



CITY OF SURPRISE
Regular City Council Work Session
16000 N. Civic Center Plaza
Surprise, AZ 85374
Tuesday, May 21, 2024 @ 5:00 PM
COUNCIL CHAMBERS

- A. Call To Order
- B. Roll Call
- C. Pledge of Allegiance
- D. Proclamation and Community Acknowledgements
- E. City Manager Report

The City Manager may present a brief summary of current events, including recognition of community members, employees, and programs, pursuant to A.R.S. § 38-431.02(K). The City Council will not discuss or take action on any matter within the City Manager Report.

- F. City Clerk Report
- G. Call To The Public

INSTRUCTIONS: In order to address the City Council, you will need to fill out a Call to the Public Form available at the front counter, and then turn it in to the City Clerk before the meeting begins. You may also [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.

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.

Please be aware that Council Members may not discuss or respond to matters raised during call to the public that are not specifically identified on the agenda. Council Members may however, in their discretion, discuss or respond to relevant matters raised during a noticed public hearing or agenda item.

- H. Regular City Council Work Session Agenda

CONSENT AGENDA:

REGULAR AGENDA ITEM - PUBLIC HEARING:

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

- | | | | |
|----|--|---|---|
| 1. | Citywide | Discussion pertaining to an update on the AZ TechCelerator: Past-Present-Future. | Jeanine Jerkovic
Economic
Development |
| 2. | Citywide | Discussion pertaining to the potential use of the McMicken Dam Conservation Area by the City of Surprise. | Bob Wingenroth
City Manager Office |
| I. | Other Business and Future Agenda Items | | |
| J. | City Council Reports | | |

K. Executive Session

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

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

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

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

L. Adjournment

KRISTI PASSARELLI, CITY CLERK

POSTED: Thursday, May 16, 2024 @ 4:00 PM

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



CITY OF SURPRISE
Regular City Council Work Session

Council Meeting Date: May 21, 2024
Submitting Department:
Staff Recommendations:

Contact Person:
District: Citywide

Consent: No	Regular: No	Public Hearing: No	Report/Discussion: No
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Agenda Wording:
City Manager sub-text

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE Regular City Council Work Session

Council Meeting Date: May 21, 2024

Contact Person: Jeanine Jerkovic, DIRECTOR -
ECON DEV

Submitting Department: Economic Development

District: Citywide

Staff Recommendations: None

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Discussion pertaining to an update on the AZ TechCelerator: Past-Present-Future.

Motion:

For discussion only; no action will be taken.

Background:

The AZ TechCelerator program was launched in 2009 at a time when Surprise was seeking to kick-start the local economy in the midst of the Great Recession. Through the reuse of the former city hall campus on Bell Road just west of El Mirage Rd, the Surprise Economic Development Department has been dedicated to serving the small business and startup communities for more than 15 years, boasting more than 130 businesses incubated, 12 graduates, over 500 jobs created, more than 300 small business events and a number of awards and national/international recognitions. Post-2020, the department increasingly recognized the need to be even more accessible to the local business community with fewer facility-related service constraints. Over just the past 12 months, staff have felt the distractions and demands of a declining facility asset, reporting more than 130 facility service requests in addition to roof leaks, insect infestations and other property maintenance concerns. The work session seeks to receive comments and feedback regarding a proposed relocation of the program and its services to a downtown-centered location at Elm Street at Surprise City Center with direct proximity to Surprise City Hall. This program reset and new relocation would utilize a budgeted CIP item of \$360,000 that may be reallocated from the AZ TechCelerator budget to improve space at the new Elm Street Development. The work session will also touch on possible future considerations for the vacant property uses, to be considered more in depth at a future time.

Objective Analysis:

The AZ TechCelerator property will be vacated by the Surprise Economic Development Department by June of 2025 and by the Human Service & Community Vitality Department in late 2025 or early 2026. The Economic Development Department is seeking Council direction and feedback to relocate the program to the new Elm Street at Surprise City Center. Once Council feedback is received at the May 21, 2024 work session, Economic Development staff can determine next steps and possibly bring a proposed agreement and any associated budget requests to the following regular meeting in June 2024

for consideration.

Policy Compliant:

The AZ TechCelerator program and its associated services are an important component of the City Council Strategic Plan section, "Economic and Cultural Vitality;" especially Strategy 3.2: Provide Hands-on approach to supporting innovation, entrepreneurship, and small businesses." The proposed work session seeks to receive feedback that would allow the Economic Development Department to pursue and fulfill this strategic goal more effectively.

Financial Impact:

The last five years of AZ TechCelerator operations have demonstrated an average revenue of approximately \$151,000 with an average five years of expenses at approximately \$146,000 per year; more or less a break-even operation budget. However, additional annual facilities expenses related to the declining asset is estimated at \$150,000-\$200,000 per year, which would only increase over time with the existing property use. While vacating the property will have some level of cost depending on the direction Council decides to take in late 2025 or early 2026, the estimated costs of the new program are estimated at an annual lease rate of approximately \$192,000 at Elm Street, with minimal revenue estimated. A CIP budget item of \$360,000 may be reallocated from the AZ TechCelerator budget to the new proposed space for tenant improvements, furniture, fixtures, and equipment potentially.

Budget Impact:

The last five years of AZ TechCelerator operations have demonstrated an average revenue of approximately \$151,000 with an average five years of expenses at approximately \$146,000 per year; more or less a break-even operation budget. However, additional annual facilities expenses related to the declining asset is estimated at \$150,000-\$200,000 per year. While vacating the property will have some level of cost depending on the direction Council decides to take in late 2025 or early 2026, the estimated costs of the new program are estimated at an annual lease rate of approximately \$192,000 at Elm Street, with minimal revenue estimated. A CIP budget item of \$360,000 may be reallocated from the AZ TechCelerator budget to the new proposed space for tenant improvements, furniture, fixtures, and equipment potentially.

FTE Impact:

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

ATTACHMENTS:

1. AZTC Two Pager
 2. AZTC work session May 21
-



15 Years of Small Business Dedication & Success

130+ companies (15 year)

Consumer products/Services 43%

Healthcare/Medical 17%

Software 16% Tech/Hardware 14%

Energy 10%

12 Graduates

7 Surprise/5 West Valley



8 Large Business Location Assists

3 Headquarters/5 Operations



500+ Jobs

Current/Graduates/Location Assists

300+ Small Business Events

Trainings/Networking/Specialty Programs

15+ Mentors & Partner Organizations

Marketing/Accounting/IP

Law/Counseling/Financing/Grants



5 Program Recognitions

National/Statewide/Regional



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL



10-year Snapshot of Economic Impact of the AZ TechCelerator

Estimated \$1.7 million in direct tax revenues and an additional \$239,609 in indirect tax revenues for a total of \$2.0 million in tax revenue to the City of Surprise over a 10-year period.



Program Service & Financial Profile

AZ TechCelerator (Old City Hall)



Program Services 60,000 SF

Tenant Offices
Co-working Space
Small Business Service Programs

Financial Profile

5-year average revenues \$151,323
(tenant rent)
5-year average expenses \$146,213
(water, power...)

Additional annual facilities expense
related to declining asset is \$150,000 -
\$200,000 (ex: HVAC, roof, infestations,
130+ staff service calls)

Surprise Center for Entrepreneurship



Program Services 4,000 SF

Small Business Service Programs
Networking Space
Partner Offices

Financial Profile

Minimal revenue, community
access model

Annual lease expense ~\$192,000

CIP of \$360,000 may be reallocated from
AZTC to new 4,000 SF for space
improvement



AZ TechCelerator Update (Past-Present-Future)

City Council Work Session
May 21, 2024

TechCelerator Past

2009 “NEW & OLD”

- New City Hall Opens
- What to do with Old City Hall
- Four well used buildings totaling ~60,000 SF on ~7 acres
- Options: Sell, Moth Ball, Reuse
- **Reuse: TechCelerator is born**



TechCelerator Present

15 Years of Small Business Dedication & Success



130+ companies (15 year)

*Consumer products/Services 43% Healthcare/Medical 17%
Software 16% Tech/Hardware 14% Energy 10%*

500+ Jobs

Current/Graduates/Location Assists

300+ Small Business Events

Trainings/Networking/Specialty Programs

12 Graduates

7 Surprise/5 West Valley



15+ Mentors & Partner Organizations

Marketing/Accounting/IP Law/Counseling/Financing/Grants

8 Large Business Location Assists

3 Headquarters/5 Operations



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL



5 Program Recognitions

National/Statewide/Regional

TechCelerator Present

Past 12 Months

- 130+ facility requests
- Roof leaks, insect infestations...
- Operating a declining asset



AZ TechCelerator Future

Program Service & Financial Profile

AZ TechCelerator (Old City Hall)

Program Services 60,000 SF

Tenant Offices
Co-working Space
Small Business Service Programs

Financial Profile

5-year average revenues \$151,323 (tenant rent)
5-year average expenses \$146,213 (water, power...)

Additional annual facilities expense related to declining asset is \$150,000 - \$200,000 (ex: HVAC, roof, infestations, 130+ staff service calls)



Surprise Center for Entrepreneurship

Program Services 4,000 SF

Small Business Service Programs
Networking Space
Partner Offices

Financial Profile

Minimal revenue, community access model
Annual lease expense ~\$192,000

CIP of \$360,000 may be reallocated from AZTC to new 4,000 SF for space improvement

TechCelerator Future

2025 Outlook

- Locate in City Center, Elm Street as a potential option
- Transition from landlord model to business service model, ***Surprise Center for Entrepreneurship***
- Focus on networking, educating, mentoring, and resource tools
- Leverage partner and program experience for the growing business community



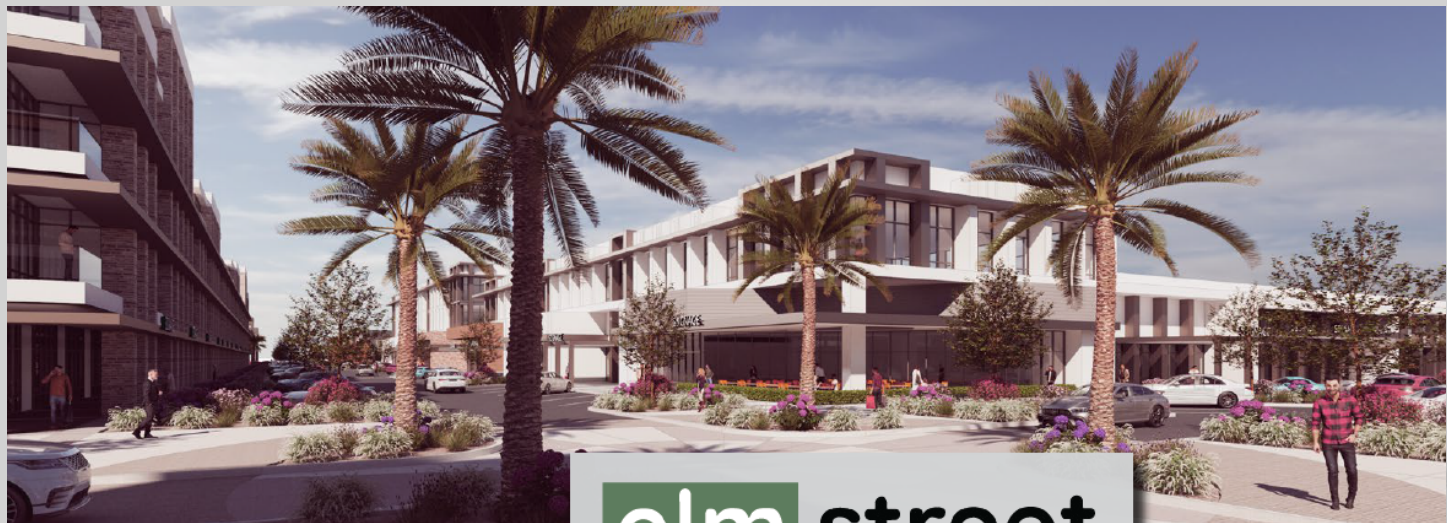


Old City Hall Future

Conceptual Cost Scenario Analysis

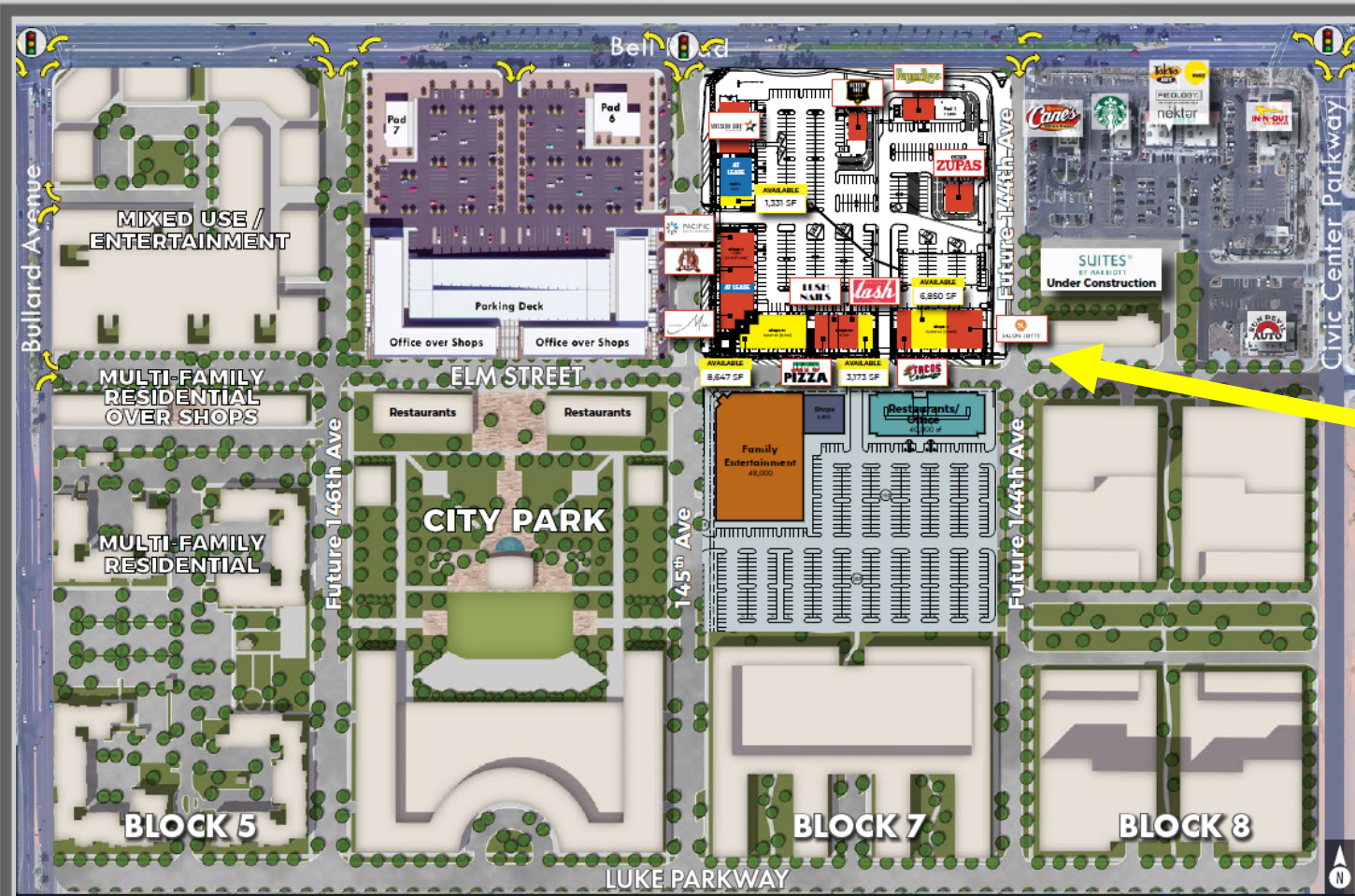
<i>Old City Hall (Deactivation & Preservation)</i>	<i>Old City Hall (Demolition & Leverage Property)</i>	<i>Old City Hall (Renovation & Repurposing)</i>
<i>Roof replacement Power/Water/Sewer/HVAC maintained in working order Property security and maintenance</i>	<i>Demolition of all buildings Post-demolition property value according to appraisal \$6.5M Property security and maintenance</i>	<i>Renovate and maintain 60,000 SF of buildings to modern office standard</i>
<i>One Time Cost \$1.25M - \$1.5M Annual Cost \$125,000 - \$175,000</i>	<i>One Time Cost \$750,000 - \$1M Annual Cost \$10,000 - \$25,000</i>	<i>One Time Cost \$8M - \$12M Annual Cost \$200,000 - \$350,000</i>

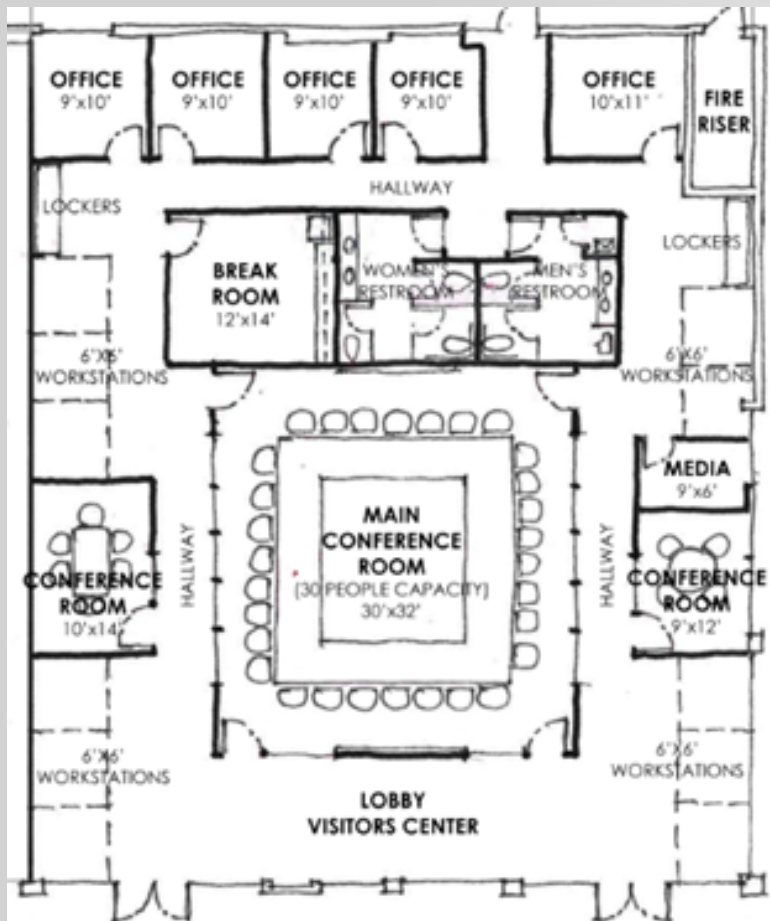
***Note: Old City Hall will be vacated by Economic Development in June of 2025
and Human Service & Community Vitality in late 2025 or early 2026***



elm street
@ SURPRISE CITY CENTER









SURPRISE
ARIZONA

QUESTIONS OR COMMENTS?

Thank You



CITY OF SURPRISE Regular City Council Work Session

Council Meeting Date: May 21, 2024
Submitting Department: City Manager Office
Staff Recommendations: None

Contact Person: Bob Wingenroth, City Manager
District: Citywide

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

Discussion pertaining to the potential use of the McMicken Dam Conservation Area by the City of Surprise.

Motion:

None, discussion only.

Background:

Over the last several months, City staff have been exploring several ideas and concepts regarding the use of the McMicken Dam properties owned and operated by the Maricopa Flood Control District. There is potential for access to approximately 2000 acres within the City of Surprise and its Planning Area for wildlife corridors, hiking and biking trails, parks, and recreational facilities.

Objective Analysis:

Access to the 2000 acres would be in exchange for taking on the responsibility for maintaining the land outside the inundation area, including fence repairs, and taking care of illegal dumping. The Maricopa Flood Control District would still maintain the inundation area and the dam itself.

Policy Compliant:

This item is consistent with City Council's general direction to identify and utilize opportunities to expand the community's recreation amenities when available.

Financial Impact:

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

Budget Impact:

No action is taken. However, future actions that come out of this discussion could have impacts to the FY25 budget. Staff is estimating around a \$200,000 - \$300,000 future impact.

FTE Impact:

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

ATTACHMENTS:
