2014-011510; and

WHEREAS, the Parties desire to settle the dispute between them as asserted in the Lawsuit. To that end, the Parties have made this Agreement according to the terms, conditions, and provisions hereof.

COVENANTS AND AGREEMENTS

NOW, THEREFORE, intending to be legally bound and in consideration of the mutual promises and covenants of the Parties, the receipt and sufficiency of which is hereby acknowledged by all Parties, and the performance of the terms and conditions hereinafter set forth, the Parties hereto agree as follows:

1. INCORPORATION OF RECITALS.

The Parties hereto agree that the Recitals set forth hereinabove are true and correct and are incorporated herein by reference.

2. REAFFIRMATION.

The Parties hereby agree that the terms and provisions of the RDA, As Amended, and the PAD, remain in full force and effect. The Parties further agree that they will not allege that the other is currently, at the time of execution of this Agreement, in breach of either the RDA, As Amended and/or the PAD, however, neither Party waives any right to enforce the terms and provisions of the RDA, As Amended and/or the PAD in the future.

3. Compromise of Claims.

This Agreement is executed as a compromise of disputed claims, liability for which is expressly denied by the Parties. By this Agreement, the Parties do not admit any wrongdoing or liability, nor do the Parties intend it to be construed as such.

4. DISMISSAL OF THE LITIGATION WITH PREJUDICE.

The Parties have previously, by and through counsel, filed a *Notice of Conditional Settlement and Joint Motion* with the Maricopa County Superior Court pursuant to and consistent with *Arizona Rule of Civil Procedure 5.1(d)* and the applicable *Local Rules for*

Maricopa County. Within five business days of the execution of this Agreement, counsel for the Parties shall execute and file with the Maricopa County Superior Court the *Stipulation and Joint Motion to Dismiss With Prejudice* (the "Stipulation") and *Proposed Order of Dismissal* both attached hereto as **Exhibit "B"**. The Stipulation will provide that the City and SCDC shall bear their own attorneys' fees and costs, with the exception of the City's agreement as set forth in paragraph 11 of this Agreement. The Parties hereby instruct and authorize their respective attorneys to execute the Stipulation and proposed form of *Order of Dismissal With Prejudice* for and on their behalf and to promptly file the same with the Maricopa County Superior Court.

5. CONDITIONAL CONVEYANCE OF LAND.

SCDC hereby agrees that it will reserve a twenty acre parcel of land within the Property for the benefit of the City, subject to the terms and conditions of this Agreement. The twenty acre parcel is legally described in **Exhibit "C"** attached hereto and is generally located at the northwest corner of Greenway Road and Civic Center South (the "**Reserved Parcel**"). The Reserved Parcel shall be held by SCDC for the benefit of the City for a period of ten years commencing upon the execution of this Agreement and terminating on May 1, 2026, upon the following terms and conditions:

At such time as the City determines that it will use, or has procured a *bona fide* user for the Reserved Parcel for either (i) higher educational uses or (ii) civic and or governmental uses as set forth and described in Exhibit "B" to the *Special Warranty Deed (With Deed Restrictions)* attached hereto as **Exhibit "D"**, the City may give written notice (the "**Notice**") to SCDC,

that the City is the user or, in the event of a third party user, of the name or title of the user, and in any case, the express use of the Reserved Parcel. The Notice shall request a conveyance of the Reserved Parcel to the City. The Notice shall avow that the City is the user, or that the City has procured one or more actual users of the Reserved Parcel whose use of the Reserved Parcel will strictly comply with (i) or (ii) above and that such use shall continue in perpetuity. So long as the foregoing conditions are met on or prior to May 1, 2026, SCDC will, within thirty (30) days of the receipt of the Notice, and at absolutely no expense or cost to the City or third party (excluding normal and customary closing costs and, if applicable, payment to the City of Phoenix for release of Deed Restrictions on the Reserved Parcel pursuant to the IGA (hereinafter defined in paragraph 10 of this Agreement)) convey the Reserved Parcel by *Special Warranty Deed*, attached hereto as Exhibit "D", free and clear of all liens, to the City. The *Special Warranty Deed* shall contain a deed restriction that the Reserved Parcel may only be utilized for either (i) higher educational or (ii) civic and/or governmental uses in perpetuity as set forth and described in Exhibit "B" to the *Special Warranty Deed (With Deed Restrictions)* attached hereto as **Exhibit "D"**).

SCDC hereby acknowledges that the City, or a third party, shall have the right to a conveyance of the Reserved Parcel at absolutely no expense or cost (excluding normal and customary closing costs and, if applicable, payment to the City of Phoenix for release

of Deed Restrictions on the Reserved Parcel pursuant to the IGA) to the City or the third party so long as the City provides the Notice on or before May 1, 2026 and the intended use complies with the deed restrictions set forth in (i) or (ii) above.

Notwithstanding the foregoing, prior to the time that SCDC conveys the Reserved Parcel to the City, the City shall have the right to request, and SCDC shall have the right to tender to the City, a lease or a license for the use of the Reserved Parcel for a term not to extend beyond May 1, 2026 (**the ten year period**) for one dollar (\$1.00) per year so long as during the term of the lease or license: (1) the City complies with all of the above use conditions; (2) the City is responsible for and agrees to pay when due any and all real estate taxes, improvement assessments and impositions assessed upon the Reserved Parcel; and (3) the City obtains adequate insurance coverage for the Reserved Parcel and indemnifies SCDC from any and all third party claims of any kind or nature, but only to the extent that such claims, which result in vicarious liability to SCDC, are caused by the act, omission, negligence, or misconduct of the City, or any sublessee, sublicensee or any other user authorized by the City. During the term of any such lease or license of the Reserved Parcel, the City shall be permitted to enter into subleases, sublicense and other agreements for the use of the Reserved Parcel, so long as the use conditions set forth herein are not violated, and to collect and retain rent or other fees for such use.

Within five business days of execution of this Agreement, the Parties will execute a memorandum giving notice of the City's rights under this Paragraph 5 with respect to the Reserved Parcel, and cause such memorandum to be recorded in the official records of Maricopa County.

6. GREENWAY ROAD IMPROVEMENTS.

The City is currently undertaking the following: (1) improving Greenway Road from Litchfield Road to Bullard Avenue; (2) installing and maintaining certain drainage and retention facilities; and (3) constructing, building and installing sidewalks, curb cuts, paving, medians, landscaping, underground power lines and utilities, roadway signage and striping of roadways (hereinafter collectively the "**Greenway Improvements**"). The work on the Greenway Improvements is currently proceeding pursuant to a Perpetual Non-exclusive Easement accepted by Resolution # 2016-58 on April 5, 2016. The Perpetual Non-exclusive Easement will be superseded by a conveyance of approximately 6.9 acres of Property which extends approximately sixty (60) feet northward from the existing northern Greenway Road right-of-way limit from Litchfield Road to Bullard Avenue ("Greenway Improvements Parcel") to the City. Within five business days of the execution of this Agreement, SCDC will convey the Greenway Improvements Parcel to the City, by *Special Warranty Deed*, attached hereto as **Exhibit "E"**. The legal description of the Greenway Improvements Parcel is attached hereto as an exhibit to the *Special Warranty Deed* attached as **Exhibit "E."** SCDC shall convey the Greenway Improvements Parcel for (i) the limited purposes set forth immediately hereinabove in order to facilitate the City's work on the Greenway Improvements and (ii) future underground powerlines and utilities. The use restrictions set forth in this Paragraph 6 shall be set forth as "Deed Restrictions" in the *Special Warranty Deed* conveying the Greenway Improvements Parcel to the City. In consideration of the conveyance by SCDC of the Greenway Improvements Parcel to the City, the City will

contemporaneously convey back to SCDC and its transferees, successors and assigns a permanent affirmative easement over the Greenway Improvements Parcel for SCDC's benefit by recording the Easement attached as **Exhibit "F"**. Said easement shall grant to SCDC and its transferees, successors and assigns all rights to the use of the Greenway Improvements Parcel for, among other things, (1) landscaping; (2) onsite and off-site drainage and detention of flood waters; (3) ingress and egress to and from the Property via bridges and/or box culverts at locations consistent with the City's engineering design standards; (4) construction and maintenance of utilities serving SCDC's Property; and (5) any other use not inconsistent with the City's intended use as described herein. In addition to the Easement, the City hereby agrees to calculate the property floor area ratio ("FAR") from the Property boundaries as they exist immediately prior to SCDC's conveyance of the Greenway Improvements Parcel. The setbacks for SCDC property adjacent to the Greenway Improvements Parcel will remain at zero feet.

The City intends to construct drainage facilities within the Greenway Improvements Parcel for the purpose of accommodating water flow as outlined in the November 2015 Drainage Report. Consistent with the November 2015 Drainage Report, the City acknowledges that the City's drainage facilities will receive runoff from SCDC's Property, limited to its current undeveloped condition. SCDC and its transferees, successors and assigns shall have the right to utilize, for its or their own purposes, the City's drainage facilities for its or their on-site and off-site flows of water, but only to the extent that the amount of flow results from the current undeveloped condition of the

Property or is consistent with an approved drainage study to be conducted pursuant to Paragraph 7 of this Agreement (the “2016 Drainage Study”).

The City's current plans call for construction of drainage facilities that will accommodate flows as outlined in the November 2015 Drainage Report. Therefore, while SCDC shall have the right, as limited above, to place its own on-site and off-site drainage of flood waters in the drainage facility constructed by the City, it is expressly understood and agreed that there will currently be no additional capacity beyond that outlined in the November 2015 Drainage Report so that in order for SCDC to utilize the City's drainage facilities to serve development of the Property SCDC or its transferees, successors, and assigns shall be required and permitted, contingent on the City's approval of the design and concept on an expedited basis [consistent with the RDA, As Amended, and the PAD], to enlarge and enhance the City's facilities or construct its own additional drainage or detention facilities on the Greenway Improvements Parcel to accommodate SCDC's additional flows from such development. Notwithstanding the rights provided herein pertaining to SCDC's or its transferees', successors' and assigns' utilization of the City's drainage facility, it is agreed that the use shall comply with the PAD and 2016 Drainage Study. If the 2016 Drainage Study permits drainage contrary to that allowed in the PAD, the City will agree to administratively amend the PAD to conform to the approved 2016 Drainage Study. Any additional work to enlarge, enhance, or improve the drainage facilities (including design, engineering, construction and materials) to accommodate development on the SCDC Property shall be at the sole expense of SCDC.

The City's direct and actual costs attributable to the Greenway Improvements are anticipated to be approximately \$2.7 million. However, the Parties expressly agree that the City may not assess and/or impose any lien or charge whatsoever in any amount and for any purpose against SCDC's Property for the Greenway Improvements.

SCDC and the City shall use Commercially Reasonable efforts to cooperate with regard to the location of utility connections and roadway locations for future development. Commercially Reasonable will be defined as acting in good-faith, in accordance with commonly accepted practice, each Party being able to consider its own economic interest in rendering performance, and without either Party being required to perform to its own detriment.

7. DRAINAGE STUDY

The City and SCDC agree to cooperate with regard to performance of a mutually acceptable drainage study that evaluates all offsite flows that are upstream and adjacent to the Property and how offsite flows will leave the Property and outfall at the Agua Fria River.

The City and SCDC will work together on a master drainage plan for the Property and the property owned by the City. This will include provisions for off-site and on-site water flows, including, but not limited to, retention/detention and eventual drainage flow out of the Greenway and Litchfield channels to the Aqua Fria River. The study and plan will memorialize the assumed flow values entering the site and will also evaluate options for retention requirements for future development within the square mile. It is anticipated that the master drainage plan will incorporate provisions with regard to the Greenway

Improvements including water flow from the west and north. The City and SCDC shall use Commercially Reasonable efforts to reach an acceptable master drainage plan to be executed and approved by the City on or before September 30, 2016.

8. CIVIC CENTER NORTH IMPROVEMENTS.

The City shall, at a minimum, strip pave two lanes of Civic Center North from Elm Street to Paradise Lane at its own cost and expense on or before December 15, 2017. The work shall connect with the existing pavement which is in place. The City will maintain the road from Bell Road to Paradise Lane beginning March 1, 2016. The foregoing paving improvements shall be made on property owned by the City. SCDC and the City agree that under no circumstances shall any lien or other encumbrance in any amount and for any purpose be placed upon SCDC's Property in connection with any work performed by the City pursuant to this Paragraph 8.

9. AMENDMENT OF EXISTING LIENS.

The City has previously asserted and imposed two liens impacting the Property as follows: (A) Repayment Project #20808, recorded with the Maricopa County Recorder on March 3, 2009, at Document Number 20090183877 ("**Litchfield Road Lien**"); and (B) Repayment Project #20816, recorded with the Maricopa County Recorder on August 6, 2012, at Document Number 20120696634 ("**Bullard Avenue Lien**"). Within five business days of SCDC recording the Special Warranty Deed conveying the Greenway Improvements Parcel, the City will record the two Amendment to Governmental Liens (the "Amended Liens") attached as Exhibits "G" and "H". The sole intent of the Amended Liens is to reduce the total acreage to which the Litchfield Road Lien and

Bullard Avenue Lien attach, to approximately 25.5 and 26.9 acres, respectively. The City hereby agrees to reduce the amount of acreage covered by each of the existing two liens; however, the commencement dates, current expiration dates and the amounts of the two liens shall not be changed in any fashion whatsoever, and, in any event, their expiration and automatic termination dates) shall not be extended. The Litchfield Road Lien shall expire without any further action on March 2, 2019, and the Bullard Avenue Lien shall expire without any further action on August 5, 2022.

10. CITY'S DISCRETIONARY RELEASE OF DEVELOPMENT PARCELS UNDER THE INTERGOVERNMENTAL AGREEMENT BY AND BETWEEN THE CITY OF PHOENIX AND THE CITY OF SURPRISE AND ASSIGNMENT AND ASSUMPTION OF BENEFICIAL INTEREST UNDER RECORDED DEED RESTRICTIONS (the "IGA").

The City is a party to the IGA. The IGA, which is recorded in the official records of the Maricopa County Recorder's Office on December 24, 2013, at Document Number 20131082868, provides, among other things, for the release of certain recorded deed restrictions (the "**Deed Restrictions**") on SCDC's Property under certain conditions. Pursuant to Section 2.6 of the IGA, the City is "authorized, at its discretion, to release up to 80 acres of Development Parcels (the "**Credited Parcels**") from the Deed Restrictions without collecting or remitting to Phoenix the Release Payment in consideration of Surprise's agreement that Avigation Easements and Releases will be recorded and delivered in conformance with this section . . ." "Development Parcel" is defined as one or more parcels that are not, in the aggregate, less than one acre in size.

The City hereby exercises its discretion and grants SCDC the right to identify up to 40 acres of the City's 80 acres which the City will then designate as "Credited Parcels." This will allow SCDC to have the Deed Restrictions, as provided in paragraph 2.6 of the IGA, completely eliminated without tendering a Release Payment (as defined in paragraph 2 of the IGA), or other payment, for the 40 acres released. SCDC shall have the sole and absolute right to utilize its discretion to identify which 40 acres of "Development Parcels" it will request the City to designate as "Credited Parcels" on its Property. Nevertheless, the City's designation shall not be contrary to, or in violation of, any term or condition of the IGA. For instance, in accord with the IGA, every acre in the "Credited Parcels" will be included without deduction or offset and any fraction of an acre will be rounded up to one full acre for the purpose of calculating the "Credited Parcels".

However, for each acre of the 40 acres of "Credited Parcels" identified by SCDC, SCDC shall be required to execute at the time of identification an "Avigation Easement" and a "Release of Liability" consistent with the forms attached to the IGA as Exhibits B and C (and attached hereto as **Exhibits "I" and "J"**). For each such acre identified by SCDC as a "Credited Parcel," SCDC will execute "Avigation Easements" and "Release of Liability" documents for five acres of SCDC Property. By way of example, for each one acre of "Credited Parcels" identified by SCDC, it shall grant an "Avigation Easement" and a "Release of Liability" for five identified acres, which will include the "Credited Parcel" acre, of the Property. Once SCDC has identified all 40 acres of "Credited Parcels," it will have granted "Avigation Easements" and "Release of Liability"

documents covering 200 acres of the Property (40 acres of "Credited Parcels" plus 160 additional acres of Property). For all other portions of Property for which SCDC does not seek to utilize the "Credited Parcels" identification but for which a release is sought by SCDC, SCDC shall grant an "Avigation Easement" and a "Release of Liability" on an acre for acre basis and the aforementioned multiple of five for one shall not appertain.

As a condition of SCDC identifying, and the City subsequently designating a "Credited Parcel", SCDC shall deliver to the City a written statement in which SCDC (a) certified the acreage of the "Development Parcels" it desires the City to designate as "Credited Parcels", (b) identifies the "Credited Parcels" by legal description and map, and (c) provides executed Avigation Easements and Releases of Liability for five acres for every one acre of "Credited Parcels". Once SCDC identifies an acre as a "Credited Parcel" the designation is irrevocable without consent of the City, which consent may be withheld in the sole and absolute discretion of the City.

The sole purpose of this paragraph shall be to confirm that SCDC shall be entitled to identify and utilize 40 acres of its Property free from the Deed Restrictions referred to in the IGA so that SCDC will not be burdened with payment of Release Payments for lifting of the Deed Restrictions on the 40 acres.

11. REIMBURSEMENT OF SCDC'S LEGAL COSTS.

SCDC has incurred certain legal expenses for attorneys' fees and costs ("**Litigation Costs**") in connection with the Lawsuit. Without admitting liability, and solely as a compromise of disputed claims, the City has agreed to allow SCDC to recoup the foregoing Litigation Costs accrued up to the date the City executes this Agreement

and not to exceed \$800,000.00 by utilizing the same as credits or offsets with regard to any and all future development impact fees, planning and zoning fees, and building permit fees charged by the City and related directly to development of the Property. This paragraph shall be in addition to, and not in lieu of, any other provision of this Agreement. The mechanics and procedures for applying the offsets and/or credits shall be as set forth in the *Development Incentive Agreement* described in Paragraph 12 hereinafter. Currently, SCDC has paid billing statements totaling \$695,938.34. The City has verified to its satisfaction this amount through a review of the billing statements paid by SCDC to its attorneys and experts and agrees that \$695,938.34 of the Litigation Costs are hereby approved. With regard to any additional Litigation Costs not exceeding \$104,061.66 and which accrued up to the date the City executes this Agreement, SCDC shall provide a month-by-month total of any additional Litigation Costs. The City shall be allowed to reasonably review the up to \$104,061.66 of potential additional Litigation Costs in the same manner the City verified the \$695,938.34. Any disagreement by and between SCDC and the City regarding any additional Litigation Costs to be credited or offset for the benefit of SCDC shall be resolved by mutual agreement or as provided in Paragraph 26 hereinafter. Under no circumstances is it intended that SCDC be required to waive the attorney/client privilege or any other applicable privilege or protection with regard to its representation by its attorneys.

The credit described in this paragraph may be utilized at any time, and from time-to-time, by SCDC or its transferees, successors or assignees, so long as the credit is applied to fees and/or charges described above relating to development of or on the

SCDC Property. Nevertheless, under no circumstance shall the City pay, be liable or responsible for, or otherwise reimburse SCDC through credits, offsets, or any other mechanism more than a total of \$800,000.00 of Litigation Costs.

12. DEVELOPMENT INCENTIVE AGREEMENT.

The City and SCDC will agree upon and execute on or before September 30, 2016, a *Development Incentive Agreement*.. The *Development Incentive Agreement* is intended to induce development of the Property. The City and SCDC shall use Commercially Reasonable efforts to agree upon the terms of the *Development Incentive Agreement* and it shall be consistent with development agreements which have been entered into by Arizona municipalities, including the City, since the ruling in *Turken v. Gordon*, 223 Ariz. 342 (2010). The *Development Incentive Agreement* shall, at a minimum, consider a wide range of incentive tools which the City currently has as its disposal consistent with the Arizona Supreme Court's current interpretation of the limitations imposed on Arizona Cities by the Arizona Gift Clause, which may include among other things, reimbursement of public improvements from a portion of taxes generated by development related to the respective improvements, City assistance with construction of streets and other public infrastructure, waiver of fees, utilizing City planning and zoning powers, and expedited review/approval process. However, the *Development Incentive Agreement* will provide, by necessity, that the nature, scope, and application of any agreed to incentive will depend on the nature, characteristic, and scope of any specific future development project. That is to say, any incentive provided to any specific development project will be contingent on the City receiving commensurate bargained for consideration from that

project. The City shall comply with any applicable laws relating to approval of any incentives, including *A.R.S. §9-500.11*, if applicable.

13. MASTER PLANNING.

The City and SCDC will conduct a series of planning and review sessions with respect to SCDC's master plan for its Property and any adjacent property owned or controlled by the City. The Parties shall discuss and consider land uses and development of SCDC's Property and the City's property and such other matters that may be agreed upon by and between the City and SCDC. Such discussions and consultation by and between the City and SCDC shall require that the Parties exercise good faith in their discussions and efforts.

14. PUBLICITY.

The City and SCDC shall cooperate with regard to joint announcements regarding settlement of the Lawsuit and their mutual desire to work together with regard to the development of the Property and the City's property. Those efforts shall reflect the prospective efforts of SCDC and the City to fulfill a goal and vision for the development of the civic center/downtown as a "public/private partnership," the purpose of which is to create an urban/suburban central business and civic center district. The Parties shall, from time-to-time as may be appropriate, agree upon additional joint announcements to the public concerning their efforts.

15. SUCCESSORS AND ASSIGNS.

This Agreement shall inure to the benefit of the Parties' successors and assigns and the rights provided pursuant to this Agreement may be transferred by either party in

whole or in part without further approval by the other party. In the event SCDC transfers or assigns a right hereunder which implicates the identification or credits/offsets of Sections 10 and 11, respectively, SCDC will provide an estoppel letter to the City identifying the assignee, the quantity or amount of said assignment, and a statement that the City may rely on SCDC's declaration. For illustrative purposes only, if SCDC assigns its right to \$10,000.00 of credit against development impact fees hereunder, it will deliver to the City a letter identifying the assignee, the \$10,000.00 amount assigned, and indicate that the City may apply the \$10,000.00 as credit of the assignee, and reduce said amount from the credit of SCDC.

16. ACKNOWLEDGMENT AND WARRANTY OF AUTHORITY.

The Parties hereto warrant and covenant that they have full right, power, and authorization to enter into, execute, and perform this Agreement and that all necessary corporate and/or governmental authorizations, approvals, and consents have been received to bind the respective Party.

17. RELEASE OF THE CITY.

As part of the consideration for execution and performance of this Agreement according to the terms specified herein, SCDC, individually, and for and on behalf of its current and former principals, members, affiliates, related entities and persons, officers, directors, representatives, agents, servants, attorneys, consultants, heirs, executors, personal representatives, trustees, accountants, stockholders, shareholders, partners, receivers, parents, subsidiaries, predecessors-in-interest, successors-in-interest, employees, independent contractors, insurers and reinsurers, and successors and assigns,

including but not limited to Airfield Capital Partners, LLC, Sun Health Partners, Tal Wi Wi Ranches LLC and, if applicable, any spouse and marital community of any of the foregoing, hereby fully, unconditionally and irrevocably releases, waives and forever discharges the City, its current and former agents, servants, principals, consultants, affiliates, related entities, elected officials (including but not limited to the current and former Mayor and Council), attorneys, members, representatives, accountants, employees, directors, officers, independent contractors, managers, affiliates, predecessors-in-interest, successors-in-interest, successors and assigns, insurers or reinsurers and, if applicable, any spouse and marital community of any of the foregoing, from and against any and all obligations, demands, lawsuits, liabilities, damages, claims, causes of action, whether at law or in equity, matured or contingent, liquidated or unliquidated, asserted or unasserted, known or unknown, which, in whole or in part, arise out of or relate to the Lawsuit and the acts, omissions, transactions, and events (whether or not continuing) related to the Lawsuit as well as any matter or transaction of whatever kind or nature which arose prior to the Effective Date of this Agreement.

18. RELEASE OF SCDC.

As part of the consideration for execution and performance of this Agreement according to the terms specified herein, the City, for and on behalf of itself, as well as its current and former elected officials, representatives, employees, consultants, agents, servants, attorneys, heirs, affiliates, members, managers, insurers and reinsurers, accountants, directors, officers, independent contractors, executors, personal representatives, trustees, successors, assigns and, if applicable, any spouse and marital

community of any of the foregoing, hereby fully, unconditionally and irrevocably releases, waives and forever discharges SCDC and its current and former members, agents, servants, principals, shareholders, partners, consultants, trustees, affiliates, representatives, accountants, managers, independent contractors, predecessors-in-interest, successors-in-interest, directors, officers, employees, subsidiaries, attorneys, insurers and reinsurers, successors and assigns and, if applicable, any spouse and marital community of any of the foregoing, from and against any and all obligations, demands, lawsuits, liabilities, damages, claims, causes of action, whether at law or in equity, matured or contingent, liquidated or unliquidated, asserted or unasserted, known or unknown, which, in whole or in part, arise out of or relate to the Lawsuit and the acts, omissions, transactions, and events (whether or not continuing) related to the Lawsuit as well as any matter or transaction of whatever kind or nature which arose prior to the Effective Date of this Agreement.

19. TIME IS OF THE ESSENCE.

Time is of the essence of this Agreement and the terms, covenants and conditions herein shall extend to and be binding upon the respective Parties and their successors and assigns to the fullest extent allowed by law.

20. ENTIRE AGREEMENT.

This Agreement contains the entire integrated agreement of the Parties with respect to any matter mentioned herein. With respect to its subject matter, including without limitation all matters incorporated herein by reference, this Agreement is a final

expression of the Parties' rights and duties, and there are no other agreements or understandings between the Parties to the contrary.

21. NO ORAL MODIFICATION.

This Agreement may only be altered, amended, and/or modified in a writing signed by the Parties hereto. There are no oral or written statements, representations, agreements or understandings which modify, amend or vary the terms of this Agreement.

22. ADDITIONAL DOCUMENTS.

The Parties hereto agree to execute, deliver, acknowledge and record, as applicable, any further or additional documents or instruments specifically set forth in this Agreement or as otherwise may be required or necessary to implement this Agreement according to its terms.

23. ARIZONA LAW.

This Agreement is made in Arizona and shall be governed solely by the laws of the State of Arizona, and in any lawsuit, action or proceeding instituted by any party hereto arising out of or with respect to this Agreement, jurisdiction and proper venue shall be deemed to be in Maricopa County, Arizona, and the Parties hereby waive any objection or defense based upon improper venue. In addition, the Parties hereby waive their respective right to a trial by jury of any claim, counterclaim, cross complaint or cause of action in any such action, proceeding, or hearing brought by either party against the other arising out of this Agreement.

24. NO REPRESENTATIONS.

This Agreement represents the full and complete understanding of the Parties and no party entering into this Agreement is relying upon any representations or warranties of any other party, except as specifically set forth in this Agreement.

25. AUTHORITY TO EXECUTE.

Each party executing this Agreement represents that it has full authority to execute for and bind the party for whom such party signs. Without limitation on the foregoing, SCDC represents that the execution and delivery of this Agreement by it has been authorized and approved, in accordance with its constituent documents, by all Members of SCDC.

26. STATUTORY COMPLIANCE.

This Agreement is subject to the provisions of *A.R.S.* §38-511, which is incorporated herein by reference.

27. ENFORCEMENT.

The provisions of this Agreement shall be enforceable by either or both SCDC and the City by any remedy now or hereafter available at law or in equity. The prevailing Party shall be entitled to receive from the non-prevailing Party all reasonable expenses, including but not limited to attorneys' fees and costs. Costs and attorneys' fees shall be assessed by the court and not by jury and shall be included in any judgment obtained by the prevailing Party.

28. SEVERABILITY.

In the event that any provision of this Agreement is determined to be invalid, illegal or otherwise unenforceable, the remaining provisions of the Agreement shall remain in full force and effect.

29. HEADINGS.

Headings of this Agreement are for the purpose of reference only and shall not limit or otherwise affect the meanings hereof.

30. COUNTERPARTS

This Agreement may be executed in any number of counterparts; all counterparts are deemed to constitute one and the same instrument, and each counterpart is deemed to be an original of that instrument.

31. NOTICES.

Any notice to be given pursuant to the terms of this Agreement or otherwise, shall be given by certified mail, return receipt requested, as follows:

CITY: Robert Wingo, Esq.
City Attorney
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374

COPY TO: Mr. Bob Wingenroth
City Manager
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374

SCDC: Terry L. Rakow, Esq.
The Cavanagh Law Firm
1850 N. Central
Suite 2400
Phoenix, AZ 85004

COPY TO: Airfield Capital Partners L.L.C.
Attention: Richard B. West III
11811 N. Tatum Boulevard
Suite 4052
Phoenix, AZ 85028

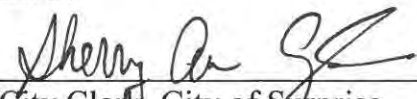
THE UNDERSIGNED HAVE CAREFULLY READ THIS AGREEMENT, FULLY UNDERSTAND IT AND HAVE VOLUNTARILY AGREED TO EXECUTE THIS AGREEMENT.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and date as set forth below.

CITY OF SURPRISE,
an Arizona municipal corporation

By: 
Its: Mayor

ATTEST:

By: 
City Clerk, City of Surprise

Dated: May 5, 2016

Dated: May 5, 2016

SURPRISE CENTER DEVELOPMENT COMPANY L.L.C.,
an Arizona limited liability company

By: AIRFIELD CAPITAL PARTNERS L.L.C.,
an Arizona limited liability company
Its: Managing Member

By: Airfield Management Associates L.L.C.,
an Arizona limited liability company
Its: Managing Member

By: TRW Partners LLC,
an Arizona limited liability company
Its: Member

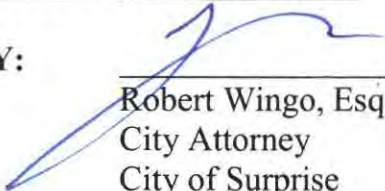
By: West Management Limited Partnership,
an Arizona limited partnership
Its: Managing Member

By: The Richard West Co.,
an Arizona corporation
Its: General Manager
By: _____

Richard B. West, III, President
Dated: _____

APPROVED AS TO FORM:

CITY:



Robert Wingo, Esq.
City Attorney
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374

SCDC:

Terry L. Rakow, Esq.
The Cavanagh Law Firm
1850 N. Central
Suite 2400
Phoenix, AZ 85004

EXHIBIT A

DESCRIPTION

SURPRISE CENTER DEVELOPMENT COMPANY

That portion of Section 4, Township 3 North, Range 1 West of the Gila and Salt River Base and Meridian, City of Surprise, Maricopa County, Arizona, described as follows:

COMMENCING at the northwest corner of said Section 4 from which the north quarter corner of said Section lies South 89°22'39" East 2638.98 feet;
Thence along the north line of the northwest quarter of said Section South 89°22'39" East 55.50 feet;
Thence South 00°37'21" West 65.00 feet to the POINT OF BEGINNING;
Thence South 89°22'39" East 2583.94 feet;
Thence South 89°23'04" East 2583.63 feet;
Thence South 00°13'27" West 2711.77 feet;
Thence South 89°13'59" West 2593.04 feet;
Thence North 89°09'40" West 2582.52 feet;
Thence North 89°09'01" West 2581.06 feet;
Thence North 00°11'00" East 2605.46 feet;
Thence North 00°11'00" East 2679.08 feet to the POINT OF BEGINNING.

EXCEPT

COMMENCING at the northwest corner of said Section 4 from which the north quarter corner of said Section lies South 89°22'39" East 2638.98 feet;
Thence along the north line of the northwest quarter of said Section South 89°22'39" East 2531.44 feet;
Thence South 00°37'21" West 65.00 feet to the POINT OF BEGINNING;
Thence South 89°22'39" East 108.00 feet;
Thence South 89°23'04" East 108.00 feet;
Thence South 45°24'56" West 46.51 feet;
Thence South 00°12'56" West 2518.82 feet;
Thence South 44°24'05" East 46.98 feet;
Thence South 89°01'06" East 329.35 feet to the beginning of a tangent curve concave southwesterly having a radius of 718.25 feet;
Thence southeasterly along the arc of said curve through a central angle 82°56'31" 1039.74 feet;
Thence South 46°54'32" East 48.93 feet;
Thence South 89°03'10" East 845.85 feet to the beginning of a tangent curve concave southerly having a radius of 355.00 feet;
Thence southeasterly along the arc of said curve through a central angle of 21°56'43" 135.97 feet;

(description continued on page 2 of 4)

DESCRIPTION (continued from page 1 of 4)

Thence South $67^{\circ}06'27''$ East 252.48 feet to the beginning of a tangent curve concave northerly having a radius of 245.00 feet;
Thence easterly along the arc of said curve through a central angle of $22^{\circ}39'34''$ 96.89 feet;
Thence South $89^{\circ}46'01''$ East 66.98 feet;
Thence North $45^{\circ}13'59''$ East 46.67 feet to a point on the west Right-of-Way line of Litchfield Road;

Thence along said west Right-of-Way line South $00^{\circ}13'59''$ West 176.00 feet;
Thence North $44^{\circ}46'01''$ West 46.67 feet;
Thence North $89^{\circ}46'01''$ West 66.98 feet to the beginning of a tangent curve concave northerly having a radius of 355.00 feet;
Thence northwesterly along the arc of said curve through a central angle of $22^{\circ}39'34''$ 140.40 feet;
Thence North $67^{\circ}06'27''$ West 252.48 feet to the beginning of a tangent curve having a radius of 245.00 feet;
Thence westerly along the arc of said curve through a central angle of $21^{\circ}56'43''$ 93.84 feet;
Thence North $89^{\circ}03'10''$ West 38.09 feet;
Thence South $46^{\circ}07'35''$ West 35.49 feet;
Thence South $00^{\circ}58'51''$ West 214.92 feet to the beginning of a tangent curve concave westerly having a radius of 1095.00 feet;
Thence southerly along the arc of said curve through a central angle of $02^{\circ}45'53''$ 52.84 feet;
Thence North $86^{\circ}08'04''$ West 15.00 feet to the beginning of a non-tangent curve concave westerly, the center of which lies North $86^{\circ}15'22''$ West 1080.00 feet;
Thence southerly along the arc of said curve through a central angle of $09^{\circ}39'37''$ 182.09 feet;
Thence North $89^{\circ}49'15''$ West 61.73 feet to the beginning of a non-tangent curve concave westerly, the center of which lies North $75^{\circ}48'09''$ West 1020.00 feet;
Thence northerly along the arc of said curve through a central angle of $13^{\circ}13'01''$ 235.29 feet;
Thence North $00^{\circ}58'51''$ East 215.15 feet;
Thence North $43^{\circ}52'25''$ West 34.88 feet;
Thence North $89^{\circ}03'10''$ West 682.99 feet;
Thence South $48^{\circ}48'13''$ West 48.93 feet to the beginning of a non-tangent curve, concave northwesterly the center of which lies North $82^{\circ}01'43''$ West 718.25 feet;
Thence southwesterly along the arc of said curve through a central angle of $82^{\circ}56'31''$ 1039.75 feet;
Thence South $89^{\circ}05'13''$ East 331.00 feet;

(description continued on page 3 of 4)

DESCRIPTION (continued from page 2 of 4)

Thence South 45°33'52" West 46.38 feet;
Thence South 00°12'56" West 1151.29 feet;
Thence South 44°28'22" East 46.92 feet to a point on the north Right-of-Way line of Greenway Road;
Thence along said north Right-of-Way line North 89°09'40" West 88.00 feet;
Thence continuing along said north Right-of-Way line North 89°09'01" West 88.00 feet;
Thence North 45°31'57" East 46.41 feet;
Thence North 00°12'56" East 1151.42 feet;
Thence North 44°26'08" West 46.95 feet;
Thence North 89°05'13" West 2460.79 feet;
Thence South 45°32'53" West 46.37 feet;
Thence North 00°11'00" East 1506.24 feet;
Thence South 44°25'03" East 46.99 feet;
Thence South 89°01'06" East 2441.62 feet;
Thence North 45°35'55" East 46.36 feet;
Thence North 00°12'57" East 2573.79 feet;
Thence North 44°35'47" West 46.83 feet to the POINT OF BEGINNING.

EXCEPT ALSO

COMMENCING at the North Quarter corner of said Section 4 from which the Northeast corner of said Section 4 lies South 89°23'04" East 2638.64 feet;
Thence along the north line of the northwest quarter of said Section 4 South 89°23'04" East 602.12 feet;
Thence South 00°36'56" West 65.00 feet to the POINT OF BEGINNING;
Thence South 44°35'04" East 46.83 feet;
Thence South 00°12'57" West 529.71 feet;
Thence South 45°12'57" West 46.67 feet;
Thence North 89°47'03" West 493.65 feet;
Thence North 44°47'03" West 46.67 feet;
Thence North 00°12'56" East 307.77 feet;
Thence South 89°47'03" East 279.79 feet;
Thence North 00°13'25" East 256.89 feet;
Thence South 89°23'04" East 246.84 feet to the POINT OF BEGINNING.

EXCEPT ALSO

COMMENCING at the North Quarter corner of said Section 4 from which the Northeast corner of said Section 4 lies South 89°23'04" East 2638.64 feet;
Thence along the north line of the northwest quarter of said Section 4 South 89°23'04" East 659.63 feet;

(description continued on page 4 of 4)
DESCRIPTION (continued from page 3 of 4)

Thence South 00°12'47" West 65.00 feet;
Thence South 89°23'04" East 58.03 feet to the POINT OF BEGINNING;
Thence South 89°23'04" East 1478.32 feet;
Thence South 00°13'27" West 364.19 feet;
Thence North 89°47'03" West 423.75 feet;
Thence North 00°13'27" East 114.95 feet;
Thence North 89°47'03" West 694.23 feet;
Thence South 00°12'57" West 132.96 feet;
Thence North 89°47'03" West 393.27 feet;
Thence North 00°12'57" East 359.73 feet;
Thence North 45°24'44" East 46.51 feet to the POINT OF BEGINNING.

End of description



EXPIRES 09-30-2017

EXHIBIT B

1 **Quarles & Brady LLP**

2 Firm State Bar No. 00443100

3 Renaissance One

4 Two North Central Avenue

5 Phoenix, AZ 85004-2391

6 TELEPHONE 602.229.5200

7 John Maston O'Neal (#15945)

8 john.oneal@quarles.com

9 Nicole France Stanton (#020452)

10 nicole.stanton@quarles.com

11 Lauren Elliott Stine (#025083)

12 lauren.stine@quarles.com

13 *Attorneys for Plaintiff/Counterdefendant*

14 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

15 IN AND FOR THE COUNTY OF MARICOPA

16 City of Surprise, an Arizona municipal
17 corporation,

18 Plaintiff,

19 vs.

20 Surprise Center Development Company,
21 L.L.C., and Arizona limited liability
22 company; John Does 1-20,

23 Defendant.

24 Surprise Center Development Company,
25 L.L.C., and Arizona limited liability
26 company,

 Counterclaimant,

 vs.

 City of Surprise, an Arizona municipal
 corporation,

 Counterdefendant.

Case No. CV2014-011510

**STIPULATION AND JOINT MOTION
TO DISMISS WITH PREJUDICE**

(Assigned to the Hon. Patricia Starr)

1 Plaintiff/Counterdefendant City of Surprise and Defendant/Counterclaimant
2 Surprise Center Development Company, L.L.C., by and through their undersigned
3 counsel, hereby stipulate and jointly move the Court to dismiss with prejudice the claims
4 between them, with the parties to bear their own attorneys' fees and costs. A proposed
5 form of Order is submitted herewith.

6 DATED this ____ day of March, 2016.
7
8

9 /s/ _____
10 John Master O'Neal
11 Nicole France Stanton
12 Lauren Elliott Stine
13 QUARLES & BRADY LLP
14 Two North Central Avenue
15 Phoenix, AZ 85004

16 *Attorneys for Plaintiff/Counterdefendant*

9 /s/ _____
10 Gary L. Birnbaum
11 Scott A. Holcomb
12 DICKINSON WRIGHT PLLC
13 1850 North Central Avenue
14 Suite 1400
15 Phoenix, AZ 85004

16 *Attorneys for Defendant/Counterclaimant*

1 Quarles & Brady LLP

Firm State Bar No. 00443100

2 Renaissance One

Two North Central Avenue

3 Phoenix, AZ 85004-2391

TELEPHONE 602.229.5200

4 John Maston O'Neal (#15945)

john.oneal@quarles.com

5 Nicole France Stanton (#020452)

nicole.stanton@quarles.com

6 Lauren Elliott Stine (#025083)

lauren.stine@quarles.com

7 *Attorneys for Plaintiff/Counterdefendant*

8
9 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

10 IN AND FOR THE COUNTY OF MARICOPA

11
12 City of Surprise, an Arizona municipal
13 corporation,

14 Plaintiff,

15 vs.

16 Surprise Center Development Company,
17 L.L.C., and Arizona limited liability
company; John Does 1-20,

18 Defendant.

19 Surprise Center Development Company,
20 L.L.C., and Arizona limited liability
company,

21 Counterclaimant,

22 vs.

23 City of Surprise, an Arizona municipal
24 corporation,

25 Counterdefendant.
26

Case No. CV2014-011510

**ORDER GRANTING STIPULATION
AND JOINT MOTION TO DISMISS
WITH PREJUDICE**

(Assigned to the Hon. Patricia Starr)

1 Pursuant to the Stipulation and Joint Motion to Dismiss with Prejudice filed by
2 Plaintiff/Counterdefendant City of Surprise and Defendant/Counterclaimant Surprise
3 Center Development Company, L.L.C., and good cause appearing therefor,

4 IT IS HEREBY ORDERED that the claims between the City of Surprise and
5 Surprise Center Development Company are dismissed with prejudice, with the parties to
6 bear their own attorneys' fees and costs.

7 DATED this ____ day of _____, 2016.
8
9

10 _____
11 The Honorable Patricia Starr
12 Maricopa County Superior Court Judge
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EXHIBIT C

EXHIBIT "A"

DESCRIPTION

20 ACRE PARCEL

A portion of the southwest quarter of Section 4, Township 3 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:

COMMENCING at the south quarter corner of said Section 4 from which the southwest corner of said Section 4 lies North 89°45'04" West 2636.14 feet;

Thence along the North-South midsection line of said Section 4 being also the centerline of Surprise Center Parkway North 00°22'34" West 115.01 feet;

Thence departing said midsection line North 89°45'04" West 55.00 feet to a point on the west right-of-way line of said Surprise Center Parkway to the POINT OF BEGINNING;

Thence on a line parallel with and 115.00 feet north, measured at right angles, of the south line of the southwest quarter of said Section 4 North 89°45'04" West 752.91 feet;

Thence parallel to said Surprise Center Parkway North 00°22'34" West 1158.37 feet to a point on the south right-of-way line of Tierra Buena Lane;

Thence along said south right-of-way line South 89°40'47" East 719.90 feet;

Thence continuing along said south right-of-way line South 45°03'42" East 46.95 feet to a point on said west right-of-way line of Surprise Center Parkway;

Thence along said west right-of-way line South 00°22'34" East 1124.45 feet to the POINT OF BEGINNING.

Containing 871,196 square feet or 20.000 acres, more or less.

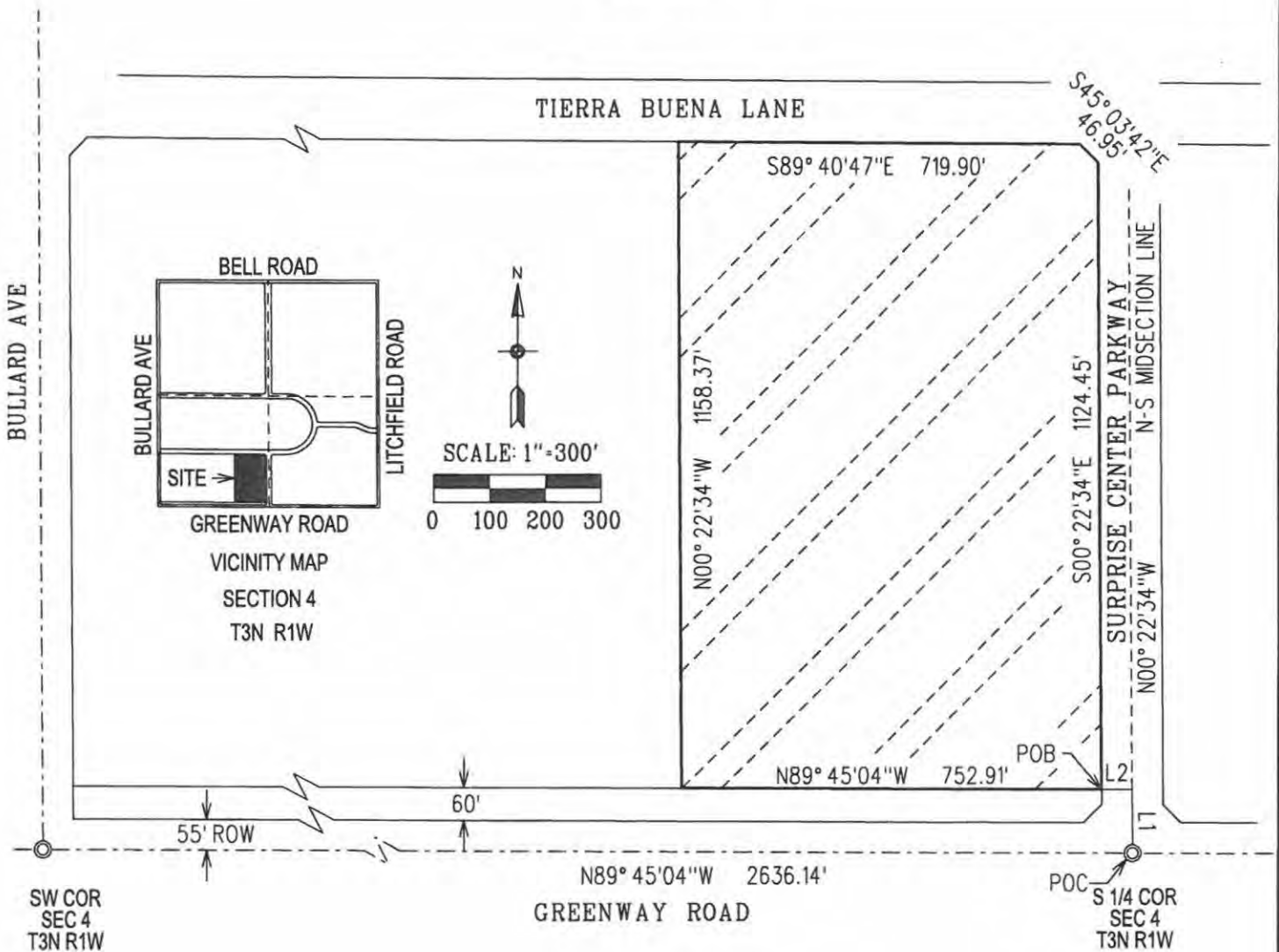
Attached is EXHIBIT "B" and by this reference is made a part hereof.

End of description



EXPIRES 09-30-2017

EXHIBIT "B"



LINE TABLE

LINE	BEARING	LENGTH
L1	N00° 22' 34\"W	115.01'
L2	N89° 45' 04\"W	55.00'

BASIS OF BEARINGS

Maricopa County Low Distortion Projection

Linear unit: International foot

Geodetic Datum: NAD 1983

Projection type: Lambert Conformal Conic (single parallel)

Latitude of origin: 33° 15' 00\"N

Central meridian: 112° 15' 00\" W

False northing: 1,500,000.000 ift

False Easting: 2,500,000.000 ift

Standard parallelscale: 1.000045 (exact)

LEGEND

POC	POINT OF COMMENCEMENT
POB	POINT OF BEGINNING
	20 ACRE PARK PARCEL



EXPIRES 09/30/17

20 ACRE PARCEL



CITY OF SURPRISE
LAND SURVEY DEPARTMENT

PROJECT # 15029

DRAWN BY RCD

DATE 05-02-16

SHEET 1 OF 1

EXHIBIT D

When recorded return to:
City Clerk
City of Surprise, Arizona
16000 N. Civic Center Plaza
Surprise, AZ 85374-7470

Exempt from filing an
Affidavit of legal value
A.R.S. §11-1134(A)(3)

SPECIAL WARRANTY DEED
(WITH DEED RESTRICTIONS)

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SURPRISE CENTER DEVELOPMENT COMPANY L.L.C., an Arizona limited liability company ("Grantor"), hereby conveys to the CITY OF SURPRISE, an Arizona municipal corporation ("Grantee"), the following real property situated in Maricopa County, Arizona (the "Property"):

see **Exhibit A** attached hereto and by this reference made a part hereof;

including any and all water rights and all other rights, easements and privileges appurtenant to such Property.

Subject to all taxes and other assessments, patent reservations, easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, declarations, obligations, liabilities or other matters of record or to which reference is made in the public record and any and all conditions, easements, encroachments, rights of way, or other restrictions which a physical inspection, or accurate survey of the Property would reveal and further expressly subject to those Deed Restrictions set forth in Exhibit "B" attached hereto and made a part hereof.

And the Grantor, hereby binds itself and its successors to warrant and defend the title, as against all acts of Grantor herein and none other, subject to the matters above set forth.

The person executing this document on behalf of a corporation, trust or other organization warrants his or her authority to do so and that all persons necessary to bind Grantor have joined in this document.

IN WITNESS WHEREOF, the Grantor has caused this Special Warranty Deed to be executed this ____ day of _____, 20____.

SURPRISE CENTER DEVELOPMENT COMPANY. L.L.C.,
an Arizona limited liability company

By: AIRFIELD CAPITAL PARTNERS L.L.C.,
an Arizona limited liability
company Its: Managing Member

By: Airfield Management Associates L.L.C.,
an Arizona limited liability company
Its: Managing Member

By: TRW Partners LLC,
an Arizona limited liability company
Its: Member

By: West Management Limited Partnership,
an Arizona limited partnership
Its: Managing Member

By: The Richard West Co.,
an Arizona corporation,
Its: General Manager

By: _____
Richard B. West, III,

Grantor's address:
C/O Carefree Partners Investment, LLC
11811 North Tatum Blvd., Suite 4052
Phoenix, AZ 85028

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by Richard B. West, III, President of The Richard West Co., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Notary Public

EXHIBIT "A"

DESCRIPTION

20 ACRE PARCEL

A portion of the southwest quarter of Section 4, Township 3 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:

COMMENCING at the south quarter corner of said Section 4 from which the southwest corner of said Section 4 lies North 89°45'04" West 2636.14 feet;

Thence along the North-South midsection line of said Section 4 being also the centerline of Surprise Center Parkway North 00°22'34" West 115.01 feet;

Thence departing said midsection line North 89°45'04" West 55.00 feet to a point on the west right-of-way line of said Surprise Center Parkway to the POINT OF BEGINNING;

Thence on a line parallel with and 115.00 feet north, measured at right angles, of the south line of the southwest quarter of said Section 4 North 89°45'04" West 752.91 feet;

Thence parallel to said Surprise Center Parkway North 00°22'34" West 1158.37 feet to a point on the south right-of-way line of Tierra Buena Lane;

Thence along said south right-of-way line South 89°40'47" East 719.90 feet;

Thence continuing along said south right-of-way line South 45°03'42" East 46.95 feet to a point on said west right-of-way line of Surprise Center Parkway;

Thence along said west right-of-way line South 00°22'34" East 1124.45 feet to the POINT OF BEGINNING.

Containing 871,196 square feet or 20.000 acres, more or less.

Attached is EXHIBIT "B" and by this reference is made a part hereof.

End of description



EXPIRES 09-30-2017

EXHIBIT "B"

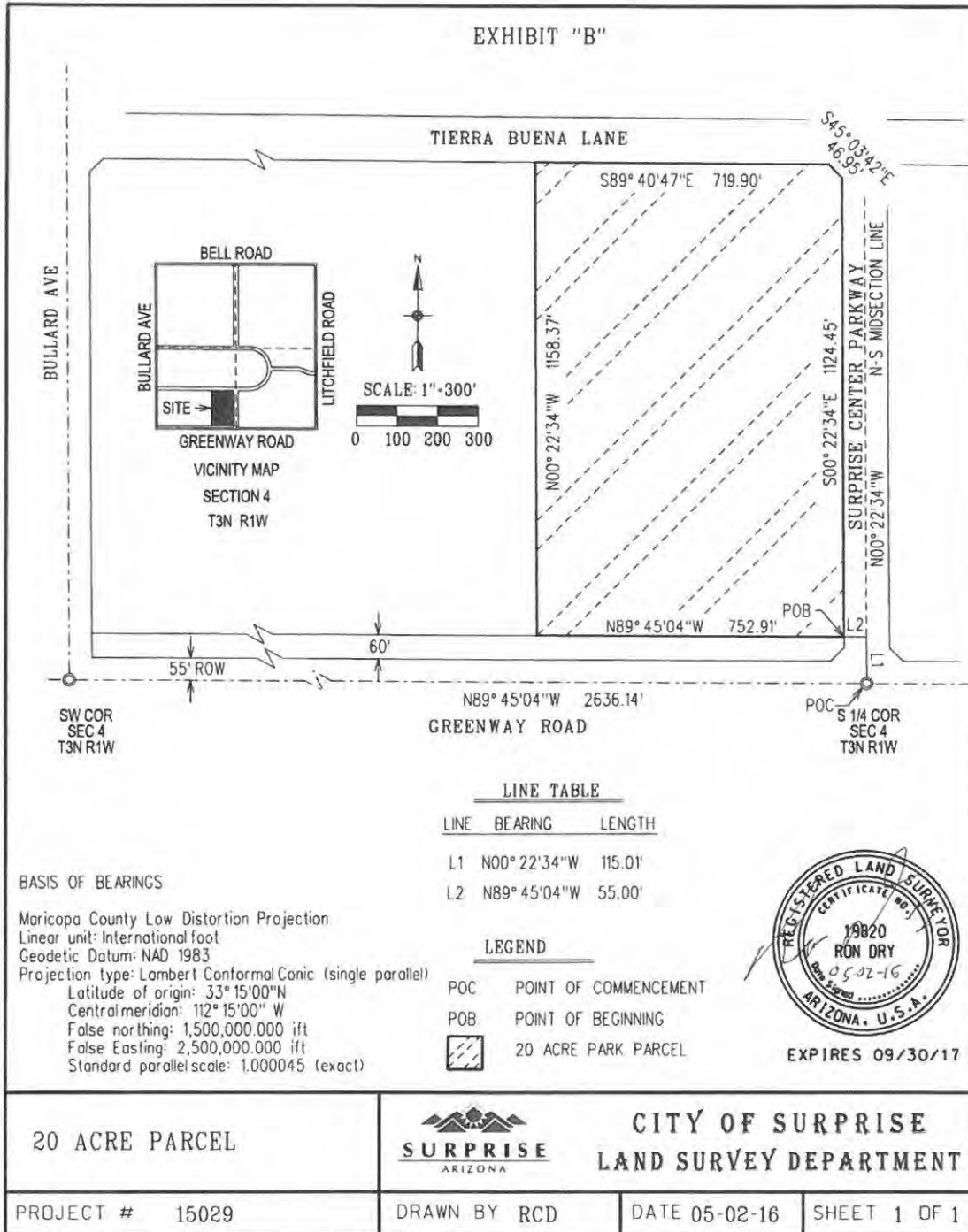


Exhibit B

DEED RESTRICTIONS

The Property shall be used solely for the following purposes and no others: (i) higher educational uses; and/or (ii) civic and/or governmental uses. “{H}igher educational uses” shall be strictly limited to public or private colleges and universities. “Civic and/or governmental uses” shall be strictly limited to all Civic and/or governmental uses (except for staging areas, corporation yards, police and fire stations and public utility facilities used to generate, treat, dispose of, or recycle any water, wastewater, or refuse) together with such parking facilities as may be necessary to support the same. The foregoing restricted uses shall be defined for all purposes as the “**Deed Restrictions**” which shall attach to and run with the Property and remain in place in perpetuity. The Deed Restrictions may be enforced only by Grantor (or its corporate or other entity successor, by merger or otherwise). The Deed Restrictions may be amended only by a recorded instrument signed by Grantor (or its corporate or other entity successor, by merger or otherwise) and by Grantee or the successor fee owner or fee owners of the Property or the portion of the Property affected by any such amendment. The Deed Restrictions shall be enforceable by injunctive relief.

EXHIBIT E

When recorded return to:
City Clerk
City of Surprise, Arizona
16000 N. Civic Center Plaza
Surprise, AZ 85374-7470

Exempt from filing an
Affidavit of legal value
A.R.S. §11-1134(A)(3)

SPECIAL WARRANTY DEED
(WITH DEED RESTRICTIONS)

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SURPRISE CENTER DEVELOPMENT COMPANY L.L.C., an Arizona limited liability company ("Grantor"), hereby conveys to the CITY OF SURPRISE, an Arizona municipal corporation ("Grantee"), the following real property situated in Maricopa County, Arizona (the "Property"):

see **Exhibit A** attached hereto and by this reference made a part hereof;

including any and all water rights and all other rights, easements and privileges appurtenant to such Property.

Subject to all taxes and other assessments, patent reservations, easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, declarations, obligations, liabilities or other matters of record or to which reference is made in the public record and any and all conditions, easements, encroachments, rights of way, or other restrictions which a physical inspection, or accurate survey of the Property would reveal and further expressly subject to those Deed Restrictions set forth in Exhibit "B" attached hereto and made a part hereof.

And the Grantor hereby binds itself and its successors to warrant and defend the title, as against all acts of Grantor herein and none other, subject to the matters above set forth.

The person executing this document on behalf of a corporation, trust or other organization warrants his or her authority to do so and that all persons necessary to bind Grantor have joined in this document.

IN WITNESS WHEREOF, the Grantor has caused this Special Warranty Deed to be executed this ____ day of _____, 2016.

GRANTOR:

SURPRISE CENTER DEVELOPMENT COMPANY L.L.C.,
an Arizona limited liability company

By: AIRFIELD CAPITAL PARTNERS L.L.C.,
an Arizona limited liability company
Its: Managing Member

By: Airfield Management Associates L.L.C.,
an Arizona limited liability company
Its: Managing Member

By: TRW Partners LLC,
an Arizona limited liability company
Its: Member

By: West Management Limited Partnership,
an Arizona limited partnership
Its: Managing Member

By: The Richard West Co.,
an Arizona corporation,
Its: General Manager

By: _____
Richard B. West, III,

Grantor's address:

C/O Carefree Partners Investment, LLC
11811 North Tatum Blvd., Suite 4052
Phoenix, AZ 85028

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016, by Richard B. West, III, President of The Richard West Co., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

Notary Public

EXHIBIT "A"

DESCRIPTION

SPECIAL WARRANTY DEED

Those portions of the south half of Section 4, Township 3 North Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:

PARCEL #1

COMMENCING at the southwest corner of said Section 4 from which the south quarter corner lies South 89°45'04" East 2636.14 feet;

Thence along the south line of the southwest quarter of said Section 4 South 89°45'04" East 55.00 feet;

Thence departing said south line North 00°24'28" West 55.00 feet to the intersection of the north Right of Way line of Greenway Road and the east Right of Way line of Bullard Road and the POINT OF BEGINNING;

Thence along said east Right of Way line of Bullard Road North 00°24'28" West 60.00 feet;

Thence departing said east Right of Way line parallel with and 60.00 feet north, measured at right angles, of the north Right of Way line of Greenway Road South 89°45'04" East 2526.19 feet to the west Right of Way line of Surprise Center Parkway;

Thence along said west Right of Way line South 00°22'34" East 27.00 feet;

Thence continuing along said west Right of Way line South 44°56'11" West 46.42 feet to the said north Right of Way line of Greenway Road;

Thence along said north Right of Way line North 89°45'04" West 2493.16 feet to the POINT OF BEGINNING.

Containing 151,026 square feet or 3.4671 acres, more or less.

(description continued on page 2 of 2)



EXPIRES 09-30-2017

DESCRIPTION (continued from page 1 of 2)

TOGETHER WITH

PARCEL #2

COMMENCING at the southeast corner of said Section 4 from which the south quarter corner of said Section 4 lies North 89°45'03" West 2637.55 feet;

Thence along the south line of the southeast quarter of said Section 4 North 89°45'03" West 55.00 feet;

Thence North 00°21'48" West 55.00 feet to the intersection of the north Right of Way line of Greenway Road and the west Right of Way line of Litchfield Road and the POINT OF BEGINNING;

Thence along said north Right of Way line of Greenway Road North 89°45'03" West 2494.56 feet to a point on the east Right of Way line of Surprise Center Parkway;

Thence along said east Right of Way line North 45°03'49" West 46.93 feet;

Thence continuing along said east Right of Way line North 00°22'34" West 27.00 feet;

Thence departing said east Right of Way line parallel with and 60.00 feet north of said north Right of Way line of Greenway Road South 89°45'03" East 2527.57 feet to a point on said west Right of Way line of Litchfield Road.

Thence along said west Right of Way line South 00°21'48" East 60.00 feet to the POINT OF BEGINNING.

Containing 151,109 square feet or 3.4690 acres, more or less

Attached is Exhibit "B" and by this reference is made a part hereof.

End of description



EXPIRES 09-30-2017

EXHIBIT "B"

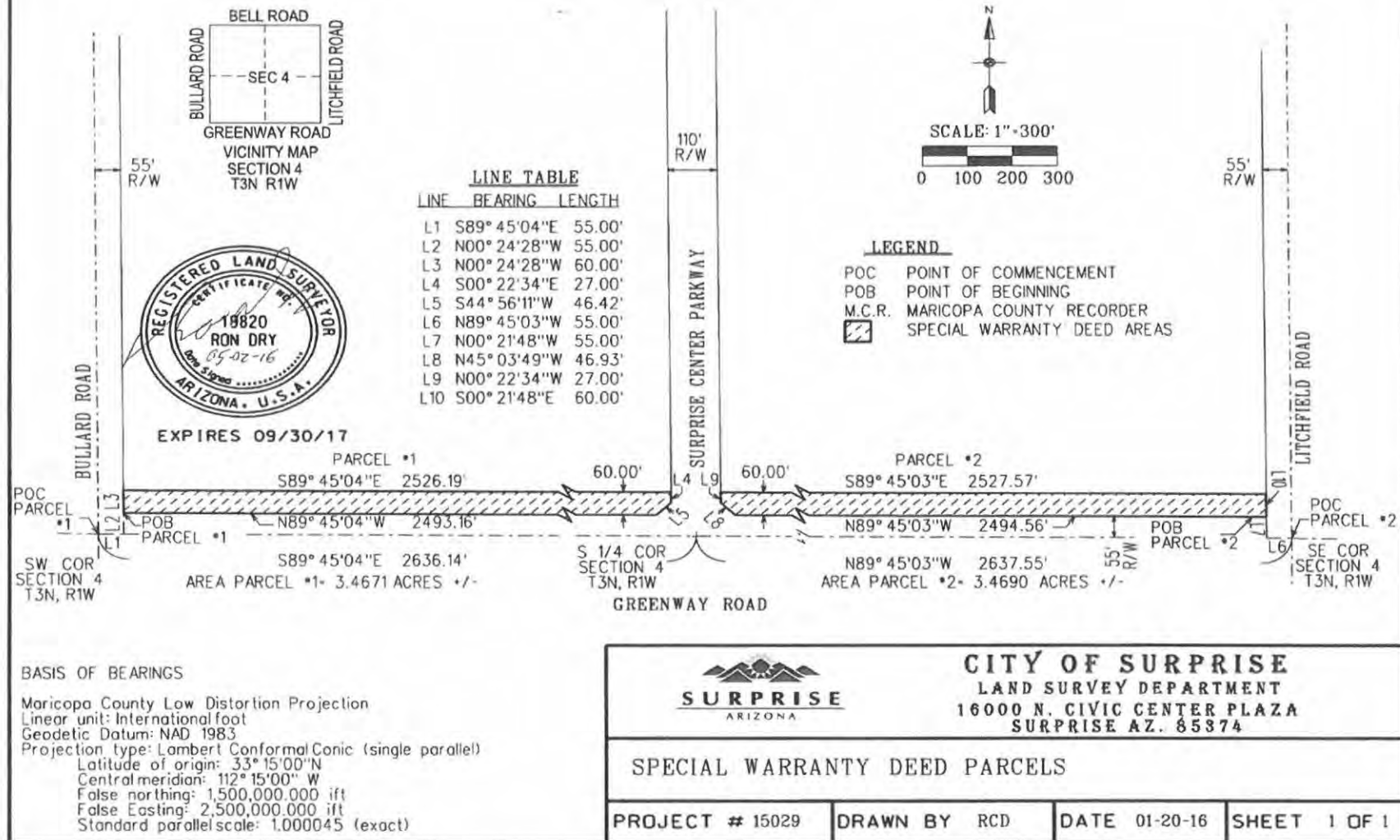


Exhibit B

DEED RESTRICTIONS

The Property shall be used solely for the following purposes and no others: any and all (i) improvements to Greenway Road from Litchfield Road to Bullard Avenue; (ii) drainage and retention facilities, (iii) sidewalks, curb cuts, paving, medians, landscaping, underground powerlines and utilities, roadway signage and striping of roadways. The foregoing restricted uses shall be defined for all purposes as the “**Deed Restrictions**” which shall attach to and run with the Property and remain in place in perpetuity. The Deed Restrictions may be enforced only by Grantor (or its corporate or other entity successor, by merger or otherwise). The Deed Restrictions may be amended only by a recorded instrument signed by Grantor (or its corporate or other entity successor, by merger or otherwise) and by Grantee or the successor fee owner or fee owners of the Property or the portion of the Property affected by any such amendment. The Deed Restrictions shall be enforceable only by injunctive relief.

EXHIBIT F

When Recorded Mail To:

Terry L. Rakow, Esq.
The Cavanagh Law Firm
1850 N. Central, Suite 2400
Phoenix, Arizona 85004

Exempt from filing an
Affidavit of legal value
A.R.S. §11-1134(A)(2)

GRANTOR: City of Surprise, an Arizona municipal corporation ("City").

GRANTEE: Surprise Center Development Company L.L.C., an Arizona Limited Liability Company ("SCDC").

EASEMENT FOR DRAINAGE, UTILITIES AND CERTAIN OTHER DEVELOPMENT RIGHTS

GRANT: For one dollar (\$1.00) and other good and valuable consideration received, City grants to SCDC and its transferees, successors and assigns a perpetual, non-exclusive easement (hereinafter, the "Easement") upon, over, under and across the parcel of land (the "Property") described on the legal description and the diagram attached hereto as Exhibit "A", under the following terms, conditions and limitations. Said Easement shall grant to SCDC and its transferees, successors and assigns all rights to the use of the Property for, among other things, 1) landscaping; 2) onsite and offsite drainage and detention of flood waters; 3) ingress and egress to and from SCDC's property via bridges and/or box culverts at locations consistent with the City's engineering design standards; 4) construction and maintenance of utilities serving SCDC's property; and 5) any other use not inconsistent with the City's intended use as described herein. This Easement is for the three purposes of drainage, connection of public utilities, and certain other development rights, all as more fully described below, and MAY NOT interfere with the City's right to construct, install, maintain, operate, repair and replace any levees, dikes, dams, stormwater storage basins, storm drains, channels, improvements, washes, watercourses and other drainage or flood control facilities (collectively "Drainage Facilities") constructed from time to time by the City on the Property. Drainage Facilities constructed by the City are referred to herein as "City Drainage Facilities."

1. SCDC Drainage Facilities. One purpose of this Easement is for drainage, flood control and all related purposes, including without limitation, construction, maintenance, operation, replacement and repair by SCDC of Drainage Facilities. Drainage Facilities constructed by SCDC are referred to herein as "SCDC Drainage Facilities." The drainage rights in this Easement are subject to the following:

a. The City intends to construct Drainage Facilities within the Property for the purpose of accommodating water flow as outlined in the November 2015 Drainage Report. Consistent with the November 2015 Drainage Report, the City acknowledges that the Drainage Facilities will receive runoff from SCDC's property, limited to its current undeveloped condition. SCDC and its transferees, successors and assigns shall have the right to utilize, for its or their own purposes, the City's Drainage Facilities for its or their on-site and off-site flows of water, but only to the extent that the amount of flow results from the current undeveloped condition of the adjacent 472.23 acres of real property or is consistent with an approved drainage study to be conducted pursuant to paragraph 7 of that agreement entitled "Compromise Settlement Agreement and Full and Final Release of All Claims" (the "2016 Drainage Study").

b. The City's current plans call for construction of Drainage Facilities that will accommodate flows as outlined in the November 2015 Drainage Report. Therefore, while SCDC shall have the right, as limited above, to place its own on-site and off-site drainage of flood waters in the City Drainage Facilities, it is expressly understood and agreed that there will currently be no additional capacity beyond that outlined in the November 2015 Drainage Report. In order for SCDC to utilize the City Drainage Facilities to serve development of the 472.23 acres of real property owned by SCDC or its transferees, successors, and assigns, SCDC or its transferees, successors, and assigns shall be required and permitted, contingent on the City's approval of the design and concept on an expedited basis [consistent with the *Greenway Corridor Redevelopment Area Redevelopment and Disposition Agreement*, dated June 20, 1997, recorded in the official records of the Maricopa County Recorder's Office on June 23, 1997, at Document Number 97-0421643, as amended pursuant to the *First Amendment to Redevelopment and Disposition Agreement*, recorded in the official records of the Maricopa County Recorder's Office on February 10, 2000, at Document Number 2000-0099654 and the *Second Amendment to Redevelopment and Disposition Agreement*, recorded in the official records of the Maricopa County Recorder's Office on April 28, 2000, at Document Number 2000-0325399, and the *Third Amendment to Redevelopment Agreement and Disposition Agreement*, recorded in the official records of the Maricopa County Recorder's Office on April 28, 2000, at Document Number 2000-0325401 (collectively, the "RDA, As Amended") and the *Planned Area Development [P.A.D. 00-105]* approved by the City on January 25, 2001 (hereinafter the "PAD")], to enlarge and enhance the City's Drainage Facilities or construct its own additional drainage or detention facilities on the Property to accommodate SCDC's additional flows from such development. Notwithstanding the rights provided herein pertaining to SCDC's or its transferees', successors', and assigns' utilization of the City's Drainage Facilities,

it is agreed that the use shall comply with the applicable PAD and 2016 Drainage Study. If the 2016 Drainage Study permits drainage contrary to that allowed in the PAD, the City will agree to administratively amend the PAD to conform to the approved 2016 Drainage Study. Any additional work to enlarge, enhance, or improve the Drainage Facilities (including design, engineering, construction and materials) to accommodate development on the SCDC property shall be at the sole expense of SCDC.

c. SCDC shall not obstruct, interfere with, or impede any City Drainage Facilities constructed on the Property without City's prior written consent.

d. SCDC shall not enlarge, enhance or otherwise alter City Drainage Facilities except with the prior written consent of City, which consent will be subject to City's approval of the design and concept on an expedited basis [consistent with the RDA, As Amended and the PAD.] Any enlargement, enhancement, or alteration of City Drainage Facilities by SCDC shall conform with the PAD and 2016 Drainage Study. Any enlargement, enhancement, or alteration of City Drainage Facilities by SCDC shall be at SCDC's sole expense.

e. City shall maintain, at City's expense, any City Drainage Facilities that City has constructed or will construct on the Property including any City Drainage Facilities enlarged, enhanced, or otherwise altered by SCDC under the terms of this Easement.

2. Utilities. The second purpose of this easement is to allow installation and maintenance of public utilities, including but not limited to electric, natural gas, water, telecommunication and sewer to cross property lines to and from SCDC's land adjacent to the Property so that SCDC may connect its onsite utilities to those public utilities established in Greenway Road or in the Property.

a. At such time as SCDC has constructed public improvements to connect to utilities, including, but not limited to the City's utilities, the City will commence maintenance of the public improvements made by SCDC subject to SCDC's dedication to City and City's acceptance of the public improvements.

3. Other Development Rights. The third purpose of this easement is to permit SCDC to use the Property for the following purposes:

a. Installation of landscaping associated with approved development of SCDC's land adjacent to the Property, pursuant to City approved plans.

- b. Ingress and egress to or from Greenway Road to land adjoining the Property via bridges and box culverts at locations established in development plans approved by the City.

INDEMNITY:

SCDC shall be strictly liable for all damages and losses caused by or arising out of the construction, maintenance, repair, replacement or operation of the purposes permitted of SCDC by this easement that may be asserted against City (other than to the extent any such claims arise from the conduct of City, City's directors or public officials, City's agents, independent contractors, employees, invitees, guests, and permittees). SCDC agrees to defend, indemnify and hold harmless City from and against any and all claims, demands and causes of action for injury, including death, or damage to persons or property or fines or penalties or environmental matters caused by, arising out of, incidental to or resulting from the operations of or for SCDC or SCDC's servants, agents, employees, guest, licensees, invitees or independent contractors, and from and against all costs and expenses incurred by City by reason of any such claim or claims, including attorneys' fees; and each assignee of this easement, or any interest therein, agrees to indemnify and hold harmless City in the same manner provided above. This indemnity shall apply to any claim as provided herein, however caused, or regardless of the legal grounds and basis. The provisions of this paragraph shall survive the termination or abandonment of this Easement.

City shall be strictly liable for all damages and losses caused by or arising out of the construction, maintenance, repair, replacement or operation of the City Drainage Facilities that may be asserted against SCDC (other than to the extent any such claims arise from the conduct of SCDC's director's, agents, independent contractors, employees, invitees, guests, and permittees). City agrees to defend, indemnify and hold harmless SCDC from and against any and all claims demands and causes of action for injury, including death, or damage to persons or property or fines or penalties or environmental matters caused by, arising out of, incidental to or resulting from the construction, maintenance, repair, replacement or operation of the City's Drainage Facilities, of or for the actions of City or City's directors, public officials, agents, employees, guests, licensees, invitees or independent contractors, related thereto, and from and against all costs and expenses incurred by SCDC by reason of any such claim or claims, including attorneys' fees; and each assignee of this easement, or any interest therein, agrees to indemnify and hold harmless SCDC in the same manner provided above. This indemnity shall apply to any claim as provided herein, however caused, or regardless of the legal grounds and basis. The provisions of this paragraph shall survive the termination or abandonment of this Easement.

SIGNATURE WARRANTY: The person executing this document on behalf of a corporation, trust or other organization warrants his or her authority to do so and that all persons necessary to bind City and SCDC have joined in this document. This document runs with the land in favor of each Party's successors and assigns.

DATED: _____, 20__.

CITY OF SURPRISE,
An Arizona municipal corporation
16000 N. Civic Center Plaza
Surprise, AZ 85374-7470

By: _____
Sharon Wolcott, Mayor

ATTEST:

Sherry Ann Aguilar, City Clerk

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by Sharon Wolcott, Mayor of the City of Surprise, an Arizona Municipal Corporation, on behalf of the City.

Notary Public in and for the State of Arizona

My Commission Expires:

SURPRISE CENTER DEVELOPMENT COMPANY L.L.C.,
an Arizona limited liability company

By: AIRFIELD CAPITAL PARTNERS
L.L.C., an Arizona limited liability company
Its: Managing Member

By: Airfield Management Associates
L.L.C., an Arizona limited liability company
Its: Managing Member

By: TRW Partners LLC, an Arizona limited liability company
Its: Member

By: West Management Limited Partnership,
an Arizona limited Partnership
Its: Managing Member

By: The Richard West Co., an Arizona corporation
Its: General Manager

By: _____
Richard B. West, III, President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____,
20____, by _____ (*name of acknowledging partner or agent*),
_____ (*title*) of SURPRISE CENTER DEVELOPMENT COMPANY L.L.C., an
Arizona Limited Liability Company on behalf of the company.

Notary Public in and for the State of Arizona

My Commission Expires:

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT "A"

DESCRIPTION

SPECIAL WARRANTY DEED

Those portions of the south half of Section 4, Township 3 North Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:

PARCEL #1

COMMENCING at the southwest corner of said Section 4 from which the south quarter corner lies South 89°45'04" East 2636.14 feet;

Thence along the south line of the southwest quarter of said Section 4 South 89°45'04" East 55.00 feet;

Thence departing said south line North 00°24'28" West 55.00 feet to the intersection of the north Right of Way line of Greenway Road and the east Right of Way line of Bullard Road and the POINT OF BEGINNING;

Thence along said east Right of Way line of Bullard Road North 00°24'28" West 60.00 feet;

Thence departing said east Right of Way line parallel with and 60.00 feet north, measured at right angles, of the north Right of Way line of Greenway Road South 89°45'04" East 2526.19 feet to the west Right of Way line of Surprise Center Parkway;

Thence along said west Right of Way line South 00°22'34" East 27.00 feet;

Thence continuing along said west Right of Way line South 44°56'11" West 46.42 feet to the said north Right of Way line of Greenway Road;

Thence along said north Right of Way line North 89°45'04" West 2493.16 feet to the POINT OF BEGINNING.

Containing 151,026 square feet or 3.4671 acres, more or less.

(description continued on page 2 of 2)



EXPIRES 09-30-2017

DESCRIPTION (continued from page 1 of 2)

TOGETHER WITH

PARCEL #2

COMMENCING at the southeast corner of said Section 4 from which the south quarter corner of said Section 4 lies North 89°45'03" West 2637.55 feet;

Thence along the south line of the southeast quarter of said Section 4 North 89°45'03" West 55.00 feet;

Thence North 00°21'48" West 55.00 feet to the intersection of the north Right of Way line of Greenway Road and the west Right of Way line of Litchfield Road and the POINT OF BEGINNING;

Thence along said north Right of Way line of Greenway Road North 89°45'03" West 2494.56 feet to a point on the east Right of Way line of Surprise Center Parkway;

Thence along said east Right of Way line North 45°03'49" West 46.93 feet;

Thence continuing along said east Right of Way line North 00°22'34" West 27.00 feet;

Thence departing said east Right of Way line parallel with and 60.00 feet north of said north Right of Way line of Greenway Road South 89°45'03" East 2527.57 feet to a point on said west Right of Way line of Litchfield Road.

Thence along said west Right of Way line South 00°21'48" East 60.00 feet to the POINT OF BEGINNING.

Containing 151,109 square feet or 3.4690 acres, more or less

Attached is Exhibit "B" and by this reference is made a part hereof.

End of description



EXPIRES 09-30-2017

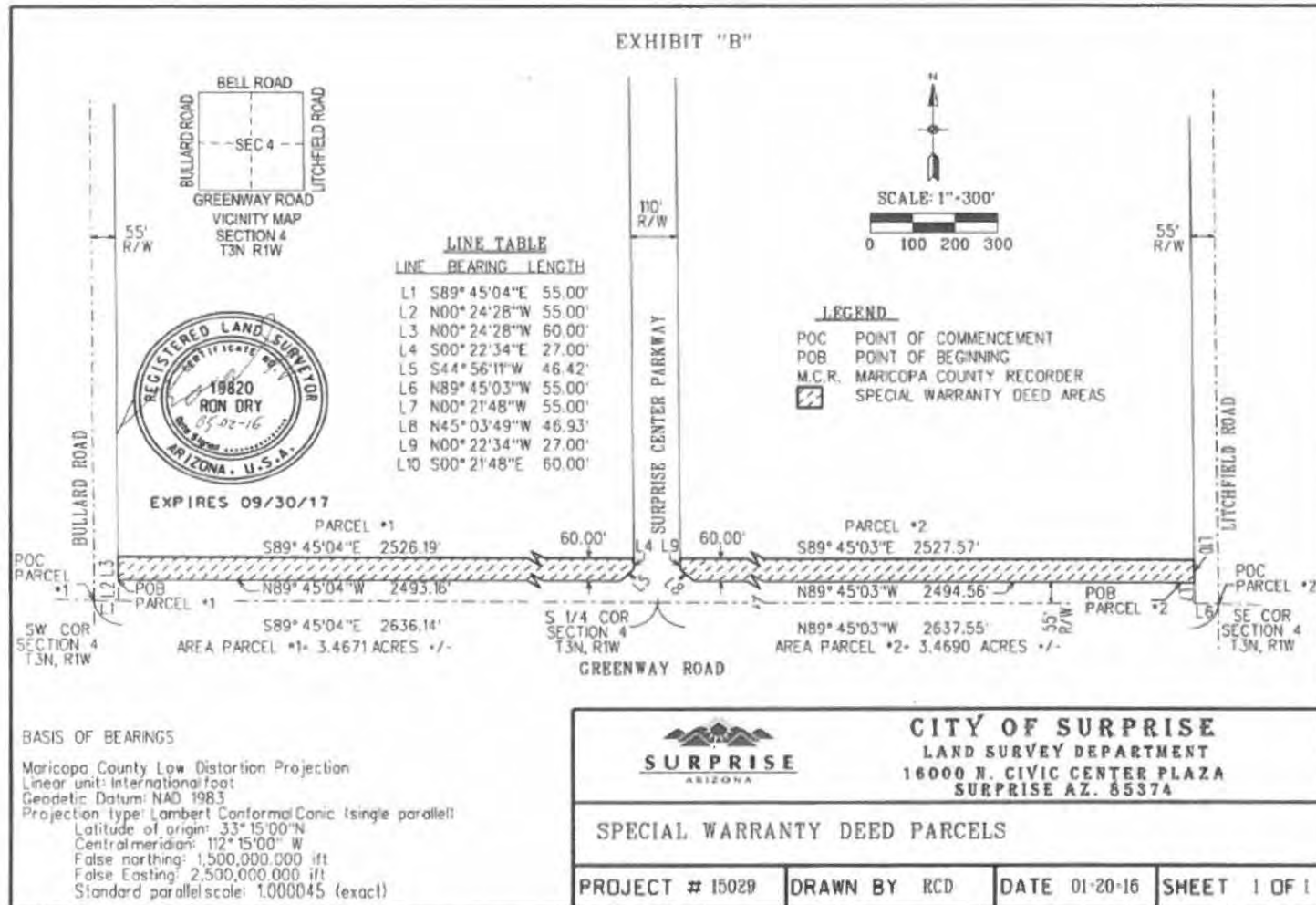


EXHIBIT G

RECORDING REQUESTED BY:

City Clerk
City of Surprise
16000 N Civic Center Plaza
Surprise, AZ 85374-7470

AMENDMENT TO GOVERNMENTAL LIEN

REPAYMENT PROJECT NO. 20808

REPAYMENT ZONE:

TOWNSHIP 1 NORTH, RANGE 4 WEST, SECTION 3

The City of Surprise hereby amends that certain Governmental Lien identified as Repayment Project No. 20808, and recorded with the Maricopa County Recorder on March 3, 2009, at Document Number 20090183877, as follows:

- 1) The map attached to the above recording is annulled and replaced with the legal description and diagram attached hereto as Exhibit A and B.
- 2) The real property identified in Exhibit A and B is subject to an assessment for use of the improved roadway.

Except as amended herein, the document recorded at Document Number 20090183877 remains in full force and effect.

EXHIBIT "A"

DESCRIPTION

PARCEL #2

A portion of the east half of Section 4, Township 3 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:

COMMENCING at the East quarter corner of said Section 4 from which the northeast corner of said Section 4 lies North 00°13'27" East 2777.12 feet;

Thence along the east line of the southeast quarter of said Section 4 South 00°13'59" West 709.87 feet;

Thence departing said east line at right angles North 89°46'01" West 55.00 feet to the west Right-of-Way line of Litchfield Road and the POINT OF BEGINNING;

Thence along said west Right-of-Way line South 45°13'59" West 46.67 feet to a point on the north Right-of-Way line of Statler Boulevard;

Thence along said north Right-of-Way line the following five courses;

North 89°46'01" West 66.98 feet to the beginning of a curve, concave northerly, having a radius of 245.00 feet;

Thence westerly along the arc of said curve through a central angle of 22°39'34" a distance of 96.89 feet;

Thence North 67°06'27" West 252.48 feet to the beginning of a curve, concave southerly, having a radius of 355.00 feet;

Thence westerly along the arc of said curve through a central angle of 21°56'43" a distance of 135.97 feet;

Thence North 89°03'01" West 56.36 feet;

(description continued on page 2 of 2)



EXPIRES 09-30-2017

DESCRIPTION (continued from page 1 of 2)

Thence departing said north Right-of-Way line North 02°21'36" East 1834.70 feet;

Thence South 89°56'36" East 547.78 feet to the aforementioned west Right-of-Way line of Litchfield Road;

Thence along said west Right-of-Way line South 00°13'27" West 1235.79 feet to a point on the east-west midsection line of said Section 4;

thence continuing along said west Right-of-Way line South 00°13'59" West 710.59 feet to the POINT OF BEGINNING.

Containing 25.5620 acres, more or less.

Attached is Exhibit "B" and by this reference is made a part hereof.

End of description



EXPIRES 09-30-2017

EXHIBIT "B"

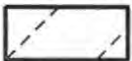
LINE TABLE

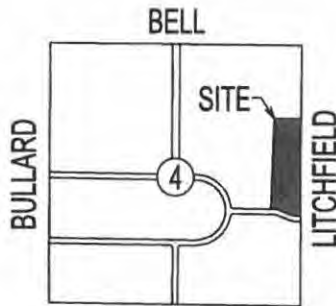
LINE	BEARING	LENGTH
L1	N89° 46'01"W	55.00'
L2	S45° 13'59"W	46.67'
L3	N89° 46'01"W	66.98'
L4	N67° 06'27"W	252.48'
L5	N89° 03'01"W	56.36'

CURVE TABLE

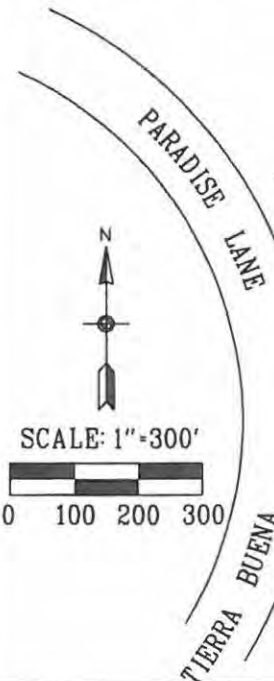
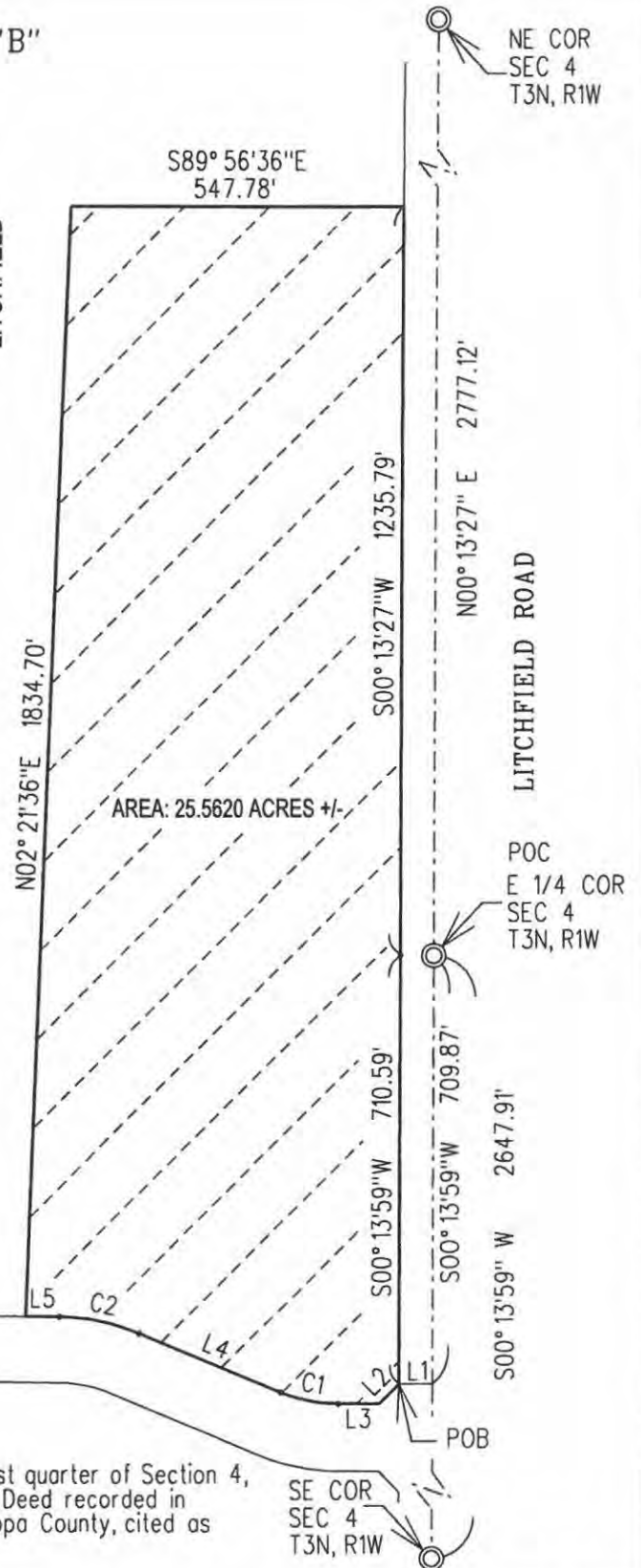
CURVE	△	RADIUS	LENGTH
C1	22° 39'34"	245.00'	96.89'
C2	21° 56'43"	355.00'	135.97'

LEGEND

POC	POINT OF COMMENCEMENT
POB	POINT OF BEGINNING
G.&S.R.B.&M.	GILA AND SALT RIVER BASE AND MERIDIAN
	SUBJECT PARCEL



VICINITY MAP
SECTION 4
T3N, R1W
G.&S.R.B.&M.



EXPIRES 09/30/17

STATLER BLVD.

BEARING BASE: The east line of the northeast quarter of Section 4, T3N, R1W as stated in that Special Warranty Deed recorded in instrument 2000-0325407, Records of Maricopa County, cited as S 00° 13'27" W

PARCEL #2



CITY OF SURPRISE
LAND SURVEY DEPARTMENT

PROJECT # 16005

DRAWN BY RCD

DATE 03-15-16

SHEET 1 OF 1

EXHIBIT H

RECORDING REQUESTED BY:

City Clerk
City of Surprise
16000 N Civic Center Plaza
Surprise, AZ 85374-7470

AMENDMENT TO GOVERNMENTAL LIEN

REPAYMENT PROJECT NO. 20816

REPAYMENT ZONE:

TOWNSHIP 3 NORTH, RANGE 1 WEST, SECTION 4

The City of Surprise hereby amends that certain Governmental Lien identified as Repayment Project No. 20816, and recorded with the Maricopa County Recorder on August 6, 2012, at Document Number 20120696634, as follows:

- 1) The map attached to the above recording is annulled and replaced with the diagram and legal description attached hereto as Exhibit A and B.
- 2) The real property identified in Exhibit A and B is subject to an assessment for use of the improved roadway.

Except as amended herein, the document recorded at Number 20120696634 remains in full force and effect.

EXHIBIT "A"

DESCRIPTION

PARCEL #1

A portion of the northwest quarter of Section 4, Township 3 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona described as follows:

COMMENCING at the West quarter corner of said Section 4 from which the northwest corner of said Section 4 lies North 00°11'00" East 2743.74 feet;

Thence along the west line of said northwest quarter North 00°11'00" East 87.24 feet;

Thence departing said west line at right angles South 89°49'00" East 55.00 feet to the east Right-of-Way line of Bullard Avenue and the POINT OF BEGINNING;

Thence along said east Right-of-Way line North 00°11'00" East 1901.19 feet;

Thence departing said Right-of-Way line at right angles South 89°49'00" East 605.00 feet;

Thence parallel with and 605.00 feet east of said east Right-of-Way line South 00°11'00" West 1942.62 feet to the north Right-of-Way line of Paradise Lane;

Thence along said north Right-of-Way line North 89°01'06" West 572.06 feet;

Thence continuing along said north Right-of-Way line North 44°25'03" West 46.99 feet to the POINT OF BEGINNING.

Containing 26.9098 acres, more or less.

Attached is EXHIBIT "B" and by this reference is made a part hereof.

End of description



EXPIRES 09-30-2017

EXHIBIT "B"

NW COR
SEC 4
T3N, R1W

BULLARD AVENUE

N00° 11'00"E 2743.74'

N00° 11'00"E 1901.19'

S00° 11'00"W 1942.62'

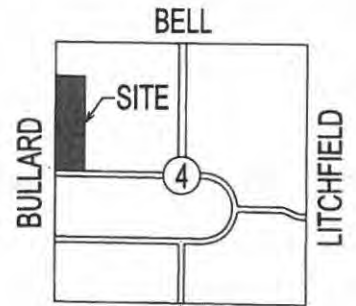
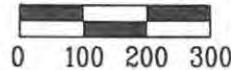
S89° 49'00"E

605.00'

AREA: 26.9098 ACRES +/-



SCALE: 1"=300'



GREENWAY

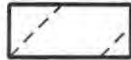
VICINITY MAP

SECTION 4

T3N, R1W

G.& S.R.B. & M.

LEGEND

- POC POINT OF COMMENCEMENT
POB POINT OF BEGINNING
G.&S.R.B.&M. GILA AND SALT RIVER BASE AND MERIDIAN
 SUBJECT PARCEL

LINE TABLE

LINE	BEARING	LENGTH
L1	N00° 11'00"E	87.24'
L2	S89° 49'00"E	55.00'
L3	N44° 25'03"W	46.99'



EXPIRES 09/30/17

BEARING BASE: The north line of the southwest quarter of Section 4, T3N, R1W as stated in that Special Warranty Deed recorded in instrument 2001-1142976, Records of Maricopa County, cited as N89° 01'06"W

POC
W 1/4 COR
SEC 4
T3N, R1W

L1

L2

L3

POB

N89° 01'06"W

572.06'

PARADISE LANE

N LINE SW 1/4 SEC 4

PARCEL #1



CITY OF SURPRISE
LAND SURVEY DEPARTMENT

PROJECT # 16005

DRAWN BY RCD

DATE 03-15-16

SHEET 1 OF 1

EXHIBIT I

Avigation Easement

WHEN RECORDED, RETURN TO:

City of Phoenix
City Clerks Department
200 W. Washington St.
Phoenix, Arizona 85003

AVIGATION EASEMENT

Grantor:

Grantee: United States of America Department of the Air Force

Easement Area: As legally described on Exhibit A, attached hereto

In consideration of the sum of One and No/100ths Dollars (\$1.00) and other good and valuable consideration paid to Grantor by Grantee, the receipt of which is hereby acknowledged, Grantor has granted, bargained, sold and conveyed and does hereby grant, bargain, sell and convey unto Grantee, its successors and assigns a non-exclusive, perpetual and permanent avigation easement over and across the Easement Area, which easement will include, but not be limited to, the right to fly aircraft over the Easement Area, together with its attendant noise, vibrations, fumes, dust, fuel and lubricant particles, and all other effects that may be caused by the operation of aircraft landing at, or taking off from, or operating at Luke Air Force Base. Grantor will not allow anything to impede Grantee's use of this avigation easement.

Executed as of the _____ day of _____, 2016.

GRANTOR:

By: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this _____ day of _____, 2016, before me personally appeared _____, the _____ of the _____, an _____, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he or she signed the above/attached document.

[Affix notary seal here]

Notary Public

EXHIBIT J

Release of Liability

WHEN RECORDED, RETURN TO:

City of Phoenix
City Clerks Department
200 W. Washington St.
Phoenix, Arizona 85003

RELEASE OF LIABILITY (Luke Air Force Base Overflights)

_____ does hereby release and discharge the United States of America Department of the Air Force from any liability for any and all claims for damages of any kind to persons or property that may arise at any time in the future over, or in connection with aircraft overflights of the property, legally described in Exhibit A, from aircraft utilizing Luke Air Force Base, whether such damage originates from noise, vibration, fumes, dust, fuel and lubricant particles, and all other effects that may be caused by the operation of aircraft landing at, or taking off from, or operating at Luke Air Force Base. This release will run with the land and be binding upon grantor and its heirs, assigns and successors in interest to the property or any portion thereof. This instrument does not release the United States of America Department of the Air Force from liability for damage or injury to person or property caused by falling aircraft or falling physical objects from aircraft, except as stated herein with respect to noise, fumes, dust, fuel and lubricant particles.

By _____

Date _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this _____ day of _____, 2016, before me personally appeared _____, the _____ of the _____, an _____, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he or she signed the above/attached document.

[Affix notary seal here]

Notary Public



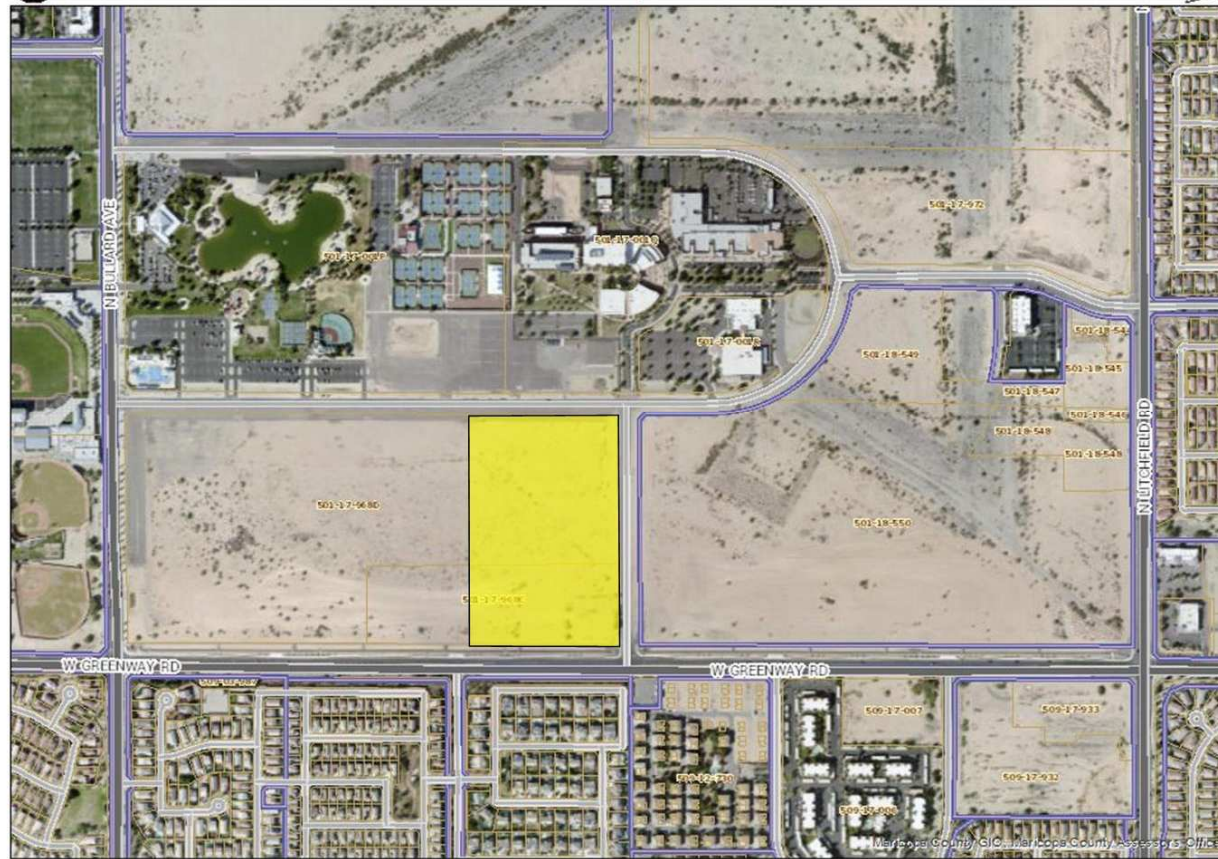
Resolution #2018-XX

Surprise Center Development Company Property Conveyance

February 6, 2017

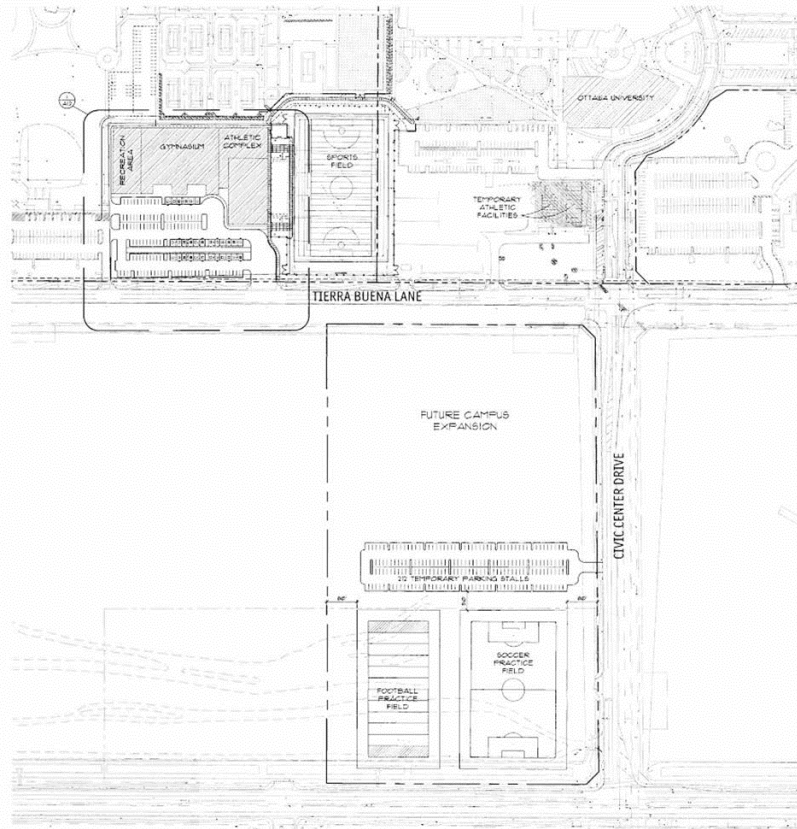
Property

- § The City gained interest in 20 acres of land with the Compromise Settlement Agreement and Full and Final Release of All Claims (“Settlement Agreement”) dated May 5, 2016 between the City of Surprise and Surprise Center Development Corporation (SCDC)
- § The City, in accordance with the Settlement Agreement Section 5 Conditional Conveyance of Land issued notice to SCDC
- § Per the Settlement Agreement the City has secured a bona fide higher educational user, Ottawa University”, for use of the property
- § The value associated with this property is approximately \$2,378,376

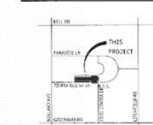


1/30/2018 10:40:16

Master Plan



VICINITY MAP



OVERALL SITE PLAN



CAWLEY
ARCHITECTS

730 N. 52nd St. Ste. 203
Phoenix, Arizona 85008
P: 602.383.5040
C: 602.383.5040



OTTAWA
UNIVERSITY
SURPRISE

SWC OF
SURPRISE CENTER
BERRY AND TERRA
BUENA LANE
SURPRISE
ARIZONA

DATE
CONCEPT REVIEW
08-10-2011
PRELIMINARY
08-10-2011
REVISION 1 - REVISION PLAN
08-14-2011
PRELIMINARY
08-14-2011
REVISION 2 - REVISION PLAN
08-24-2011
REVISION 3 - REVISION PLAN
08-24-2011

PROJECT NO. 100000000000000
PROJECT NAME: OTTAWA UNIVERSITY SURPRISE
PROJECT LOCATION: BERRY AND TERRA BUENA LANE, SURPRISE, ARIZONA
PROJECT OWNER: OTTAWA UNIVERSITY
PROJECT MANAGER: DAVID J. CAWLEY
PROJECT ARCHITECT: CAWLEY ARCHITECTS
PROJECT ENGINEER: DAVID J. CAWLEY
PROJECT DATE: 08-10-2011

Project: OTT
A1.1



SURPRISE
ARIZONA

**QUESTIONS OR
COMMENTS?**

Thank You