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

Tuesday, June 5, 2018 @ 4:00 PM
COUNCIL CHAMBERS

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A. Call To Order

B. Roll Call

C. Pledge of Allegiance

D. 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.

E. Regular City Council Work Session Agenda:

Regular Agenda Item - Non-Public Hearing:

1.	District Citywide	Discussion and presentation regarding a potential refinancing of the Wastewater Utility Revenue Bonds MPC Series 2007 and an update on the SPA1 wastewater system.	None Lindsey Duncan, Finance Director
2.	District Citywide	Presentation and discussion regarding changes to the City's Investment Policy.	None Lindsey Duncan, Finance Director
3.	District Citywide	Presentation and discussion pertaining to the City of Surprise Comprehensive Financial Management Policies.	None Lindsey

			Duncan, Finance Director
4.	District Citywide	Presentation and discussion of the final draft of the Surprise Arts and Culture Master Plan, which the Arts and Cultural Advisory Commission has recommended for approval.	None Joshua Mike - Community Development

F. 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).

G. 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.

Council Meeting Date:	June 5, 2018	Contact Person:	Lindsey Duncan, Finance Director
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Discussion and presentation regarding a potential refinancing of the Wastewater Utility Revenue Bonds MPC Series 2007 and an update on the SPA1 wastewater system.

Motion:

None, discussion only.

Background:

Objective Analysis:

Policy Compliant:

This action is consistent with City Policies and procedures.

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

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No Attachments Available

CITY OF SURPRISE
Regular City Council Work Session

June 5, 2018 @ 4:00:00 PM

Council Meeting Date:	June 5, 2018	Contact Person:	Lindsey Duncan, Finance Director
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Presentation and discussion regarding changes to the City's Investment Policy.

Motion:

None; discussion only.

Background:

The investment of public monies is regulated by Title 35 of Arizona Revised Statutes (A.R.S). Investment policies are an important element of sound financial principles which demonstrate the City's commitment to invest public monies in a manner that will maintain the safety of principal, maintain liquidity, and provide an industry benchmark yield. The City's Investment Policy was adopted by City Council Resolution #04-171 on August 26, 2004 and later amended by City Council Resolution #07-62 on May 24, 2007. The policies cover the areas of Investment Authority; Delegation of Authority; Policy Adoption; Internal Control; Prudence; Investment Objectives; Authorized and Eligible Investments; Safekeeping and Custody; Ethics and Conflicts of Interest; Authorized Financial Institutions; and Reporting. The major changes proposed by staff are summarized below: 1. Streamline language and simplify procedures to facilitate application of the policy. 2. Removed investment options that do not meet the City's needs or that are higher risk. 3. Identify fund categories to accommodate for growth. 4. Remove references to ineligible investments. 5. Remove irrelevant definitions.

Objective Analysis:

The City's Investment Policy provides guidance to ensure the sound and prudent investment of public monies.

Policy Compliant:

This item is compliant with City and Council policies.

Financial Impact:

None at this time; however, topics covered in this presentation could lead to future actions that will direct the City's investment activities.

Budget Impact:

None at this time; however, topics covered in this presentation could lead to future actions which may have a budgetary impact.

FTE Impact:

This item does not impact the overall full-time equivalent count.

ATTACHMENTS:

Click to download

- Investment Policy Draft
- Investment Policy Presentation

SURPRISE ARIZONA	**Standard Operating Procedure** **INVESTMENTS**
PROCESS: Investment Activities With Public Monies	
POLICY REFERENCE: Arizona Revised Statutes (ARS) Title 35; City of Surprise, Arizona Comprehensive Financial Management Policies; Generally Accepted Accounting Principles (GAAP);	

ISSUE DATE:	**LAST AMENDED DATE:**	**EFFECTIVE DATE:**
August 26, 2004 Resolution 04-171	May 24, 2007 Resolution 07-62	June 19, 2018 Resolution 2018-xx
FINANCE DIRECTOR APPROVAL:		**APPROVAL DATE:**

GENERALLY

The City will consolidate public monies identified for investment from governmental funds, proprietary funds, and internal service funds in order to maximize investment earnings and to increase efficiencies with regard to investment management pricing, safekeeping costs, and administration costs. Funds that are contractually or statutorily restricted from investment activities will be exempted from this policy. Investment income will be allocated to the various funds based on their respective participation of cash balances and in accordance with Governmental Accounting Standards Board (GASB). The investment of public monies is regulated by Title 35 of Arizona Revised Statutes (A.R.S.).

PURPOSE

This policy applies to the investment activities of the City of Surprise with the intent to invest public monies in a manner that will maintain the safety of principal, maintain liquidity to meet operating requirements, and provide an industry benchmark yield.

DEFINITIONS

Benchmark- a comparative base for measuring the performance or risk tolerance of the investment portfolio which should represent a close correlation to the level of risk and the average duration of the portfolio's investments

Broker- a third-party who brings buyers and sellers together for a commission

Certificates of Deposit (CD) - a marketable receipt for funds deposited in a bank or thrift institution for a specific time period at a stated rate of interest

Credit Risk- the risk of loss due to the failure of the security issuer or backer

Dealer- as opposed to a broker, a third-party who acts as a principal in all transactions, buying and selling his own account

Delivery vs. Payment (DVP) - delivery of securities with an exchange of money for the securities

Delivery vs. Receipt (DVR) - delivery of securities with an exchange of a signed receipt for the securities

Diversification- dividing investment funds among a variety of securities offering independent returns

Interest Rate Risk- the risk that the market value of securities held in the portfolio will decline due to increases in market interest rates subsequent to their purchase

Investment Advisor- an investment firm with demonstrated expertise in the management of investment portfolios that acts as a fiduciary for client assets and held to the "Prudent Expert" standard of care; registered with and regulated by the Securities and Exchange Commission (SEC) under the Investment Advisors Act of 1940; and compensated on the basis of assets under management, not transactions

Liquidity- an asset that can be converted easily and rapidly into cash without a substantial loss of value

Market Value- the price at which a security is trading and could probably be purchased or sold

Maturity- the date upon which the principal or stated value of an investment becomes due and payable

Nationally Recognized Statistical Ratings Organization (NRSRO) – a national credit rating agency that provides reliable and credible credit ratings that are used by the U.S. government in several regulatory areas, used frequently by investors, and used as benchmarks by federal and state agencies

Pooled Investment Fund- the aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment

Portfolio- collection of securities held by an investor

Primary Dealer- a group of government securities dealers including the SEC, registered securities brokers, dealers, banks, and a few unregulated firms, who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight

Prudent Person Rule- an investment standard that, depending on the state, requires either a) that a fiduciary, such as a trustee, invest money only in a list of securities selected by the custody state, also known as the "legal list" or b) that the trustee invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of principal

Public Monies- money that is generated or levied by a governmental agency to provide goods and services for public purposes

Safekeeping- a service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection

Securities & Exchange Commission (SEC) – an agency created by Congress to protect investors in securities transactions by administering securities legislation

Uniform Net Capital Rule- SEC Rule 15C3-1 outlining capital requirements for brokers and dealers

Yield- the current rate of return on an investment security generally expressed as a percentage of the security's current price

Yield to Maturity- the rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return

POLICIES

1. Investment Management Authority

    a. Authority to manage the investment program of the City is granted to the Finance Director or his/her designee and derived from the A.R.S. § 35-323.

2. Delegation of Authority

    a. The Finance Director shall have responsibility for the operation of the investment program and shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Investment Policy. No person may engage in investment transactions except as provided under the terms of this policy and the procedures established by the Finance Director.

    b. The Finance Director has the authority to manage internally or to delegate the management of the investment program to an investment advisor. If authority to manage all or a part of the investment program of the City is delegated to an investment advisor, the Finance Director is responsible for:

        i. Periodic investment portfolio reporting

        ii. Evaluating the performance of the externally managed portfolio

        iii. Monitoring the investment advisor's compliance with the City's Investment Policy

        iv. Conveying the investment needs of the City to the investment advisor

        v. Developing investment strategy with the investment advisor

2. Investment Policy Adoption

   a. The City's Investment Policy shall be adopted by City Council. The Policy shall be reviewed on an annual basis by the Finance Director when applicable, and any modifications made must be approved and adopted by the City Council.

3. Internal Control

   a. The Finance Director shall establish internal controls that are designed to prevent losses due to fraud, negligence, third-party misrepresentation, and other foreseeable circumstances that may arise in the operations of the investment function. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that a) the cost of a control should not exceed the benefits likely to be derived and b) the valuation of costs and benefits requires estimates and judgments by management.

   b. The internal controls shall address the following points:

      i. Control of collusion

      ii. Segregation of duties

      iii. Custodial safekeeping

      iv. Delegation of authority

      v. Documented confirmation of transactions for investments and wire transfers

4. Prudence

   a. The standard of prudence to be used by investment officials shall be the "uniform prudent act" standard and shall be applied in the context of managing an overall portfolio. The Finance Director, acting in accordance with written procedures and this Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and sale of securities are carried out in accordance with the terms of the City's Investment Policy.

5. Investment Policy Objectives

   a. The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield.

      i. Safety

a. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. The objective will be to prudently mitigate credit risk and interest rate risk.

b. Credit risk can be mitigated by diversification of the investment portfolio.

c. Interest rate risk can be mitigated by structuring the investment portfolio so that securities mature concurrently with the anticipated cash flow requirements for ongoing operations, thereby avoiding, as much as possible, the need to sell securities into an adverse market environment prior to maturity, and utilizing external research and advice regarding the current interest rate outlook and global economic condition to optimize portfolio duration strategy.

ii. Liquidity

a. The investment portfolio shall remain sufficiently liquid to meet anticipated cash flow requirements. This is to be accomplished by structuring the portfolio so that securities mature concurrently with anticipated cash flow needs.

iii. Yield

a. The investment portfolio shall be designed to optimize the yield the City obtains from the portfolio taking into account the criteria of the City's Investment Policy, the liquidity needs of the City, and the current interest rate outlook/economic condition while remaining compliant with the policy.

6. Authorized and Eligible Investments for Public Monies

a. Consistent with the City's Policy Section 5 Investment Policy Objectives and A.R.S. § 35-323 (A), only the following investments will be permitted:

i. Certificates of deposit in eligible depositories - 50% sector limit, must be insured or fully collateralized.

ii. Interest bearing savings accounts in banks and savings and loan institutions doing business in the State of Arizona whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository to the same extent and in the same manner as required under A.R.S. § 35-323 (A).

iii. The pooled investment funds established by the State Treasurer pursuant to A.R.S. § 35-326.

iv. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities.

v. Bonds or other evidences of indebtedness of the State of Arizona or any of its counties, incorporated cities, towns, school districts, or special taxing districts, including registered warrants, substitute checks, and electronic funds transfers that bear interest pursuant to section A.R.S. § 11-635. - 40% sector limit, 5% issuer limit.

vi. Bonds, notes, or evidences of indebtedness of any county, municipal district, municipal utility, or special taxing district within the State of Arizona that are payable from revenues, earnings, or a special tax specifically pledged for the payment of the principal and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment on principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if such obligations were issued less than five years before the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor any other obligations of the issuer within five years of the investment. Investments in this category must be rated "A" or the equivalent or better by a NRSRO - 40% sector limit, 5% issuer limit.

vii. Bonds, notes, or evidences of indebtedness issued by any county improvement district or municipal improvement district in the State of Arizona to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district. Investments in this category must be rated "A" or the equivalent or better by a NRSRO - 40% sector limit, 5% issuer limit. An investment shall not be made if:

a. The face value of all such obligations, and similar obligations outstanding, exceeds 50% of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.

b. A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.

b. Investment Rating Downgrade

i. The City may be invested in a security whose rating is downgraded by a NRSRO. In the event of a downgrade, the designated investment advisor shall report the downgrade to the Finance Director. In the event of a downgrade below the minimum credit rating criteria permitted by this Investment Policy, the designated investment advisor shall immediately report the downgrade, sell the investment and reinvest proceeds upon approval of Finance Director.

c. Portfolio Management

i. Following the primary objective of this policy, investments shall be actively managed to take advantage of market opportunities. In so doing, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes, to enhance portfolio returns, or to restructure maturities to increase yield and/or reduce risk.

d. Concentration and Diversification

   i. Any percentage sector limitation for a particular category of investment in this section is applicable only on the date of purchase of the investment. Credit criteria listed in this section refer to the credit of the issuing organization at the time the security is purchased.

   ii. It is the policy of the City to diversify its investment portfolios. The investments shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or class of securities.

7. Safekeeping and Custody

   a. Delivery vs. Payment

      i. All trades of marketable securities will be executed (cleared and settled) on a Delivery vs. Payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

   b. Third Party Safekeeping

      i. Securities will be held by an independent third party safekeeping institution selected by the City. All securities will be evidenced by safekeeping receipts in the name of the City of Surprise.

8. Ethics and Conflicts of Interest

   a. City employees involved in the investment process shall refrain from personal business activities that could conflict with the proper execution and management of the investment program or which could impair his/her ability to make impartial investment decisions. Employees and investment officials shall disclose, within sixty (60) days, any material interests in financial institutions with which they conduct business. They shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City.

9. Authorized Brokers/Dealers

   a. The City or the City's investment advisor will maintain a list of approved security broker/dealers selected by conducting a process of due diligence. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (Uniform Net Capital Rule).

   b. If the City maintains a list, all broker/dealers who desire to become qualified for investment transactions must supply the following:

i. Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines

ii. Proof of Financial Industry Regulatory Authority (FINRA) certification

iii. Proof of state registration

iv. Completed broker/dealer questionnaire

v. Certification of having read and understood and agreeing to comply with the City's Investment Policy.

vi. Evidence of adequate insurance coverage

c. A periodic review of the financial condition and registration of all the City's qualified broker/dealers will be conducted by the Finance Director. If the City uses an investment advisor, the Finance Director may request to periodically review the advisor's approved broker/dealer list.

10. Reporting of Managed Securities

a. The Finance Director or his/her designee shall produce for the governing body of the City a quarterly investment report. The report should include:

i. A list of individual securities held at the end of the reporting period

ii. The realized and unrealized gains or losses in the portfolio

iii. The duration of the portfolio

iv. The maturity date and market value of each security held in the portfolio

v. The yield to maturity of the portfolio and of each security held in the portfolio

vi. The periodic interest earnings of each security held in the portfolio

vii. The credit quality of each security held in the portfolio

Investment Policy

City Council Work Session

June 5, 2018

GOAL OF AN INVESTMENT POLICY

- Guide the investment of public monies in a manner that will:
  - Maintain the safety of principal
  - Maintain liquidity
  - Provide industry benchmark yield

STATUTORY AUTHORITY

- Arizona Revised Statutes -Title 35 – Public Finances
  - Governs the investment of public monies
  - Defines eligible investments
  - Sets the maximum maturity of five years for an investment of public monies

EXISTING POLICY

- Adopted by City Council Resolution in 2004
  - Amended in 2007
- Challenges
  - Included all lawful investments
  - Funds identified individually
  - Focused on exclusions
  - Redundant, cumbersome language

POLICY CONTENT

- Investment management authority
- Delegation of authority
- Policy adoption
- Internal control
- Prudence
- Policy objectives
- Authorized investments
- Safekeeping and custody
- Ethics and conflicts of interest
- Authorized brokers and dealers
- Reporting

RECOMMENDED POLICY CHANGES

- Streamline policy language
  - Facilitate application of policy
  - Example: Removed redundant Government Sponsored Investment Pools section
  - Example: Updated Authorized Brokers/Dealers to clearly define the City's and the Investment Advisor's responsibilities

RECOMMENDED POLICY CHANGES

- Remove investment options that do not meet the City's needs or that are higher risk
  - Exercise caution with volatile investments
  - Examples: Commercial paper, re-purchased agreements, and non-governmental bonds

RECOMMENDED POLICY CHANGES

- Identify fund categories to accommodate for growth
- Remove references to ineligible investments
- Remove obsolete definitions
- Retain critical information, remove redundancy
- Consolidate from 21 pages to 8 pages

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ARIZONA

QUESTIONS OR COMMENTS?

Thank You

CITY OF SURPRISE
Regular City Council Work Session

June 5, 2018 @ 4:00:00 PM

Back Print

Council Meeting Date:	June 5, 2018	Contact Person:	Lindsey Duncan, Finance Director
Submitting Department:		District:	Citywide
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Presentation and discussion pertaining to the City of Surprise Comprehensive Financial Management Policies.

Motion:

None; discussion only.

Background:

Comprehensive financial policies are an important element of a solid financial structure and long-term financial planning. These policies are reviewed and updated annually. The policies cover the areas of Operating Management, Capital Management, Debt Management, Minimum Fund Balance, and Financial Reporting. For FY2019, finance staff is recommending the following edits to the financial policies: 1. Revise Operating Management Policy 5 to reflect the City Council's existing authority to amend the adopted budget for movement to or from personnel and any other category; any change to major Capital Improvement Plan (CIP) projects; all use of contingency; and any change to the number of full-time positions. 2. Revise Operating Management Policy 6 to reflect the City Manager's existing authority to amend the adopted budget for movement between part-time and full-time appropriation and movement of non-CIP projects or minor CIP projects between divisions. 3. Revise Operating Management Policy 7 to expand the Finance Director's authority to amend the adopted budget related to carryforward increases; developer reimbursements and debt service obligations when the agreement has been previously approved by City Council; and adjustments between the Community and Recreation Services (CRS) Department and Sports and Tourism Department. 4. Add Operating Management Policy 8 to reflect the Department Director's existing authority to amend the adopted budget for the movement of supplies, services, and personnel between divisions. 5. Revise Operating Management Policy 19 by removing the City Manager's authority to approve the acceptance of grant funding when time restrictions do not permit the approval of City Council. This is inconsistent with the City's best practice. 6. Revise Operating Management Policy 25 to state that a consultant "may", rather than "will", hire a consultant to update the indirect cost model periodically. A model has been acquired allowing annual staff updates with consultant support/modification as needed. 7. Revise Operating Management Policy 26 to include administrative transfers within capital funds for the recordation of capital assets as a transfer type that does not require City Council action. Capital assets related to the enterprise funds are recorded in the corresponding capital fund which were recently established to improve the accuracy of financial forecasting. 8. Revise Capital Management Policy 30 to clarify that funding for the repair and replacement of capital equipment and infrastructure must be fully expended within the fiscal year it is appropriated. 9. Revise Minimum Fund Balance Policy 48 (a) to include the Ground Ambulance Fund in the calculation of the General Fund's three-part reserve. 10. Revise Minimum Fund Balance Policy 48 (k) to adjust the targeted reserve for the Workers' Compensation Self-Insurance Trust Fund from twice the amount of budgeted claims to $1,500,000 as required by the Industrial Commission.

Objective Analysis:

The City's comprehensive financial policies provide the roadmap for financial operations and demonstrate the City's commitment to sound financial management practices.

Policy Compliant:

This item is compliant with City and Council policies.

Financial Impact:

None at this time; however, topics covered in this presentation could lead to future actions which may have a fiscal impact.

Budget Impact:

Budgetary impacts resulting from revisions to the Comprehensive Financial Management Policies have been incorporated as part of the FY2019 budget.

FTE Impact:

This item does not impact the overall full-time equivalent count.

ATTACHMENTS:

Click to download

- Comprehensive Financial Policies Presentation
- Comprehensive Financial Policies Redline Draft

Comprehensive Financial Management Policies

City Council Work Session

June 5, 2018

FY2019 RECOMMENDED POLICY CHANGES

- **Operating Management**
  - City Council budget amendment authority
    - Movement between personnel and any other category, major CIP projects, contingency, and any change to the count of full-time positions
    - Reflects existing budget amendment policy
    - Policy #5

FY2019 RECOMMENDED POLICY CHANGES

- City Manager budget amendment authority
  - Movement between part-time and full-time, minor CIP projects, and non-CIP projects
  - Reflects existing budget amendment policy
  - Policy #6

FY2019 RECOMMENDED POLICY CHANGES

- Finance Director budget amendment authority
  - Carryforward increases, developer reimbursements and debt service obligations, and movement between CRS and S & T
  - Expanded authority, Report to City Council for official action*
  - Policy #7

*Movement between CRS and S & T excluded

FY2019 RECOMMENDED POLICY CHANGES

- Department Director budget amendment authority
  - Movement of supplies, services, and personnel between divisions
  - Reflects existing budget amendment policy
  - Policy #8

FY2019 RECOMMENDED POLICY CHANGES

- City Manager grant acceptance authority
  - Cannot accept grant funding when time restrictions do not permit City Council approval
  - Consistent with existing budget amendment policy
  - Policy #19

FY2019 RECOMMENDED POLICY CHANGES

- Hiring of a consultant for periodic indirect cost model updates
  - Change “will” to “may”
  - Model acquired allowing annual updates by staff
  - Policy #25

FY2019 RECOMMENDED POLICY CHANGES

- Cash transfers within capital funds to record capital assets
  - Will not require City Council action, administrative in nature
  - Consistent with existing policy for transfers to record capital assets within operating funds
  - Policy #26

FY2019 RECOMMENDED POLICY CHANGES

- **Capital Management**
  - Asset replacement carryover
    - Funding for repair and replacement of capital equipment and infrastructure must be fully expended within the fiscal year it is appropriated
    - Policy #30

FY2019 RECOMMENDED POLICY CHANGES

- **Minimum Fund Balance**
    - Ground Ambulance Fund reserve
        - Include Ground Ambulance Fund in calculation of the General Fund’s three-part reserve
        - Policy #48 (a)

FY2019 RECOMMENDED POLICY CHANGES

- Workers' Compensation Fund reserve
  - Modify reserve from twice the amount of budgeted claims to $1.5m as required by the Industrial Commission
  - Policy #48 (k)

NEXT STEPS

- City Council Regular Meeting June 19
  - Approve final policy
- Policy takes effect July 1

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QUESTIONS OR COMMENTS?

Thank You

CITY OF SURPRISE, ARIZONA
COMPREHENSIVE FINANCIAL MANAGEMENT POLICIES
EFFECTIVE JULY 1, 2018

Introduction

The City Council's Strategic Plan Framework, goals, and objectives provide the foundation for the comprehensive financial management policies. The City's comprehensive financial policies provide the roadmap to achieve financial resiliency and demonstrate the City's commitment to sound financial management practices. As defined by the Government Finance Officers Association (GFOA), the City Council strives to build a financially resilient government through financial policies and long-term financial planning. The GFOA has identified eight characteristics of a financially resilient government:

1. Diversity: Avoid reliance on a single solution.
2. Redundancy: Avoid having only one path of rescue.
3. Decentralization: Centralized systems look strong, but failure is catastrophic.
4. Transparency: Make it easier to figure out where a problem may lie. Share plans and listen when people point out flaws.
5. Collaboration: Working together to become stronger.
6. Fail Gracefully: Failure happens. Make sure failure won't make things worse.
7. Flexibility: Be ready to change when plans aren't working. Don't expect stability.
8. Foresight. Think and prepare.

Financial policies contribute to increased public confidence and trust as well as provide clear direction to City staff concerning the diligence and stewardship with which public monies are to be managed. Adopted financial policies show our citizens, the credit rating industry, and prospective investors (bond buyers) the City's commitment to financial resiliency. These policies are presented in the following five areas:

1. Operating Management
2. Capital Management
3. Debt Management
4. Minimum Fund Balance
5. Financial Reporting

Operating Management Policies

1. All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial resiliency.

2. The budget shall be considered balanced if revenues plus use of fund balance are equal to or exceed total expenses, by fund. The budget process is intended to weigh all competing requests for City resources, within expected fiscal constraints.

3. The City Budget is adopted by department within each fund and by project in the capital funds.

4. The full-time equivalent (FTE) count and number of full-time positions is adopted by department within each fund.

5. City Council has the authority to amend the adopted budget for movement between funds or departments~~,~~; movement to or from personnel and any other category; any change to grant or major Capital Improvement Plan

(CIP) ~~capital~~ projects; all use of contingency;~~,~~ and any change to the full-time equivalent (FTE) count or number of full-time positions.

6. The City Manager has the authority to amend the adopted budget for use of the Emergency Reserve, movement between part-time and full-time appropriation, and movement of non-CIP projects or minor CIP projects between divisions. The City Manager shall provide a summary report to the City Council on the movement of these funds who will then take official action on the necessary budget amendment.

7. The Finance Director has the authority to amend the adopted budget related to targeted savings; ~~and~~ carryforward ~~reductions~~; developer reimbursements and debt service obligations when the agreement has been previously approved by City Council; and adjustments between the Community and Recreation Services Department and Sports and Tourism Department. The Finance Director shall provide a summary report to the City Council on the movement of these funds who will then take official action on the necessary budget amendment.

~~7.~~8. Department Directors have the authority to amend the adopted budget for the movement of supplies, services, and personnel between divisions.

~~8.~~9. Long-range financial plans will be prepared to guide the City and ensure the delivery of needed services due to changes in the economy, service demands, and capital improvements.

~~9.~~10. Regional considerations and intergovernmental relationships will be evaluated to fund both operating services and capital projects.

~~10.~~11. The City Council will consider citizen input and review the operating and capital budget recommendations from an outcome and goals perspective.

~~11.~~12. A diversified revenue system will be developed to protect City services.

~~12.~~13. The City Council will set the amount to be received from primary property taxes annually. The amount is limited to one-hundred and two percent (102%) of the prior fiscal year's maximum allowable levy plus new construction and reimbursement for the prior calendar year's tort liability payments.

~~13.~~14. To ensure that the City does not become overly reliant on "one-time" revenues for operating needs, the first $1.25 million received in revenues from the two and two-tenths percent (2.2%) transaction privilege tax on construction will be retained in the General Fund. Any additional amount will be recorded in the General Capital Fund and will be used to fund the Capital Improvement Plan.

~~14.~~15. The City currently imposes an additional one and one-half percent (1.5%) transaction privilege tax on construction dedicated to the construction of new roadways and to refurbishing existing transportation corridors. The revenue is recorded in the Transportation Improvement Fund and will be used to fund transportation projects in the Capital Improvement Plan.

~~15.~~16. The City currently imposes a four and fifty-two hundredths percent (4.52%) transaction privilege tax on transient lodging. The four and fifty-two hundredths percent (4.52%) tax rate is then split, with three and fifty-two hundredths percent (3.52%) recorded in the Tourism Fund to be used for promoting tourism and one percent (1.0%) recorded in the General Fund. The three and fifty-two hundredths percent (3.52%) recorded in the Tourism Fund has been committed by City Council to be used for promoting tourism. ~~This percentage exceeds the two and fifty-two hundredths percent (2.52%) required by A.R.S § 9-500.06.~~ Of the amount recorded in the Tourism Fund, the Tourism Advisory Board has designated that seventy-five percent (75%) is spent for sports tourism facility development and improvement and twenty-five percent (25%) on marketing, studies, and special events.

~~16.~~17. Water, Wastewater, Stormwater, and Solid Waste user fees and charges will be examined annually to ensure they recover all direct and indirect costs of service and will be approved by the City Council.

~~17.~~18. All user fees (excluding water, wastewater, stormwater, and solid waste) will be examined periodically to determine the direct and indirect cost of service recovery rate. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council.

19. Grant funding will be considered to leverage City funds and requires City Council approval prior to acceptance.

~~In situations where the timing does not permit City Council approval prior to acceptance, the grant funding will be approved by the City Manager.~~

~~18.~~20. Cash balances identified for~~and~~ investments ~~programs~~ will be maintained in accordance with state law and the adopted investment policy ~~and will~~to ensure that proper controls and safeguards are maintained. City funds will be managed with an emphasis on safety of principal, liquidity, and ~~financial return on principal~~yield, in that order.

~~19.~~21. Employee compensation and benefits will be administered in accordance with the policy given by the City Council. Healthcare costs will be shared between the City and employees and this allocation will be evaluated annually.

~~20.~~22. The Healthcare Self-Insurance Trust Fund was created under the authority of Arizona Revised Statute § 11-981. The Board of Trustees is charged to administer the trust fund and "make recommendations to the City Council regarding trust fund programs, including amount of appropriations to assure stability and security of the trust fund."

~~21.~~23. An actuarial evaluation will be performed annually to determine the Incurred but Not Reported (IBNR) claim liability. This amount is required by accounting practices and represents the cost of unpaid claims (claims run-out), assuming the City stops being self-insured.

~~22.~~24. The City will optimize the efficiency and effectiveness of its services to reduce costs and improve service quality.

~~23.~~25. The City will maintain a methodology for allocating the City's indirect costs to service departments. A consultant ~~will~~ may be hired to update the plan periodically.

~~24.~~26. All cash transfers between funds must be approved by City Council. Transfers to record capital assets within operating and capital funds are not presented to the City Council as these are administrative in nature.

~~25.~~27. All initial inter-fund loans must be approved by City Council.

~~26.~~28. All use of budgetary contingency accounts must be approved by City Council prior to being expended.

Capital Management Policies

~~27.~~29. The City shall use an integrated approach to capital planning and financing in preparing a five-year Capital Improvement Plan. Only the first year of the plan will be adopted by the City Council.

~~28.~~ The Capital Improvement Plan will include funding to support repair and replacement of capital equipment and infrastructure. If not fully expended within the fiscal year it is appropriated, funding to support repair and replacement of capital equipment and infrastructure will not rollover to subsequent years. A high priority should be placed on those items where deferring maintenance will result in greater cost to restore or replace.

~~29.~~30. Proposed capital projects will be prioritized based on the City Council's goals and objectives, the General Plan, and master plans.

31. Future operating, maintenance, and replacement costs associated with new capital improvements will be included as a schedule within the annual budget document. Capital projects will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.

~~30.~~32. The first $1.25 million received in revenues from the two and two-tenths percent (2.2%) transaction privilege tax on construction will be retained in the General Fund. Any additional amount will be recorded in the General Capital Fund and will be used to fund the Capital Improvement Plan.

33. The City currently imposes an additional one and one-half percent (1.5%) transaction privilege tax on construction dedicated to the construction of new roadways and to refurbishing existing transportation corridors. The revenue is recorded in the Transportation Improvement Fund and will be used to fund transportation projects in the Capital Improvement Plan.

~~31.~~34. As permitted by state law, the City shall maintain a financial structure to ensure future development pays for itself and is not a burden on existing residents (i.e. "growth pays for growth"). Elements of this financial structure include impact fees, development agreements, Improvement Districts (IDs) and Community Facility Districts (CFDs).

~~32.~~35. Impact fees for infrastructure attributable to new development will be reviewed at least every other year to ensure that fees recover all direct and indirect development-related expenses, as permitted by state law, and will be approved by the City Council.

~~33.~~36. Any capital assets dedicated or donated to the City such as infrastructure, land, right-of-ways, easements, etc. must be approved by the City Council which must include a valuation of the assets.

Debt Management Policies

~~34.~~37. The City shall periodically report measurable steps taken in striving towards achieving and maintaining the highest possible bond ratings. This will minimize borrowing costs, optimize access to credit, and demonstrate excellent financial stewardship on behalf of our residents.

~~35.~~38. An analysis showing how a new debt issue combined with current outstanding debt impacts the City's debt capacity and conformance with City debt policies will accompany every proposal.

~~36.~~39. General Obligation debt, which is supported by property tax revenues, will be utilized as authorized by voters. Other types of voter-approved debt (e.g. water and wastewater) may also be utilized when they are supported by dedicated revenue sources (e.g. fees and user charges).

~~37.~~40. Municipal Property Corporation, trust agreements, and contractual debt, all of which are non-voter approved, will be utilized only when approved by City Council.

~~38.~~41. Improvement District (ID) and Community Facility District (CFD) bonds shall be permitted only when there is a general City benefit as defined and approved by the City Council.

~~39.~~42. Utility rates will be established to ensure the ratio of net revenues to debt service meets bond indenture requirements.

~~40.~~43. The Arizona Constitution provides that the general obligation bonded indebtedness for a city may not exceed twenty percent (20%) 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 (6%) of the City's net secondary assessed valuation.

~~41.~~44. The City will follow appropriate procedures with regard to obligations under continuing disclosure undertakings as identified by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

~~42.~~45. The City will follow appropriate procedures with regard to tax exempt obligations as identified by the Internal Revenue Code of 1986.

Minimum Fund Balance Policies

46. Minimum fund balances are not intended to be spent. The purpose of the minimum fund balance is to ensure the City has adequate resources to meet its needs. If the necessity arises to draw down a fund balance below the minimum requirements that have been set, a plan to replenish the minimum fund balance will be presented to the City Council for approval.

~~43.~~47. Minimum fund balance requirements will be evaluated annually for long-term adequacy and use requirements.

~~44.~~48. The City has formally adopted a minimum fund balance policy for the following governmental funds:

a. The General Fund will have a three-part reserve as follows:

i. The City will maintain an Emergency Reserve in the General Fund of one and sixty-seven hundredths percent (1.67%) of the average of budgeted personnel, supplies, and services expenses over a two-month period for that year's Council Adopted Budget for the General Fund, Ground Ambulance Fund, and the Highway User Revenue Fund. The Emergency Reserve is for unexpected, large-scale expenses resulting from events where immediate, remedial action must be taken to protect the health and safety of residents, all unassigned fund balance has been exhausted, and no amount previously appropriated by the City Council is otherwise available. Any use of the Emergency Reserve must be approved by the City Manager or designee. When this occurs, the City Manager shall provide a summary report to the City Council as soon as practical on the usage of these funds and have City Council approve any necessary budget amendments. At that time, the City Manager will also present a plan to restore the Emergency Reserve to the one and sixty-seven hundredths percent (1.67%) level within the next fiscal year following the fiscal year in which the event occurred.

ii. The City will maintain an additional General Fund Operating Reserve in the amount of ten percent (10%) of the average of budgeted personnel, supplies, and services expenses over a two-month period for that year's Council Adopted Budget for the General Fund, Ground Ambulance Fund, and the Highway User Revenue Fund. The Operating Reserve is for unexpected events such as failure of the state to remit revenues to the City, loss of state shared revenues, or other impairment of a significant funding source for the remainder of the fiscal year. The Operating Reserve may also be used for unexpected mandates or other events that cause the City to incur unplanned expenses. The Operating Reserve allows for the continuance of critical City services due to these unanticipated events and is done so after all unassigned fund balance has been exhausted and no amount previously appropriated by the City Council is otherwise available. Any use of the Operating Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan that projects to restore the Operating Reserve to the ten percent (10%) level within two fiscal years following the fiscal year in which the event occurred.

iii. The City will maintain an additional General Fund Budget Stabilization Reserve in the amount of five percent (5%) of the average of budgeted personnel, supplies, and services expenses over a two-month period for that year's Council Adopted Budget for the General Fund, Ground Ambulance Fund, and the Highway User Revenue Fund. The Budget Stabilization Reserve is used to provide funding to offset reductions in revenues resulting from fluctuations in the economic cycle that cannot be otherwise absorbed by the operating budget. The reserve funds will provide time for the City to restructure its operations in a deliberate manner to ensure continuance of critical City activities and is used after all unassigned fund balance has been exhausted and no amount previously appropriated by the City Council is otherwise available. Any use of the Budget Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Budget Stabilization Reserve to the five percent (5%) level within the three fiscal years following the fiscal year in which the event occurred.

b. General Capital Fund of $1.0M

c. Transportation Improvement Fund of $0.5M

~~c.~~d. Street Light Improvement Districts (SLIDs). 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 five percent (5%) of its budgeted annual expenses.

~~d.~~e. Tourism Fund of $5,000.

~~e.~~f. The Spring Training Ticket Surcharge Fund will have a minimum fund balance of $600,000. Any excess fund balance remaining as of June 30 shall be remitted to the General Fund.

~~f. Minimum spendable net position balances for the proprietary funds:~~

~~g.~~

~~h.~~g. Within the Water, Waste Water, Stormwater, and Solid Waste Funds, ~~spendable net position is to be maintained at~~ an amount will be maintained equal to the average budgeted personnel, supplies and services expenses over a two-month period for that year's Council Adopted Budget.

~~i.~~h. Within the Water, Waste Water, Stormwater, and Solid Waste Funds, an additional amount will be maintained for repair and replacement at a minimum of two percent (2%) of all tangible capital assets of the system.

~~j.~~i. The Risk Management Fund will maintain ~~spendable net position at~~ an amount that, together with purchased insurance policies, will adequately indemnify the City. An actuarial evaluation will be performed periodically to recommend appropriate funding levels, which will be approved by the City Council.

~~k.~~j. The Healthcare Self-Insurance Trust Fund will maintain ~~net position~~an amount at a level which, together with purchased insurance policies (individual and aggregate stop loss), will adequately indemnify the City. The City has established an Adverse Times Reserve. The purpose of this reserve is to address cash flow needs caused by periods in which claim payments exceed projections. The target amount of this reserve is at least twenty-five percent (25%) of expected annual claims.

~~l.~~k. The Workers' Compensation Self-Insurance Trust Fund will maintain ~~net position at a level~~an amount which, together with the purchased excess insurance polic~~ies (individual and aggregate stop loss),~~y will adequately indemnify the City. The ~~target amount of this reserve is at least twice the amount of the budgeted claims.~~ Industrial Commission required reserve is $1,500,000.

Financial Reporting Policies

~~45.~~49. The City's Finance Director will develop standard operating procedures to ensure the City's accounting and financial reporting systems ~~will be~~are maintained in conformance with all state and federal laws, Generally Accepted Accounting Principles (GAAP) and the standards of the Governmental Accounting Standards Board (GASB).

~~46.~~50. An annual audit will be performed by an independent public accounting firm. The City will prepare a Comprehensive Annual Financial Report (CAFR) with the objective of receiving an ~~unqualified~~ unmodified ("clean") audit opinion. The independent auditor will present and discuss audit findings regarding internal controls and operational issues to the Audit Committee at a public meeting.

CAFR Fund Balance Reporting

1. The hierarchy from least spendable to most spendable fund balance for governmental funds of the City shall be: non-spendable, restricted, committed, assigned and unassigned. When funds are available from multiple classifications of fund balance to meet the City's obligations, it is the City's policy to ~~charge~~ spend the least spendable fund balance available.

2. Non-spendable and restricted fund balances are determined solely by the nature of the fund balance itself.

~~2.~~3. Committed fund balance represents amounts that have been constrained to a specific use by the formal action of the City's highest level of decision-making authority, the City Council. A majority vote of the City Council is necessary to establish, modify, or rescind a fund balance commitment.

~~3.~~4. The City has elected the following commitments of fund balance to be standardized from year to year.

   a. A commitment for repair and replacement of general government vehicles and other rolling stock will be maintained based upon lifecycle replacement plans prepared annually. This commitment shall be maintained in the Vehicle Replacement Fund.

   b. A commitment of a one and one-half percent (1.5%) construction sales tax to be used solely for the purposes of paying costs related to new roadways and to refurbish existing transportation corridors, to be maintained in the Transportation Improvement Fund (Ordinance No. 05-13).

c. In addition to the two and fifty-two hundredths percent (2.52%) transient lodging tax restricted by state statute, a commitment of an additional 1.0% transient lodging tax for a total of three and fifty-two hundredths percent (3.52%) will be used to promote tourism and be maintained in the Tourism Fund (Ordinance No. 2010-04).

~~4.~~5. In order to be reported as committed fund balance in the CAFR the City Council must approve the commitments prior to June 30th. However, the amount of the commitment may be determined after June 30th.

~~5.~~6. Amounts that have been constrained by the City's intent to be used for a specific purpose and are neither restricted nor committed are reported as assigned fund balance. The City Council has designated the authority to assign amounts to be used for specific purposes to the Chief Financial Officer (CFO).

~~47.~~51. The City's CAFR will be submitted annually to the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program.

~~48.~~52. The City's Budget will be submitted to the Government Finance Officers Association (GFOA) Distinguished Budget Presentation program.

~~49.~~53. A monthly financial report will be presented to the City Council.

Council Meeting Date:	June 5, 2018	Contact Person:	Joshua Mike - Community Development
Submitting Department:	CD	District:	Citywide
Staff Recommendations:	None		

Consent	Regular	Public Hearing	Report/Discussion

Agenda Wording:

Presentation and discussion of the final draft of the Surprise Arts and Culture Master Plan, which the Arts and Cultural Advisory Commission has recommended for approval.

Motion:

N/A

Background:

In February of 2017, the Arts and Cultural Advisory Commission and the Community Development Department hired a consultant, to begin developing an Arts and Culture Master Plan. This team has conducted stakeholder meetings, participated in public outreach events, and conducted multiple surveys that evaluated the current conditions and identified the needs of the City. This Master Plan includes strategies intended to bolster the community's sense of place by expanding public art and promoting more cultural experiences. The initial drafts were published and distributed in February-April 2017 for public and stakeholder comments. The Arts and Cultural Advisory Commission help special meetings to review comments and make revisions, leading to the final draft of the Arts and Culture Master Plan.

Objective Analysis:

This development team has drafted strategies intended to bolster the community's sense of place by expanding public art and promoting more cultural experiences.

Policy Compliant:

No action is being taken at this time.

Financial Impact:

At this time there are no financial impacts associated with this item.

Budget Impact:

At this time there are no budget impacts associated with this item.

FTE Impact:

At this time there would be no additional FTEs associated with this item.

ATTACHMENTS:

Click to download

FS18-018 Arts and Culture Master Plan - Presentation

Presentation:
Arts and Culture Master Plan

City Council Work Session

June 5, 2018

Arts and Culture Master Plan

<u>Today's Discussion</u>

- Developing an Arts and Culture Master Plan
- Outreach Recap
- Draft Plan
- Next Steps

Developing an Arts and Culture Master Plan

What is an Arts and Culture Master Plan?

- Set the standard and strategic direction, implement and plan
- Better express the uniqueness and artistic vitality of Surprise
- Express our special qualities and competitive advantages
- Characterizes our sense of place and communicates our direction
- Vision created by community input
- Tangible document lives beyond the ebbs and flow of leadership
- Arts and Cultural Advisory Commission, with staff and Designing Local

Outreach Recap

June 2017

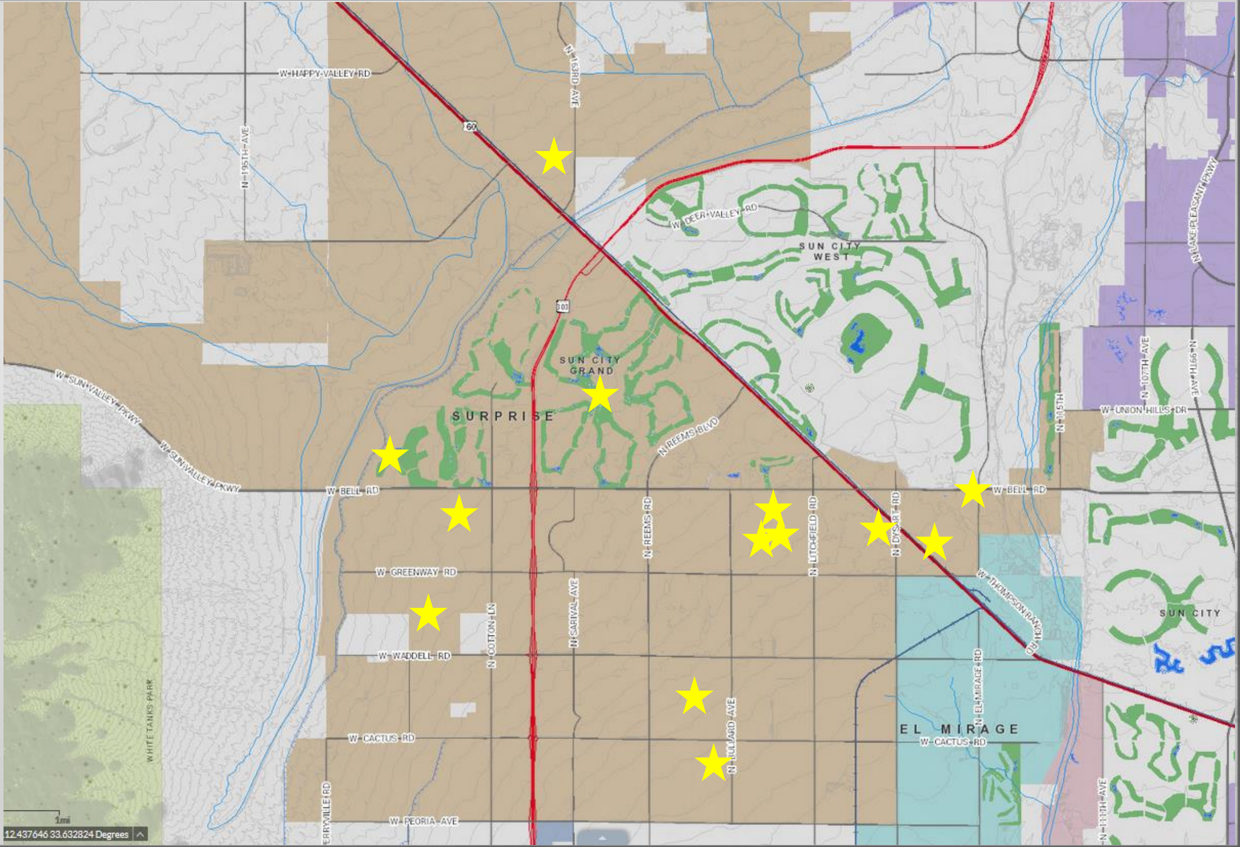
Stakeholder & Public Outreach
- City Hall, Marley Park, Sun City Grand, WVHQ

August-September 2017

District, Commissions, HOA, and Community Meetings
- District 1, 2, and 4; CRS, Tourism, DAC, and P&Z Commissions; Youth Council, Rancho Gabriella, Veramonta, Dysart Art Teachers, Surprise Rotary Club

October 2017

Art Week
- Fiesta Grand, Asante Park, Public Art Bus Tour, Surprise Block Party, Tech & Art Fair, Poetry Slam, Sierra Montanta



Stakeholder and Public Review Dates

<u>Feb 2018</u>

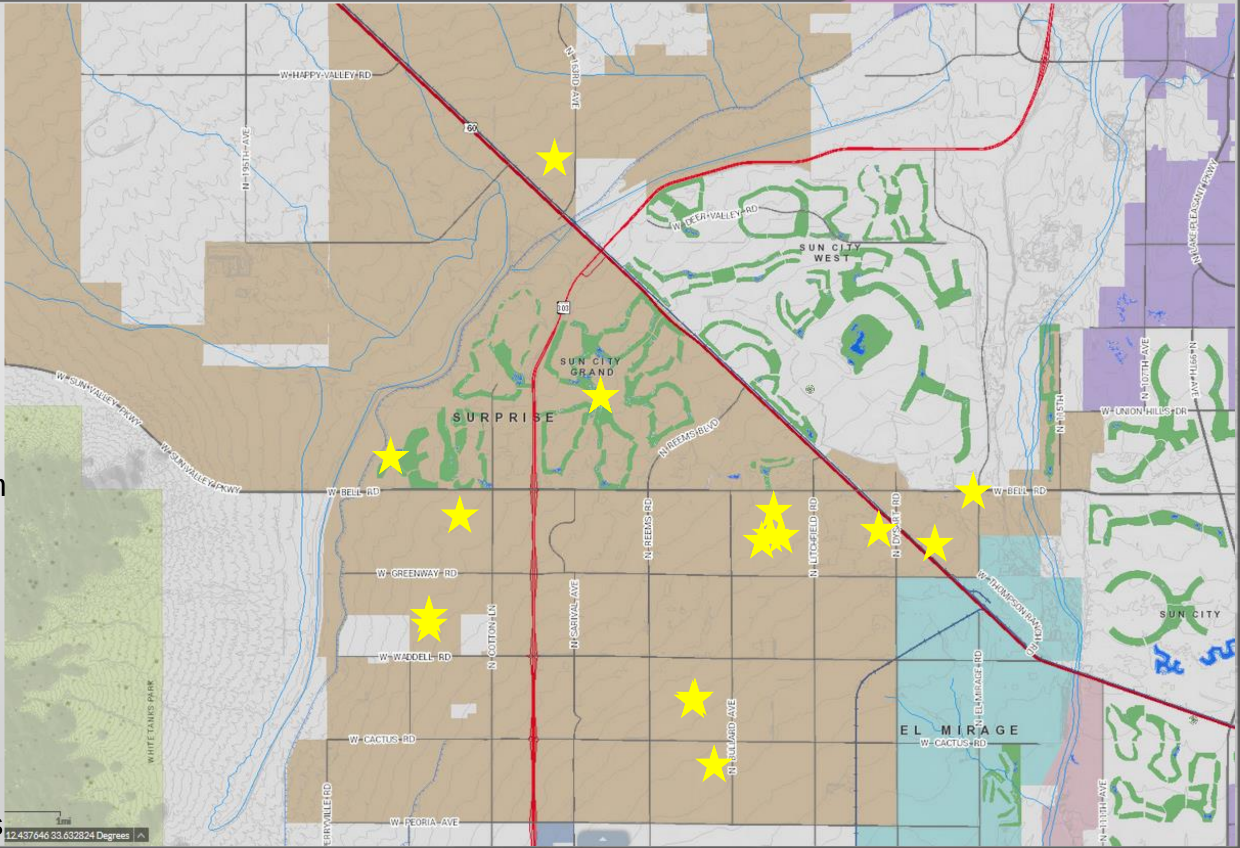
Open House Meetings
- Invitations to stakeholders
- Published, open to public
- Discuss details of actual draft
- Sierra Montana Rec Center
  2/26 at 1pm
- NW Regional Library, 2/27 at 6pm
- Marley Park, 2/28 at 1pm

<u>March-April 2018</u>

Arts and Cultural Advisory Commission - Special Meetings
- Present stakeholder and public comments on draft plan
- Commission reviews draft plan, assesses stakeholder comments, and advises revisions to draft

<u>May 2018</u>

Finalize Draft, present to Commissions



Draft Plan

Table of Contents

Draft Plan

Chapter 1: Why an Arts & Culture Master Plan

Key Themes

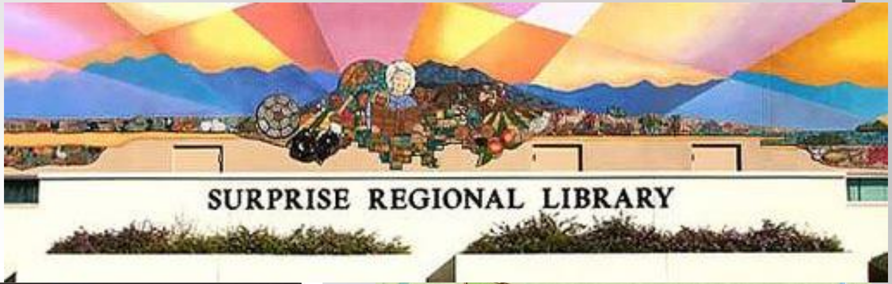
- Art is not exclusive, art is for everyone
- Reactive and proactive decisions
- who we are and our unique community
- Residents of Surprise desire more creativity
- The youth of Surprise are anxious to participate, both creatively and actively

Community Character Framework

- Surprise, Uniquely Defined
- Unique Past & Present
- Prosperous Future
- Serene Desert

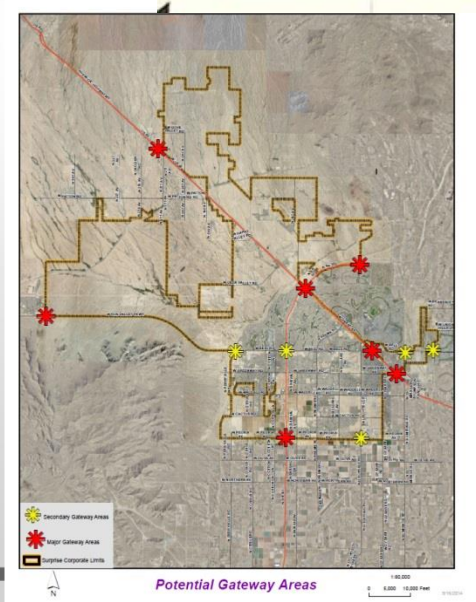
Draft Plan

Ch 2: Place-Based Strategies

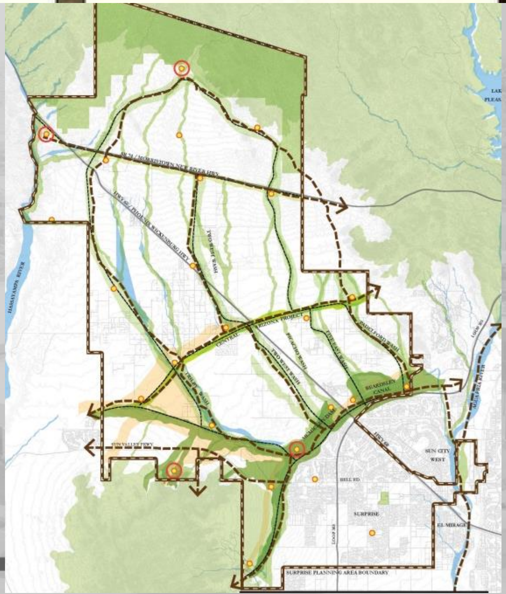


Location Typologies

- Park and open space
- City gateways
- Neighborhood entrances & walls
- Greenways, washes, and trails
- City buildings & community facilities



Potential Gateway Areas

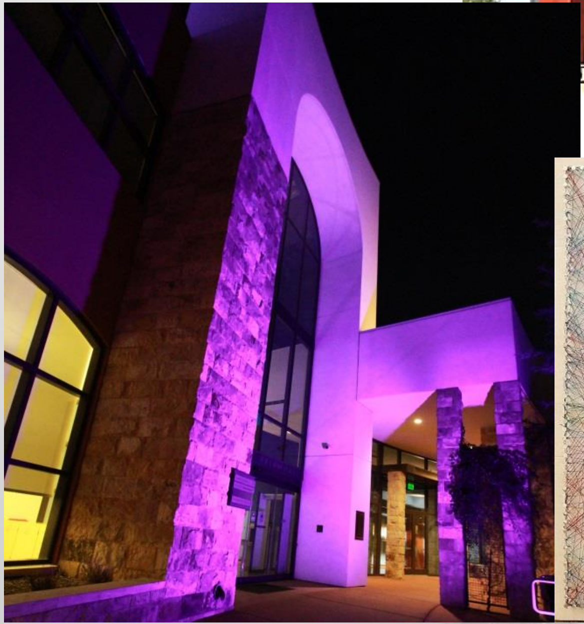


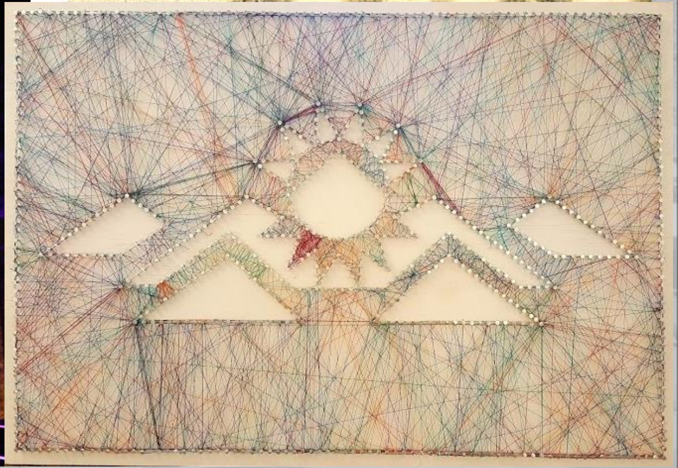
Draft Plan

Ch 2: Place-Based Strategies

Public Art Typologies

- Sculpture
- Murals
- Functional art
- Mosaics
- Glass works
- Light installations
- Multimedia
- Textile
- Pop-up & temporary art
- Site-specific
- Community, collaborative art





Draft Plan

Ch 2: Place-Based Strategies

Integrating Art Into Surprise

- Reaction to existing built environment
- Proactive inclusion into future built environment
- Site criteria Percent for Art Fund Projects
    - Publicly accessible/meet Federal ADA
    - Highly Visible Site or Highly Visited Site

Draft Plan

Ch 3: Public Art Program & Policies

- City Internal Operations
  - staff member and internal organization
- Funding, Percent for Arts
- Other potential funding options
  - Revisit in a few years
  - Public Private Partnerships
- Incentive Program, Zoning Code
- Guidelines for tiers of funded projects
  - Small scale projects ($10,000 and Below)
  - Medium scale projects ($10,000 - $50,000)
  - Large scale projects ($50,000 – $250,000)
  - Significant scale projects ($250,000 and up)

Draft Plan

Ch 4: Cultural Facilities

- **Key Goals**
  - Don’t copy major facilities of the West Valley
  - Access and opportunity, express creativity
  - Expand the diversity of offerings
- **Facility Types for Surprise**
  - Black Box Theatre, Small Indoor and Outdoor Venues, White Tank Amphitheater, Makerspace or Creative Space, Fairgrounds or Festival Venue
- **Integration with New University Facilities**
  - Study the possibility of joint cultural facilities

Draft Plan

Ch 5: Priority Action Plan

Short-term goals and strategies (1-2 years)

- Staffing, Public Art & Culture Manager
- Funding, study the proposed options
- Process/Policy
  - initial priority blueprint for future
  - inventory of all public art
- Artist support, continue Art Week Tradition

Medium term goals and strategies (3-5 years)

- Funding, grant opportunities
- Process/Policy
  - reserve of ‘shovel ready’ public art projects
  - study proposed cultural facilities
- Artist support, Artist in Residence Program
  - Prioritize difficult-to-implement projects gateway pieces, and functional art

Long term goals and strategies (5+ years)

- Process/Policy
  - Collaborator with non-traditional partners
  - Study proposed cultural facilities
- Artist support
  - Create partnerships, long-term opportunities for students
  - Prioritize most expensive projects such as monumental sculptural pieces and multi-piece installations

Next Steps

- Home stretch of this 18 month project

- May 2018: Finalize Draft and Present to Commissions
  - Present final draft to commissions that contributed input

- June 2018: Present to ACA Commission and Council
  - Arts and Cultural Advisory Commission provide recommendation to City Council
  - Present to City Council for consideration and action

SURPRISE
ARIZONA

QUESTIONS OR COMMENTS?

Thank You