



CITY OF SURPRISE
Regular City Council Meeting
16000 N. Civic Center Plaza
Surprise, AZ 85374
Tuesday, June 17, 2025 @ 6:00 PM
COUNCIL CHAMBERS

A. Call To Order

Any prayer or invocation that may be offered before the start of the Regular Council Meeting is a voluntary offering by a private resident of Surprise; has not been previously reviewed or approved by City Council or City staff; should not be considered an endorsement of any particular religion by the City or its officials, as the beliefs, viewpoint, and content are personal to the speaker; and no participation by any person in attendance is required. A list of volunteers is maintained by the office of the City Clerk and interested persons should contact the Clerk's Office for further information.

B. Roll Call

C. Pledge of Allegiance

D. Proclamation and Community Acknowledgements

Mayoral Proclamation to WESTMARC

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. Regular City Council Meeting Agenda

CONSENT AGENDA:

- | | | | |
|----|----------|---|---|
| 1. | Internal | Consideration and action to approve the June 3rd Work Session, Special Meeting, and Regular Meeting Minutes; and June 4th City Council Retreat Meeting Minutes. | Kristi Passarelli
City Clerk |
| 2. | Citywide | Consideration and action pertaining to adoption of an amendment to the Land Use Assumptions and Infrastructure Improvements Plan pursuant to A.R.S. 9-463.05(D)(10); Resolution #2025-64. | Andrea Davis
Michael Boule
Finance |
| 3. | Citywide | Consideration and action pertaining to the approval of an amendment to the Intergovernmental Agreement with Maricopa County, accepting grant funding, approving a Fiscal Year 2025 budget amendment moving budget in the amount of \$386,100 for Community Action Program Services 2026, and an addition to the Fiscal Year 2025 Contract Awarding Authority List; Resolution #2025-79. | Jennifer Cornelius
Human Svcs and
Comm Vitality |
| 4. | Citywide | Consideration and action pertaining to approval of Intergovernmental Agreement (IGA) between the City of Surprise and Regional Public Transit Authority (RPTA) for Fiscal Year 2026 Transit Services; Resolution #2025-84. | Eric Boyles
Transportation |
| 5. | Citywide | Consideration and action pertaining to approval of a Grant Agreement between the City of Surprise and the City of Phoenix for Section 5310 Federal Transit Administration Funds to operate the City's WeRIDE | Eric Boyles
Transportation |

Microtransit program; approving a Fiscal Year 2025 budget amendment moving budget of \$114,500, and an addition to the Fiscal Year 2025 Contract Awarding Authority List; Resolution #2025-83.

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|-----|------------|--|---|
| 6. | Citywide | Consideration and action pertaining to approval of a Fiscal Year 2025 budget amendment moving budget in the amount of \$250,000 from Contingency in the Water Utility Capital Fund to Services in the Water Operations Fund, due to overages related to electricity; Resolution #2025-82. | Michael Boule
Water Resource
Management |
| 7. | District 1 | Consideration and action on Resolution No. 2025-87, a Resolution of the Mayor and Council of the City of Surprise, Arizona to accept the Land Use License with the Maricopa County Municipal Water Conservation District Number One (MWD) for a Municipal Utility Crossing for the Beardsley Canal at Bell Pointe Blvd. | Lloyd Abrams
Community
Development |
| 8. | District 1 | Consideration and action on Resolution No. 2025-88, a Resolution of the Mayor and Council of the City of Surprise, Arizona to accept the Land Use License with the Maricopa County Municipal Water Conservation District Number One (MWD) for a Municipal Utility Crossing for the Beardsley Canal at 163rd Avenue. | Lloyd Abrams
Community
Development |
| 9. | Citywide | Consideration and action pertaining to authorizing acceptance of a grant award from the Arizona Department of Administration for Next Gen 9-1-1, approving a Fiscal Year 2025 budget amendment moving budget in the amount of \$180,000, and amending the Fiscal Year 2025 Contract Awarding Authority list by creating #25123; Resolution #2025-85. | Charles Morin
Police |
| 10. | Citywide | Consideration and action pertaining to authorizing the modification to the Memorandum of Understanding with the U.S. Department of Justice, U.S. Marshals Service and approval of a Fiscal Year 2025 budget amendment reducing budget in the amount of \$2,000 for overtime expenses; Resolution #2025-89. | Charles Morin
Police |
| 11. | Citywide | Consideration and action pertaining to the acceptance of the FY2026 Dysart Unified School District No. 89 Intergovernmental Agreement; Resolution 2025-73. | Charles Morin
Police |
| 12. | Citywide | Consideration and action pertaining to the acceptance of the FY2026 Nadaburg Unified School District No. 81 Intergovernmental Agreement For SRO; Resolution 2025-81. | Charles Morin
Police |

REGULAR AGENDA ITEM - PUBLIC HEARING:

- | | | | |
|-----|------------|--|---------------------------------|
| 13. | District 4 | Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 315342, requested by Jared Michael Repinski, for Best Western Plus Surprise Phoenix - NW for Series 07 Liquor License. Best Western Plus Surprise Phoenix - NW is located at 13337 W Grand Ave, Surprise, AZ 85374. | Kristi Passarelli
City Clerk |
| 14. | District 3 | Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 346604, | Kristi Passarelli
City Clerk |

requested by Amber Letish Postel, for Towneplace Suites and Fairfield Inn & Suites for Series 11 Liquor License. Towneplace Suites and Fairfield Inn & Suites is located at 13430 N 163rd Dr, Surprise, AZ 85388.

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|---|------------|--|--|
| 15. | District 5 | Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 348765, requested by Mario Angelo Rana, for Osteria Mia for Series 12 Liquor License. Osteria Mia is located at 16853 N 145th Ave, Surprise, AZ 85374. | Kristi Passarelli
City Clerk |
| 16. | District 1 | Consideration and action pertaining to a Rezone of approximately 295 gross acres from Rural Residential (RR) to Residential Low Density (R-1) and Residential High Density (R-3), on four (4) parcels generally located north of the northwest corner of 251 st Avenue and Beardsley Road. FS23-0350. | Christina Sexton
Community
Development |
| 17. | District 1 | Consideration and action pertaining to a rezone of approximately 2.39 gross acres from Rural Residential (RR) to Community Commercial (C-2), for a site generally located on the northeast corner of 163 rd Avenue and Jomax Road. Case #FS24-0762. | Trevor Fleetham
Community
Development |
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REGULAR AGENDA ITEM - NON-PUBLIC HEARING: | | | |
| 18. | Citywide | Consideration and action pertaining to approval of the Agreement between the Greater Phoenix Economic Council (GPEC) and the City of Surprise for the Fiscal Year 2026 in the amount of \$81,249; Resolution 2025-86. | Jeanine Jerkovic
Economic
Development |
| 19. | Citywide | Consideration and action pertaining to the Fiscal Year 2026 grant awards for the Surprise Community Outreach Program. | Deborah Perry
Human Svcs and
Comm Vitality |
| 20. | Internal | Consideration and action on accepting the Third Amendment to the Asante Development Agreement. | Lloyd Abrams
Community
Development |
| 21. | District 1 | Consideration and action pertaining to approval of a Development Agreement between the City of Surprise and Desert Trails Partners, LLC. Resolution #2025-67. | Lloyd Abrams
Community
Development |
| 22. | District 1 | Consideration and action pertaining to approval of a Development Agreement between the City of Surprise and Nobella Surprise Owner, LP. Resolution #2025-77. | Lloyd Abrams
Community
Development |
| 23. | District 1 | Consideration and action pertaining to the approval of a Cell Tower Lease Agreement at Fire Station 304, Resolution #2025-91. | Brad Mecham
City Manager Office |
| 24. | Citywide | Consideration and action to adopt the City Council Strategic Plan. | Bob Wingenroth
City Manager Office |

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. 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.

- 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

POSTED: Thursday, June 12th, 2025 @ 10:00 AM

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



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: June 17, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person:
District: Internal

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

Invocation

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: June 17, 2025
Submitting Department: City Manager Office
Staff Recommendations:

Contact Person:
District: Citywide

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

Agenda Wording:

Mayoral Proclamation to WESTMARC

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

There is no anticipated financial impact related to this item.

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:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: June 17, 2025
Submitting Department:
Staff Recommendations:

Contact Person:
District: Citywide

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

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 Meeting

Council Meeting Date: June 17, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: Internal

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

Agenda Wording:

Consideration and action to approve the June 3rd Work Session, Special Meeting, and Regular Meeting Minutes; and June 4th City Council Retreat Meeting Minutes.

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. 060325 Special Meeting Minutes DRAFT
 2. 060325 Work Session Minutes
 3. 060325 Regular City Council Meeting Minutes DRAFT
 4. 060425 Council Retreat Minutes DRAFT
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CITY OF SURPRISE
Special City Council Meeting
16000 N. Civic Center Plaza
Surprise, AZ 85374

Tuesday, June 3, 2025 @ 6:00 PM
COUNCIL CHAMBERS

A. Call To Order

Mayor Sartor called the Special Council Meeting of June 3rd, 2025 to order at 6:00 p.m., located at Surprise City Hall, 16000 N. Civic Center Plaza, Surprise, AZ. 85374.

B. Roll Call

In attendance with Mayor Sartor were Vice Mayor Jack Hastings, Council members Chris Judd, Earle Greenberg, Patrick Duffy, Johnny Melton and Nick Haney.

C. Pledge of Allegiance

Mayor Sartor led in the Pledge of Allegiance.

D. Proclamation and Community Acknowledgements

E. City Manager Report

F. City Clerk Report

G. Call To The Public

H. Special City Council Meeting Agenda

1. CONSENT AGENDA:

2. REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

3. REGULAR AGENDA ITEM - PUBLIC HEARING:

1. Consideration and action pertaining to the City's intent to levy primary property tax in the amount of \$0.5534 per one hundred dollars (\$100.00) of assessed valuation and secondary property tax in the amount of \$0.3880 per one hundred dollars (\$100.00) of assessed valuation and setting the property tax adoption for June 17, 2025; Resolution #2025-70.

Chief Financial Officer, Andrea Davis, and Assistant Finance Director, Sandy Simmons, came to present this item. Andrea talked about the Public Hearing and Adoption, Intent to Levy, Public Notices, FY2026 Property Tax, Primary Property Tax Break Down, and Public Hearing.

Mayor Sartor talked about balancing needs with resources and how they will be able to lower the property tax.

Motion: To Approve

Initiated By: Jack Hastings

Seconded By: Nick Haney

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg

No: None

Abstain: None

Vote Result: Passed

2. Consideration and action pertaining to the City's intent to adopt Street Light Improvement District (SLID) property tax levies and setting the property tax adoption for June 17, 2025, pursuant to Arizona Revised Statute 48-616; Resolution #2025-72.

Chief Financial Officer, Andrea Davis, came to present this item. She talked about the Intent to Levy, FY2026 SLID Property Tax, and Public Hearing.

Motion: To Approve

Initiated By: Chris Judd

Seconded By: Patrick Duffy

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg

No: None

Abstain: None

Vote Result: Passed

3. Consideration and action pertaining to the adoption of the City of Surprise final budget for Fiscal Year 2026; Resolution #2025-71.

Chief Financial Officer, Andrea Davis, came to present this item. She talked about the Budget Process, FY2026 Budget, Citywide Budget, General Fund Increases by Function, General Fund Expenses by Function, Final Budget Breakdown, and Public Hearing.

Vice-Mayor Hastings, thanked staff for their efforts. He talked about the increase in Public Safety.

Mayor Sartor thanked staff as well.

Motion: To Approve

Initiated By: Jack Hastings

Seconded By: Patrick Duffy

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg

No: None

Abstain: None

Vote Result: Passed

- I. Other Business and Future Agenda Items
- J. City Council Reports
- K. Executive Session
1. Executive Disclaimer - Part 1
- L. Adjournment

Motion: To Adjourn
Initiated By: Nick Haney
Seconded By: Jack Hastings

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg
No: None
Abstain: None

Vote Result: Passed

Meeting Adjourned at 6:10 PM

Kevin D. Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

CERTIFICATION:

I, Kristi Passarelli, 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, June 3, 2025.**

Kristi Passarelli, City Clerk



CITY OF SURPRISE
Regular City Council Work Session
16000 N. Civic Center Plaza
Surprise, AZ 85374
Tuesday, June 3, 2025 @ 4:30 PM
COUNCIL CHAMBERS

A. Call To Order

Mayor Sartor called the City Council Work Session of June 3rd, 2025 to order at 4:30 p.m., located at Surprise City Hall, 16000 N. Civic Center Plaza, Surprise, AZ. 85374.

B. Roll Call

In attendance with Mayor Sartor were Vice Mayor Jack Hastings, Council members Chris Judd, Earle Greenberg, Patrick Duffy, Johnny Melton and Nick Haney.

C. Pledge of Allegiance

Mayor Sartor led in the Pledge of Allegiance.

D. Proclamation and Community Acknowledgements

E. City Manager Report

1. City Manager sub-text

F. City Clerk Report

G. Regular City Council Work Session Agenda

1. CONSENT AGENDA:

2. REGULAR AGENDA ITEM - PUBLIC HEARING:

3. REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

1. Presentation and Discussion of the 2024 International Building and Fire Codes Adoption Process.

Assistant Community Development Director, Mindy Davis, introduced Carl Montgomery and Keith Tanner who came to present this item. She talked about the 2024 I-Code Adoption Overview, Adopting Building and Fire Codes, the International Code Council, Regional Adoption Strategy, the 2024 I-Codes, Local Amendments, 2024 I-Code Adoption, and Project Schedule.

Councilmember Greenberg asked about replacement windows and if they would need to pay for permits for window replacements? Mindy said they would not.

Councilmember Judd, asked about the length of the process and how much it would cost? Mindy said it would be around \$30,000 in books and several thousand in training. Councilmember Judd asked how significant the changes were from the last update? Carl said that when the code changes its about 85% to 90% the same and that it's a small percentage that changes. Councilmember Judd asked if it was every 6 years or every 8 years that the City tries to update the code book? Carl said it was every 6 years.

Mayor Sartor asked if there has been any unintended consequences in particular for older buildings? Carl said he was unaware of any situations like that. Mayor Sartor asked if there was a business in an older building if it would have a grace period or grandfathered in? Carl said the C

of O would carry on and they wouldn't need to.

Councilmember Haney asked if multi family units were required to have sprinklers? Carl said they were.

2. Presentation and discussion regarding an update on the City's water resources.

Water Director, Michael Boule, came to present this item. He introduced Vineetha Kartha from the Central Arizona Project. She talked about the Colorado River Update, River Allocation, Colorado River Use, Central Arizona Project, Colorado River Basin Above Lake Powell, Colorado River Recent Conditions, Colorado River Basin, Post 2026 Environmental Impact Statement.

Michael went on to talk about WRM Year-in-Review, WRM Designation Status, Designation Planning, Groundwater Levels, Water Conservation Update, Water Resource Roundtable Update, and What's Happening Next.

Councilmember Melton, asked if the levels would be able to be maintain with the recharge capacity? Michael said that because of the wells are located next to recharge facilities and the benefit the city has because of its recharge benefits. Councilmember Melton asked if the recharge capacity was enough to take care of the City? Michael said it was. Councilmember Melton asked why the spas were important? Michael talked about the inter-connectivity of the spas and the redundancy and reliability the system offers.

Councilmember Judd, asked where the recharge was coming from? Michael said it was coming from the CAP as well as effluent water. Councilmember Judd said he would like to see the City get into advanced water purification and asked if the City could get there eventually? Michael said that the City would be looking into it with the 2025 integrated water resource master plan update. Councilmember Judd asked if doing that would affect the city's ability to recharge? Michael said it would alleviate the need to recharge.

Councilmember Haney, asked if the City is already taking account of the water for the developments within the City? Michael said that it was important for the City to stay ahead of any growth. He talked about balancing the water budget for the entire City. Councilmember asked about the new developments and if the developers were in charge of making the infrastructure to supply water to their projects? Michael said that is correct.

Mayor Sartor thanked staff for all their efforts in water management.

H. Other Business and Future Agenda Items

I. City Council Reports

J. Executive Session

1. Executive Session Items

2. Executive Disclaimer - Part 1

3. Executive Disclaimer - Part 2

4. Executive Disclaimer - Part 3

K. Adjournment

Motion: To Adjourn
Initiated By: Nick Haney
Seconded By: Jack Hastings

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg
No: None
Abstain: None

Vote Result: Passed

Meeting Adjourned at 5:05 PM

Kevin D. Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

CERTIFICATION:

I, Kristi Passarelli, 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, June 3, 2025.**

Kristi Passarelli, City Clerk



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

Tuesday, June 3, 2025 @ 6:15 PM
COUNCIL CHAMBERS

A. Call To Order

Mayor Sartor called the Regular Council Meeting of June 3rd, 2025 to order at 6:15 p.m., located at Surprise City Hall, 16000 N. Civic Center Plaza, Surprise, AZ. 85374.

1. Invocation

Crytsal Kupper, led in a prayer.

B. Roll Call

In attendance with Mayor Sartor were Vice Mayor Jack Hastings, Council members Chris Judd, Earle Greenberg, Patrick Duffy, Johnny Melton and Nick Haney.

C. Pledge of Allegiance

Boy Scout Troops 400 & 194 led in the Pledge of Allegiance.

D. Proclamation and Community Acknowledgements

Mayor Sartor acknowledged the Original Stakeholders Committee. Councilmember Melton also acknowledged the committee and their contribution to the community as a whole.

Rachel Villanueva came to thank council and staff for their support.

E. City Manager Report

2. City Manager sub-text

3. Reports

City Manger Bob Wigenroth, introduced Police Chief Beecher as the new Chief.

F. City Clerk Report

4. Reports

G. Regular City Council Meeting Agenda

5. CONSENT AGENDA:

Councilmember Haney asked for item 3 to be heard separately.

Motion: To Approve Consent (Minus Item 3)

Initiated By: Nick Haney

Seconded By: Jack Hastings

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg

No: None

Abstain: None

Vote Result: Passed

1. Consideration and action to approve the May 20th Regular Meeting Minutes.

2. Consideration and action to approve the revised version of the City Council Meeting Dates for 2025.
3. Consideration and action on Resolution No. 2025-62 approving Development Agreement between the City of Surprise and the Old Westbury Land and Cattle Company, L.L.C.

Community Development Director, Lloyd Abrams, came to present this item. He talked about the Owner / Developers Obligations, Various Options, and City's Obligations.

Councilmember Haney, said it was great to have this discussions now. He asked to clarify the intent of this item? Lloyd said it was to determine what the developer would be responsible for moving forward. Councilmember Haney asked what has to go into place for the roadway? Lloyd said that before the first resident is there, the infrastructure will be there.

Motion: To Approve
Initiated By: Nick Haney
Seconded By: Chris Judd

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg
No: None
Abstain: None

Vote Result: Passed

4. Consideration and action pertaining to approval of Amendment No. 2 to the intergovernmental agreement with Maricopa County for Homeless Outreach and Navigation Services; Resolution #2025-69.
5. Consideration and action pertaining to approval of a Fiscal Year 2025 budget amendment moving budget in the amount of \$400,000 for increased Spring Training revenues; Resolution #2025-80.
6. REGULAR AGENDA ITEM - PUBLIC HEARING:
6. Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 337514, requested by Reimun Sabri Shleimun, for Pita Kitchen for Series 12 Liquor License. Pita Kitchen is located at 16853 N 145th Ave #167, Surprise, AZ 85388.

Motion: To Approve
Initiated By: Jack Hastings
Seconded By: Patrick Duffy

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg
No: None
Abstain: None

Vote Result: Passed

7. Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 347131, requested by Andrea Dahlman Lewkowitz, for Chipotle Mexican Grill # 4993 for Series 12 Liquor License. Chipotle Mexican Grill # 4993 is located at 13610 N Litchfield Rd, Surprise, AZ 85379.

Motion: To Approve
Initiated By: Chris Judd
Seconded By: Johnny Melton

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg
No: None
Abstain: None

Vote Result: Passed

7. REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

H. Call To The Public

Charlotte Pullins, and Crystal Kupper, came to talk on behalf of the Arts & Cultural Advisory Commission.

I. Other Business and Future Agenda Items

Vice-Mayor Hastings, asked to look at the CFD policy citywide. Councilmember Haney seconded.

Mayor Sartor asked if future Council items of interests could be put on a list and tracked. He also asked for a future workshop about facilities for Parks and Recreation.

J. City Council Reports

Councilmember Haney, talked about his experience on being on a committee for community outreach. He also talked about his upcoming community meeting.

Councilmember Greenberg, talked about his upcoming community meetings.

Councilmember Duffy, talked about his upcoming community meeting.

Councilmember Melton, talked about Public Works and Water helping a trapped cat.

Vice-Mayor Hastings, thanked staff for the water presentation. He talked about the recent road issues that were addressed.

Councilmember Judd, talked about the board of supervisors meeting, and the keys to the park.

Mayor Sartor, congratulated Chief Beecher. He also talked about attending the West Valley Chamber of Commerce board meeting. He talked about holding a business round table coming up. He also talked about going to the west valley women's meet the mayor event. He also thanked council for working on the budget.

K. Executive Session

8. Executive Session Items

9. Executive Disclaimer - Part 1

10. Executive Disclaimer - Part 2

11. Executive Disclaimer - Part 3

L. Adjournment

Motion: To Adjourn
Initiated By: Nick Haney
Seconded By: Jack Hastings

Yes: None
No: None
Abstain: None

Vote Result: Passed

Meeting Adjourned at 6:51 PM

Kevin D. Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

CERTIFICATION:

I, Kristi Passarelli, 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, June 3, 2025.**

Kristi Passarelli, City Clerk



CITY OF SURPRISE
City Council Retreat
16000 N. Civic Center Plaza
Surprise, AZ 85374
Wednesday, June 4, 2025 @ 2:30 PM
COMMUNITY ROOM

A. Call To Order

Mayor Sartor called the City Council Retreat of June 4th, 2025 to order at 2:30 p.m., located at Surprise City Hall, 16000 N. Civic Center Plaza, Surprise, AZ. 85374.

B. Roll Call

In attendance with Mayor Sartor were Vice Mayor Jack Hastings, Council members Chris Judd, Earle Greenberg, Patrick Duffy, Johnny Melton and Nick Haney.

C. Pledge of Allegiance

Mayor Sartor led in the Pledge of Allegiance.

D. Proclamation and Community Acknowledgements

E. City Manager Report

F. City Clerk Report

G. Special City Council Work Session Agenda

1. Presentation and discussion of the draft of the City Council Strategic Plan

City Manager, Bob Wigenroth, and Chief Financial Officer, Andrea Davis, came to present this item.

Mayor Sartor, thanked staff and council for their hard work on the plan.

Bob talked about the Meeting Goals, He outlined the goals of Public Safety, Transportation, Community Experience, Fiscal Responsibility, Economic Development, Government Transparency, and Water.

Mayor Sartor talked about the general plan that details the goals for the City and his desire to approach it at a higher level to give staff flexibility.

Vice-Mayor Hastings, acknowledged the expertise of each department and developing the general strategy for the City to approach.

Councilmember Judd, said he liked the idea of the short version because the community is more dynamic. He wants to keep things high level for the benefit of the community.

Councilmember Duffy, said he liked the short version unless they would be going line by line every year.

Councilmember Haney, said he likes it generalized for more flexibility. He asked if there could be an internal document each year that would hold accountability for staff.

Mayor Sartor, asked if the short version could have links behind it for residents to dig deeper.

Councilmember Haney talked about the benefit of making the internal document yearly.

Vice-Mayor Hastings said it would be nice to have goals for each specific year.

Councilmember Greenberg, talked about evaluation of council and staff. He asked what is the methodology for measuring success?

Mayor Sartor, talked about the evaluations and goals trickling down from management and departments so on.

Councilmember Greenberg, asked what the City Manager was using to evaluate meeting the criteria of the outlined strategies?

Councilmember Haney, talked about what actions are being taken specifically to meet strategic goal.

Vice-Mayor Hastings asked about goals being tracked by the City Manager.

Mayor Sartor, and Greenberg talked about the tier two contents. Councilmember Greenberg said they don't want to be too ambiguous.

Councilmember Haney, talked about council setting policy while staff executes specific plans and goals. He talked about getting in the weeds too much, but wanting both documents.

Mayor Sartor, said they could have the strategies highlighted whenever an item is brought to council meetings.

Andrea talked about how each department talks about their goals in the budget book, and how they could maximize its ability to relay those accomplishments to the public.

Mayor Sartor, talked about visualization of achievements.

Councilmember Duffy said do the short version and do the retreat every year.

Councilmember Judd said it was done with the budget each year. and trying to make things more public facing and easy to find.

Bob, said these were great ideas.

Councilmember Greenberg said there were a number of changes he wants to do in tier one.

Bob went on to talk about the mission statement. He then went into the details regarding Public Safety Strategies. City Council talked about several grammatical changes they wanted for Public Safety.

Bob talked about the Transportation Strategies. Council then talked about the meaning behind some of strategies, and other minor changes.

Bob presented the Community Experience Strategies. Council talked about additional minor grammatical changes.

Bob then talked about the Fiscal Responsibility Strategies. Council then talked about the grammar for the presented strategies. They talked about the fine points and definitions of some of the strategies. They voted to remove draft strategy 4.2 unanimously. They asked staff to work on this item further and return back with it at the next meeting.

Bob proceeded along to talk about the Economic Development Strategies. Council then talked about clarifying the wording for these strategies. They asked for Jeanine to clarify certain terms for these strategies. Council further talked about other minor adjustments they wanted to see on

the strategies.

Bob went on to talk about the Government Transparency Strategies. Council talked about grammatical and minor conceptual changes that they wanted on these strategies.

Bob moved on to present the Water Strategies. Council addressed other minor changes that they wanted on these strategies.

Mayor Sartor suggested a recess. Councilmember Haney moved to go into recess, Vice-Mayor Hastings seconded. Meeting went into recess at 3:41 PM.

Meeting reconvened at 3:52 PM.

Councilmember Judd, suggested letting staff working on a summary for the goals to bring back to council? The rest of council agreed. Bob said they would do that and bring it back for consideration at the next council meeting. Council talked about how well the other parts of the plan looks. They agreed to have staff work on and return the strategy back individually then back at the next meeting.

Mayor Sartor talked about having buy in from staff and council to make the best possible document.

H. Other Business and Future Agenda Items

I. City Council Reports

J. Executive Session

1. Executive Session Items

2. Executive Disclaimer - Part 1

3. Executive Disclaimer - Part 2

4. Executive Disclaimer - Part 3

K. Call To The Public

L. Adjournment

Motion: To Adjourn

Initiated By: Nick Haney

Seconded By: Jack Hastings

Yes: Jack Hastings, Patrick Duffy, Chris Judd, Nick Haney, Kevin Sartor, Johnny Melton, Earle Greenberg

No: None

Abstain: None

Vote Result: Passed

Meeting adjourned at 3:57 PM

Kevin D. Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

CERTIFICATION:

I, Kristi Passarelli, 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 **Wednesday, June 4, 2025**.

Kristi Passarelli, City Clerk



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Andrea Davis, DIRECTOR -
FINANCE, Michael Boule, Director
District: Citywide

Submitting Department: Finance
Staff Recommendations:

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

Consideration and action pertaining to adoption of an amendment to the Land Use Assumptions and Infrastructure Improvements Plan pursuant to A.R.S. 9-463.05(D)(10); Resolution #2025-64.

Motion:

I move to approve Resolution #2025-64.

Background:

A.R.S. §9-463.05(D)(3) requires that a city update its Land Use Assumptions (LUA) and Infrastructure Improvements Plan (IIP) at least every five years. In accordance with that statute, the City adopted an updated LUA and IIP on February 20, 2024, after holding a public hearing on January 16, 2024, and publishing the updated LUA and IIP for at least 60 days prior to the public hearing, all in accordance with A.R.S. 9-465.05 et seq.

Since the adoption of the updated LUA and IIP, the City has identified a beneficial minor amendment to the updated LUA and IIP. A.R.S. 9-463.05(D)(10) provides for an abbreviated procedure without the necessity of additional public hearings for minor amendments to a LUA and IIP so long as the amendment addresses only elements of necessary public service in the existing IIP and the changes to the plan will not, individually or cumulatively with other amendments, increase the level of service or cause the development fee increase of greater than five percent. This amendment meets these criteria. In accordance with A.R.S. 9-463.05(D)(10), the City properly published notice and the proposed amendment for thirty days prior to this amendment adoption.

Objective Analysis:

Adoption of the amended LUA and IIP will provide clarity to the uses of the water resource development fee to include capital project expenditures for underground storage facilities in addition to water acquisitions, reflecting the City's approach to water resource management of aligning storage capability with supply, as supported by the City's 2022 Water Resource Master Plan. There is no increase in development fees because of this amendment.

Policy Compliant:

This action is consistent with City and Council Policy, the City's Water Resource Master Plan, and the legal requirements of A.R.S. § 9-463.05.

Financial Impact:

There is no anticipated financial impact related to this item.

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:

1. Resolution 2025-64 Adoption of Amended LUA IIP REVISED_FINAL
 2. Exhibit A - Surprise LUA IIP & Fees 05.21.24 Amended 06.17.25 FINAL
 3. Notice of Public Intent- LUA Amendment FINAL
-

RESOLUTION # 2025-64

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY
OF SURPRISE, ARIZONA ADOPTING THE CITY'S AMENDED
LAND USE ASSUMPTIONS AND INFRASTRUCTURE
IMPROVEMENTS PLAN PURSUANT TO A.R.S. § 9-463.05.**

WHEREAS, the City of Surprise has complied with the requirements of A.R.S. § 9-463.05, as amended, by updating and adopting a Land Use Assumptions and Infrastructure Improvement Plan by City Council Resolution # 2024-31 on February 20, 2024, and;

WHEREAS, the Land Use Assumptions and Infrastructure Improvement Plan have since been amended and the City of Surprise has provided the required notice for such amendments.

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

Section 1. The amended Land Use Assumptions and Infrastructure Improvement Plan set forth in *Exhibit A* is hereby adopted.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

Exhibit A

Land Use Assumptions, Infrastructure Improvements Plan, and Development Fee Report

**Prepared for:
Surprise, Arizona**

May 21, 2024

As Amended June 17, 2025



4701 Sangamore Road

Suite S240

Bethesda, MD 20816

301.320.6900

www.TischlerBise.com

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
ARIZONA DEVELOPMENT FEE ENABLING LEGISLATION	1
Necessary Public Services.....	1
Infrastructure Improvements Plan.....	2
Qualified Professionals	2
Conceptual Development Fee Calculation	3
Evaluation of Credits/Offsets	3
INTRODUCTION TO DEVELOPMENT FEES	3
REQUIRED FINDINGS	4
DEVELOPMENT FEE REPORT	5
DEVELOPMENT FEE COMPONENTS.....	6
CURRENT DEVELOPMENT FEES.....	7
SPA 1	7
SPA 2	8
SPA 3	8
SPA 4	8
SPA 5	9
PROPOSED DEVELOPMENT FEES.....	10
SPA 1	11
SPA 2	11
SPA 3	11
SPA 4	12
SPA 5	12
DIFFERENCE BETWEEN PROPOSED AND CURRENT DEVELOPMENT FEES	13
SPA 1	13
SPA 2	14
SPA 3	14
SPA 4	15
SPA 5	15
LAND USE ASSUMPTIONS.....	16
SUMMARY OF GROWTH INDICATORS	16
RESIDENTIAL DEVELOPMENT.....	18
Recent Residential Construction	18
Occupancy Factors	19
Residential Estimates	19
Residential Projections	20
NONRESIDENTIAL DEVELOPMENT.....	21
Nonresidential Demand Factors	21
Nonresidential Estimates	22
Nonresidential Projections	23
AVERAGE WEEKDAY VEHICLE TRIPS	24
Residential Trip Generation Rates	24
Nonresidential Trip Generation Rates	24
Trip Rate Adjustments	25
Commuter Trip Adjustment.....	25
Adjustment for Primary Trips.....	25
Average Weekday Vehicle Trip Estimate	26

Average Weekday Vehicle Trip Projections.....	27
DEVELOPMENT PROJECTIONS	28
FIRE FACILITIES.....	29
PROPORTIONATE SHARE.....	29
SERVICE AREA	29
RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT	30
ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES.....	30
Fire Stations – Plan-Based.....	31
Fire Facilities – Plan-Based.....	33
Primary Apparatus – Incremental Expansion.....	35
Support Apparatus – Incremental Expansion.....	36
Development Fee Report – Plan-Based.....	37
Bond Credit	37
PROJECTED DEMAND FOR SERVICES AND COSTS	39
Fire Stations – Plan-Based.....	40
Fire Facilities – Plan-Based.....	41
Primary Apparatus – Incremental Expansion.....	42
Support Apparatus – Incremental Expansion.....	43
FIRE FACILITIES DEVELOPMENT FEES	43
Revenue Credit/Offset.....	43
Fire Facilities Development Fees.....	44
FIRE FACILITIES DEVELOPMENT FEE REVENUE.....	45
10-YEAR CAPITAL PLAN.....	46
PARKS AND RECREATIONAL FACILITIES IIP	47
PROPORTIONATE SHARE.....	47
SERVICE AREA	47
RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT	48
ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES.....	48
Park Land – Incremental Expansion	49
Park Amenities – Incremental Expansion.....	51
Recreation Facilities – Incremental Expansion.....	53
Development Fee Report – Plan-Based.....	54
PROJECTED DEMAND FOR SERVICES AND COSTS	54
Park Land – Incremental Expansion	55
Park Amenities – Incremental Expansion.....	56
Recreation Facilities – Incremental Expansion.....	57
PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEES	57
Revenue Credit/Offset.....	57
Parks and Recreational Facilities Development Fees.....	58
PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEE REVENUE	59
10-YEAR CAPITAL PLAN.....	60
POLICE FACILITIES IIP	61
PROPORTIONATE SHARE.....	61
SERVICE AREA	62
RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT	62
ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES.....	62
Police Facilities – Plan-Based.....	63
Police Facilities Land – Incremental Expansion.....	65
Police Vehicles – Incremental Expansion.....	66
Police Equipment – Incremental Expansion.....	68

Development Fee Report – Plan-Based.....	69
Bond Credit	69
PROJECTED DEMAND FOR SERVICES AND COSTS	71
Police Facilities – Plan-Based	72
Police Facilities Land – Incremental Expansion.....	73
Police Vehicles – Incremental Expansion.....	74
Police Equipment – Incremental Expansion.....	75
POLICE FACILITIES DEVELOPMENT FEES	75
Revenue Credit/Offset.....	75
Police Facilities Development Fees.....	76
POLICE FACILITIES DEVELOPMENT FEE REVENUE	77
10-YEAR CAPITAL PLAN.....	78
WATER FACILITIES IIP.....	79
PROPORTIONATE SHARE.....	79
SERVICE AREA	79
RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT	81
ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES.....	82
Existing Demand	82
Wells.....	82
Other System Components	84
PROJECTED DEMAND FOR SERVICES AND COSTS	85
Projected Demand.....	85
SPA 1 – Cost Recovery / Plan-Based	86
SPA 2 – Plan-Based	87
SPA 3 – Plan-Based	88
Cost per Gallon.....	88
SPA 4 – Plan-Based	89
Development Fee Report – Plan-Based.....	89
WATER FACILITIES DEVELOPMENT FEES	89
Revenue Credit/Offset.....	89
SPA 1	90
SPA 2	91
SPA 3	92
SPA 4	93
WATER FACILITIES DEVELOPMENT FEE REVENUE.....	94
10-YEAR CAPITAL PLAN.....	95
WATER RESOURCE FACILITIES IIP	96
PROPORTIONATE SHARE.....	96
SERVICE AREA	96
RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT	98
ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES.....	99
Existing Demand	100
PROJECTED DEMAND FOR SERVICES AND COSTS	100
Projected Demand.....	101
Water Resource – Plan-Based	101
Development Fee Report – Plan-Based.....	101
WATER RESOURCE FACILITIES DEVELOPMENT FEES	102
Revenue Credit/Offset.....	102
Water Resource Facilities Development Fees.....	102

WATER RESOURCE FACILITIES DEVELOPMENT FEE REVENUE	103
10-YEAR CAPITAL PLAN.....	104
WASTEWATER FACILITIES IIP	105
PROPORTIONATE SHARE.....	105
SERVICE AREA	105
RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT	107
ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES.....	108
Existing Flow	108
Other System Components.....	109
PROJECTED DEMAND FOR SERVICES AND COSTS	109
Projected Flow	110
SPA 1 – Cost Recovery / Plan-Based	111
SPA 2 – Plan-Based	112
SPA 3 – Plan-Based	113
SPA 4 / SPA 5 – Plan-Based.....	114
Cost per Gallon.....	114
Development Fee Report – Plan-Based.....	114
WASTEWATER FACILITIES DEVELOPMENT FEES.....	114
Revenue Credit/Offset.....	114
SPA 1	115
SPA 2	116
SPA 3	117
SPA 4	118
SPA 5	119
WASTEWATER FACILITIES DEVELOPMENT FEE REVENUE	120
10-YEAR CAPITAL PLAN.....	121
APPENDIX A: FORECAST OF REVENUES OTHER THAN FEES.....	122
REVENUE PROJECTIONS.....	122
APPENDIX B: PROFESSIONAL SERVICES	124
APPENDIX C: LAND USE DEFINITIONS	125
RESIDENTIAL DEVELOPMENT.....	125
NONRESIDENTIAL DEVELOPMENT.....	126

EXECUTIVE SUMMARY

The City of Surprise, Arizona, contracted with TischlerBise to document land use assumptions, prepare the Infrastructure Improvements Plan (hereinafter referred to as the “IIP”), and update development fees pursuant to Arizona Revised Statutes (“ARS”) § 9-463.05 (hereafter referred to as the “Enabling Legislation”). Municipalities in Arizona may assess development fees to offset infrastructure costs to a municipality for necessary public services. The development fees must be based on an Infrastructure Improvements Plan and Land Use Assumptions. The IIP for each type of infrastructure is in the middle section of this document. The proposed development fees are displayed in the Development Fee Report in the next section.

Development fees are one-time payments used to construct system improvements needed to accommodate new development. The fee represents future development’s proportionate share of infrastructure costs. Development fees may be used for infrastructure improvements or debt service for growth related infrastructure. In contrast to general taxes, development fees may not be used for operations, maintenance, replacement, or correcting existing deficiencies. This update of Surprise’s Infrastructure Improvements Plan and associated update to its development fees includes the following necessary public services:

1. Fire Facilities
2. Parks and Recreational Facilities
3. Police Facilities
4. Water Facilities
5. Water Resource Facilities
6. Wastewater Facilities

This plan includes all necessary elements required to be in full compliance with the Enabling Legislation.

ARIZONA DEVELOPMENT FEE ENABLING LEGISLATION

The Enabling Legislation governs how development fees are calculated for municipalities in Arizona.

Necessary Public Services

Under the requirements of the Enabling Legislation, development fees may only be used for construction, acquisition or expansion of public facilities that are necessary public services. “Necessary public service” means any of the following categories of facilities that have a life expectancy of three or more years and that are owned and operated on behalf of the municipality: water, wastewater, storm water, library, street, fire, police, and parks and recreational. Additionally, a necessary public service includes any facility that was financed before June 1, 2011, and that meets the following requirements:

1. Development fees were pledged to repay debt service obligations related to the construction of the facility.
2. After August 1, 2014, any development fees collected are used solely for the payment of principal and interest on the portion of the bonds, notes, or other debt service obligations issued before June 1, 2011, to finance construction of the facility.

Infrastructure Improvements Plan

Development fees must be calculated pursuant to an IIP. For each necessary public service that is the subject of a development fee, by law, the IIP shall include the following seven elements:

1. A description of the existing necessary public services in the service area and the costs to update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.
2. An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.
3. A description of all or the parts of the necessary public services or facility expansions and their costs necessitated by and attributable to development in the service area based on the approved Land Use Assumptions, including a forecast of the costs of infrastructure, improvements, real property, financing, engineering and architectural services, which shall be prepared by qualified professionals licensed in this state, as applicable.
4. A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, and industrial.
5. The total number of projected service units necessitated by and attributable to new development in the service area based on the approved Land Use Assumptions and calculated pursuant to generally accepted engineering and planning criteria.
6. The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.
7. A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved Land Use Assumptions and a plan to include these contributions in determining the extent of the burden imposed by the development.

Qualified Professionals

The IIP must be developed by qualified professionals using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education, or experience.” TischlerBise is a fiscal, economic, and planning consulting firm specializing in the cost of growth services. Our services include development fees, fiscal impact analysis, infrastructure financing analyses, user fee/cost of service studies, capital improvement plans, and fiscal software. TischlerBise has prepared over 800 development fee studies over the past 30 years for local governments across the United States.

Conceptual Development Fee Calculation

In contrast to project-level improvements, development fees fund growth-related infrastructure that will benefit multiple development projects, or the entire service area (usually referred to as system improvements). The first step is to determine an appropriate demand indicator for the particular type of infrastructure. The demand indicator measures the number of service units for each unit of development. For example, an appropriate indicator of the demand for parks is population growth and the increase in population can be estimated from the average number of persons per housing unit. The second step in the development fee formula is to determine infrastructure improvement units per service unit, typically called level-of-service (LOS) standards. In keeping with the park example, a common LOS standard is improved park acres per thousand people. The third step in the development fee formula is the cost of various infrastructure units. To complete the park example, this part of the formula would establish a cost per acre for land acquisition and/ or park amenities.

Evaluation of Credits/Offsets

Regardless of the methodology, a consideration of credits/offsets is integral to the development of a legally defensible development fee. There are two types of credits/offsets that should be addressed in development fee studies and ordinances. The first is a revenue credit/offset due to possible double payment situations, which could occur when other revenues may contribute to the capital costs of infrastructure covered by the development fee. This type of credit/offset is integrated into the fee calculation, thus reducing the fee amount. The second is a site-specific credit or developer reimbursement for dedication of land or construction of system improvements. This type of credit is addressed in the administration and implementation of the development fee program. For ease of administration, TischlerBise normally recommends developer reimbursements for system improvements.

INTRODUCTION TO DEVELOPMENT FEES

Development fees are one-time payments used to fund capital improvements necessitated by future development. Development fees have been utilized by local governments in various forms for at least fifty years. Development fees do have limitations and should not be regarded as the total solution for infrastructure financing needs. Rather, they should be considered one component of a comprehensive portfolio to ensure adequate provision of public facilities with the goal of maintaining current levels of service in a community. Any community considering facility fees should note the following limitations:

- 1) Fees can only be used to finance capital infrastructure and cannot be used to finance ongoing operations and / or maintenance and rehabilitation costs.
- 2) Fees cannot be deposited in the General Fund. The funds must be accounted for separately in individual accounts and earmarked for the capital expenses for which they were collected.
- 3) Fees cannot be used to correct existing infrastructure deficiencies unless there is a funding plan in place to correct the deficiency for all current residents and businesses in the community.

REQUIRED FINDINGS

There are three reasonable relationship requirements for development fees that are closely related to “rational nexus” or “reasonable relationship” requirements enunciated by a number of state courts. Although the term “dual rational nexus” is often used to characterize the standard by which courts evaluate the validity of development fees under the U. S. Constitution, we prefer a more rigorous formulation that recognizes three elements: “impact or need,” “benefit,” and “proportionality.” The dual rational nexus test explicitly addresses only the first two, although proportionality is reasonably implied, and was specifically mentioned by the U.S. Supreme Court in the *Dolan* case. The reasonable relationship language of the statute is considered less strict than the rational nexus standard used by many courts. Individual elements of the nexus standard are discussed further in the following paragraphs.

Demonstrating an Impact. All future development in a community creates additional demands on some, or all, public facilities provided by local government. If the supply of facilities is not increased to satisfy that additional demand, the quality or availability of public services for the entire community will deteriorate. Development fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is a consequence of development that is subject to the fees. The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate conditions created by the developments upon which they are imposed. That principle clearly applies to development fees. In this study, the impact of development on improvement needs is analyzed in terms of quantifiable relationships between various types of development and the demand for specific facilities, based on applicable level-of-service standards.

Demonstrating a Benefit. A sufficient benefit relationship requires that development fee revenues be segregated from other funds and expended only on the facilities for which the fees were charged. Fees must be expended in a timely manner and the facilities funded by the fees must serve the development paying the fees. However, nothing in the U.S. Constitution or the State enabling Act authorizing development fees requires that facilities funded with fee revenues be available *exclusively* to development paying the fees. In other words, existing development may benefit from these improvements as well.

Procedures for the earmarking and expenditure of fee revenues are typically mandated by the State Enabling Legislation, as are procedures to ensure that the fees are expended expeditiously or refunded. All requirements are intended to ensure that developments benefit from the fees they are required to pay. Thus, an adequate showing of benefit must address procedural as well as substantive issues.

Demonstrating Proportionality. The requirement that exactions be proportional to the impacts of development was clearly stated by the U.S. Supreme Court in the *Dolan* case (although the relevance of that decision to development fees has been debated) and is logically necessary to establish a proper nexus. Proportionality is established through the procedures used to identify development-related facility costs, and in the methods used to calculate development fees for various types of facilities and categories of development. The demand for facilities is measured in terms of relevant and measurable attributes of development.

DEVELOPMENT FEE REPORT

Development fees for the necessary public services made necessary by new development must be based on the same level of service (LOS) provided to existing development in the service area. There are three basic methodologies used to calculate development fees. They examine the past, present, and future status of infrastructure. The objective of evaluating these different methodologies is to determine the best measure of the demand created by new development for additional infrastructure capacity. Each methodology has advantages and disadvantages in a particular situation and can be used simultaneously for different cost components.

Reduced to its simplest terms, the process of calculating development fees involves two main steps: (1) determining the cost of development-related capital improvements and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of development fees can become quite complicated because of the many variables involved in defining the relationship between development and the need for facilities within the designated service area. The following paragraphs discuss basic methodologies for calculating development fees and how those methodologies can be applied.

- **Cost Recovery** (past improvements) - The rationale for recoupment, often called cost recovery, is that new development is paying for its share of the useful life and remaining capacity of facilities already built, or land already purchased, from which new growth will benefit. This methodology is often used for utility systems that must provide adequate capacity before new development can take place.
- **Incremental Expansion** (concurrent improvements) - The incremental expansion methodology documents current LOS standards for each type of public facility, using both quantitative and qualitative measures. This approach assumes there are no existing infrastructure deficiencies or surplus capacity in infrastructure. New development is only paying its proportionate share for growth-related infrastructure. Revenue will be used to expand or provide additional facilities, as needed, to accommodate new development. An incremental expansion cost method is best suited for public facilities that will be expanded in regular increments to keep pace with development.
- **Plan-Based** (future improvements) - The plan-based methodology allocates costs for a specified set of improvements to a specified amount of development. Improvements are typically identified in a long-range facility plan and development potential is identified by a land use plan. There are two basic options for determining the cost per demand unit: (1) total cost of a public facility can be divided by total demand units (average cost), or (2) the growth-share of the public facility cost can be divided by the net increase in demand units over the planning timeframe (marginal cost).

DEVELOPMENT FEE COMPONENTS

Shown below, Figure 1 summarizes service areas, methodologies, and infrastructure cost components.

Figure 1: Proposed Development Fee Service Areas, Methodologies, and Cost Components

Necessary Public Service	Service Area	Cost Recovery	Incremental Expansion	Plan-Based	Cost Allocation
Fire Facilities	Citywide	N/A	Primary Apparatus, Secondary Apparatus	Fire Stations, Fire Facilities, Development Fee Report	Population, Vehicle Trips
Parks and Recreational Facilities	Citywide	N/A	Park Land, Park Amenities, Recreation Facilities	Development Fee Report	Population, Jobs
Police Facilities	Citywide	N/A	Police Facilities Land, Police Vehicles, Police Equipment	Police Facilities, Development Fee Report	Population, Vehicle Trips
Water Facilities	SPA 1	Water Infrastructure	N/A	Water Infrastructure, Development Fee Report	Average Day Gallons
	SPA 2	N/A	N/A	Water Infrastructure, Development Fee Report	Average Day Gallons
	SPA 3	N/A	N/A	Water Infrastructure, Development Fee Report	Average Day Gallons
	SPA 4	N/A	N/A	Water Infrastructure, Development Fee Report	Average Day Gallons
Water Resource Facilities	Citywide	N/A	N/A	Water Resource, Development Fee Report	Acre-Feet
Wastewater Facilities	SPA 1	Wastewater Infrastructure	N/A	Wastewater Infrastructure, Development Fee Report	Average Day Gallons
	SPA 2	N/A	N/A	Wastewater Infrastructure, Development Fee Report	Average Day Gallons
	SPA 3	N/A	N/A	Wastewater Infrastructure, Development Fee Report	Average Day Gallons
	SPA 4	N/A	N/A	Wastewater Infrastructure, Development Fee Report	Average Day Gallons
	SPA 5	N/A	N/A	Wastewater Infrastructure, Development Fee Report	Average Day Gallons

CURRENT DEVELOPMENT FEES

Current development fees are assessed per dwelling unit for residential development and per 1,000 square feet of floor area for nonresidential development. Current development fees for water, water resource, and wastewater are assessed by meter size.

Figure 2: Current Development Fees by Development Type

Residential Fees per Unit					
Development Type	Fire	Parks & Recreational	Police	General Government	Total
Single Family	\$789	\$1,060	\$385	\$208	\$2,442
Multi-Family	\$481	\$647	\$235	\$143	\$1,506
Mobile Home	\$442	\$594	\$216	\$132	\$1,384

Nonresidential Fees per 1,000 Square Feet					
Development Type	Fire	Parks & Recreational	Police	General Government	Total
Industrial	\$166	\$32	\$81	\$49	\$328
Warehouse	\$95	\$32	\$46	\$28	\$201
Retail/Commercial	\$876	\$32	\$427	\$261	\$1,596
Office	\$497	\$74	\$243	\$148	\$962
Public/Institutional	\$308	\$85	\$150	\$92	\$635

SPA 1

Figure 3: Current Development Fees by Meter Size

Fees per Meter - SPA 1				
Meter Size	Water	Water Resource	Wastewater	Current Fees
0.75-inch	\$2,985	\$2,279	\$2,192	\$7,456
1.00-inch	\$4,985	\$3,806	\$3,661	\$12,452
1.50-inch	\$9,940	\$7,589	\$7,299	\$24,828
2.00-inch	\$15,910	\$12,147	\$11,683	\$39,740
3.00-inch	\$31,850	\$24,317	\$23,389	\$79,556
4.00-inch	\$49,760	\$37,991	\$36,541	\$124,292
6.00-inch	\$99,490	\$75,959	\$73,059	\$248,508
8.00-inch	\$159,190	\$121,539	\$116,899	\$397,628

SPA 2

Figure 4: Current Development Fees by Meter Size

Fees per Meter - SPA 2				
Meter Size	Water	Water Resource	Wastewater	Current Fees
0.75-inch	\$2,836	\$2,279	\$2,544	\$7,659
1.00-inch	\$4,736	\$3,806	\$4,248	\$12,790
1.50-inch	\$9,444	\$7,589	\$8,472	\$25,505
2.00-inch	\$15,116	\$12,147	\$13,560	\$40,823
3.00-inch	\$30,260	\$24,317	\$27,144	\$81,721
4.00-inch	\$47,276	\$37,991	\$42,408	\$127,675
6.00-inch	\$94,524	\$75,959	\$84,792	\$255,275
8.00-inch	\$151,244	\$121,539	\$135,672	\$408,455

SPA 3

Figure 5: Current Development Fees by Meter Size

Fees per Meter - SPA 3				
Meter Size	Water	Water Resource	Wastewater	Current Fees
0.75-inch	\$2,486	\$2,279	\$0	\$4,765
1.00-inch	\$4,152	\$3,806	\$0	\$7,958
1.50-inch	\$8,278	\$7,589	\$0	\$15,867
2.00-inch	\$13,250	\$12,147	\$0	\$25,397
3.00-inch	\$26,526	\$24,317	\$0	\$50,843
4.00-inch	\$41,442	\$37,991	\$0	\$79,433
6.00-inch	\$82,858	\$75,959	\$0	\$158,817
8.00-inch	\$132,578	\$121,539	\$0	\$254,117

SPA 4

Figure 6: Current Development Fees by Meter Size

Fees per Meter - SPA 4				
Meter Size	Water	Water Resource	Wastewater	Current Fees
0.75-inch	\$0	\$2,279	\$0	\$2,279
1.00-inch	\$0	\$3,806	\$0	\$3,806
1.50-inch	\$0	\$7,589	\$0	\$7,589
2.00-inch	\$0	\$12,147	\$0	\$12,147
3.00-inch	\$0	\$24,317	\$0	\$24,317
4.00-inch	\$0	\$37,991	\$0	\$37,991
6.00-inch	\$0	\$75,959	\$0	\$75,959
8.00-inch	\$0	\$121,539	\$0	\$121,539

SPA 5

Figure 7: Current Development Fees by Meter Size

Fees per Meter - SPA 5				
Meter Size	Water	Water Resource	Wastewater	Current Fees
0.75-inch	\$0	\$2,279	\$0	\$2,279
1.00-inch	\$0	\$3,806	\$0	\$3,806
1.50-inch	\$0	\$7,589	\$0	\$7,589
2.00-inch	\$0	\$12,147	\$0	\$12,147
3.00-inch	\$0	\$24,317	\$0	\$24,317
4.00-inch	\$0	\$37,991	\$0	\$37,991
6.00-inch	\$0	\$75,959	\$0	\$75,959
8.00-inch	\$0	\$121,539	\$0	\$121,539

PROPOSED DEVELOPMENT FEES

Proposed development fees will be assessed per dwelling unit for residential development and per 1,000 square feet of floor area for nonresidential development. Proposed development fees for water, water resource, and wastewater will be assessed by meter size.

The proposed fees represent the maximum allowable fees. Surprise may adopt fees that are less than the amounts shown; however, a reduction in development fee revenue will necessitate an increase in other revenues, a decrease in planned capital improvements, and/or a decrease in level-of-service standards. All costs in the Development Fee Report represent current dollars with no assumed inflation over time. If costs change significantly over time, development fees should be recalculated.

Calculations throughout this report are based on an analysis conducted using Excel software. Most results are discussed in the report using two, three, and four decimal places, which represent rounded figures. However, the analysis itself uses figures carried to their ultimate decimal places; therefore, the sums and products generated in the analysis may not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to the rounding of figures shown, not in the analysis).

Figure 8: Proposed Development Fees by Development Type

Residential Fees per Unit					
Development Type	Fire	Parks & Recreational	Police	General Government ¹	Total
Single Family	\$1,737	\$1,800	\$581	\$208	\$4,326
Multi-Family	\$1,064	\$1,102	\$356	\$143	\$2,665
Mobile Home	\$734	\$760	\$245	\$132	\$1,871

Nonresidential Fees per 1,000 Square Feet					
Development Type	Fire	Parks & Recreational	Police	General Government ¹	Total
Industrial	\$394	\$115	\$275	\$49	\$833
Warehouse	\$200	\$34	\$140	\$28	\$402
Retail/Commercial	\$2,381	\$211	\$1,662	\$261	\$4,515
Office	\$1,141	\$324	\$796	\$148	\$2,409
Public/Institutional	\$790	\$203	\$551	\$92	\$1,636

1. Grandfathered fee not calculated in this report

SPA 1

Figure 9: Proposed Development Fees by Meter Size

Fees per Meter - SPA 1				
Meter Size	Water	Water Resource	Wastewater	Proposed Fees
0.75-inch ¹	\$5,325	\$3,649	\$4,481	\$13,455
1.00-inch	\$8,892	\$6,093	\$7,484	\$22,469
1.50-inch	\$17,732	\$12,150	\$14,923	\$44,805
2.00-inch	\$28,381	\$19,448	\$23,886	\$71,715
3.00-inch	\$56,816	\$38,932	\$47,817	\$143,565
4.00-inch	\$88,764	\$60,824	\$74,705	\$224,293
6.00-inch	\$177,476	\$121,611	\$149,365	\$448,452
8.00-inch	\$283,972	\$194,585	\$238,993	\$717,550

1. Includes meters smaller than 0.75 inches

SPA 2

Figure 10: Proposed Development Fees by Meter Size

Fees per Meter - SPA 2				
Meter Size	Water	Water Resource	Wastewater	Proposed Fees
0.75-inch ¹	\$5,296	\$3,649	\$9,003	\$17,948
1.00-inch	\$8,844	\$6,093	\$15,035	\$29,972
1.50-inch	\$17,636	\$12,150	\$29,979	\$59,765
2.00-inch	\$28,228	\$19,448	\$47,984	\$95,660
3.00-inch	\$56,508	\$38,932	\$96,059	\$191,499
4.00-inch	\$88,284	\$60,824	\$150,075	\$299,183
6.00-inch	\$176,516	\$121,611	\$300,060	\$598,187
8.00-inch	\$282,436	\$194,585	\$480,114	\$957,135

1. Includes meters smaller than 0.75 inches

SPA 3

Figure 11: Proposed Development Fees by Meter Size

Fees per Meter - SPA 3				
Meter Size	Water	Water Resource	Wastewater	Proposed Fees
0.75-inch ¹	\$3,142	\$3,649	\$9,108	\$15,899
1.00-inch	\$5,248	\$6,093	\$15,210	\$26,551
1.50-inch	\$10,464	\$12,150	\$30,329	\$52,943
2.00-inch	\$16,749	\$19,448	\$48,544	\$84,741
3.00-inch	\$33,529	\$38,932	\$97,179	\$169,640
4.00-inch	\$52,384	\$60,824	\$151,825	\$265,033
6.00-inch	\$104,736	\$121,611	\$303,560	\$529,907
8.00-inch	\$167,584	\$194,585	\$485,714	\$847,883

1. Includes meters smaller than 0.75 inches

SPA 4

Figure 12: Proposed Development Fees by Meter Size

Fees per Meter - SPA 4				
Meter Size	Water	Water Resource	Wastewater	Proposed Fees
0.75-inch ¹	\$2,966	\$3,649	\$9,190	\$15,805
1.00-inch	\$4,954	\$6,093	\$15,347	\$26,394
1.50-inch	\$9,878	\$12,150	\$30,601	\$52,629
2.00-inch	\$15,811	\$19,448	\$48,981	\$84,240
3.00-inch	\$31,651	\$38,932	\$98,053	\$168,636
4.00-inch	\$49,450	\$60,824	\$153,191	\$263,465
6.00-inch	\$98,870	\$121,611	\$306,289	\$526,770
8.00-inch	\$158,198	\$194,585	\$490,081	\$842,864

1. Includes meters smaller than 0.75 inches

SPA 5

Figure 13: Proposed Development Fees by Meter Size

Fees per Meter - SPA 5				
Meter Size	Water	Water Resource	Wastewater	Proposed Fees
0.75-inch ¹	-	\$3,649	\$9,190	\$12,839
1.00-inch	-	\$6,093	\$15,347	\$21,440
1.50-inch	-	\$12,150	\$30,601	\$42,751
2.00-inch	-	\$19,448	\$48,981	\$68,429
3.00-inch	-	\$38,932	\$98,053	\$136,985
4.00-inch	-	\$60,824	\$153,191	\$214,015
6.00-inch	-	\$121,611	\$306,289	\$427,900
8.00-inch	-	\$194,585	\$490,081	\$684,666

1. Includes meters smaller than 0.75 inches

DIFFERENCE BETWEEN PROPOSED AND CURRENT DEVELOPMENT FEES

This section of the report includes the differences between the proposed and current development fees.

Figure 14: Difference Between Proposed and Current Development Fees by Development Type

Residential Fees per Unit					
Development Type	Fire	Parks & Recreational	Police	General Government	Difference
Single Family	\$948	\$740	\$196	\$0	\$1,884
Multi-Family	\$583	\$455	\$121	\$0	\$1,159
Mobile Home	\$292	\$166	\$29	\$0	\$487

Nonresidential Fees per 1,000 Square Feet					
Development Type	Fire	Parks & Recreational	Police	General Government	Difference
Industrial	\$228	\$83	\$194	\$0	\$505
Warehouse	\$105	\$2	\$94	\$0	\$201
Retail/Commercial	\$1,505	\$179	\$1,235	\$0	\$2,919
Office	\$644	\$250	\$553	\$0	\$1,447
Public/Institutional	\$482	\$118	\$401	\$0	\$1,001

SPA 1

Figure 15: Difference Between Proposed and Current Development Fees by Meter Size

Fees per Meter - SPA 1				
Meter Size	Water	Water Resource	Wastewater	Difference
0.75-inch ¹	\$2,340	\$1,370	\$2,289	\$5,999
1.00-inch	\$3,907	\$2,287	\$3,823	\$10,017
1.50-inch	\$7,792	\$4,561	\$7,624	\$19,977
2.00-inch	\$12,471	\$7,301	\$12,203	\$31,975
3.00-inch	\$24,966	\$14,615	\$24,428	\$64,009
4.00-inch	\$39,004	\$22,833	\$38,164	\$100,001
6.00-inch	\$77,986	\$45,652	\$76,306	\$199,944
8.00-inch	\$124,782	\$73,046	\$122,094	\$319,922

1. Includes meters smaller than 0.75 inches

SPA 2

Figure 16: Difference Between Proposed and Current Development Fees by Meter Size

Fees per Meter - SPA 2				
Meter Size	Water	Water Resource	Wastewater	Difference
0.75-inch ¹	\$2,460	\$1,370	\$6,459	\$10,289
1.00-inch	\$4,108	\$2,287	\$10,787	\$17,182
1.50-inch	\$8,192	\$4,561	\$21,507	\$34,260
2.00-inch	\$13,112	\$7,301	\$34,424	\$54,837
3.00-inch	\$26,248	\$14,615	\$68,915	\$109,778
4.00-inch	\$41,008	\$22,833	\$107,667	\$171,508
6.00-inch	\$81,992	\$45,652	\$215,268	\$342,912
8.00-inch	\$131,192	\$73,046	\$344,442	\$548,680

1. Includes meters smaller than 0.75 inches

SPA 3

Figure 17: Difference Between Proposed and Current Development Fees by Meter Size

Fees per Meter - SPA 3				
Meter Size	Water	Water Resource	Wastewater	Difference
0.75-inch ¹	\$656	\$1,370	\$9,108	\$11,134
1.00-inch	\$1,096	\$2,287	\$15,210	\$18,593
1.50-inch	\$2,186	\$4,561	\$30,329	\$37,076
2.00-inch	\$3,499	\$7,301	\$48,544	\$59,344
3.00-inch	\$7,003	\$14,615	\$97,179	\$118,797
4.00-inch	\$10,942	\$22,833	\$151,825	\$185,600
6.00-inch	\$21,878	\$45,652	\$303,560	\$371,090
8.00-inch	\$35,006	\$73,046	\$485,714	\$593,766

1. Includes meters smaller than 0.75 inches

SPA 4

Figure 18: Difference Between Proposed and Current Development Fees by Meter Size

Fees per Meter - SPA 4				
Meter Size	Water	Water Resource	Wastewater	Difference
0.75-inch ¹	\$2,966	\$1,370	\$9,190	\$13,526
1.00-inch	\$4,954	\$2,287	\$15,347	\$22,588
1.50-inch	\$9,878	\$4,561	\$30,601	\$45,040
2.00-inch	\$15,811	\$7,301	\$48,981	\$72,093
3.00-inch	\$31,651	\$14,615	\$98,053	\$144,319
4.00-inch	\$49,450	\$22,833	\$153,191	\$225,474
6.00-inch	\$98,870	\$45,652	\$306,289	\$450,811
8.00-inch	\$158,198	\$73,046	\$490,081	\$721,325

1. Includes meters smaller than 0.75 inches

SPA 5

Figure 19: Difference Between Proposed and Current Development Fees by Meter Size

Fees per Meter - SPA 5				
Meter Size	Water	Water Resource	Wastewater	Difference
0.75-inch ¹	-	\$1,370	\$9,190	\$10,560
1.00-inch	-	\$2,287	\$15,347	\$17,634
1.50-inch	-	\$4,561	\$30,601	\$35,162
2.00-inch	-	\$7,301	\$48,981	\$56,282
3.00-inch	-	\$14,615	\$98,053	\$112,668
4.00-inch	-	\$22,833	\$153,191	\$176,024
6.00-inch	-	\$45,652	\$306,289	\$351,941
8.00-inch	-	\$73,046	\$490,081	\$563,127

1. Includes meters smaller than 0.75 inches

LAND USE ASSUMPTIONS

Arizona's Development Fee Act requires the preparation of Land Use Assumptions, which are defined in Arizona Revised Statutes § 9-463.05(T)(6) as:

“projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the General Plan of the municipality.”

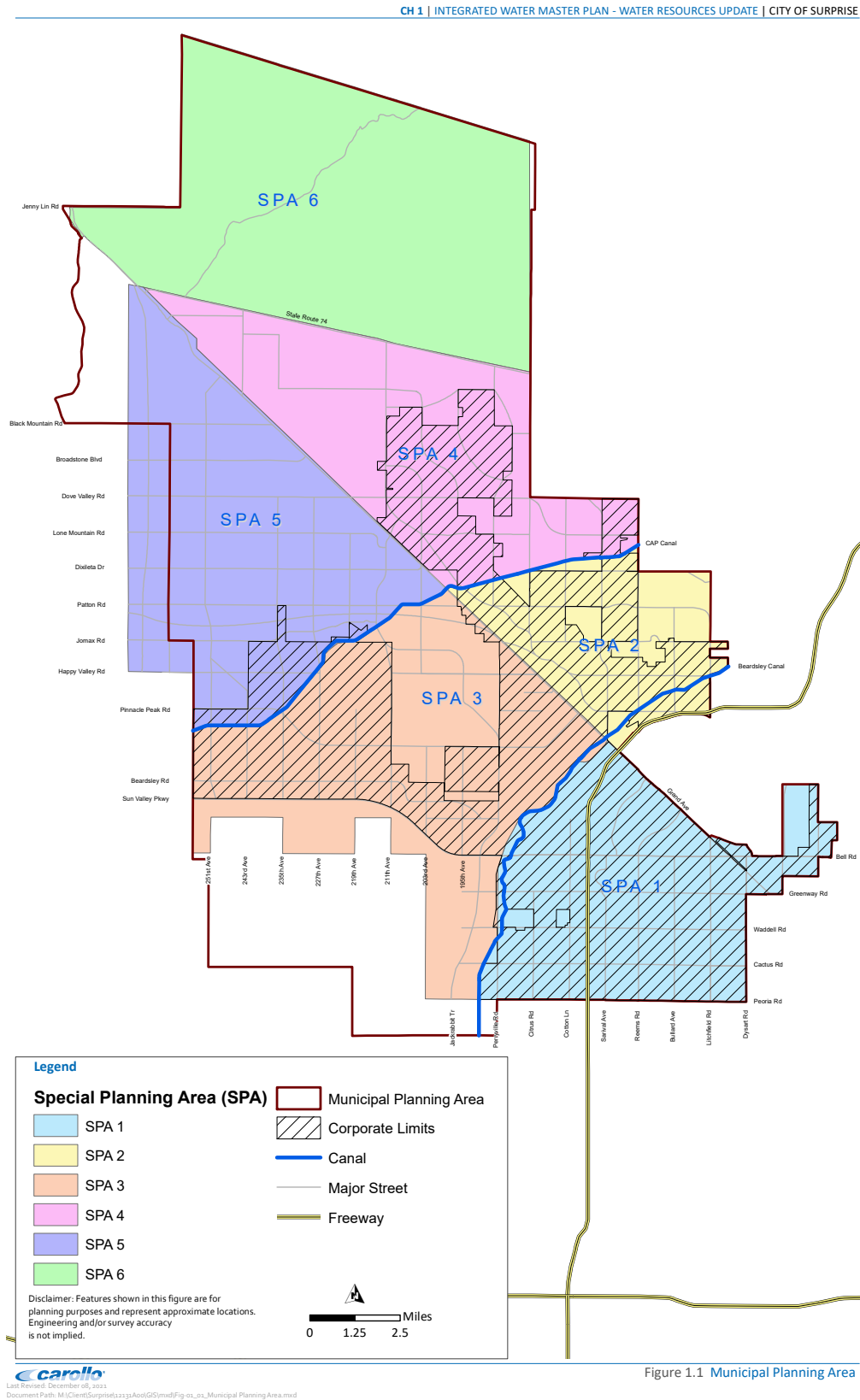
The estimates and projections of residential and nonresidential development in this Land Use Assumptions document are for all areas within Surprise. The current demographic estimates and future development projections will be used in the Infrastructure Improvements Plan (IIP) and in the calculation of development fees. Current demographic data estimates for 2023 are used in calculating levels of service (LOS) provided to existing development in Surprise. Arizona's Enabling Legislation requires fees to be updated at least every five years and limits the IIP to a maximum of 10 years.

The Infrastructure Improvements Plan (IIP) and the Development Fee Report include multiple service areas. The Fire Facilities IIP, the Parks and Recreational Facilities IIP, and the Police Facilities IIP use a citywide service area. The service area for the Water Facilities IIP, the Water Resource Facilities IIP, and the Wastewater Facilities IIP is shown in Figure L1.

SUMMARY OF GROWTH INDICATORS

Key land use assumptions include population, housing units, and employment projections. TischlerBise projects future development using data provided by the Maricopa Association of Governments (MAG). Development projections are summarized in Figure L13. These projections will be used to estimate fee revenue and to indicate the anticipated need for growth-related infrastructure. However, development fee methodologies are designed to reduce sensitivity to development projections in the determination of the proportionate share fee amounts. If actual development occurs at a slower rate than projected, fee revenue will decline, but so will the need for growth-related infrastructure. In contrast, if development occurs at a faster rate than anticipated, fee revenue will increase, but Surprise will also need to accelerate infrastructure improvements to keep pace with the actual rate of development. During the next 10 years, residential development projections indicate a population increase of 83,656 persons in 35,921 housing units, and nonresidential development projections indicate an employment increase of 16,444 jobs in approximately 8,542,000 square feet of floor area.

Figure L1: Utility Development Impact Fee Service Area



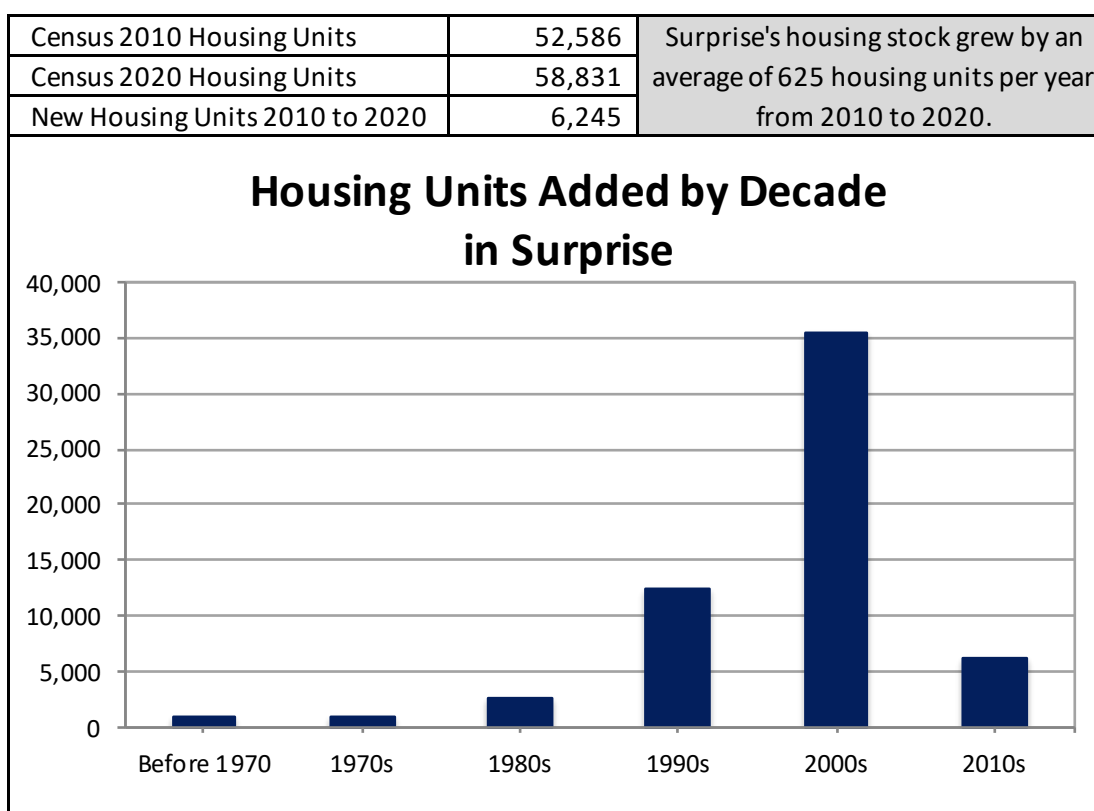
RESIDENTIAL DEVELOPMENT

This section details current estimates and future projections of residential development including population and housing units.

Recent Residential Construction

Development fees require an analysis of current levels of service. For residential development, current levels of service are determined using estimates of population and housing units. Shown below, Figure L2 indicates the estimated number of housing units added by decade according to data obtained from the U.S. Census Bureau. In the previous decade, Surprise's housing stock grew by an average of 625 housing units per year.

Figure L2: Housing Units by Decade



Source: U.S. Census Bureau, Census 2020 Summary File 1, Census 2010 Summary File 1, 2017-2021 5-Year American Community Survey (for 2000s and earlier, adjusted to yield total units in 2010).

Occupancy Factors

According to the U.S. Census Bureau, a household is a housing unit occupied by year-round residents. Development fees often use per capita standards and persons per housing unit (PPHU) or persons per household (PPH) to derive proportionate share fee amounts. When fee calculations use PPHU, infrastructure standards are derived using year-round population. When fee calculations use PPH, the development fee methodology assumes a higher percentage of housing units will be occupied, thus requiring seasonal or peak population to be used when deriving infrastructure standards. TischlerBise recommends that development fees for residential development use persons per housing unit.

Residential development fees group housing units into three categories. Single-family units include detached and attached units. Multi-family units include duplexes and structures with two or more units on an individual parcel of land. Mobile home units include mobile homes and recreational vehicles. Figure L3 below shows the occupancy estimates for Surprise based on 2017-2021 American Community Survey 5-Year Estimates. Single-family units averaged 2.58 persons per housing unit, multi-family units averaged 1.58 persons per housing unit, and mobile home units averaged 1.09 persons per housing unit. The estimates shown below are used only to calculate occupancy factors and may not match population and housing unit estimates shown throughout this report.

Figure L3: Occupancy Factors

Housing Type	Persons	Households	Persons per Household	Housing Units	Persons per Housing Unit	Housing Mix	Vacancy Rate
Single Family ¹	130,567	46,291	2.82	50,626	2.58	86.6%	8.56%
Multi-Family ²	7,708	4,089	1.89	4,865	1.58	8.3%	15.95%
Mobile Home ³	3,256	1,825	1.78	2,992	1.09	5.1%	39.00%
Total	141,531	52,205	2.71	58,483	2.42	100.0%	10.73%

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates

1. Includes detached and attached (i.e., townhouses) units.
2. Includes dwellings in structures with two or more units.
3. Includes mobile homes and RV units.

Residential Estimates

According to estimates published by the U.S. Census Bureau, Surprise's 2020 population included 141,758 persons living in 58,831 housing units. The Maricopa Association of Governments (MAG) released updated socioeconomic projections in June 2023. Using traffic analysis zone (TAZ) data provided by MAG, and occupancy factors shown in Figure L3, existing residential development in 2023 included 172,866 persons living in 73,013 housing units.

Figure L4: Residential Estimates

Surprise, Arizona	2020	2023
	Census ¹	Base Year
Population	141,758	172,866
Housing Units	58,831	73,013

1. U.S. Census Bureau, 2020
2. TischlerBise calculation using Maricopa Association of Governments (MAG) housing unit projections and ACS occupancy factors.

Residential Projections

Population and housing unit projections illustrate the possible future pace of service demands, revenues, and expenditures. To the extent these factors change, the projected need for infrastructure will also change. If development occurs at a faster rate than projected, the demand for infrastructure will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will decrease at a corresponding rate. For this study, the analysis assumes the occupancy factors shown in Figure L3 will remain constant throughout the 10-year projection period.

TischlerBise projects residential development using housing unit data provided by the Maricopa Association of Governments (MAG) and data provided by Community Development Department staff (multi-family development in SPA 1 and SPA 2 only). To project housing units from 2023 to 2030, TischlerBise applies a straight-line projection from MAG 2020 housing unit estimates to MAG 2030 housing unit projections. To project housing units from 2030 to 2033, TischlerBise applies a straight-line projection from MAG 2030 housing unit projections to MAG 2040 housing unit projections. For multi-family development in SPA 1 and SPA 2, the analysis uses data provided by Community Development Department staff (instead of MAG data) that reflects multi-family development currently in the development pipeline. Based on these assumptions, 10-year projections include an increase of 35,921 housing units.

To convert housing units to population, the analysis multiplies occupancy factors shown in Figure L3 to the housing unit projections shown below. For example, the 10-year increase of 27,023 single-family units multiplied by 2.58 persons per housing unit equals 69,718 persons in new single-family units. Based on these assumptions, the 10-year projections include an increase of 83,656 persons.

Figure L5: Residential Projections

Surprise, Arizona	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year Increase
	Base	1	2	3	4	5	6	7	8	9	10	
Population												
Single-Family	153,323	160,839	168,354	175,870	183,386	190,901	198,417	205,932	211,636	217,339	223,042	69,718
Multi-Family	16,194	17,552	18,910	20,268	21,626	22,984	24,342	25,700	27,087	28,474	29,862	13,667
Mobile Home	3,349	3,378	3,407	3,436	3,465	3,494	3,523	3,552	3,575	3,597	3,619	270
Total	172,866	181,769	190,671	199,574	208,477	217,380	226,282	235,185	242,297	249,410	256,522	83,656
Housing Units												
Single-Family	59,934	62,847	65,760	68,673	71,586	74,499	77,412	80,325	82,536	84,746	86,957	27,023
Multi-Family	9,973	10,833	11,692	12,552	13,411	14,271	15,130	15,990	16,868	17,746	18,624	8,650
Mobile Home	3,106	3,133	3,159	3,186	3,213	3,239	3,266	3,293	3,313	3,333	3,354	248
Total	73,013	76,813	80,612	84,411	88,210	92,010	95,809	99,608	102,717	105,825	108,934	35,921

NONRESIDENTIAL DEVELOPMENT

This section details current estimates and future projections of nonresidential development including jobs and nonresidential floor area.

Nonresidential Demand Factors

TischlerBise uses the term jobs to refer to employment by place of work. In Figure L6, gray shading indicates the nonresidential development prototypes used to derive employment densities. For nonresidential development, TischlerBise uses data published in Trip Generation, Institute of Transportation Engineers, 11th Edition (2021). The prototype for industrial development is Industrial Park (ITE 130) with 864 square feet of floor area per employee. For warehouse development, the proxy is Warehousing (ITE 150) with 2,953 square feet of floor area per employee. Public/institutional development uses Nursing Home (ITE 620) with 490 square feet of floor area per employee. For office development, the proxy is General Office (ITE 710) with 307 square feet of floor area per employee. The prototype for retail/commercial development is Shopping Center (ITE 820) with 471 square feet of floor area per employee.

Figure L6: Nonresidential Demand Units

ITE Code	Land Use / Size	Demand Unit	Wkdy Trip Ends Per Dmd Unit ¹	Wkdy Trip Ends Per Employee ¹	Employees per Dmd Unit	Square Feet Per Employee
110	Light Industrial	1,000 Sq Ft	4.87	3.10	1.57	637
130	Industrial Park	1,000 Sq Ft	3.37	2.91	1.16	864
140	Manufacturing	1,000 Sq Ft	4.75	2.51	1.89	528
150	Warehousing	1,000 Sq Ft	1.71	5.05	0.34	2,953
310	Hotel	room	7.99	14.34	0.56	na
520	Elementary School	student	2.27	22.50	0.10	na
525	High School	student	1.94	21.95	0.09	na
540	Community College	student	1.15	14.61	0.08	na
565	Day Care	student	4.09	21.38	0.19	na
610	Hospital	1,000 Sq Ft	10.77	3.77	2.86	350
620	Nursing Home	1,000 Sq Ft	6.75	3.31	2.04	490
710	General Office (avg size)	1,000 Sq Ft	10.84	3.33	3.26	307
720	Medical-Dental Office	1,000 Sq Ft	36.00	8.71	4.13	242
730	Government Office	1,000 Sq Ft	22.59	7.45	3.03	330
750	Office Park	1,000 Sq Ft	11.07	3.54	3.13	320
760	Research & Dev Center	1,000 Sq Ft	11.08	3.37	3.29	304
770	Business Park	1,000 Sq Ft	12.44	4.04	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	37.01	17.42	2.12	471

1. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

Nonresidential Estimates

The Maricopa Association of Governments (MAG) released updated socioeconomic projections in June 2023. According to MAG estimates, site-based employment included 22,366 jobs in 2020. According to data provided by the Maricopa County Tax Assessor, nonresidential development included 20,327,059 square feet of floor area in 2020. To estimate employment in 2023, TischlerBise applied a straight-line projection from MAG 2020 employment estimates to MAG 2030 employment projections. To estimate nonresidential floor area in 2023, TischlerBise used a combination of recently completed projects and ITE employment density factors. For 2023, projected nonresidential development includes 27,035 jobs and 25,386,225 square feet of nonresidential floor area.

Figure L7: Nonresidential Estimates

Industry Type	2020 Jobs ¹	Percent of Total Jobs	2020 Estimated Floor Area ²
Industrial	1,864	8%	822,847
Warehouse	389	2%	4,423,342
Retail/Commercial	11,555	52%	6,670,736
Office	5,739	26%	2,056,628
Public/Institutional	2,819	13%	6,353,506
Total	22,366	100%	20,327,059

1. Socioeconomic Projections (June 2023), Maricopa Association of Governments (MAG).

2. Maricopa County Tax Assessor, 2020.

Industry Type	2023 Jobs ¹	Percent of Total Jobs	2023 Estimated Floor Area ¹
Industrial	2,603	10%	2,097,956
Warehouse	542	2%	5,332,128
Retail/Commercial	12,309	46%	7,380,433
Office	7,920	29%	3,396,615
Public/Institutional	3,661	14%	7,179,094
Total	27,035	100%	25,386,225

1. TischlerBise estimate.

Nonresidential Projections

Employment and floor area projections are used to illustrate the possible future pace of service demands, revenues, and expenditures. To the extent these factors change, the projected need for infrastructure will also change. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will also decrease.

TischlerBise projects nonresidential development using employment data, by development type, provided by the Maricopa Association of Governments (MAG). To project employment from 2023 to 2030, TischlerBise applies a straight-line projection from MAG 2020 employment estimates to MAG 2030 employment projections. To project employment from 2030 to 2033, TischlerBise applies a straight-line projection from MAG 2030 employment projections to MAG 2040 employment projections. Based on these assumptions, 10-year projections include an increase of 16,444 jobs citywide. To convert employment to nonresidential floor area, the analysis multiplies nonresidential demand factors shown in Figure L6 by the employment projections shown below. For example, the 10-year increase of 2,245 industrial jobs multiplied by 864 square feet per industrial job equals approximately 1,938,000 square feet of additional industrial development. Based on these assumptions, 10-year projections include an increase of approximately 8,542,000 square feet of nonresidential floor area citywide.

Figure L8: Nonresidential Projections

Surprise, Arizona	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year
	Base	1	2	3	4	5	6	7	8	9	10	Increase
Employment												
Industrial	2,603	2,849	3,095	3,341	3,587	3,833	4,079	4,326	4,500	4,673	4,847	2,245
Warehouse	542	594	645	696	748	799	850	901	938	974	1,010	468
Retail/Commercial	12,309	12,560	12,812	13,063	13,314	13,565	13,817	14,068	14,541	15,014	15,486	3,178
Office	7,920	8,647	9,374	10,101	10,828	11,555	12,282	13,009	13,950	14,890	15,831	7,911
Public/Institutional	3,661	3,941	4,222	4,503	4,783	5,064	5,344	5,625	5,852	6,078	6,305	2,644
Total	27,035	28,591	30,148	31,704	33,260	34,816	36,373	37,929	39,779	41,629	43,479	16,444
Nonres. Sq Ft (x1,000)												
Industrial	2,098	2,310	2,523	2,736	2,948	3,161	3,373	3,586	3,736	3,886	4,036	1,938
Warehouse	5,332	5,484	5,635	5,787	5,938	6,089	6,241	6,392	6,499	6,606	6,714	1,381
Retail/Commercial	7,380	7,499	7,617	7,735	7,854	7,972	8,090	8,208	8,431	8,653	8,876	1,496
Office	3,397	3,620	3,843	4,067	4,290	4,513	4,737	4,960	5,249	5,538	5,827	2,430
Public/Institutional	7,179	7,317	7,454	7,592	7,729	7,867	8,005	8,142	8,253	8,364	8,475	1,296
Total	25,386	26,229	27,073	27,916	28,759	29,602	30,445	31,289	32,168	33,048	33,928	8,542

AVERAGE WEEKDAY VEHICLE TRIPS

Surprise will use average weekday vehicle trips (AWVT) for fire facilities fees and police facilities fees. Components used to determine AWVT include average weekday vehicle trip generation rates, adjustments for commuting patterns, and adjustments for pass-by trips.

Residential Trip Generation Rates

For residential development, TischlerBise uses trip generation rates published in Trip Generation, Institute of Transportation Engineers, 11th Edition (2021). For single-family development, the proxy is Single Family Detached Housing (ITE 210), and this type of development generates 9.43 average weekday vehicle trip ends per unit. For multi-family development, the proxy is Multifamily Housing Low-Rise (ITE 220), and this type of development generates 6.74 average weekday vehicle trip ends per unit. For mobile home development, the proxy is Mobile Home Park (ITE 240), and this type of development generates 7.12 average weekday vehicle trip ends per unit.

Nonresidential Trip Generation Rates

For nonresidential development, TischlerBise uses trip generation rates published in Trip Generation, Institute of Transportation Engineers, 11th Edition (2021). The prototype for industrial development is Industrial Park (ITE 130) which generates 3.37 average weekday vehicle trip ends per 1,000 square feet of floor area. For warehouse development, the proxy is Warehousing (ITE 150), and it generates 1.71 average weekday vehicle trip ends per 1,000 square feet of floor area. Public/institutional development uses Nursing Home (ITE 620) and generates 6.75 average weekday vehicle trip ends per 1,000 square feet of floor area. For office development, the proxy is General Office (ITE 710), and it generates 10.84 average weekday vehicle trip ends per 1,000 square feet of floor area. The prototype for retail/commercial development is Shopping Center (ITE 820) which generates 37.01 average weekday vehicle trips per 1,000 square feet of floor area.

Figure L9: Average Weekday Vehicle Trip Ends by Land Use

ITE Code	Land Use / Size	Demand Unit	Wkdy Trip Ends Per Dmd Unit ¹	Wkdy Trip Ends Per Employee ¹	Employees per Dmd Unit	Square Feet Per Employee
110	Light Industrial	1,000 Sq Ft	4.87	3.10	1.57	637
130	Industrial Park	1,000 Sq Ft	3.37	2.91	1.16	864
140	Manufacturing	1,000 Sq Ft	4.75	2.51	1.89	528
150	Warehousing	1,000 Sq Ft	1.71	5.05	0.34	2,953
310	Hotel	room	7.99	14.34	0.56	na
565	Day Care	student	4.09	21.38	0.19	na
610	Hospital	1,000 Sq Ft	10.77	3.77	2.86	350
620	Nursing Home	1,000 Sq Ft	6.75	3.31	2.04	490
710	General Office (avg size)	1,000 Sq Ft	10.84	3.33	3.26	307
720	Medical-Dental Office	1,000 Sq Ft	36.00	8.71	4.13	242
730	Government Office	1,000 Sq Ft	22.59	7.45	3.03	330
750	Office Park	1,000 Sq Ft	11.07	3.54	3.13	320
760	Research & Dev Center	1,000 Sq Ft	11.08	3.37	3.29	304
770	Business Park	1,000 Sq Ft	12.44	4.04	3.08	325
820	Shopping Center (avg size)	1,000 Sq Ft	37.01	17.42	2.12	471

1. Trip Generation, Institute of Transportation Engineers, 11th Edition (2021).

Trip Rate Adjustments

To calculate vehicle trips, trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Therefore, the trip adjustment factor is 50 percent.

Commuter Trip Adjustment

Residential development has a larger trip adjustment factor of 64 percent to account for commuters leaving Surprise for work. According to the 2009 National Household Travel Survey (see Table 30) weekday work trips are typically 31 percent of production trips (i.e., all out-bound trips, which are 50 percent of all trip ends). As shown in Figure L10, the U.S. Census Bureau's OnTheMap web application indicates 90 percent of resident workers traveled outside of Surprise for work in 2019. In combination, these factors ($0.31 \times 0.50 \times 0.90 = 0.14$) support the additional 14 percent allocation of trips to residential development.

Figure L10: Commuter Trip Adjustment

Trip Adjustment Factor for Commuters	
Employed Residents	55,711
Residents Living and Working in Surprise	5,624
Residents Commuting Outside Surprise for Work	50,087
Percent Commuting out of Surprise	90%
Additional Production Trips ¹	14%
Residential Trip Adjustment Factor	64%

Source: U.S. Census Bureau, OnTheMap Application (version 6.8.1) and LEHD Origin-Destination Employment Statistics, 2019.

1. According to the National Household Travel Survey (2009)*, published in December 2011 (see Table 30), home-based work trips are typically 30.99 percent of "production" trips, in other words, out-bound trips (which are 50 percent of all trip ends). Also, LED OnTheMap data from 2019 indicate that 90 percent of Surprise's workers travel outside the city for work. In combination, these factors ($0.3099 \times 0.50 \times 0.90 = 0.139$) account for 14 percent of additional production trips. The total adjustment factor for residential includes attraction trips (50 percent of trip ends) plus the journey-to-work commuting adjustment (14 percent of production trips) for a total of 64 percent.

*<http://nhts.ornl.gov/publications.shtml> ; Summary of Travel Trends - Table "Daily Travel Statistics by Weekday vs. Weekend"

Adjustment for Primary Trips

For retail/commercial and office development, the primary trip factor is less than 100 percent because these types of development attract vehicles as they pass by on arterial and collector roads. For example, when someone stops at a convenience store on the way home from work, the convenience store is not the primary destination. For retail/commercial development, ITE data indicate 45 percent of the vehicles that enter are passing by on their way to some other primary destination. The remaining 55 percent of attraction trips have the retail/commercial site as their primary destination. Because attraction trips are half of all trips, the retail/commercial trip adjustment factor is 55 percent multiplied by 50 percent, or approximately 28 percent of the trip ends. For office development, 90 percent of attraction trips are assumed to be primary trips based on detailed studies conducted as part of Tindale-Oliver 2016 Hillsborough County Mobility Fee Study. Because attraction trips are half of all trips, the office trip adjustment factor is 90 percent multiplied by 50 percent, or 45 percent of the trip ends.

Average Weekday Vehicle Trip Estimate

Shown below in Figure L11, multiplying average weekday vehicle trip ends and trip adjustment factors (discussed on the previous page) by Surprise's existing development units provides the average weekday vehicle trips generated by existing development. As shown below, Surprise's existing citywide development generates 542,897 vehicle trips on an average weekday.

Figure L11: Average Weekday Vehicle Trips by Land Use

Development Type	Development Unit	ITE Code	Avg Wkday VTE	Trip Adjustment	2023 Dev Units	2023 Veh Trips
Single Family	HU	210	9.43	64%	59,934	361,715
Multi-Family	HU	220	6.74	64%	9,973	43,021
Mobile Home	HU	240	7.12	64%	3,106	14,153
Industrial	KSF	130	3.37	50%	2,098	3,535
Warehouse	KSF	150	1.71	50%	5,332	4,559
Retail/Commercial	KSF	820	37.01	28%	7,380	75,116
Office	KSF	710	10.84	45%	3,397	16,569
Public/Institutional	KSF	620	6.75	50%	7,179	24,229
Total						542,897

Average Weekday Vehicle Trip Projections

Shown below, Figure L12 includes a projection of citywide vehicle trips. TischlerBise uses the nonresidential projections shown below for the fire and police service areas.

Figure L12: Average Weekday Vehicle Trip Projections

Surprise, Arizona		Base	1	2	3	4	5	6	7	8	9	10	10-Year Increase
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Development	Single Family Units	59,934	62,847	65,760	68,673	71,586	74,499	77,412	80,325	82,536	84,746	86,957	27,023
	Multi-Family Units	9,973	10,833	11,692	12,552	13,411	14,271	15,130	15,990	16,868	17,746	18,624	8,650
	Mobile Home Units	3,106	3,133	3,159	3,186	3,213	3,239	3,266	3,293	3,313	3,333	3,354	248
	Industrial KSF	2,098	2,310	2,523	2,736	2,948	3,161	3,373	3,586	3,736	3,886	4,036	1,938
	Warehouse KSF	5,332	5,484	5,635	5,787	5,938	6,089	6,241	6,392	6,499	6,606	6,714	1,381
	Retail/Commercial KSF	7,380	7,499	7,617	7,735	7,854	7,972	8,090	8,208	8,431	8,653	8,876	1,496
	Office KSF	3,397	3,620	3,843	4,067	4,290	4,513	4,737	4,960	5,249	5,538	5,827	2,430
	Public/Institutional KSF	7,179	7,317	7,454	7,592	7,729	7,867	8,005	8,142	8,253	8,364	8,475	1,296
Average Weekday Vehicle Trips	Single-Family Trips	361,715	379,295	396,876	414,457	432,037	449,618	467,199	484,779	498,120	511,461	524,802	163,087
	Multi-Family Trips	43,021	46,729	50,436	54,144	57,851	61,559	65,266	68,974	72,761	76,548	80,335	37,314
	Mobile Home Trips	14,153	14,274	14,396	14,518	14,640	14,761	14,883	15,005	15,097	15,190	15,282	1,130
	Residential Trips	418,888	440,298	461,708	483,118	504,528	525,938	547,348	568,758	585,978	603,199	620,419	201,531
	Industrial Trips	3,535	3,893	4,251	4,609	4,967	5,326	5,684	6,042	6,295	6,548	6,801	3,266
	Warehouse Trips	4,559	4,688	4,818	4,947	5,077	5,206	5,336	5,465	5,557	5,649	5,740	1,181
	Retail/Commercial Trips	75,116	76,320	77,524	78,728	79,932	81,135	82,339	83,543	85,808	88,073	90,338	15,222
	Office Trips	16,569	17,658	18,748	19,837	20,926	22,016	23,105	24,195	25,604	27,013	28,423	11,854
	Public/Institutional Trips	24,229	24,694	25,158	25,623	26,087	26,551	27,016	27,480	27,855	28,230	28,605	4,375
	Nonresidential Trips	124,008	127,254	130,499	133,744	136,989	140,235	143,480	146,725	151,119	155,513	159,906	35,898
Total Vehicle Trips		542,897	567,552	592,207	616,862	641,517	666,173	690,828	715,483	737,097	758,711	780,325	237,429

DEVELOPMENT PROJECTIONS

Provided below is a summary of development projections used in the Development Fee Report. Base year estimates for 2023 are used in the fee calculations. Development projections are used to illustrate a possible future pace of demand for service units and cash flows resulting from revenues and expenditures associated with those demands.

Figure L13: Development Projections

Surprise, Arizona	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year
	Base	1	2	3	4	5	6	7	8	9	10	Increase
Population												
Single-Family	153,323	160,839	168,354	175,870	183,386	190,901	198,417	205,932	211,636	217,339	223,042	69,718
Multi-Family	16,194	17,552	18,910	20,268	21,626	22,984	24,342	25,700	27,087	28,474	29,862	13,667
Mobile Home	3,349	3,378	3,407	3,436	3,465	3,494	3,523	3,552	3,575	3,597	3,619	270
Total	172,866	181,769	190,671	199,574	208,477	217,380	226,282	235,185	242,297	249,410	256,522	83,656
Housing Units												
Single-Family	59,934	62,847	65,760	68,673	71,586	74,499	77,412	80,325	82,536	84,746	86,957	27,023
Multi-Family	9,973	10,833	11,692	12,552	13,411	14,271	15,130	15,990	16,868	17,746	18,624	8,650
Mobile Home	3,106	3,133	3,159	3,186	3,213	3,239	3,266	3,293	3,313	3,333	3,354	248
Total	73,013	76,813	80,612	84,411	88,210	92,010	95,809	99,608	102,717	105,825	108,934	35,921
Employment												
Industrial	2,603	2,849	3,095	3,341	3,587	3,833	4,079	4,326	4,500	4,673	4,847	2,245
Warehouse	542	594	645	696	748	799	850	901	938	974	1,010	468
Retail/Commercial	12,309	12,560	12,812	13,063	13,314	13,565	13,817	14,068	14,541	15,014	15,486	3,178
Office	7,920	8,647	9,374	10,101	10,828	11,555	12,282	13,009	13,950	14,890	15,831	7,911
Public/Institutional	3,661	3,941	4,222	4,503	4,783	5,064	5,344	5,625	5,852	6,078	6,305	2,644
Total	27,035	28,591	30,148	31,704	33,260	34,816	36,373	37,929	39,779	41,629	43,479	16,444
Nonres. Sq Ft (x1,000)												
Industrial	2,098	2,310	2,523	2,736	2,948	3,161	3,373	3,586	3,736	3,886	4,036	1,938
Warehouse	5,332	5,484	5,635	5,787	5,938	6,089	6,241	6,392	6,499	6,606	6,714	1,381
Retail/Commercial	7,380	7,499	7,617	7,735	7,854	7,972	8,090	8,208	8,431	8,653	8,876	1,496
Office	3,397	3,620	3,843	4,067	4,290	4,513	4,737	4,960	5,249	5,538	5,827	2,430
Public/Institutional	7,179	7,317	7,454	7,592	7,729	7,867	8,005	8,142	8,253	8,364	8,475	1,296
Total	25,386	26,229	27,073	27,916	28,759	29,602	30,445	31,289	32,168	33,048	33,928	8,542

FIRE FACILITIES

ARS § 9-463.05 (T)(7)(f) defines the eligible facilities and assets for the Fire Facilities IIP:

“Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training firefighters or officers from more than one station or substation.”

The Fire Facilities IIP includes components for fire stations, fire facilities, primary apparatus, support apparatus, and the cost of preparing the Fire Facilities IIP and related development fee report. The plan-based methodology is used for fire stations, fire facilities, and the development fee report. The incremental expansion methodology is used for primary apparatus and support apparatus.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Fire Facilities IIP and development fees will allocate the cost of fire services between residential and nonresidential based on fire calls for service. Based on call data for FY2020 – FY2022, residential development generates approximately 75 percent of fire calls for service and nonresidential development accounts for the remaining 25 percent.

Figure F1: Proportionate Share

Description	FY 2020	FY 2021	FY 2022	Total
Residential	10,082	11,784	12,369	34,235
Nonresidential	3,684	3,424	4,190	11,298
Total	13,766	15,208	16,559	45,533

Description	FY 2020	FY 2021	FY 2022	Total
Residential	73%	77%	75%	75%
Nonresidential	27%	23%	25%	25%
Total	100%	100%	100%	100%

Source: Surprise Fire Department

The proportionate share of costs attributable to residential development will be allocated to population and then converted to an appropriate amount by type of housing unit. Since nonresidential calls for service were unavailable by specific nonresidential use, TischlerBise recommends using vehicle trips as the nonresidential demand indicator for fire services. Trip generation rates are highest for retail/commercial development and lowest for industrial development. Office and public/institutional trip generation rates fall between the other two categories. This ranking of trip generation rates is consistent with the relative demand for fire services from nonresidential development.

SERVICE AREA

Surprise’s Fire Department strives to provide a uniform response time within the city limits; therefore, there is a single service area for the Fire Facilities IIP.

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Figure F2 displays the demand indicators for residential and nonresidential land uses. For residential development, the table displays the number of persons per housing unit. For nonresidential development, the table displays the number of average weekday vehicle trips per thousand square feet of floor area.

Figure F2: Ratio of Service Unit to Development Unit

Residential Development	
Development Type	Persons per Housing Unit ¹
Single-Family	2.58
Multi-Family	1.58
Mobile Home	1.09

Nonresidential Development			
Development Type	AWVTE per 1,000 Sq Ft ¹	Trip Rate Adjustment	AWVT per 1,000 Sq Ft ¹
Industrial	3.37	50%	1.69
Warehouse	1.71	50%	0.86
Retail/Commercial	37.01	28%	10.18
Office	10.84	45%	4.88
Public/Institutional	6.75	50%	3.38

1. See Land Use Assumptions

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Fire Stations – Plan-Based

Surprise currently provides 109,621 square feet of fire stations to existing development, and Surprise plans to construct additional fire stations to serve future development.

Figure F3: Existing Fire Stations

Description	Square Feet
Fire Station 301	15,531
Fire Station 302	7,000
Fire Station 303	13,632
Fire Station 304	20,824
Fire Station 305	16,472
Fire Station 306	10,145
Fire Station 307	10,145
Fire Station 308	15,872
Total	109,621

Source: Surprise Fire Department

Surprise plans to use future development fee revenue to repay the outstanding obligation related to Fire Station 303. The total obligation for Fire Station 303 is \$94,005, and the outstanding obligation is \$3,788. Based on a cost of approximately \$7 per square foot (\$94,005 total obligation / 13,632 total square feet), the proportionate share of Fire Station 303 related to the outstanding obligation is 549 square feet (\$3,788 outstanding obligation / \$7 per square foot).

Figure F4: Fire Station 303 Obligation

Fire Station 303	Square Feet	Obligation ¹	Cost per Sq Ft
Outstanding Obligation	549	\$3,788	\$7
Retired Obligation	13,083	\$90,217	\$7
Total	13,632	\$94,005	\$7

Source: Surprise Fire Department

1. Surprise Finance Department

As shown below in Figure F5, Surprise plans to repay outstanding obligations related to Fire Station 303 and to construct 54,000 square feet of fire stations during the next 10 years. The total cost is \$70,503,788, and the associated floor area is 54,549 square feet. Based on these projects, the analysis uses a cost of \$1,292 per square foot for fire stations (\$70,503,788 total cost / 54,549 total square feet).

Figure F5: Fire Station Cost Factors

Description	Square Feet	Cost	Cost per Sq Ft
Fire Station 303	549	\$3,788	\$7
Future Fire Station	16,000	\$18,000,000	\$1,125
Future Fire Station	16,000	\$21,000,000	\$1,313
Future Fire Station	22,000	\$31,500,000	\$1,432
Total	54,549	\$70,503,788	\$1,292

Source: Surprise Fire Department

Surprise plans to provide 163,621 square feet of fire stations to all development in 2033. To allocate the proportionate share of demand for fire stations to residential and nonresidential development, this analysis uses proportionate share factors shown in Figure F1. The planned level of service for residential development is 0.4796 square feet per person (163,621 total square feet X 75 percent residential share / 256,522 persons). The planned nonresidential level of service is 0.2539 square feet per vehicle trip (163,621 total square feet X 25 percent nonresidential share / 159,926 vehicle trips).

Based on the outstanding obligations for Fire Station 303 and the construction cost estimates for future fire stations shown in Figure F5, the analysis uses a cost of \$1,292 per square foot (\$70,503,788 total cost / 54,549 total square feet). For fire stations, the cost is \$619.85 per person (0.4796 square feet per person X \$1,292 per square foot) and \$328.15 per vehicle trip (0.2539 square feet per vehicle trip X \$1,292 per square foot).

Figure F6: Planned Level of Service

Cost Factors	
Cost per Square Foot	\$1,292

Level-of-Service (LOS) Standards	
Existing Square Feet ¹	109,072
Cost Recovery Square Feet ²	549
Planned Square Feet	54,000
Total Square Feet	163,621
Residential	
Residential Share	75%
2033 Population	256,522
Square Feet per Person	0.4796
Cost per Person	\$619.85
Nonresidential	
Nonresidential Share	25%
2033 Vehicle Trips	159,906
Square Feet per Vehicle Trip	0.2539
Cost per Vehicle Trip	\$328.15

Source: Surprise Fire Department

1. Excludes share related to outstanding obligations
2. Fire Station 303 share of outstanding obligations

Fire Facilities – Plan-Based

Surprise currently provides 25,000 square feet of fire facilities to existing development, and Surprise plans to construct additional fire facilities to serve future development.

Figure F7: Existing Fire Facilities

Description	Square Feet
Public Safety Building (share)	10,000
Evidence & Readiness Center	15,000
Total	25,000

Source: Surprise Fire Department

Surprise plans to use future development fee revenue to repay the outstanding obligation related to the Public Safety Building. The total obligation is \$1,563,515, and the outstanding obligation is \$63,023. Based on a cost of approximately \$156 per square foot (\$1,563,515 total obligation / 10,000 total square feet), the proportionate share of the Public Safety Building related to the outstanding obligation is 403 square feet (\$63,023 outstanding obligation / \$156 per square foot).

Figure F8: Public Safety Building Obligation

Public Safety Building	Square Feet	Obligation ¹	Cost per Sq Ft
Outstanding Obligation	403	\$63,023	\$156
Retired Obligation	9,597	\$1,500,492	\$156
Total	10,000	\$1,563,515	\$156

Source: Surprise Fire Department

1. Surprise Finance Department

As shown below in Figure F9, Surprise plans to repay outstanding obligations related to the Public Safety Building and to construct a Public Safety Administration and Operations facility during the next 10 years. The planned Public Safety Administration and Operations facility is 90,000 square feet, and it will replace the existing Public Safety Building for a net increase of 80,000 square feet (90,000 planned square feet – 10,000 existing square feet). The total cost of planned fire facilities is \$100,063,023, and the associated floor area is 90,403 square feet. Based on these projects, the analysis uses a cost of \$1,107 per square foot for fire facilities (\$100,063,023 total cost / 90,403 total square feet). The planned Public Safety Administration and Operations facility will serve all development in Surprise through 2043.

Figure F9: Fire Facilities Cost Factors

Description	Square Feet	Cost	Cost per Sq Ft
Public Safety Building	403	\$63,023	\$156
Public Safety Admin & Ops	90,000	\$100,000,000	\$1,111
Total	90,403	\$100,063,023	\$1,107

Source: Surprise Fire Department

Surprise plans to provide 105,000 square feet of fire facilities to serve all development in 2043. To allocate the proportionate share of demand for fire facilities to residential and nonresidential development, this analysis uses proportionate share factors shown in Figure F1. The planned level of service for residential development is 0.2499 square feet per person (105,000 total square feet X 75 percent residential share / 315,975 persons). The planned nonresidential level of service is 0.1278 square feet per vehicle trip (105,000 total square feet X 25 percent nonresidential share / 203,844 vehicle trips).

Based on the outstanding obligations for the Public Safety Building and the construction cost estimate for the future Public Safety Administration and Operations facility shown in Figure F9, the analysis uses a cost of \$1,107 per square foot (\$100,063,023 total cost / 90,403 total square feet). For fire facilities, the cost is \$276.55 per person (0.2499 square feet per person X \$1,107 per square foot) and \$141.47 per vehicle trip (0.1278 square feet per vehicle trip X \$1,107 per square foot).

Figure F10: Planned Level of Service

Cost Factors	
Cost per Square Foot	\$1,107

Level-of-Service (LOS) Standards	
Existing Square Feet ¹	24,597
Cost Recovery Square Feet ²	403
Planned Square Feet	90,000
Replacement Square Feet ³	(10,000)
Total Square Feet	105,000
Residential	
Residential Share	75%
2043 Population	315,975
Square Feet per Person	0.2499
Cost per Person	\$276.55
Nonresidential	
Nonresidential Share	25%
2043 Vehicle Trips	203,844
Square Feet per Vehicle Trip	0.1278
Cost per Vehicle Trip	\$141.47

Source: Surprise Fire Department

1. Excludes share related to outstanding obligations
2. Public Safety Building share of outstanding obligations
3. The Public Safety Administration and Operations facility will replace the existing Public Safety Building

Primary Apparatus – Incremental Expansion

Surprise currently serves existing development with 12 primary apparatus, and Surprise plans to acquire additional primary apparatus to serve future development. To allocate the proportionate share of demand for primary apparatus to residential and nonresidential development, this analysis uses proportionate share factors shown in Figure F1. The existing level of service for residential development is 0.00005 units per person (12 units X 75 percent residential share / 172,866 persons). The nonresidential level of service is 0.00002 units per vehicle trip (12 units X 25 percent nonresidential share / 124,008 vehicle trips).

Based on the replacement cost of the existing primary apparatus fleet, the analysis uses \$1,408,333 per unit (\$16,900,000 total cost / 12 units) as a proxy for future primary apparatus costs. For primary apparatus, the cost is \$73.51 per person (0.00005 units per person X \$1,408,333 per unit) and \$33.82 per vehicle trip (0.00002 units per vehicle trip X \$1,408,333 per unit).

Figure F11: Existing Level of Service

Description	Units	Unit Cost	Total Cost
Engine	11	\$1,300,000	\$14,300,000
Ladder Truck	1	\$2,600,000	\$2,600,000
Total	12	\$1,408,333	\$16,900,000

Cost Factors	
Weighted Average per Unit	\$1,408,333

Level-of-Service (LOS) Standards	
Existing Units	12
Residential	
Residential Share	75%
2023 Population	172,866
Units per Person	0.00005
Cost per Person	\$73.51
Nonresidential	
Nonresidential Share	25%
2023 Vehicle Trips	124,008
Units per Vehicle Trip	0.00002
Cost per Vehicle Trip	\$33.82

Source: Surprise Fire Department

Support Apparatus – Incremental Expansion

Surprise currently serves existing development with 10 support apparatus, and Surprise plans to acquire additional support apparatus to serve future development. To allocate the proportionate share of demand for support apparatus to residential and nonresidential development, this analysis uses proportionate share factors shown in Figure F1. The existing level of service for residential development is 0.00004 units per person (10 units X 75 percent residential share / 172,866 persons). The nonresidential level of service is 0.00002 units per vehicle trip (10 units X 25 percent nonresidential share / 124,008 vehicle trips).

Based on the replacement cost of the existing support apparatus fleet, the analysis uses \$394,000 per unit (\$3,940,000 total cost / 10 units) as a proxy for future support apparatus costs. For support apparatus, the cost is \$17.14 per person (0.00004 units per person X \$394,000 per unit) and \$7.88 per vehicle trip (0.00002 units per vehicle trip X \$394,000 per unit).

Figure F12: Existing Level of Service

Description	Units	Unit Cost	Total Cost
Brush Truck	2	\$450,000	\$900,000
Tanker	1	\$350,000	\$350,000
Ambulance	5	\$500,000	\$2,500,000
BC Response Vehicle	2	\$95,000	\$190,000
Total	10	\$394,000	\$3,940,000

Cost Factors	
Weighted Average per Unit	\$394,000

Level-of-Service (LOS) Standards	
Existing Units	10
Residential	
Residential Share	75%
2023 Population	172,866
Units per Person	0.00004
Cost per Person	\$17.14
Nonresidential	
Nonresidential Share	25%
2023 Vehicle Trips	124,008
Units per Vehicle Trip	0.00002
Cost per Vehicle Trip	\$7.88

Source: Surprise Fire Department

Development Fee Report – Plan-Based

The cost to prepare the Fire Facilities IIP and related development fee report totals \$16,230. Surprise plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of future development from the *Land Use Assumptions* document, the cost is \$0.27 per person and \$0.25 per vehicle trip.

Figure F13: IIP and Development Fee Report

Necessary Public Service	Cost	Proportionate Share		Service Unit	5-Year Change	Cost per Service Unit
Fire	\$16,230	Residential	75%	Population	44,514	\$0.27
		Nonresidential	25%	Vehicle Trips	16,226	\$0.25

Bond Credit

Shown below, Surprise will issue \$100.0 million in G.O. bonds to construct transportation and public safety projects, and public safety projects will account for \$34.0 million of bond funding. To prevent future development from paying for future improvements through development fees and through future bond payments, the development fee study includes a credit for future bond payments. As shown in Figure F14, the analysis allocates public safety costs 50.2 percent to fire and 49.8 percent to police.

Figure F14: Bond Allocation

Series 2024 / 2027 Bond Use	Cost	Share
Transportation	\$66,000,000	66%
Public Safety	\$34,000,000	34%
Total	\$100,000,000	100%

Public Safety Use	Cost	Fire Share	Police Share
Fire Station	\$15,300,000	\$15,300,000	\$0
Police Substation	\$15,200,000	\$0	\$15,200,000
Land for Public Safety Facilities	\$3,500,000	\$1,755,738	\$1,744,262
Total	\$34,000,000	\$17,055,738	\$16,944,262
Share	100.0%	50.2%	49.8%

Source: Surprise Finance Department

To allocate the proportionate share of bond costs to residential and nonresidential development, this analysis uses proportionate share factors shown in Figure F1. The analysis divides annual principal payments by population for residential development and by vehicle trips for nonresidential development. To calculate the bond credit, the analysis calculates the net present value of future principal payments. The proposed fire development fees include a credit of \$17.39 per person and \$8.95 per vehicle trip.

Figure F15: Fire Bond Credit

Fire Share of Series 2024 and Series 2027 Bonds							
Fiscal Year	Annual Principal Payment	Residential Share	Population	Principal per Person	Nonresidential Share	Vehicle Trips	Principal per Veh Trip
2024	\$0	\$0	181,769	\$0.00	\$0	127,254	\$0.00
2025	\$0	\$0	190,671	\$0.00	\$0	130,499	\$0.00
2026	\$5,117	\$3,847	199,574	\$0.02	\$1,270	133,744	\$0.01
2027	\$63,106	\$47,448	208,477	\$0.23	\$15,658	136,989	\$0.11
2028	\$53,726	\$40,395	217,380	\$0.19	\$13,331	140,235	\$0.10
2029	\$186,760	\$140,420	226,282	\$0.62	\$46,340	143,480	\$0.32
2030	\$214,902	\$161,579	235,185	\$0.69	\$53,323	146,725	\$0.36
2031	\$243,897	\$183,379	242,297	\$0.76	\$60,518	151,119	\$0.40
2032	\$274,597	\$206,462	249,410	\$0.83	\$68,135	155,513	\$0.44
2033	\$305,298	\$229,545	256,522	\$0.89	\$75,753	159,906	\$0.47
2034	\$338,556	\$254,551	262,467	\$0.97	\$84,005	164,300	\$0.51
2035	\$375,226	\$282,122	268,413	\$1.05	\$93,104	168,694	\$0.55
2036	\$412,749	\$310,334	274,358	\$1.13	\$102,414	173,088	\$0.59
2037	\$451,977	\$339,829	280,303	\$1.21	\$112,148	177,482	\$0.63
2038	\$493,764	\$371,247	286,249	\$1.30	\$122,516	181,875	\$0.67
2039	\$772,625	\$580,915	292,194	\$1.99	\$191,710	186,269	\$1.03
2040	\$809,295	\$608,486	298,139	\$2.04	\$200,808	190,663	\$1.05
2041	\$846,817	\$636,699	304,085	\$2.09	\$210,119	195,057	\$1.08
2042	\$886,898	\$666,834	310,030	\$2.15	\$220,064	199,450	\$1.10
2043	\$927,832	\$697,611	315,975	\$2.21	\$230,221	203,844	\$1.13
2044	\$971,324	\$730,312	321,921	\$2.27	\$241,012	208,238	\$1.16
2045	\$897,985	\$675,170	327,866	\$2.06	\$222,815	212,632	\$1.05
2046	\$938,066	\$705,305	333,811	\$2.11	\$232,760	217,025	\$1.07
2047	\$980,705	\$737,365	339,757	\$2.17	\$243,340	221,419	\$1.10
2048	\$1,024,197	\$770,065	345,702	\$2.23	\$254,132	225,813	\$1.13
2049	\$1,070,248	\$804,689	351,647	\$2.29	\$265,558	230,207	\$1.15
2050	\$1,118,856	\$841,237	357,593	\$2.35	\$277,619	234,601	\$1.18
2051	\$1,169,171	\$879,067	363,538	\$2.42	\$290,104	238,994	\$1.21
2052	\$1,222,044	\$918,821	369,483	\$2.49	\$303,223	243,388	\$1.25
Total	\$17,055,738	\$12,823,736		\$17.39	\$4,232,002		\$8.95

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

As shown in the *Land Use Assumptions* document, Surprise’s population is expected to increase by 83,656 persons and nonresidential vehicle trips are expected to increase by 35,898 trips over the next 10 years. To reach the planned level of service, Surprise will need to construct 54,000 square feet of fire stations and 90,000 square feet of fire facilities over the next 10 years. To maintain the existing level of service, Surprise will need to expand the apparatus fleet by approximately five primary units and approximately four support units over the next 10 years. The following pages include a more detailed projection of demand for services and costs for the Fire Facilities IIP.

Fire Stations – Plan-Based

Surprise will use development fees to repay obligations associated with Fire Station 303 and to construct additional fire stations over the next 10 years. Based on a projected population increase of 83,656 persons, future residential development demands approximately 40,120 square feet of planned fire facilities (83,656 additional persons X 0.4796 square feet per person). With projected nonresidential growth of 35,898 vehicle trips, future nonresidential development demands approximately 9,114 square feet of planned fire facilities (35,898 additional vehicle trips X 0.2539 square feet per vehicle trip). Future development demands 49,234 square feet of fire facilities at a cost of \$63,633,980 (49,233.8 square feet X \$1,292 per square foot). The remaining cost of \$6,869,808 represents existing development's share of planned fire stations (\$70,503,788 total fire stations cost - \$63,633,980 growth cost).

Figure F16: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Fire Stations	0.4796 Square Feet	per Person	\$1,292
	0.2539 Square Feet	per Vehicle Trip	

Demand for Fire Stations					
Year	Population	Vehicle Trips	Square Feet		
			Residential	Nonresidential	Total
2023	172,866	124,008	82,902.5	31,484.7	114,387.2
2024	181,769	127,254	87,172.1	32,308.6	119,480.7
2025	190,671	130,499	91,441.6	33,132.6	124,574.2
2026	199,574	133,744	95,711.1	33,956.5	129,667.7
2027	208,477	136,989	99,980.7	34,780.5	134,761.1
2028	217,380	140,235	104,250.2	35,604.4	139,854.6
2029	226,282	143,480	108,519.8	36,428.3	144,948.1
2030	235,185	146,725	112,789.3	37,252.3	150,041.6
2031	242,297	151,119	116,200.2	38,367.8	154,568.1
2032	249,410	155,513	119,611.2	39,483.4	159,094.5
2033	256,522	159,906	123,022.1	40,598.9	163,621.0
10-Yr Increase	83,656	35,898	40,119.6	9,114.2	49,233.8

Growth-Related Expenditures	\$51,853,982	\$11,779,998	\$63,633,980
Non-Growth Expenditures	\$1,155,861	\$5,713,947	\$6,869,808
Total Expenditures	\$53,009,843	\$17,493,945	\$70,503,788

Fire Facilities – Plan-Based

Surprise will use development fees to repay obligations associated with the Public Safety Building and to construct the Public Safety Administration and Operations facility within the next 10 years. Based on a 20-year projected population increase of 143,109 persons, future residential development demands approximately 35,756 square feet of planned fire facilities (143,109 additional persons X 0.2499 square feet per person). With a 20-year projected increase of 79,836 vehicle trips, future nonresidential development demands approximately 10,204 square feet of planned fire facilities (79,836 additional vehicle trips X 0.1278 square feet per vehicle trip). Future development demands approximately 45,960 square feet of fire facilities at a cost of \$50,870,851 (45,959.8 square feet X \$1,107 per square foot). The remaining cost of \$49,192,172 represents existing development's share of planned fire facilities (\$100,063,023 total fire facilities cost - \$50,870,851 growth cost).

Figure F17: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Fire Facilities	0.2499 Square Feet	per Person	\$1,107
	0.1278 Square Feet	per Vehicle Trip	

Demand for Fire Facilities					
Year	Population	Vehicle Trips	Square Feet		
			Residential	Nonresidential	Total
2023	172,866	124,008	43,190.6	15,849.6	59,040.2
2024	181,769	127,254	45,415.0	16,264.3	61,679.3
2025	190,671	130,499	47,639.3	16,679.1	64,318.4
2026	199,574	133,744	49,863.7	17,093.9	66,957.6
2027	208,477	136,989	52,088.0	17,508.7	69,596.7
2028	217,380	140,235	54,312.4	17,923.4	72,235.8
2029	226,282	143,480	56,536.7	18,338.2	74,875.0
2030	235,185	146,725	58,761.1	18,753.0	77,514.1
2031	242,297	151,119	60,538.1	19,314.6	79,852.7
2032	249,410	155,513	62,315.1	19,876.1	82,191.3
2033	256,522	159,906	64,092.2	20,437.7	84,529.9
2038	286,249	181,875	71,519.4	23,245.6	94,764.9
2043	315,975	203,844	78,946.6	26,053.4	105,000.0
20-Yr Increase	143,109	79,836	35,756.0	10,203.8	45,959.8

Growth-Related Expenditures	\$39,576,667	\$11,294,183	\$50,870,851
Non-Growth Expenditures	\$35,657,945	\$13,534,228	\$49,192,172
Total Expenditures	\$75,234,612	\$24,828,411	\$100,063,023

Primary Apparatus – Incremental Expansion

Surprise plans to maintain its level of service for primary apparatus over the next 10 years. Based on a projected population increase of 83,656 persons, future residential development demands approximately four primary apparatus (83,656 additional persons X 0.00005 units per person). With projected nonresidential growth of 35,898 vehicle trips, future nonresidential development demands approximately one primary apparatus (35,898 additional vehicle trips X 0.00002 units per vehicle trip). Future development demands approximately five primary apparatus at a cost of \$7,363,111 (5.2 units X \$1,408,333 per unit). Surprise may use development fees to expand its primary apparatus fleet.

Figure F18: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Primary Apparatus	0.00005 Units	per Person	\$1,408,333
	0.00002 Units	per Vehicle Trip	

Demand for Primary Apparatus					
Year	Population	Vehicle Trips	Units		
			Residential	Nonresidential	Total
2023	172,866	124,008	9.0	3.0	12.0
2024	181,769	127,254	9.5	3.1	12.5
2025	190,671	130,499	10.0	3.1	13.1
2026	199,574	133,744	10.4	3.2	13.6
2027	208,477	136,989	10.9	3.3	14.2
2028	217,380	140,235	11.3	3.4	14.7
2029	226,282	143,480	11.8	3.4	15.3
2030	235,185	146,725	12.3	3.5	15.8
2031	242,297	151,119	12.6	3.6	16.3
2032	249,410	155,513	13.0	3.7	16.8
2033	256,522	159,906	13.4	3.8	17.2
10-Yr Increase	83,656	35,898	4.4	0.9	5.2

Growth-Related Expenditures	\$6,149,213	\$1,213,898	\$7,363,111
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Support Apparatus – Incremental Expansion

Surprise plans to maintain its level of service for support apparatus over the next 10 years. Based on a projected population increase of 83,656 persons, future residential development demands approximately four support apparatus (83,656 additional persons X 0.00004 units per person). With projected nonresidential growth of 35,898 vehicle trips, future nonresidential development demands approximately one support apparatus (35,898 additional vehicle trips X 0.00002 units per vehicle trip). Future development demands approximately four support apparatus at a cost of \$1,716,607 (4.4 units X \$394,000 per unit). Surprise may use development fees to expand its support apparatus fleet.

Figure F19: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Support Apparatus	0.00004 Units	per Person	\$394,000
	0.00002 Units	per Vehicle Trip	

Demand for Support Apparatus					
Year	Population	Vehicle Trips	Units		
			Residential	Nonresidential	Total
2023	172,866	124,008	7.5	2.5	10.0
2024	181,769	127,254	7.9	2.5	10.5
2025	190,671	130,499	8.3	2.6	10.9
2026	199,574	133,744	8.7	2.7	11.4
2027	208,477	136,989	9.1	2.7	11.8
2028	217,380	140,235	9.5	2.8	12.3
2029	226,282	143,480	9.8	2.9	12.7
2030	235,185	146,725	10.2	2.9	13.2
2031	242,297	151,119	10.5	3.0	13.6
2032	249,410	155,513	10.8	3.1	14.0
2033	256,522	159,906	11.2	3.2	14.4
10-Yr Increase	83,656	35,898	3.6	0.7	4.4

Growth-Related Expenditures	\$1,433,604	\$283,003	\$1,716,607
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FIRE FACILITIES DEVELOPMENT FEES

Revenue Credit/Offset

A revenue credit/offset is necessary for development fees, because Surprise's construction transaction privilege tax rate exceeds the amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications. Surprise allocates the construction privilege tax credit to fire, parks and recreational, and police development fees. Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)).

Fire Facilities Development Fees

Infrastructure components and cost factors for fire facilities are summarized in the upper portion of Figure F20. The cost per service unit for fire facilities is \$673.15 per person and \$233.93 per vehicle trip.

Fire facilities development fees for residential development are assessed according to the number of persons per housing unit. The fee of \$1,737 for a single-family unit is calculated using a cost per service unit of \$673.15 per person multiplied by a demand unit of 2.58 persons per housing unit.

Nonresidential development fees are calculated using vehicle trips as the service unit. The fee of \$394 per 1,000 square feet of industrial development is derived from a cost per service unit of \$233.93 per vehicle trip multiplied by a demand unit of 1.69 vehicle trips per 1,000 square feet.

Figure F20: Fire Facilities Development Fees

Fee Component	Cost per Person	Cost per Trip
Fire Stations	\$619.85	\$328.15
Fire Facilities	\$276.55	\$141.47
Primary Apparatus	\$73.51	\$33.82
Support Apparatus	\$17.14	\$7.88
Development Fee Report	\$0.27	\$0.25
Bond Credit	(\$17.39)	(\$8.95)
Subtotal	\$969.93	\$502.62
Excess Construction Sales Tax	(\$296.78)	(\$268.69)
Total	\$673.15	\$233.93

Residential Fees per Unit				
Development Type	Persons per Housing Unit ¹	Proposed Fees	Current Fees	Difference
Single-Family	2.58	\$1,737	\$789	\$948
Multi-Family	1.58	\$1,064	\$481	\$583
Mobile Home	1.09	\$734	\$442	\$292

Nonresidential Fees per 1,000 Square Feet				
Development Type	AWVT per 1,000 Sq Ft ¹	Proposed Fees	Current Fees	Difference
Industrial	1.69	\$394	\$166	\$228
Warehouse	0.86	\$200	\$95	\$105
Retail/Commercial	10.18	\$2,381	\$876	\$1,505
Office	4.88	\$1,141	\$497	\$644
Public/Institutional	3.38	\$790	\$308	\$482

1. See Land Use Assumptions

FIRE FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains the forecast of revenues required by Arizona's enabling legislation (ARS § 9-463.05(E)(7)). In accordance with state law, this report includes an IIP for fire facilities needed to accommodate future development. Projected fee revenue shown in Figure F21 is based on the development projections in the *Land Use Assumptions* document and the updated fire facilities development fees. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase and development fee revenue will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will also decrease, along with development fee revenue. Projected development fee revenue over the next 20 years equals \$104,251,232 and total projected expenditures equal \$160,316,042. The remaining balance represents existing development's share of planned costs for fire stations and fire facilities.

Figure F21: Fire Facilities Development Fee Revenue

Fee Component	Growth Share		Existing Share	Total
	Years 1-10	Years 11-20		
Fire Stations	\$63,633,980	\$0	\$6,869,808	\$70,503,788
Fire Facilities	\$28,213,394	\$22,657,457	\$49,192,172	\$100,063,023
Primary Apparatus	\$7,363,111	\$0	\$0	\$7,363,111
Support Apparatus	\$1,716,607	\$0	\$0	\$1,716,607
Development Fee Report	\$16,230	\$0	\$0	\$16,230
Bond Credit	(\$1,776,069)	\$0	\$0	(\$1,776,069)
Excess Constr. Sales Tax	(\$17,570,649)	\$0	\$0	(\$17,570,649)
Total	\$81,596,604	\$22,657,457	\$56,061,981	\$160,316,042

		Single Family \$1,737 per unit	Multi-Family \$1,064 per unit	Mobile Home \$734 per unit	Industrial \$394 per 1,000 sq ft	Warehouse \$200 per 1,000 sq ft	Ret/Comm \$2,381 per 1,000 sq ft	Office \$1,141 per 1,000 sq ft	Public/Inst \$790 per 1,000 sq ft
Year		Hsg Unit	Hsg Unit	Hsg Unit	KSF	KSF	KSF	KSF	KSF
Base	2023	59,934	9,973	3,106	2,098	5,332	7,380	3,397	7,179
Year 1	2024	62,847	10,833	3,133	2,310	5,484	7,499	3,620	7,317
Year 2	2025	65,760	11,692	3,159	2,523	5,635	7,617	3,843	7,454
Year 3	2026	68,673	12,552	3,186	2,736	5,787	7,735	4,067	7,592
Year 4	2027	71,586	13,411	3,213	2,948	5,938	7,854	4,290	7,729
Year 5	2028	74,499	14,271	3,239	3,161	6,089	7,972	4,513	7,867
Year 6	2029	77,412	15,130	3,266	3,373	6,241	8,090	4,737	8,005
Year 7	2030	80,325	15,990	3,293	3,586	6,392	8,208	4,960	8,142
Year 8	2031	82,536	16,868	3,313	3,736	6,499	8,431	5,249	8,253
Year 9	2032	84,746	17,746	3,333	3,886	6,606	8,653	5,538	8,364
Year 10	2033	86,957	18,624	3,354	4,036	6,714	8,876	5,827	8,475
10-Year Increase		27,023	8,650	248	1,938	1,381	1,496	2,430	1,296
Projected Revenue		\$56,461,798	\$11,239,514	\$214,302	\$1,159,872	\$419,535	\$6,031,172	\$4,492,657	\$1,574,723

Projected Fee Revenue (Years 1-10)	\$81,593,573
Projected Fee Revenue (Years 11-20)	\$22,657,659
Total Expenditures	\$160,316,042

10-YEAR CAPITAL PLAN

The figure shown below includes potential fire capital expenditures during the next 10 years. The list of potential capital expenditures is representational of future growth-related fire capital expenditures.

Figure F22: Fire Facilities Capital Plan

Project Type	Description	Fiscal Year	Cost
CIP	Ambulance (x2)	2024	\$1,100,000
CIP	Fire Station	2024	\$18,000,000
CIP	Fire Station	2026-2028	\$21,000,000
CIP	Fire Station	2030+	\$31,500,000
CIP	Ladder Truck	2028	\$2,508,000
CIP	Public Safety Admin & Ops	2030+	\$100,000,000
Debt Service	Fire Station 303	2024	\$3,788
Debt Service	Public Safety Building (share)	2024	\$63,023
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$16,230
Total			\$174,191,041

PARKS AND RECREATIONAL FACILITIES IIP

ARS § 9-463.05 (T)(7)(g) defines the facilities and assets that can be included in the Parks and Recreational Facilities IIP:

“Neighborhood parks and recreational facilities on real property up to thirty acres in area, or parks and recreational facilities larger than thirty acres if the facilities provide a direct benefit to the development. Park and recreational facilities do not include vehicles, equipment or that portion of any facility that is used for amusement parks, aquariums, aquatic centers, auditoriums, arenas, arts and cultural facilities, bandstand and orchestra facilities, bathhouses, boathouses, clubhouses, community centers greater than three thousand square feet in floor area, environmental education centers, equestrian facilities, golf course facilities, greenhouses, lakes, museums, theme parks, water reclamation or riparian areas, wetlands, zoo facilities or similar recreational facilities, but may include swimming pools.”

The Parks and Recreational Facilities IIP includes components for park land, park amenities, recreation facilities, and the cost of preparing the Parks and Recreational Facilities IIP and related Development Fee Report. The incremental expansion methodology is used for park land, park amenities, and recreation facilities. The plan-based methodology is used for the Development Fee Report.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Parks and Recreational Facilities IIP and development fees allocate the cost of necessary public services between residential and nonresidential based on functional population. The Arizona Office of Economic Opportunity estimates Surprise’s 2019 population equal to 136,194 persons. Based on 2019 estimates from the U.S. Census Bureau’s OnTheMap web application, 16,952 inflow commuters traveled to Surprise for work in 2019. The proportionate share is based on cumulative impact hours per year with a resident potentially impacting parks and recreational facilities 8,760 hours per year and an inflow commuter potentially impacting parks and recreational facilities 1,600 hours per year. For parks and recreational facilities, residential development generates 98 percent of demand and nonresidential development generates the remaining two percent of demand.

Figure PR1: Proportionate Share

Development Type	Service Unit	Impact Days per Year	Total Impact Hours per Year	Proportionate Share
Residential	136,194 residents	8,760 hours	1,193,059,440	98%
Nonresidential	16,952 inflow commuters	1,600 hours	27,123,200	2%
Total			1,220,182,640	100%

Residential Impact: 8,760 hours per year (24 hours per day X 365 days per year)

Nonresidential Impact: 1,600 hours per year (8 hours per day X 4 days per week X 50 weeks per year)

SERVICE AREA

Surprise provides access to parks and recreational facilities throughout the city; therefore, there is a single service area for the Parks and Recreational Facilities IIP.

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Figure PR2 displays the demand indicators for residential and nonresidential land uses. For residential development, the table displays the number of persons per housing unit. For nonresidential development, the table displays the number of jobs per thousand square feet of floor area.

Figure PR2: Ratio of Service Unit to Development Unit

Residential Development	
Development Type	Persons per Housing Unit ¹
Single-Family	2.58
Multi-Family	1.58
Mobile Home	1.09

Nonresidential Development	
Development Type	Jobs per 1,000 Sq Ft ¹
Industrial	1.16
Warehouse	0.34
Retail/Commercial	2.12
Office	3.26
Public/Institutional	2.04

1. See Land Use Assumptions

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Park Land – Incremental Expansion

Surprise currently provides 357.30 acres of park land and plans to acquire and develop additional park land to serve future development. Surprise Recreation Campus includes the Spring Training Campus, and this analysis excludes the portion of the park that includes the Spring Training Campus. The analysis includes 306.55 acres of eligible park land.

Figure PR3: Existing Park Land

Description	Total Acres	Eligible Acres
Bicentennial Park / Lizard Run	17.94	17.94
DreamCatcher Park	4.14	4.14
Gaines Park (North and South)	4.20	4.20
Heritage (Marley) Park North	12.01	12.01
Heritage (Marley) Park South	15.61	15.61
Section 10 / Pocket Park	1.02	1.02
Mark Coronado Park	7.55	7.55
Sierra Montana Park	9.42	9.42
Surprise Community Park ¹	30.80	30.80
Dick McComb Park East	21.94	21.94
Dick McComb Park West	30.00	30.00
Johnson Townhome Park	0.60	0.60
Surprise Tennis / Racquet Complex	22.76	22.76
Veramonte Park	8.58	8.58
Youth Baseball Complex	4.60	4.60
Asante Community Park	53.80	53.80
Stonebrook Park	3.19	3.19
3 Star Park	0.94	0.94
The Fields at Countryside	12.20	12.20
Surprise Recreation Campus ²	96.00	45.25
Total	357.30	306.55

1. Excludes library and aquatics center

2. Eligible Acres: Excludes Spring Training Campus

To allocate the proportionate share of demand for park land to residential and nonresidential development, this analysis uses the proportionate share shown in Figure PR1. The existing level of service for residential development is 0.00174 acres per person (306.55 eligible acres X 98 percent residential share / 172,866 persons). For nonresidential development, the existing level of service is 0.00023 acres per job (306.55 eligible acres X two percent nonresidential share / 27,035 jobs).

Based on estimates provided by the Surprise Parks and Recreation Department, the cost to acquire park land is \$180,000 per acre and the cost of site development is \$459,000 per acre. The analysis uses a total cost of \$639,000 per acre. For park land, the cost is \$1,110.50 per person (0.00174 acres per person X \$639,000 per acre) and \$144.91 per job (0.00023 acres per job X \$639,000 per acre).

Figure PR4: Existing Level of Service

Cost Factors	
Land Acquisition (per acre)	\$180,000
Site Development ¹ (per acre)	\$459,000
Total (per acre)	\$639,000

Level-of-Service (LOS) Standards	
Eligible Acres	306.55
Residential	
Residential Share	98%
2023 Population	172,866
Eligible Acres per Person	0.00174
Cost per Person	\$1,110.50
Nonresidential	
Nonresidential Share	2%
2023 Jobs	27,035
Eligible Acres per Job	0.00023
Cost per Job	\$144.91

Source: Surprise Parks and Recreation Department

1. Includes drainage, earthwork, landscaping, water, sewer, electricity, paving, signage, etc.

Park Amenities – Incremental Expansion

Surprise currently provides 179.5 park amenities in its existing parks and plans to construct additional park amenities to serve future development. Based on costs provided by Surprise’s Parks and Recreation Department to construct recent park amenities, the total cost of existing park amenities is \$65,563,295.

Figure PR5: Existing Park Amenities

Description	Units	Unit Cost	Total Cost
Baseball Field, Lighted	4.0	\$777,793	\$3,111,171
Baseball/Softball Field, Not Lighted	2.0	\$340,613	\$681,226
Softball Field, Adult, Lighted	10.0	\$775,057	\$7,750,570
Multi-Purpose Field, Not Lighted	7.5	\$112,860	\$846,450
Multi-Purpose Field, Lighted	14.0	\$776,862	\$10,876,069
Soccer Field, Lighted	2.0	\$1,558,162	\$3,116,324
Basketball Court, Lighted	5.5	\$223,020	\$1,226,610
Basketball Court, Not Lighted	3.5	\$113,280	\$396,480
Tennis Court, Lighted	25.0	\$152,100	\$3,802,500
Pickleball Court	16.0	\$105,565	\$1,689,045
Sand Volleyball Court	7.0	\$83,333	\$583,333
Single Picnic Ramada (12' x 12')	22.0	\$56,250	\$1,237,500
Double Picnic Ramada (12' x 24')	11.0	\$93,750	\$1,031,250
Pavillion (24' x 24')	1.0	\$259,600	\$259,600
Playground, Small (40' x 50')	8.0	\$534,000	\$4,272,000
Playground, Large (80' x 100')	6.0	\$704,000	\$4,224,000
Dog Park	2.0	\$702,000	\$1,404,000
Restroom	12.0	\$534,404	\$6,412,852
Restroom / Concession Facilities	3.0	\$787,500	\$2,362,500
Splash Pad	3.0	\$800,000	\$2,400,000
Skate Park at Dick McComb Park	1.0	\$750,000	\$750,000
Paved Parking Lot	13.0	\$521,380	\$6,777,936
Lizard Run Pedestrian Bridge	1.0	\$351,878	\$351,878
Total	179.5	\$365,255	\$65,563,295

Source: Surprise Parks and Recreation Department

To allocate the proportionate share of demand for park amenities to residential and nonresidential development, this analysis uses the proportionate share shown in Figure PR1. The existing level of service for residential development is 0.00102 units per person (179.5 units X 98 percent residential share / 172,866 persons). For nonresidential development, the existing level of service is 0.00013 units per job (179.5 units X two percent nonresidential share / 27,035 jobs).

Based on the total cost of existing park amenities, the weighted average cost for existing park amenities is \$365,255 per unit (\$65,563,295 total cost / 179.5 units). For park amenities, the cost is \$371.69 per person (0.00102 units per person X \$365,255 per unit) and \$48.50 per job (0.00013 units per job X \$365,255 per unit).

Figure PR6: Existing Level of Service

Cost Factors	
Weighted Average per Unit	\$365,255

Level-of-Service (LOS) Standards	
Existing Units	179.5
Residential	
Residential Share	98%
2023 Population	172,866
Units per Person	0.00102
Cost per Person	\$371.69
Nonresidential	
Nonresidential Share	2%
2023 Jobs	27,035
Units per Job	0.00013
Cost per Job	\$48.50

Source: Surprise Parks and Recreation Department

Recreation Facilities – Incremental Expansion

Surprise currently provides 43,400 square feet of recreation facilities and plans to construct additional recreation facilities to serve future development. The Enabling Legislation limits recreation facilities to “three thousand square feet that provide a direct benefit to development.” To comply with the Enabling Legislation, Surprise will use 12,000 square feet in the level-of-service standards.

To allocate the proportionate share of demand for recreation facilities to residential and nonresidential development, this analysis uses proportionate share shown in Figure PR1. The level of service for residential development is 0.0680 eligible square feet per person (12,000 eligible square feet X 98 percent residential share / 172,866 persons). The nonresidential level of service is 0.0089 eligible square feet per job (12,000 eligible square feet X two percent nonresidential share / 27,035 jobs).

Surprise provided a construction cost of \$600 per square foot. For recreation facilities, the cost is \$40.82 per person (0.0680 eligible square feet per person X \$600 per square foot) and \$5.33 per job (0.0089 eligible square feet per job X \$600 per square foot).

Figure PR7: Existing Level of Service

Description	Total Square Feet	Eligible Square Feet
Villanueva Gym	10,100	3,000
Tennis and Racquet Complex	9,300	3,000
Countryside Recreation Center	14,000	3,000
Sierra Montana Recreation Center	10,000	3,000
Total	43,400	12,000

Cost Factors	
Cost per Square Foot	\$600

Level-of-Service (LOS) Standards	
Eligible Square Feet	12,000
Residential	
Residential Share	98%
2023 Population	172,866
Eligible Square Feet per Person	0.0680
Cost per Person	\$40.82
Nonresidential	
Nonresidential Share	2%
2023 Jobs	27,035
Eligible Square Feet per Job	0.0089
Cost per Job	\$5.33

Source: Surprise Parks and Recreation Department

Development Fee Report – Plan-Based

The cost to prepare the Parks and Recreational Facilities IIP and development fees totals \$15,000. Surprise plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of new development from the *Land Use Assumptions* document, the cost is \$0.33 per person and \$0.04 per job.

Figure PR8: IIP and Development Fee Report

Necessary Public Service	Cost	Proportionate Share		Service Unit	5-Year Change	Cost per Service Unit
Parks and Recreational	\$15,000	Residential	98%	Population	44,514	\$0.33
		Nonresidential	2%	Jobs	7,782	\$0.04

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

As shown in the *Land Use Assumptions* document, Surprise’s population is projected to increase by 83,656 persons and employment is expected to increase by 16,444 jobs over the next 10 years. To maintain the existing levels of service, Surprise will need to acquire and develop approximately 149 acres of park land, construct approximately 87 park amenities, and construct approximately 5,800 square feet of recreation facilities over the next 10 years. The following pages include a more detailed projection of demand for services and costs for the Parks and Recreational Facilities IIP.

Park Land – Incremental Expansion

Surprise plans to maintain its existing level of service for park land over the next 10 years. Based on a projected population increase of 83,656 persons, future residential development demands approximately 145.4 acres of park land (83,656 additional persons X 0.00174 eligible acres per person). With projected employment growth of 16,444 jobs, future nonresidential development demands approximately 3.7 acres of park land (16,444 additional jobs X 0.00023 eligible acres per job). Future development demands 149.11 additional acres of park land at a cost of \$95,283,250 (149.11 acres X \$639,000 per acre). Surprise may use development fees to acquire and develop additional park land.

Figure PR9: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Acre
Park Land	0.00174 Eligible Acres	per Person	\$639,000
	0.00023 Eligible Acres	per Job	

Demand for Park Land					
Year	Population	Jobs	Eligible Acres		
			Residential	Nonresidential	Total
2023	172,866	27,035	300.42	6.13	306.55
2024	181,769	28,591	315.89	6.48	322.37
2025	190,671	30,148	331.36	6.84	338.20
2026	199,574	31,704	346.83	7.19	354.02
2027	208,477	33,260	362.31	7.54	369.85
2028	217,380	34,816	377.78	7.90	385.67
2029	226,282	36,373	393.25	8.25	401.50
2030	235,185	37,929	408.72	8.60	417.32
2031	242,297	39,779	421.08	9.02	430.10
2032	249,410	41,629	433.44	9.44	442.88
2033	256,522	43,479	445.80	9.86	455.66
10-Yr Increase	83,656	16,444	145.38	3.73	149.11

Growth-Related Expenditures	\$92,900,286	\$2,382,964	\$95,283,250
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Park Amenities – Incremental Expansion

Surprise plans to maintain its existing level of service for park amenities over the next 10 years. Based on a projected population increase of 83,656 persons, future residential development demands approximately 85.1 park amenities (83,656 additional persons X 0.00102 amenities per person). With projected employment growth of 16,444 jobs, future nonresidential development demands approximately 2.2 park amenities (16,444 additional jobs X 0.00013 amenities per job). Future development demands 87.3 additional park amenities at a cost of \$31,891,515 (87.3 amenities X \$365,255 per amenity). Surprise may use development fees to construct additional park amenities.

Figure PR10: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Park Amenities	0.00102 Units	per Person	\$365,255
	0.00013 Units	per Job	

Demand for Park Amenities					
Year	Population	Jobs	Units		
			Residential	Nonresidential	Total
2023	172,866	27,035	175.9	3.6	179.5
2024	181,769	28,591	185.0	3.8	188.8
2025	190,671	30,148	194.0	4.0	198.0
2026	199,574	31,704	203.1	4.2	207.3
2027	208,477	33,260	212.1	4.4	216.6
2028	217,380	34,816	221.2	4.6	225.8
2029	226,282	36,373	230.3	4.8	235.1
2030	235,185	37,929	239.3	5.0	244.4
2031	242,297	39,779	246.6	5.3	251.8
2032	249,410	41,629	253.8	5.5	259.3
2033	256,522	43,479	261.0	5.8	266.8
10-Yr Increase	83,656	16,444	85.1	2.2	87.3

Growth-Related Expenditures	\$31,093,932	\$797,583	\$31,891,515
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Recreation Facilities – Incremental Expansion

Surprise plans to maintain its eligible level of service for recreation over the next 10 years. Based on a projected population increase of 83,656 persons, future residential development demands approximately 5,691 square feet of recreation facilities (83,656 additional persons X 0.0680 eligible square feet per person). With projected employment growth of 16,444 jobs, future nonresidential development demands approximately 146 square feet of recreation facilities (16,444 additional jobs X 0.0089 eligible square feet per job). Future development demands approximately 5,837.1 square feet of recreation facilities at a cost of \$3,502,248 (5,837.1 square feet X \$600 per square foot). Surprise may use development fees to construct additional recreation facilities.

Figure PR11: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Recreation Facilities	0.0680 Eligible Sq Ft	per Person	\$600
	0.0089 Eligible Sq Ft	per Job	

Demand for Recreation Facilities					
Year	Population	Jobs	Eligible Square Feet		
			Residential	Nonresidential	Total
2023	172,866	27,035	11,760.0	240.0	12,000.0
2024	181,769	28,591	12,365.6	253.8	12,619.5
2025	190,671	30,148	12,971.3	267.6	13,238.9
2026	199,574	31,704	13,576.9	281.4	13,858.4
2027	208,477	33,260	14,182.6	295.3	14,477.9
2028	217,380	34,816	14,788.2	309.1	15,097.3
2029	226,282	36,373	15,393.9	322.9	15,716.8
2030	235,185	37,929	15,999.5	336.7	16,336.3
2031	242,297	39,779	16,483.4	353.1	16,836.5
2032	249,410	41,629	16,967.2	369.6	17,336.8
2033	256,522	43,479	17,451.1	386.0	17,837.1
10-Yr Increase	83,656	16,444	5,691.1	146.0	5,837.1

Growth-Related Expenditures	\$3,414,659	\$87,589	\$3,502,248
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PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEES

Revenue Credit/Offset

A revenue credit/offset is necessary for development fees, because Surprise's construction transaction privilege tax rate exceeds the amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications. Surprise allocates the construction privilege tax credit to fire, parks and recreational, and police development fees. Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)).

The analysis also includes a site development credit of \$218.13 per person and \$28.46 per job. This credit reduces site development costs included with park land.

Parks and Recreational Facilities Development Fees

Infrastructure components and cost factors for parks and recreational facilities are summarized in the upper portion of Figure PR12. The cost per service unit is \$697.67 per person and \$99.39 per job.

Parks and recreational facilities fees for residential development are assessed according to the number of persons per housing unit. The fee of \$1,800 for a single-family unit is calculated using a cost per service unit of \$697.67 per person multiplied by a demand unit of 2.58 persons per housing unit.

Nonresidential development fees are calculated using jobs as the service unit. The fee of \$115 per 1,000 square feet of industrial development is derived from a cost per service unit of \$99.39 per job multiplied by a demand unit of 1.16 jobs per 1,000 square feet.

Figure PR12: Parks and Recreational Facilities Development Fees

Fee Component	Cost per Person	Cost per Job
Park Land	\$1,110.50	\$144.91
Park Amenities	\$371.69	\$48.50
Recreation Facilities	\$40.82	\$5.33
Development Fee Report	\$0.33	\$0.04
Subtotal	\$1,523.34	\$198.78
Excess Construction Sales Tax	(\$607.54)	(\$70.93)
Site Development Cost Credit	(\$218.13)	(\$28.46)
Total	\$697.67	\$99.39

Residential Fees per Unit						
Development Type	Persons per Housing Unit ¹	Proposed Fees	Adopted Fees ²	Difference from Adopted	Current Fees	Difference from Current
Single-Family	2.58	\$1,800	\$1,845	(\$45)	\$1,060	\$740
Multi-Family	1.58	\$1,102	\$1,227	(\$125)	\$647	\$455
Mobile Home	1.09	\$760	\$1,289	(\$529)	\$594	\$166

Nonresidential Fees per 1,000 Square Feet						
Development Type	Jobs per 1,000 Sq Ft ¹	Proposed Fees	Adopted Fees ²	Difference from Adopted	Current Fees	Difference from Current
Industrial	1.16	\$115	\$32	\$83	\$32	\$83
Warehouse	0.34	\$34	\$32	\$2	\$32	\$2
Retail/Commercial	2.12	\$211	\$32	\$179	\$32	\$179
Office	3.26	\$324	\$74	\$250	\$74	\$250
Public/Institutional	2.04	\$203	\$85	\$118	\$85	\$118

1. See Park Land Use Assumptions

2. Adopted fees for residential development include a grandfathered park fee that has been retired

PARKS AND RECREATIONAL FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)). In accordance with state law, this report includes an IIP for parks and recreational facilities needed to accommodate new development. Projected fee revenue shown in Figure PR13 is based on the development projections in the *Land Use Assumptions* document and the updated development fees for parks and recreational facilities shown in Figure PR12. If development occurs at a more rapid rate than projected, the demand for infrastructure will increase and development fee revenue will increase at a corresponding rate. If development occurs at a slower rate than projected, the demand for infrastructure will also decrease, along with development fee revenue. Projected development fee revenue equals \$84,380,104, and projected expenditures equal \$84,380,663.

Figure PR13: Parks and Recreational Facilities Development Fee Revenue

Fee Component	Growth Share	Existing Share	Total
Park Land	\$95,283,250	\$0	\$95,283,250
Park Amenities	\$31,891,515	\$0	\$31,891,515
Recreation Facilities	\$3,502,248	\$0	\$3,502,248
Development Fee Report	\$15,000	\$0	\$15,000
Excess Constr. Sales Tax	(\$27,595,880)	\$0	(\$27,595,880)
Site Dev. Cost Credit	(\$18,715,470)	\$0	(\$18,715,470)
Total	\$84,380,663	\$0	\$84,380,663

		Single Family \$1,800 per unit	Multi-Family \$1,102 per unit	Mobile Home \$760 per unit	Industrial \$115 per 1,000 sq ft	Warehouse \$34 per 1,000 sq ft	Ret/Comm \$211 per 1,000 sq ft	Office \$324 per 1,000 sq ft	Public/Inst \$203 per 1,000 sq ft
Year		Hsg Unit	Hsg Unit	Hsg Unit	KSF	KSF	KSF	KSF	KSF
Base	2023	59,934	9,973	3,106	2,098	5,332	7,380	3,397	7,179
Year 1	2024	62,847	10,833	3,133	2,310	5,484	7,499	3,620	7,317
Year 2	2025	65,760	11,692	3,159	2,523	5,635	7,617	3,843	7,454
Year 3	2026	68,673	12,552	3,186	2,736	5,787	7,735	4,067	7,592
Year 4	2027	71,586	13,411	3,213	2,948	5,938	7,854	4,290	7,729
Year 5	2028	74,499	14,271	3,239	3,161	6,089	7,972	4,513	7,867
Year 6	2029	77,412	15,130	3,266	3,373	6,241	8,090	4,737	8,005
Year 7	2030	80,325	15,990	3,293	3,586	6,392	8,208	4,960	8,142
Year 8	2031	82,536	16,868	3,313	3,736	6,499	8,431	5,249	8,253
Year 9	2032	84,746	17,746	3,333	3,886	6,606	8,653	5,538	8,364
Year 10	2033	86,957	18,624	3,354	4,036	6,714	8,876	5,827	8,475
10-Year Increase		27,023	8,650	248	1,938	1,381	1,496	2,430	1,296
Projected Revenue		\$68,156,825	\$13,710,899	\$264,149	\$294,926	\$61,470	\$451,981	\$1,089,288	\$350,565

Projected Fee Revenue	\$84,380,104
Total Expenditures	\$84,380,663

10-YEAR CAPITAL PLAN

The figure shown below includes potential parks and recreational capital expenditures during the next 10 years. The list of potential capital expenditures is representational of future growth-related parks and recreational capital expenditures.

Figure PR14: Parks and Recreational Facilities Capital Plan

Project Type	Description	Fiscal Year	Cost
CIP	City Park Improvements	2025-2028	\$6,500,000
CIP	McMicken Park - Design	2025	\$2,700,000
CIP	New Park - Perryville & Cactus	2024	\$8,836,800
CIP	Park West Surprise (SPA 1)	2028-2032	\$15,000,000
CIP	Park North Surprise (SPA 2)	2028-2032	\$25,000,000
CIP	Park Northwest Surprise (SPA 3)	2028-2032	\$15,000,000
CIP	Trails	2028-2032	\$10,000,000
Dev Agreement	Developer Obligation - Asante Park	2024-2034	\$3,688,893
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$15,000
Total			\$86,740,693

Source: Surprise Parks and Recreation Department

POLICE FACILITIES IIP

ARS § 9-463.05 (T)(7)(f) defines the eligible facilities and assets for the Police Facilities IIP:

“Fire and police facilities, including all appurtenances, equipment and vehicles. Fire and police facilities do not include a facility or portion of a facility that is used to replace services that were once provided elsewhere in the municipality, vehicles and equipment used to provide administrative services, helicopters or airplanes or a facility that is used for training firefighters or officers from more than one station or substation.”

The Police Facilities IIP includes components for police facilities, police facilities land, police vehicles, police equipment, and the cost of preparing the Police Facilities IIP and related Development Fee Report. The incremental expansion methodology, based on the current level of service, is used for police facilities land, police vehicles, and police equipment. The plan-based methodology is used for police facilities and the Development Fee Report.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Police Facilities IIP and development fees will allocate the cost of police infrastructure between residential and nonresidential using calls for service. Based on FY2020-FY2022 call data provided by the Surprise Police Department, residential development accounts for approximately 61 percent of demand and nonresidential development accounts for the remaining 39 percent of demand.

Figure P1: Proportionate Share

Description	FY 2020	FY 2021	FY 2022	Total
Residential	30,742	29,529	29,151	89,422
Nonresidential	20,089	19,238	18,838	58,165
Total	50,831	48,767	47,989	147,587

Description	FY 2020	FY 2021	FY 2022	Total
Residential	60%	61%	61%	61%
Nonresidential	40%	39%	39%	39%
Total	100%	100%	100%	100%

Source: Surprise Police Department

The proportionate share of costs attributable to residential development will be allocated to population and then converted to an appropriate amount by type of housing unit. Since nonresidential calls for service were unavailable by specific nonresidential use, TischlerBise recommends using vehicle trips as the nonresidential demand indicator for police services. Trip generation rates are highest for retail/commercial development and lowest for industrial development. Office and public/institutional trip generation rates fall between the other two categories. This ranking of trip generation rates is consistent with the relative demand for police services from nonresidential development.

SERVICE AREA

Surprise's Police Department strives to provide a uniform response time within the city limits; therefore, there is a single service area for the Police Facilities IIP.

RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

"A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial."

Figure P2 displays the demand indicators for residential and nonresidential land uses. For residential development, the table displays the persons per housing unit. For nonresidential development, the table displays the number of average weekday vehicle trips generated per thousand square feet of floor area.

Figure P2: Ratio of Service Unit to Development Unit

Residential Development			
Development Type	Persons per Housing Unit ¹		
Single-Family	2.58		
Multi-Family	1.58		
Mobile Home	1.09		

Nonresidential Development			
Development Type	AWVTE per 1,000 Sq Ft ¹	Trip Rate Adjustment	AWVT per 1,000 Sq Ft ¹
Industrial	3.37	50%	1.69
Warehouse	1.71	50%	0.86
Retail/Commercial	37.01	28%	10.18
Office	10.84	45%	4.88
Public/Institutional	6.75	50%	3.38

1. See Land Use Assumptions

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(1) requires:

"A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable."

ARS § 9-463.05(E)(2) requires:

"An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable."

Police Facilities – Plan-Based

Surprise currently provides 70,844 square feet of police facilities to existing development, and Surprise plans to construct additional police facilities to serve future development.

Figure P3: Existing Police Facilities

Description	Square Feet	Acres
Public Safety Building (share)	42,500	7.82
Evidence & Readiness Center	27,944	4.54
Techcelerator Police Storage	400	0.00
Total	70,844	12.36

Source: Surprise Police Department

Surprise plans to use future development fee revenue to repay the outstanding obligation related to the Public Safety Building. The total obligation is \$2,786,022, and the outstanding obligation is \$135,214. Based on a cost of approximately \$65 per square foot (\$2,768,022 total obligation / 42,500 total square feet), the proportionate share of the Public Safety Building related to the outstanding obligation is 2,076 square feet (\$135,214 outstanding obligation / \$65 per square foot).

Figure P4: Public Safety Building Obligation

Public Safety Building	Square Feet	Obligation ¹	Cost per Sq Ft
Outstanding Debt	2,076	\$135,214	\$65
Retired Debt	40,424	\$2,632,808	\$65
Total	42,500	\$2,768,022	\$65

Source: Surprise Police Department

1. Surprise Finance Department

As shown below in Figure P5, Surprise plans to repay outstanding obligations related to the Public Safety Building and to construct 60,000 square feet of police facilities during the next 10 years. The total cost is \$48,135,214, and the associated floor area is 62,076 square feet. Based on these projects, the analysis uses a cost of \$775 per square foot for police facilities (\$48,135,214 total cost / 62,076 total square feet). The planned police facilities will serve all development in Surprise through 2038.

Figure P5: Police Facilities Cost Factors

Description	Square Feet	Cost	Cost per Sq Ft
Public Safety Building (share)	2,076	\$135,214	\$65
Future Police Substation	30,000	\$22,000,000	\$733
Future Police Substation	30,000	\$26,000,000	\$867
Total	62,076	\$48,135,214	\$775

Source: Surprise Police Department

Surprise plans to provide 130,844 square feet of police facilities to all development in 2038. To allocate the proportionate share of demand for police facilities to residential and nonresidential development, this analysis uses proportionate share factors shown in Figure P1. The planned level of service for residential development is 0.2770 square feet per person (130,844 total square feet X 61 percent residential share / 286,249 persons). The planned nonresidential level of service is 0.2835 square feet per vehicle trip (130,844 total square feet X 39 percent nonresidential share / 181,875 vehicle trips).

Based on the outstanding obligations for the Public Safety Building and the construction cost estimates for future police facilities shown in Figure P5, the analysis uses a cost of \$775 per square foot (\$48,135,214 total cost / 62,076 total square feet). For police facilities, the cost is \$214.76 per person (0.2770 square feet per person X \$775 per square foot) and \$219.85 per vehicle trip (0.2835 square feet per vehicle trip X \$775 per square foot).

Figure P6: Planned Level of Service

Cost Factors	
Cost per Square Foot	\$775

Level-of-Service (LOS) Standards	
Existing Square Feet ¹	68,768
Cost Recovery Square Feet ²	2,076
Planned Square Feet	60,000
Total Square Feet	130,844
Residential	
Residential Share	61%
2038 Population	286,249
Square Feet per Person	0.2770
Cost per Person	\$214.76
Nonresidential	
Nonresidential Share	39%
2038 Vehicle Trips	181,875
Square Feet per Vehicle Trip	0.2835
Cost per Vehicle Trip	\$219.85

Source: Surprise Police Department

1. Excludes share related to outstanding obligations
2. Public Safety Building share of outstanding obligations

Police Facilities Land – Incremental Expansion

Surprise police facilities currently occupy 12.36 acres of land, and Surprise plans to acquire additional land for police facilities to serve future development. To allocate the proportionate share of demand for land to residential and nonresidential development, this analysis uses calls for service outlined in Figure P1. The existing level of service for residential development is 0.00004 acres per person (12.36 acres X 61 percent residential share / 172,866 persons). The nonresidential level of service is 0.00004 acres per vehicle trip (12.36 acres X 39 percent nonresidential share / 124,008 vehicle trips).

Based on the weighted average cost of potential land acquisitions provided by the Surprise Police Department, the land acquisition cost is \$162,000 per acre (\$810,000 total cost / 5.0 acres). For police facilities land, the cost is \$7.02 per person (0.00004 acres per person X \$162,000 per acre) and \$6.36 per vehicle trip (0.00004 acres per vehicle trip X \$162,000 per acre).

Figure P7: Existing Level of Service

Cost Factors	
Cost per Acre	\$162,000

Level-of-Service (LOS) Standards	
Existing Acres	12.36
Residential	
Residential Share	61%
2023 Population	172,866
Acres per Person	0.00004
Cost per Person	\$7.02
Nonresidential	
Nonresidential Share	39%
2023 Vehicle Trips	124,008
Acres per Vehicle Trip	0.00004
Cost per Vehicle Trip	\$6.36

Source: Surprise Police Department

Description	Acres	Cost	Cost per Acre
Land - Police Facilities	3.00	\$500,000	\$166,667
Land - Police Facilities	2.00	\$310,000	\$155,000
Total	5.00	\$810,000	\$162,000

Source: Surprise Police Department

Police Vehicles – Incremental Expansion

Surprise has 141 police vehicles in its existing fleet with a total cost of \$12,274,500, and Surprise plans to acquire additional police vehicles to serve future development. The weighted average cost of the existing fleet is \$87,053 per unit (\$12,274,500 total cost / 141 units).

Figure P8: Existing Police Vehicles

Description	Units	Unit Cost	Total Cost
Patrol Vehicle - Marked	66	\$89,000	\$5,874,000
Police Heavy Van	1	\$225,000	\$225,000
CID and Unmarked Vehicles	27	\$66,500	\$1,795,500
MCC	1	\$1,000,000	\$1,000,000
Motorcycle	9	\$39,000	\$351,000
BearCat	1	\$450,000	\$450,000
Side by Side	2	\$25,000	\$50,000
Side by Side (Ranger)	1	\$20,000	\$20,000
Motorcycle - Unmarked	3	\$60,000	\$180,000
K9	5	\$90,000	\$450,000
Animal Control	3	\$75,000	\$225,000
CP Vehicle	5	\$89,000	\$445,000
Patrol Lieutenant Vehicle	6	\$75,000	\$450,000
ASD Commander & LT	2	\$66,500	\$133,000
POD Commander	2	\$66,500	\$133,000
Property & Evidence vans	2	\$72,000	\$144,000
TSD Commander & LT	2	\$66,500	\$133,000
Property & Evidence Van	2	\$72,000	\$144,000
Crime Scene Van	1	\$72,000	\$72,000
Total	141	\$87,053	\$12,274,500

Source: Surprise Police Department

To allocate the proportionate share of demand for police vehicles to residential and nonresidential development, this analysis uses calls for service outlined in Figure P1. The existing level of service for residential development is 0.0005 units per person (141 vehicles X 61 percent residential share / 172,866 persons). The nonresidential level of service is 0.0004 units per vehicle trip (141 vehicles X 39 percent nonresidential share / 124,008 vehicle trips).

Based on the total cost of existing police vehicles, the weighted average cost for a new police vehicle is \$87,053 per vehicle (\$12,274,500 total cost / 141 units). For police vehicles, the cost is \$43.02 per person (0.0005 units per person X \$87,053 per vehicle) and \$39.01 per vehicle trip (0.0004 units per vehicle trip X \$87,053 per vehicle).

Figure P9: Existing Level of Service

Cost Factors	
Weighted Average per Unit	\$87,053

Level-of-Service (LOS) Standards	
Existing Units	141
Residential	
Residential Share	61%
2023 Population	172,866
Units per Person	0.0005
Cost per Person	\$43.02
Nonresidential	
Nonresidential Share	39%
2023 Vehicle Trips	124,008
Units per Vehicle Trip	0.0004
Cost per Vehicle Trip	\$39.01

Source: Surprise Police Department

Police Equipment – Incremental Expansion

Surprise has 1,324 units of police equipment with a total cost of \$13,614,115, and Surprise plans to acquire additional units to serve future development. To allocate the proportionate share of demand for police equipment to residential and nonresidential development, this analysis uses calls for service outlined in Figure P1. The existing level of service for residential development is 0.0046 units per person (1,324 units X 61 percent residential share / 172,866 persons). The nonresidential level of service is 0.0042 units per vehicle trip (1,324 units X 39 percent nonresidential share / 124,008 vehicle trips).

Based on the total cost of existing police equipment, the weighted average cost for a new unit is \$10,823 per unit (\$13,614,115 total cost / 1,324 units). For police equipment, the cost is \$47.72 per person (0.0046 units per person X \$10,283 per unit) and \$43.27 per vehicle trip (0.0042 units per vehicle trip X \$10,283 per unit).

Figure P10: Existing Level of Service

Cost Factors	
Existing Equipment (Units)	1,324
Existing Equipment (Cost)	\$13,614,115
Weighted Average per Unit	\$10,283

Level-of-Service (LOS) Standards	
Existing Units	1,324
Residential	
Residential Share	61%
2023 Population	172,866
Units per Person	0.0046
Cost per Person	\$47.72
Nonresidential	
Nonresidential Share	39%
2023 Vehicle Trips	124,008
Units per Vehicle Trip	0.0042
Cost per Vehicle Trip	\$43.27

Source: Surprise Police Department

Development Fee Report – Plan-Based

The cost to prepare the Police Facilities IIP and related Development Fee Report totals \$16,230. Surprise plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of new residential and nonresidential development from the *Land Use Assumptions* document, the cost is \$0.22 per person and \$0.39 per vehicle trip.

Figure P11: IIP and Development Fee Report

Necessary Public Service	Cost	Proportionate Share		Service Unit	5-Year Change	Cost per Service Unit
Police	\$16,230	Residential	61%	Population	44,514	\$0.22
		Nonresidential	39%	Vehicle Trips	16,226	\$0.39

Bond Credit

Shown below, Surprise will issue \$100.0 million in G.O. bonds to construct transportation and public safety projects, and public safety projects will account for \$34.0 million of bond funding. To prevent future development from paying for future improvements through development fees and through future bond payments, the development fee study includes a credit for future bond payments. As shown in Figure P12, the analysis allocates public safety costs 50.2 percent to fire and 49.8 percent to police.

Figure P12: Bond Allocation

Series 2024 / 2027 Bond Use	Cost	Share
Transportation	\$66,000,000	66%
Public Safety	\$34,000,000	34%
Total	\$100,000,000	100%

Public Safety Use	Cost	Fire Share	Police Share
Fire Station	\$15,300,000	\$15,300,000	\$0
Police Substation	\$15,200,000	\$0	\$15,200,000
Land for Public Safety Facilities	\$3,500,000	\$1,755,738	\$1,744,262
Total	\$34,000,000	\$17,055,738	\$16,944,262
Share	100.0%	50.2%	49.8%

Source: Surprise Finance Department

To allocate the proportionate share of bond costs to residential and nonresidential development, this analysis uses proportionate share factors shown in Figure P1. The analysis divides annual principal payments by population for residential development and by vehicle trips for nonresidential development. To calculate the bond credit, the analysis calculates the net present value of future principal payments. The proposed police development fees include a credit of \$13.92 per person and \$14.12 per vehicle trip.

Figure P13: Police Bond Credit

Police Share of Series 2024 and Series 2027 Bonds							
Fiscal Year	Annual Principal Payment	Residential Share	Population	Principal per Person	Nonresidential Share	Vehicle Trips	Principal per Veh Trip
2024	\$0	\$0	181,769	\$0.00	\$0	127,254	\$0.00
2025	\$0	\$0	190,671	\$0.00	\$0	130,499	\$0.00
2026	\$5,083	\$3,080	199,574	\$0.02	\$2,003	133,744	\$0.01
2027	\$62,694	\$37,986	208,477	\$0.18	\$24,708	136,989	\$0.18
2028	\$53,374	\$32,339	217,380	\$0.15	\$21,035	140,235	\$0.15
2029	\$185,540	\$112,417	226,282	\$0.50	\$73,122	143,480	\$0.51
2030	\$213,498	\$129,357	235,185	\$0.55	\$84,141	146,725	\$0.57
2031	\$242,303	\$146,810	242,297	\$0.61	\$95,493	151,119	\$0.63
2032	\$272,803	\$165,289	249,410	\$0.66	\$107,513	155,513	\$0.69
2033	\$303,302	\$183,769	256,522	\$0.72	\$119,533	159,906	\$0.75
2034	\$336,344	\$203,788	262,467	\$0.78	\$132,555	164,300	\$0.81
2035	\$372,774	\$225,861	268,413	\$0.84	\$146,913	168,694	\$0.87
2036	\$410,051	\$248,447	274,358	\$0.91	\$161,604	173,088	\$0.93
2037	\$449,023	\$272,060	280,303	\$0.97	\$176,963	177,482	\$1.00
2038	\$490,536	\$297,213	286,249	\$1.04	\$193,324	181,875	\$1.06
2039	\$767,575	\$465,069	292,194	\$1.59	\$302,506	186,269	\$1.62
2040	\$804,005	\$487,142	298,139	\$1.63	\$316,864	190,663	\$1.66
2041	\$841,283	\$509,728	304,085	\$1.68	\$331,555	195,057	\$1.70
2042	\$881,102	\$533,854	310,030	\$1.72	\$347,248	199,450	\$1.74
2043	\$921,768	\$558,493	315,975	\$1.77	\$363,275	203,844	\$1.78
2044	\$964,976	\$584,673	321,921	\$1.82	\$380,303	208,238	\$1.83
2045	\$892,115	\$540,527	327,866	\$1.65	\$351,589	212,632	\$1.65
2046	\$931,934	\$564,653	333,811	\$1.69	\$367,281	217,025	\$1.69
2047	\$974,295	\$590,319	339,757	\$1.74	\$383,976	221,419	\$1.73
2048	\$1,017,503	\$616,498	345,702	\$1.78	\$401,005	225,813	\$1.78
2049	\$1,063,252	\$644,218	351,647	\$1.83	\$419,035	230,207	\$1.82
2050	\$1,111,544	\$673,477	357,593	\$1.88	\$438,067	234,601	\$1.87
2051	\$1,161,529	\$703,763	363,538	\$1.94	\$457,766	238,994	\$1.92
2052	\$1,214,056	\$735,589	369,483	\$1.99	\$478,468	243,388	\$1.97
Total	\$16,944,262	\$10,266,418		\$13.92	\$6,677,844		\$14.12

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

As shown in the *Land Use Assumptions* document, Surprise’s population is expected to increase by 83,656 persons and nonresidential vehicle trips are expected to increase by 35,898 vehicle trips over the next 10 years. To reach the planned level of service, Surprise will construct 60,000 square feet of police facilities over the next 10 years. To maintain the existing levels of service, Surprise will need to acquire approximately five acres of land, 57 police vehicles, and 539 units of police equipment over the next 10 years. The following pages include a more detailed projection of demand for services and costs for the Police Facilities IIP.

Police Facilities – Plan-Based

Surprise will use development fees to repay obligations associated with the Public Safety Building and to construct police facilities within the next 10 years. Based on a 15-year projected population increase of 113,383 persons, future residential development demands approximately 31,402 square feet of planned police facilities (113,383 additional persons X 0.2770 square feet per person). With a 15-year projected increase of 57,867 vehicle trips, future nonresidential development demands approximately 16,407 square feet of planned police facilities (57,867 additional vehicle trips X 0.2835 square feet per vehicle trip). Future development demands approximately 47,809 square feet of police facilities at a cost of \$37,071,899 (47,808.6 square feet X \$775 per square foot). The remaining cost of \$11,063,315 represents existing development's share of planned police facilities (\$48,135,214 total police facilities cost - \$37,071,899 growth cost).

Figure P14: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Police Facilities	0.2770 Square Feet	per Person	\$775
	0.2835 Square Feet	per Vehicle Trip	

Demand for Police Facilities					
Year	Population	Vehicle Trips	Square Feet		
			Residential	Nonresidential	Total
2023	172,866	124,008	47,875.8	35,159.7	83,035.4
2024	181,769	127,254	50,341.4	36,079.8	86,421.2
2025	190,671	130,499	52,807.1	36,999.9	89,807.0
2026	199,574	133,744	55,272.7	37,920.0	93,192.7
2027	208,477	136,989	57,738.3	38,840.1	96,578.5
2028	217,380	140,235	60,204.0	39,760.2	99,964.2
2029	226,282	143,480	62,669.6	40,680.3	103,350.0
2030	235,185	146,725	65,135.3	41,600.5	106,735.7
2031	242,297	151,119	67,105.1	42,846.2	109,951.3
2032	249,410	155,513	69,074.9	44,092.0	113,166.8
2033	256,522	159,906	71,044.6	45,337.7	116,382.4
2034	262,467	164,300	72,691.2	46,583.5	119,274.7
2035	268,413	168,694	74,337.8	47,829.2	122,167.0
2036	274,358	173,088	75,984.4	49,075.0	125,059.3
2037	280,303	177,482	77,630.9	50,320.7	127,951.7
2038	286,249	181,875	79,277.5	51,566.5	130,844.0
15-Yr Increase	113,383	57,867	31,401.7	16,406.8	47,808.6

Growth-Related Expenditures	\$24,349,663	\$12,722,236	\$37,071,899
Non-Growth Expenditures	\$4,815,149	\$6,248,166	\$11,063,315
Total Expenditures	\$29,164,812	\$18,970,402	\$48,135,214

Police Facilities Land – Incremental Expansion

Surprise plans to maintain its existing level of service for police facilities land over the next 10 years. Based on a projected population increase of 83,656 persons, future residential development demands an additional 3.62 acres of land (83,656 additional persons X 0.00004 acres per person). With a 10-year projected increase of 35,898 vehicle trips, future nonresidential development demands an additional 1.41 acres of land (35,898 additional vehicle trips X 0.00004 acres per vehicle trip). Future development demands 5.04 acres of land at a cost of \$815,678 (5.04 acres X \$162,000 per acre). Surprise may use development fees to acquire additional land for police facilities.

Figure P15: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Acre
Police Facilities Land	0.00004 Acres	per Person	\$162,000
	0.00004 Acres	per Vehicle Trip	

Demand for Police Facilities Land					
Year	Population	Vehicle Trips	Acres		
			Residential	Nonresidential	Total
2023	172,866	124,008	7.49	4.87	12.36
2024	181,769	127,254	7.88	5.00	12.88
2025	190,671	130,499	8.26	5.13	13.39
2026	199,574	133,744	8.65	5.25	13.90
2027	208,477	136,989	9.03	5.38	14.41
2028	217,380	140,235	9.42	5.51	14.93
2029	226,282	143,480	9.80	5.64	15.44
2030	235,185	146,725	10.19	5.76	15.95
2031	242,297	151,119	10.50	5.94	16.44
2032	249,410	155,513	10.81	6.11	16.92
2033	256,522	159,906	11.11	6.28	17.40
10-Yr Increase	83,656	35,898	3.62	1.41	5.04

Growth-Related Expenditures	\$587,204	\$228,474	\$815,678
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Police Vehicles – Incremental Expansion

Surprise plans to maintain its existing level of service for police vehicles over the next 10 years. Based on a projected population increase of 83,656 persons, future residential development demands approximately 41 police vehicles (83,656 additional persons X 0.0005 vehicles per person). With a 10-year projected increase of 35,898 vehicle trips, future nonresidential development demands approximately 16 police vehicles (35,898 additional vehicle trips X 0.0004 vehicles per vehicle trip). Future development demands approximately 57 police vehicles at a cost of \$4,999,412 (57.4 units X \$87,053 per vehicle). Surprise may use development fees to expand its police vehicle fleet.

Figure P16: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Police Vehicles	0.0005 Units	per Person	\$87,053
	0.0004 Units	per Vehicle Trip	

Demand for Police Vehicles					
Year	Population	Vehicle Trips	Units		
			Residential	Nonresidential	Total
2023	172,866	124,008	85.4	55.6	141.0
2024	181,769	127,254	89.8	57.0	146.9
2025	190,671	130,499	94.2	58.5	152.7
2026	199,574	133,744	98.6	59.9	158.6
2027	208,477	136,989	103.0	61.4	164.4
2028	217,380	140,235	107.4	62.8	170.3
2029	226,282	143,480	111.8	64.3	176.1
2030	235,185	146,725	116.2	65.7	182.0
2031	242,297	151,119	119.7	67.7	187.5
2032	249,410	155,513	123.3	69.7	192.9
2033	256,522	159,906	126.8	71.7	198.4
10-Yr Increase	83,656	35,898	41.3	16.1	57.4

Growth-Related Expenditures	\$3,599,058	\$1,400,353	\$4,999,412
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Police Equipment – Incremental Expansion

Surprise plans to maintain its existing level of service for police equipment over the next 10 years. Based on a projected population increase of 83,656 persons, future residential development demands approximately 388 units of police equipment (83,656 additional persons X 0.0046 units per person). With a 10-year projected increase of 35,898 vehicle trips, future nonresidential development demands approximately 151 units of police equipment (35,898 additional vehicle trips X 0.0042 units per vehicle trip). Future development demands approximately 539 units of equipment at a cost of \$5,545,038 (539.3 units X \$10,283 per unit). Surprise may use development fees to acquire additional police equipment.

Figure P17: Projected Demand

Type of Infrastructure	Level of Service	Demand Unit	Cost per Unit
Police Equipment	0.0046 Units	per Person	\$10,283
	0.0042 Units	per Vehicle Trip	

Demand for Police Equipment					
Year	Population	Vehicle Trips	Units		
			Residential	Nonresidential	Total
2023	172,866	124,008	802.2	521.8	1,324.0
2024	181,769	127,254	843.5	535.5	1,379.0
2025	190,671	130,499	884.8	549.1	1,433.9
2026	199,574	133,744	926.1	562.8	1,488.9
2027	208,477	136,989	967.5	576.4	1,543.9
2028	217,380	140,235	1,008.8	590.1	1,598.8
2029	226,282	143,480	1,050.1	603.7	1,653.8
2030	235,185	146,725	1,091.4	617.4	1,708.8
2031	242,297	151,119	1,124.4	635.9	1,760.3
2032	249,410	155,513	1,157.4	654.4	1,811.8
2033	256,522	159,906	1,190.4	672.8	1,863.3
10-Yr Increase	83,656	35,898	388.2	151.1	539.3

Growth-Related Expenditures	\$3,991,853	\$1,553,185	\$5,545,038
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POLICE FACILITIES DEVELOPMENT FEES

Revenue Credit/Offset

A revenue credit/offset is necessary for development fees, because Surprise's construction transaction privilege tax rate exceeds the amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications. Surprise allocates the construction privilege tax credit to fire, parks and recreational, and police development fees. Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)).

Police Facilities Development Fees

Infrastructure components and cost factors for police facilities are summarized in the upper portion of Figure P18. The cost per service unit for police facilities is \$225.14 per person and \$163.28 per vehicle trip.

Police facilities development fees for residential development are assessed according to the number of persons per housing unit. The fee of \$581 for single-family unit is calculated using a cost per service unit of \$225.14 per person multiplied by a demand unit of 2.58 persons per housing unit.

Nonresidential development fees are calculated using vehicle trips as the service unit. The fee of \$275 per 1,000 square feet of industrial development is derived from a cost per service unit of \$163.28 per vehicle trip multiplied by a demand unit of 1.69 vehicle trips per 1,000 square feet.

Figure P18: Police Facilities Development Fees

Fee Component	Cost per Person	Cost per Trip
Police Facilities	\$214.76	\$219.85
Police Facilities Land	\$7.02	\$6.36
Police Vehicles	\$43.02	\$39.01
Police Equipment	\$47.72	\$43.27
Development Fee Report	\$0.22	\$0.39
Bond Credit	(\$13.92)	(\$14.12)
Subtotal	\$298.82	\$294.76
Excess Construction Sales Tax	(\$73.68)	(\$131.48)
Total	\$225.14	\$163.28

Residential Fees per Unit				
Development Type	Persons per Housing Unit ¹	Proposed Fees	Current Fees	Difference
Single-Family	2.58	\$581	\$385	\$196
Multi-Family	1.58	\$356	\$235	\$121
Mobile Home	1.09	\$245	\$216	\$29

Nonresidential Fees per 1,000 Square Feet				
Development Type	AWVT per 1,000 Sq Ft ¹	Proposed Fees	Current Fees	Difference
Industrial	1.69	\$275	\$81	\$194
Warehouse	0.86	\$140	\$46	\$94
Retail/Commercial	10.18	\$1,662	\$427	\$1,235
Office	4.88	\$796	\$243	\$553
Public/Institutional	3.38	\$551	\$150	\$401

1. See Land Use Assumptions

POLICE FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains revenue forecasts required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)). Projected fee revenue shown in Figure P19 is based on the development projections in the *Land Use Assumptions* document and the updated police facilities development fees. If development occurs faster than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs slower than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Projected development fee revenue over the next 15 years equals \$41,363,153, and projected expenditures equal \$52,426,959. The remaining balance represents existing development's share of planned costs for police facilities.

Figure P19: Police Facilities Development Fee Revenue

Fee Component	Growth Share		Existing Share	Total
	Years 1-10	Years 11-15		
Police Facilities	\$25,857,996	\$11,213,903	\$11,063,315	\$48,135,214
Police Facilities Land	\$815,678	\$0	\$0	\$815,678
Police Vehicles	\$4,999,412	\$0	\$0	\$4,999,412
Police Equipment	\$5,545,038	\$0	\$0	\$5,545,038
Development Fee Report	\$16,230	\$0	\$0	\$16,230
Bond Credit	(\$1,671,375)	\$0	\$0	(\$1,671,375)
Excess Constr. Sales Tax	(\$5,413,237)	\$0	\$0	(\$5,413,237)
Total	\$30,149,742	\$11,213,903	\$11,063,315	\$52,426,959

		Single Family \$581 per unit	Multi-Family \$356 per unit	Mobile Home \$245 per unit	Industrial \$275 per 1,000 sq ft	Warehouse \$140 per 1,000 sq ft	Ret/Comm \$1,662 per 1,000 sq ft	Office \$796 per 1,000 sq ft	Public/Inst \$551 per 1,000 sq ft
Year		Hsg Unit	Hsg Unit	Hsg Unit	KSF	KSF	KSF	KSF	KSF
Base	2023	59,934	9,973	3,106	2,098	5,332	7,380	3,397	7,179
Year 1	2024	62,847	10,833	3,133	2,310	5,484	7,499	3,620	7,317
Year 2	2025	65,760	11,692	3,159	2,523	5,635	7,617	3,843	7,454
Year 3	2026	68,673	12,552	3,186	2,736	5,787	7,735	4,067	7,592
Year 4	2027	71,586	13,411	3,213	2,948	5,938	7,854	4,290	7,729
Year 5	2028	74,499	14,271	3,239	3,161	6,089	7,972	4,513	7,867
Year 6	2029	77,412	15,130	3,266	3,373	6,241	8,090	4,737	8,005
Year 7	2030	80,325	15,990	3,293	3,586	6,392	8,208	4,960	8,142
Year 8	2031	82,536	16,868	3,313	3,736	6,499	8,431	5,249	8,253
Year 9	2032	84,746	17,746	3,333	3,886	6,606	8,653	5,538	8,364
Year 10	2033	86,957	18,624	3,354	4,036	6,714	8,876	5,827	8,475
10-Year Increase		27,023	8,650	248	1,938	1,381	1,496	2,430	1,296
Projected Revenue		\$18,057,460	\$3,582,173	\$69,984	\$726,562	\$262,800	\$3,691,780	\$2,775,273	\$983,188

Projected Fee Revenue (Years 1-10)	\$30,149,220
Projected Fee Revenue (Years 11-15)	\$11,213,933
Total Expenditures	\$52,426,959

10-YEAR CAPITAL PLAN

The figure shown below includes potential police capital expenditures during the next 10 years. The list of potential capital expenditures is representational of future growth-related police capital expenditures.

Figure P20: Police Facilities Capital Plan

Project Type	Description	Fiscal Year	Cost
CIP	Armored Surveillance Van	2024	\$200,000
CIP	Patrol Take Home Vehicles	2024	\$2,931,200
CIP	Police Substation	2025	\$24,121,799
CIP	Police Substation	2026-2028	\$28,850,000
Debt Service	Public Safety Building (share)	2024	\$135,214
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$16,230
Total			\$56,254,443

WATER FACILITIES IIP

ARS § 9-463.05 (T)(7)(a) defines the eligible facilities and assets for the Water Facilities IIP:

“Water facilities, including the supply, transportation, treatment, purification and distribution of water, and any appurtenances for those facilities.”

The Water Facilities IIP includes components for wells, arsenic treatment, booster pump stations, storage tanks, water lines (SPA 1 only), land, and the cost of preparing the Water Facilities IIP and related Development Fee Report. SPA 1 uses a combined cost recovery and plan-based methodology. SPA 2 and SPA 3 use a plan-based methodology.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Water Facilities IIP and development fees will allocate the cost of necessary public services between both residential and nonresidential development using max day demand factors.

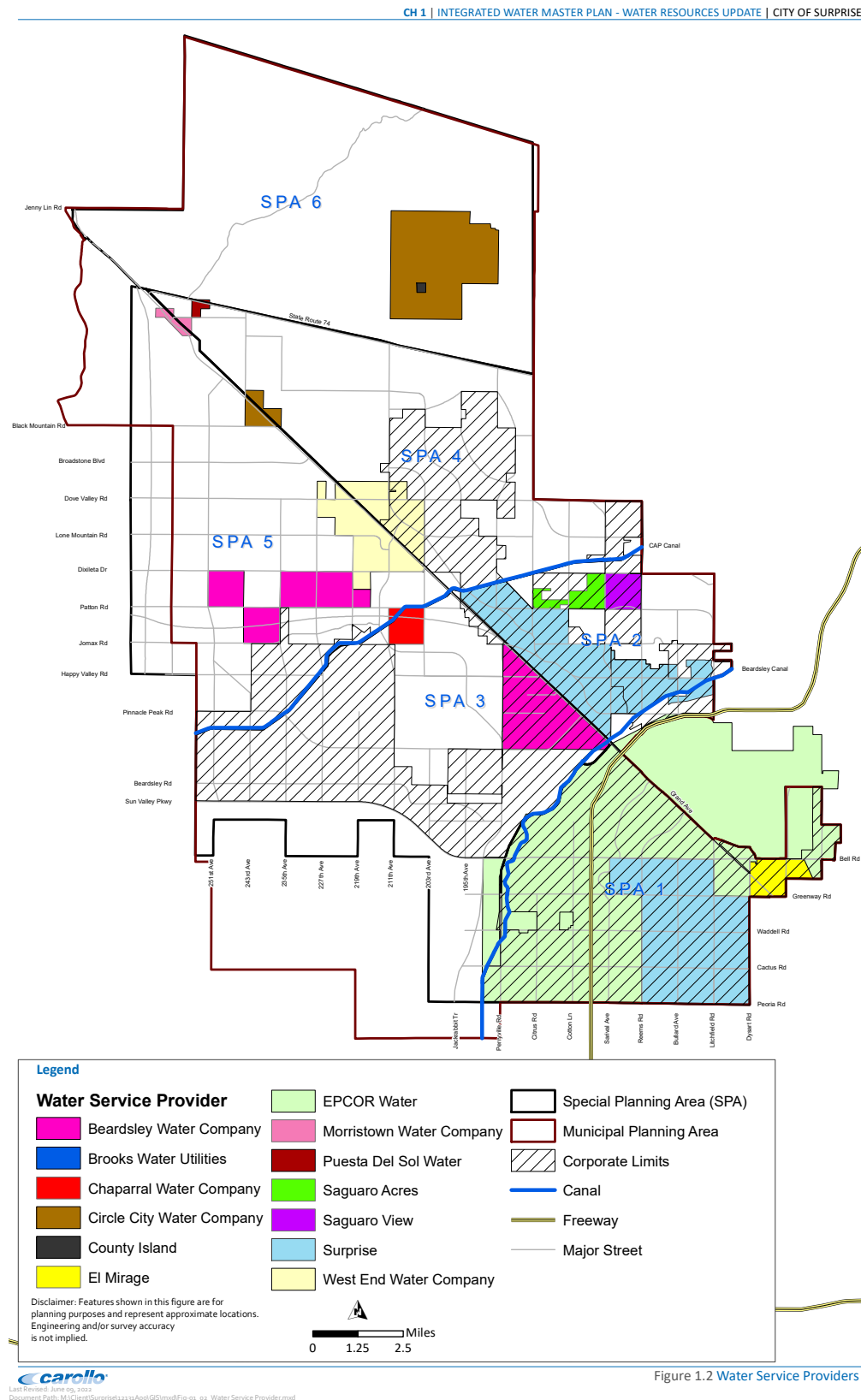
SERVICE AREA

As shown in Figure W1, the City’s Municipal Planning Area (MPA) is divided into six Special Planning Areas (SPAs). The SPAs are separated by major geographic barriers - Grand Avenue/BNSF Railroad line, the Beardsley Canal, the Central Arizona Project (CAP) Canal, and SR 74. The SPA borders form natural boundaries for the water service areas. Surprise will assess water facilities development fees in SPA 1, SPA 2, SPA 3, and SPA 4.

The City’s existing water facilities consist of three separate systems located in SPA 1, SPA 2, and SPA 3 with limited potential for interconnection. The existing service areas are acceptable for these facilities as they are defined as the incorporated area, or City utility service area, and may be expanded in the future within the respective SPAs. The water system relies on groundwater, which is pumped to the surface by wells. The wells are connected by transmission lines that convey the water to a water supply facility (WSF), where the water is treated, stored in tanks, and pumped into a system of pressurized distribution lines. The WSFs are interconnected within SPAs where practical to provide emergency backup. It is reasonable to use the SPAs as water service areas.

The City is not the only water provider in its planning area. In addition to individual developments that use on-site wells and do not connect to the City’s distribution system, there are also several private water providers.

Figure W1: Water Facilities Development Fee Service Area



RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

To calculate water and wastewater development fees, the demand associated with different types of customers must be expressed in a common unit of measurement called a service unit. The service unit for the City’s water and wastewater fees is an equivalent demand unit (EDU). An EDU is a single-family dwelling unit, or its equivalent in terms of water demand, defined as the potential demand resulting from a 0.75-inch diameter or smaller meter. According to the 2022 Water Resource Master Plan, average day demand from a single-family unit is 320 gallons. The analysis uses average day demand of 320 gallons per EDU.

The number of water service units associated with meters larger than 0.75 inches is determined by the capacity of the water meter relative to the capacity of a 0.75-inch meter. Figure W2 presents EDU multipliers for various meter sizes based on meter capacities from the American Water Works Association.

Figure W2: Ratio of Service Unit to Development Unit

Demand per Equivalent Demand Unit	
Development Type	Average Day Demand ¹
Single Family (EDU)	320

Demand per Equivalent Demand Unit		
Meter Size	Capacity Ratio ²	Average Day Demand
0.75-inch ³	1.00	320
1.00-inch	1.67	534
1.50-inch	3.33	1,066
2.00-inch	5.33	1,706
3.00-inch	10.67	3,414
4.00-inch	16.67	5,334
6.00-inch	33.33	10,666
8.00-inch	53.33	17,066

1. 2022 Water Resource Master Plan

2. AWWA Manual of Water Supply Practices M-1, 7th Edition

3. Includes meters smaller than 0.75 inches

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Existing Demand

Using water demand factors from the 2022 Water Resource Master Plan, average day demand from Surprise water customers in 2023 is approximately 10.11 million gallons.

Figure W3: Existing Demand

Year	Average Day Demand (mgd)				Equivalent Demand Units (EDU)			
	SPA 1	SPA 2	SPA 3	Total	SPA 1	SPA 2	SPA 3	Total
Base 2023	7.51	1.93	0.67	10.11	23,469	6,037	2,080	31,586

Level of service (LOS) generally refers to the ratio of capacity to demand. One of the principles of development fee analysis is that future development should not be required to pay for a higher LOS than existing development currently receives. Consequently, it is important to determine the existing LOS.

For water facilities, the capacity of water production facilities is generally used as reflective of the capacity of the entire water system. However, some components of the system may have more capacity or less capacity than needed for full utilization of production facilities. The existing water system consists of wells, water supply facilities (WSFs) consisting of booster pump stations, storage tanks, and water treatment facilities serving a group of wells, transmission lines from wells to WSFs, distribution lines from WSFs to customers, and land for wells and WSFs.

Wells

Existing well production capacity is summarized in Figure W4. Total capacity of individual wells is shown in acre-feet per year (ac-ft/yr) and millions of gallons per day (MGD). The City’s design criteria indicate the capacity of a system of wells should be measured in terms of firm capacity (total capacity less the capacity of the largest well) to account for the eventuality that a well may be out of service. Firm capacity is determined at the level of the group of wells served by a water supply facility. Existing well firm capacity is 19.56 million gallons for SPA 1, 5.72 million gallons for SPA 2, and 2.45 million gallons for SPA 3.

Figure W4: Existing Well Firm Capacity

Description	Max Permitted Volume		Firm Capacity
	(ac-ft/yr)	(mgd)	
SPA 1			
Mountain Vista Ranch Water Supply Facility			
Mountain Vista Ranch 1	4,032	3.60	n/a
Mountain Vista Ranch 2	2,178	1.94	1.94
Subtotal, Mountain Vista Ranch WSF	6,210	5.54	1.94
Ashton Ranch Water Supply Facility			
Ashton Ranch 1	3,064	2.74	2.74
Orchards	4,816	4.30	n/a
Surprise Center	1,460	1.30	1.30
Royal Ranch	1,872	1.67	1.67
Sierra Verde	2,100	1.88	1.88
Subtotal, Ashton Ranch WSF	13,312	11.89	7.59
Roseview Water Supply Facility			
Roseview	839	0.75	n/a
Litchfield Manor	710	0.63	0.63
Subtotal, Roseview WSF	1,549	1.38	0.63
Rancho Gabriela Water Supply Facility			
Rancho Gabriela 1	1,290	1.15	1.15
Rancho Gabriela 2	971	0.87	0.87
Surprise Pointe	1,210	1.08	1.08
Summit	2,903	2.59	2.59
Marley Park 1	4,032	3.60	n/a
Marley Park 2	928	0.83	0.83
Marley Park 3	3,226	2.88	2.88
Subtotal, Rancho Gabriela WSF	14,560	13.00	9.40
Subtotal, SPA 1	35,631	31.81	19.56
SPA 2			
Desert Oasis Water Supply Facility			
Desert Oasis 1	1,258	1.12	1.12
Desert Oasis 2	1,291	1.15	1.15
Asante 1	1,935	1.73	n/a
Asante 4	1,435	1.28	1.28
Subtotal, Desert Oasis WSF	5,919	5.28	3.56
Rancho Mercado Water Supply Facility			
Rancho Mercado 1	2,421	2.16	2.16
Rancho Mercado 2	2,421	2.16	n/a
Subtotal, Rancho Mercado WSF	4,842	4.32	2.16
Subtotal, SPA 2	10,761	9.61	5.72
SPA 3			
West Deer Valley Water Supply Facility			
Buena Vista 1	2,870	2.56	n/a
Buena Vista 2	2,742	2.45	2.45
Subtotal, West Deer Valley WSF	5,612	5.01	2.45
Subtotal, SPA 3	5,612	5.01	2.45
Total	52,004	46.43	27.73

Source: 2022 Water Resource Master Plan, Table 4.1

Firm capacity deals with the reliability of the well system to produce water. That capacity must be adequate to accommodate periods of peak water demand. The City's water design criteria require firm capacity be adequate to accommodate max day demand (two times average day demand). The existing levels of service for wells in SPA 1, SPA 2, and SPA 3 are summarized in Figure W5. Each SPA has enough capacity to accommodate current max day demand.

Figure W5: Existing Well Level of Service

Existing Level of Service for Wells	SPA 1	SPA 2	SPA 3	Total
Average Day Demand (mgd), 2023	7.51	1.93	0.67	10.11
x Peaking Factor ¹	2.00	2.00	2.00	2.00
Max Day Demand (mgd), 2023	15.02	3.86	1.33	20.21
Long-Term Firm Capacity (mgd)	19.56	5.72	2.45	27.73
– Max Day Demand (mgd), 2023	(15.02)	(3.86)	(1.33)	(20.21)
Excess Capacity (mgd)	4.54	1.86	1.12	7.52
÷ Long-Term Firm Capacity (mgd)	19.56	5.72	2.45	27.73
Percent Excess Capacity	23.2%	32.5%	45.7%	27.1%

1. 2022 Water Resource Master Plan

Other System Components

SPA 1 is the service area with the most developed water system, while SPA 2 and SPA 3 have smaller systems. Figure W6 shows quantities for other system components of the existing water systems in the three SPAs (line costs per foot generally increase proportionally with the inches of pipe diameter, making inch-feet a reasonable summary unit for comparison). The quantities are then converted into quantities per MGD of well capacity. Arsenic treatment has been omitted from this analysis, because the need for treatment varies by location.

Figure W6: Existing Level of Service for Other System Components

Description	Unit	Existing Quantity			Quantity per Well MGD		
		SPA 1	SPA 2	SPA 3	SPA 1	SPA 2	SPA 3
Wells	mgd	19.56	5.72	2.45	1.00	1.00	1.00
Booster Pump Stations	mgd	43.78	21.60	7.92	2.24	3.78	3.23
Storage Tanks	mg	12.87	5.02	1.50	0.66	0.88	0.61
Water Lines	in.-ft (000s)	5,644	1,525	255	288.50	266.75	104.02
Land	acres	31.56	5.05	5.00	1.61	0.88	2.04

Source: Surprise Water Resource Management Department

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

Projected Demand

Shown below, Figure W7 includes projected average day demand over the next 10 years. The analysis uses projected average day water demand from the 2022 Water Resource Master Plan. Projected average day demand increases by approximately 7.17 million gallons over the next 10 years.

Figure W7: Projected Demand

Year	Average Day Demand (mgd)				Equivalent Demand Units (EDU)			
	SPA 1	SPA 2	SPA 3	Total	SPA 1	SPA 2	SPA 3	Total
Base 2023	7.51	1.93	0.67	10.11	23,469	6,037	2,080	31,586
1 2024	7.88	2.42	0.70	11.00	24,613	7,573	2,185	34,372
2 2025	8.24	2.92	0.73	11.89	25,757	9,110	2,291	37,158
3 2026	8.50	3.41	0.78	12.68	26,550	10,645	2,424	39,619
4 2027	8.75	3.90	0.82	13.47	27,344	12,181	2,556	42,081
5 2028	9.00	4.39	0.86	14.25	28,137	13,716	2,689	44,542
6 2029	9.26	4.88	0.90	15.04	28,931	15,251	2,822	47,004
7 2030	9.51	5.37	0.95	15.83	29,724	16,786	2,955	49,465
8 2031	9.56	5.63	1.12	16.31	29,879	17,604	3,487	50,970
9 2032	9.61	5.89	1.29	16.79	30,034	18,421	4,020	52,474
10 2033	9.66	6.16	1.46	17.27	30,188	19,239	4,552	53,979
10-Yr Increase	2.15	4.22	0.79	7.17	6,719	13,202	2,472	22,393

Shown below, Figure W8 shows the projected 2033 level of service for wells in each SPA. Based on projected max day demand and existing firm capacity, SPA 1 will have 0.24 million gallons of available capacity, SPA 2 will have a deficit of 6.59 million gallons, and SPA 3 will have a deficit of 0.46 million gallons.

Figure W8: Future Well Level of Service

Future Level of Service for Wells	SPA 1	SPA 2	SPA 3	Total
Average Day Demand (mgd), 2033	9.66	6.16	1.46	17.27
x Peaking Factor ¹	2.00	2.00	2.00	2.00
Max Day Demand (mgd), 2033	19.32	12.31	2.91	34.55
Long-Term Firm Capacity (mgd)	19.56	5.72	2.45	27.73
– Max Day Demand (mgd), 2033	(19.32)	(12.31)	(2.91)	(34.55)
Excess Capacity (mgd)	0.24	(6.59)	(0.46)	(6.82)
÷ Long-Term Firm Capacity (mgd)	19.56	5.72	2.45	27.73
Percent Excess Capacity	1.3%	-115.3%	-18.9%	-24.6%

1. 2022 Water Resource Master Plan

SPA 1 – Cost Recovery / Plan-Based

This analysis uses a hybrid cost recovery and plan-based methodology for SPA 1, because the existing system has some excess capacity available to serve new customers. Existing water facilities in SPA 1 are summarized below. Unit costs for the system components are based on a combination of estimates in the City's 2009 Water Master Plan, recent construction costs, and planned construction costs. Current system value is the product of existing quantity times the unit cost. The SPA 1 system value equals \$325,422,008.

Figure W9: SPA 1 Cost Factors

SPA 1				
Description	Unit	Existing	Unit Cost	System Value
Wells	each	16.00	\$6,000,000	\$96,000,000
Arsenic Treatment	mgd	20.01	\$2,777,778	\$55,583,333
Booster Pump Stations	mgd	43.78	\$1,049,383	\$45,941,975
Storage Tanks, < 2.5 mg	mg	9.37	\$2,333,333	\$21,863,333
Storage Tanks, 2.5 - < 4.0 mg	mg	3.50	\$2,053,058	\$7,185,703
Storage Tanks, 4.0 - < 7.5 mg	mg	0.00	\$1,586,123	\$0
Water Lines, 10"	linear ft	22,695	\$169	\$3,835,455
Water Lines, 12"	linear ft	217,035	\$202	\$43,841,070
Water Lines, 16"	linear ft	89,911	\$270	\$24,275,970
Water Lines, 20"	linear ft	39,032	\$392	\$15,300,544
Water Lines, 24"	linear ft	14,521	\$416	\$6,040,736
Water Lines, 30"	linear ft	8,178	\$516	\$4,219,848
Land	acres	31.56	\$42,270	\$1,334,041
Total				\$325,422,008

Source: Surprise Water Resource Management Department

SPA 2 – Plan-Based

This analysis uses a plan-based methodology for SPA 2, because the future system does not have enough excess capacity available to serve new customers. Existing water facilities in SPA 2 are summarized below. Unit costs for the system components are based on a combination of estimates in the City's 2009 Water Master Plan, recent construction costs, and planned construction costs. Current system value is the product of existing quantity times the unit cost. The SPA 2 system value equals \$94,593,464.

Figure W10: SPA 2 Cost Factors

SPA 2				
Description	Unit	Existing	Unit Cost	System Value
Wells	each	6.00	\$6,000,000	\$36,000,000
Arsenic Treatment	mgd	8.64	\$2,777,778	\$24,000,000
Booster Pump Stations	mgd	21.60	\$1,049,383	\$22,666,667
Storage Tanks, < 2.5 mg	mg	5.02	\$2,333,333	\$11,713,333
Storage Tanks, 2.5 - < 4.0 mg	mg	0	\$2,053,058	\$0
Storage Tanks, 4.0 - < 7.5 mg	mg	0	\$1,586,123	\$0
Water Lines, 10"	linear ft	2,644	\$169	n/a
Water Lines, 12"	linear ft	38,358	\$202	n/a
Water Lines, 16"	linear ft	63,934	\$270	n/a
Water Lines, 20"	linear ft	0	\$392	n/a
Water Lines, 24"	linear ft	659	\$416	n/a
Water Lines, 30"	linear ft	0	\$516	n/a
Land	acres	5.05	\$42,270	\$213,464
Total				\$94,593,464

Source: Surprise Water Resource Management Department

SPA 3 – Plan-Based

This analysis uses a plan-based methodology for SPA 3, because the future system does not have enough excess capacity available to serve new customers. Existing water facilities in SPA 3 are summarized below. Unit costs for the system components are based on a combination of estimates in the City's 2009 Water Master Plan, recent construction costs, and planned construction costs. Current system value is the product of existing quantity times the unit cost. The SPA 3 system value equals \$24,022,461.

Figure W11: SPA 3 Cost Factors

SPA 3				
Description	Unit	Existing	Unit Cost	System Value
Wells	each	2.00	\$6,000,000	\$12,000,000
Arsenic Treatment	mgd	0.00	\$2,777,778	\$0
Booster Pump Stations	mgd	7.92	\$1,049,383	\$8,311,111
Storage Tanks, < 2.5 mg	mg	1.50	\$2,333,333	\$3,500,000
Storage Tanks, 2.5 - < 4.0 mg	mg	0	\$2,053,058	\$0
Storage Tanks, 4.0 - < 7.5 mg	mg	0	\$1,586,123	\$0
Water Lines, 10"	linear ft	20	\$169	n/a
Water Lines, 12"	linear ft	108	\$202	n/a
Water Lines, 16"	linear ft	9,343	\$270	n/a
Water Lines, 20"	linear ft	0	\$392	n/a
Water Lines, 24"	linear ft	4,080	\$416	n/a
Water Lines, 30"	linear ft	192	\$516	n/a
Land	acres	5.00	\$42,270	\$211,350
Total				\$24,022,461

Source: Surprise Water Resource Management Department

Cost per Gallon

The cost per gallon is calculated as system value divided by well capacity. The cost is \$16.63 per gallon in SPA 1, \$16.54 per gallon in SPA 2, and \$9.81 per gallon in SPA 3.

Figure W12: Cost per Gallon

Description	System Value			Well Capacity (mgd)			Cost per Gallon		
	SPA 1	SPA 2	SPA 3	SPA 1	SPA 2	SPA 3	SPA 1	SPA 2	SPA 3
Wells	\$96,000,000	\$36,000,000	\$12,000,000	19.56	5.72	2.45	\$4.91	\$6.29	\$4.90
Arsenic Treatment	\$55,583,333	\$24,000,000	\$0	19.56	5.72	2.45	\$2.84	\$4.20	\$0.00
Booster Pump Stations	\$45,941,975	\$22,666,667	\$8,311,111	19.56	5.72	2.45	\$2.35	\$3.96	\$3.39
Storage Tanks	\$29,049,036	\$11,713,333	\$3,500,000	19.56	5.72	2.45	\$1.48	\$2.05	\$1.43
Water Lines	\$97,513,623	\$0	\$0	19.56	5.72	2.45	\$4.98	\$0.00	\$0.00
Land	\$1,334,041	\$213,464	\$211,350	19.56	5.72	2.45	\$0.07	\$0.04	\$0.09
Total	\$325,422,008	\$94,593,464	\$24,022,461	n/a	n/a	n/a	\$16.63	\$16.54	\$9.81

SPA 4 – Plan-Based

This analysis uses a plan-based methodology for SPA 4. Developers will construct WSFs and wells for Marisol Ranch and Sunhaven in SPA 4. The planned facilities will cost \$30,000,000 and provide 3.24 mgd of well capacity. The analysis uses a cost of \$9.26 per gallon (\$30,000,000 cost / 3.24 mgd) for SPA 4.

Figure W13: SPA 4 Cost Factors

Description	Cost	Well Capacity (mgd)	Cost per Gallon
Marisol Ranch WSF and Wells	\$15,000,000	1.62	\$9.26
Sunhaven WSF and Wells	\$15,000,000	1.62	\$9.26
Total	\$30,000,000	3.24	\$9.26

Source: Surprise Water Resource Management Department

Development Fee Report – Plan-Based

The cost to prepare the Water Facilities IIP and related Development Fee Report totals \$30,000. Surprise plans to update its report every five years. Based on this cost, proportionate share, and five-year projections in Figure W7, the cost is \$0.01 per gallon.

Figure W14: IIP and Development Fee Report

Necessary Public Service	Cost	Proportionate Share	Service Unit	5-Year Change	Cost per Service Unit
Water	\$30,000	All Development 100%	Avg Gallons	4,336,702	\$0.01

WATER FACILITIES DEVELOPMENT FEES

Revenue Credit/Offset

A revenue credit/offset is necessary for development fees, because Surprise’s construction transaction privilege tax rate exceeds the amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications. Surprise allocates the construction privilege tax credit to fire, parks and recreational, and police development fees. Appendix A contains the forecast of revenues required by Arizona’s Enabling Legislation (ARS § 9-463.05(E)(7)).

SPA 1

The cost per service unit is \$16.64 per gallon for water facilities development fees in SPA 1, and Surprise will assess water facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$5,325 is calculated using a cost per service unit of \$16.64 per gallon, multiplied by 320 average day gallons, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$16.64 per gallon, multiplied by 320 average day gallons, multiplied by the associated capacity ratio.

Figure W15: Water Facilities Development Fees

Fee Component	Cost per Gallon
Wells	\$4.91
Arsenic Treatment	\$2.84
Booster Pump Stations	\$2.35
Storage Tanks	\$1.48
Water Lines	\$4.98
Land	\$0.07
Development Fee Report	\$0.01
Total	\$16.64

Development Type	Average Day Gallons
Single Family (EDU)	320

Fees per Meter - SPA 1				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$5,325	\$2,985	\$2,340
1.00-inch	1.67	\$8,892	\$4,985	\$3,907
1.50-inch	3.33	\$17,732	\$9,940	\$7,792
2.00-inch	5.33	\$28,381	\$15,910	\$12,471
3.00-inch	10.67	\$56,816	\$31,850	\$24,966
4.00-inch	16.67	\$88,764	\$49,760	\$39,004
6.00-inch	33.33	\$177,476	\$99,490	\$77,986
8.00-inch	53.33	\$283,972	\$159,190	\$124,782

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

SPA 2

The cost per service unit is \$16.55 per gallon for water facilities development fees in SPA 2, and Surprise will assess water facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$5,296 is calculated using a cost per service unit of \$16.55 per gallon, multiplied by 320 average day gallons, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$16.55 per gallon, multiplied by 320 average day gallons, multiplied by the associated capacity ratio.

Figure W16: Water Facilities Development Fees

Fee Component	Cost per Gallon
Wells	\$6.29
Arsenic Treatment	\$4.20
Booster Pump Stations	\$3.96
Storage Tanks	\$2.05
Land	\$0.04
Development Fee Report	\$0.01
Total	\$16.55

Development Type	Average Day Gallons
Single Family (EDU)	320

Fees per Meter - SPA 2				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$5,296	\$2,836	\$2,460
1.00-inch	1.67	\$8,844	\$4,736	\$4,108
1.50-inch	3.33	\$17,636	\$9,444	\$8,192
2.00-inch	5.33	\$28,228	\$15,116	\$13,112
3.00-inch	10.67	\$56,508	\$30,260	\$26,248
4.00-inch	16.67	\$88,284	\$47,276	\$41,008
6.00-inch	33.33	\$176,516	\$94,524	\$81,992
8.00-inch	53.33	\$282,436	\$151,244	\$131,192

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

SPA 3

The cost per service unit is \$9.82 per gallon for water facilities development fees in SPA 3, and Surprise will assess water facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$3,142 is calculated using a cost per service unit of \$9.82 per gallon, multiplied by 320 average day gallons, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$9.82 per gallon, multiplied by 320 average day gallons, multiplied by the associated capacity ratio.

Figure W17: Water Facilities Development Fees

Fee Component	Cost per Gallon
Wells	\$4.90
Arsenic Treatment	\$0.00
Booster Pump Stations	\$3.39
Storage Tanks	\$1.43
Land	\$0.09
Development Fee Report	\$0.01
Total	\$9.82

Development Type	Average Day Gallons
Single Family (EDU)	320

Fees per Meter - SPA 3				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$3,142	\$2,486	\$656
1.00-inch	1.67	\$5,248	\$4,152	\$1,096
1.50-inch	3.33	\$10,464	\$8,278	\$2,186
2.00-inch	5.33	\$16,749	\$13,250	\$3,499
3.00-inch	10.67	\$33,529	\$26,526	\$7,003
4.00-inch	16.67	\$52,384	\$41,442	\$10,942
6.00-inch	33.33	\$104,736	\$82,858	\$21,878
8.00-inch	53.33	\$167,584	\$132,578	\$35,006

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

SPA 4

The cost per service unit is \$9.27 per gallon for water facilities development fees in SPA 4, and Surprise will assess water facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$2,966 is calculated using a cost per service unit of \$9.27 per gallon, multiplied by 320 average day gallons, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$9.27 per gallon, multiplied by 320 average day gallons, multiplied by the associated capacity ratio.

Figure W18: Water Facilities Development Fees

Fee Component	Cost per Gallon
Planned WSFs and Wells	\$9.26
Development Fee Report	\$0.01
Total	\$9.27

Development Type	Average Day Gallons
Single Family (EDU)	320

Fees per Meter - SPA 4				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$2,966	\$0	\$2,966
1.00-inch	1.67	\$4,954	\$0	\$4,954
1.50-inch	3.33	\$9,878	\$0	\$9,878
2.00-inch	5.33	\$15,811	\$0	\$15,811
3.00-inch	10.67	\$31,651	\$0	\$31,651
4.00-inch	16.67	\$49,450	\$0	\$49,450
6.00-inch	33.33	\$98,870	\$0	\$98,870
8.00-inch	53.33	\$158,198	\$0	\$158,198

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

WATER FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains revenue forecasts required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)). Projected fee revenue shown in Figure W19 is based on EDU projections in Figure W7 and the updated water facilities development fees. If development occurs faster than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs slower than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Projected development fee revenue over the next 10 years equals \$35,768,588 in SPA 1, \$69,892,646 in SPA 2, and \$7,761,053 in SPA 3. Due to existing development agreements, projected development fee revenue may be offset by development fee credits.

Figure W19: Water Facilities Development Fees Revenue

Fee Component	SPA 1	SPA 2	SPA 3
Water Facilities	\$35,758,253	\$69,875,648	\$7,759,705
Development Fee Report	\$10,335	\$16,999	\$1,348
Total	\$35,768,588	\$69,892,646	\$7,761,053

		SPA 1 \$5,325 per EDU	SPA 2 \$5,296 per EDU	SPA 3 \$3,142 per EDU
Year		EDU	EDU	EDU
Base	2023	23,469	6,037	2,080
Year 1	2024	24,613	7,573	2,185
Year 2	2025	25,757	9,110	2,291
Year 3	2026	26,550	10,645	2,424
Year 4	2027	27,344	12,181	2,556
Year 5	2028	28,137	13,716	2,689
Year 6	2029	28,931	15,251	2,822
Year 7	2030	29,724	16,786	2,955
Year 8	2031	29,879	17,604	3,487
Year 9	2032	30,034	18,421	4,020
Year 10	2033	30,188	19,239	4,552
10-Year Increase		6,719	13,202	2,472
Projected Revenue		\$35,768,588	\$69,892,646	\$7,761,053

Projected Fee Revenue	\$113,422,288
Total Expenditures	\$113,422,288

10-YEAR CAPITAL PLAN

The figure shown below includes planned water capital expenditures during the next 10 years.

Figure W20: Water Facilities Capital Plan

Project Type	Description	Fiscal Year	Cost
CIP	SPA 1 Rancho Gabriela Agriculture Well	2030-2031	\$5,200,000
CIP	Surfacewater Capacity Expansion & Interconnect	2030+	\$8,736,981
CIP	SPA 1 Rancho Gabriela Water Supply Facility Expansion	2026-2028	\$13,750,000
Dev Agreement	Developer Obligation - Marley Park Well #3	2024-2034	\$2,500,000
Dev Agreement	Developer Obligation - Section 15 Arsenic Treatment	2024-2034	\$2,510,434
Dev Agreement	Developer Obligation - Section 15 Water System	2024-2034	\$1,274,840
Dev Agreement	Developer Obligation - Section 15 WSF 2B Expansion	2024-2034	\$1,785,998
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$10,335
Subtotal, SPA 1			\$35,768,588
CIP	Rancho Mercado Well 2	2024	\$4,200,000
CIP	Rancho Mercado Well 3	2026-2028	\$5,200,000
CIP	Rancho Mercado WSF Phase II	2026-2028	\$12,920,956
Dev Agreement	Desert Oasis WSF (Arsenic / Tank capacity)	2024	\$19,270,366
Dev Agreement	Developer Obligation - Asante Arsenic Treatment Facility 3,800 GPM	2024-2034	\$5,676,933
Dev Agreement	Developer Obligation - Asante Wells 1-4, Transmission lines, Tank	2024-2034	\$7,246,996
Dev Agreement	Developer Obligation - Rancho Mercado Regional Improvements	2024-2034	\$14,596,907
Dev Agreement	Developer Obligation - Tierra Verde West Regional Improvements	2024-2034	\$763,489
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$16,999
Subtotal, SPA 2			\$69,892,646
Dev Agreement	Developer Obligation - Surprise Foothills WSF and Wells	2024-2034	\$17,793,543
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$1,348
Subtotal, SPA 3			\$17,794,891
Dev Agreement	Developer Obligation - Marisol Ranch WSF and Wells	2024-2034	\$15,000,000
Dev Agreement	Developer Obligation - Sunhaven WSF and Wells	2024-2034	\$15,000,000
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$1,318
Subtotal, SPA 4			\$30,001,318
Total			\$153,457,443

Source: Surprise Water Resource Management Department

WATER RESOURCE FACILITIES IIP

ARS § 9-463.05 (T)(7)(a) defines the eligible facilities and assets for the Water Facilities IIP:

“Water facilities, including the supply, transportation, treatment, purification and distribution of water, and any appurtenances for those facilities.”

The Water Resource Facilities IIP includes components for acquisition of water resources and the cost of preparing the Water Resource Facilities IIP and related Development Fee Report. The plan-based methodology is used for water resource and the Development Fee Report.

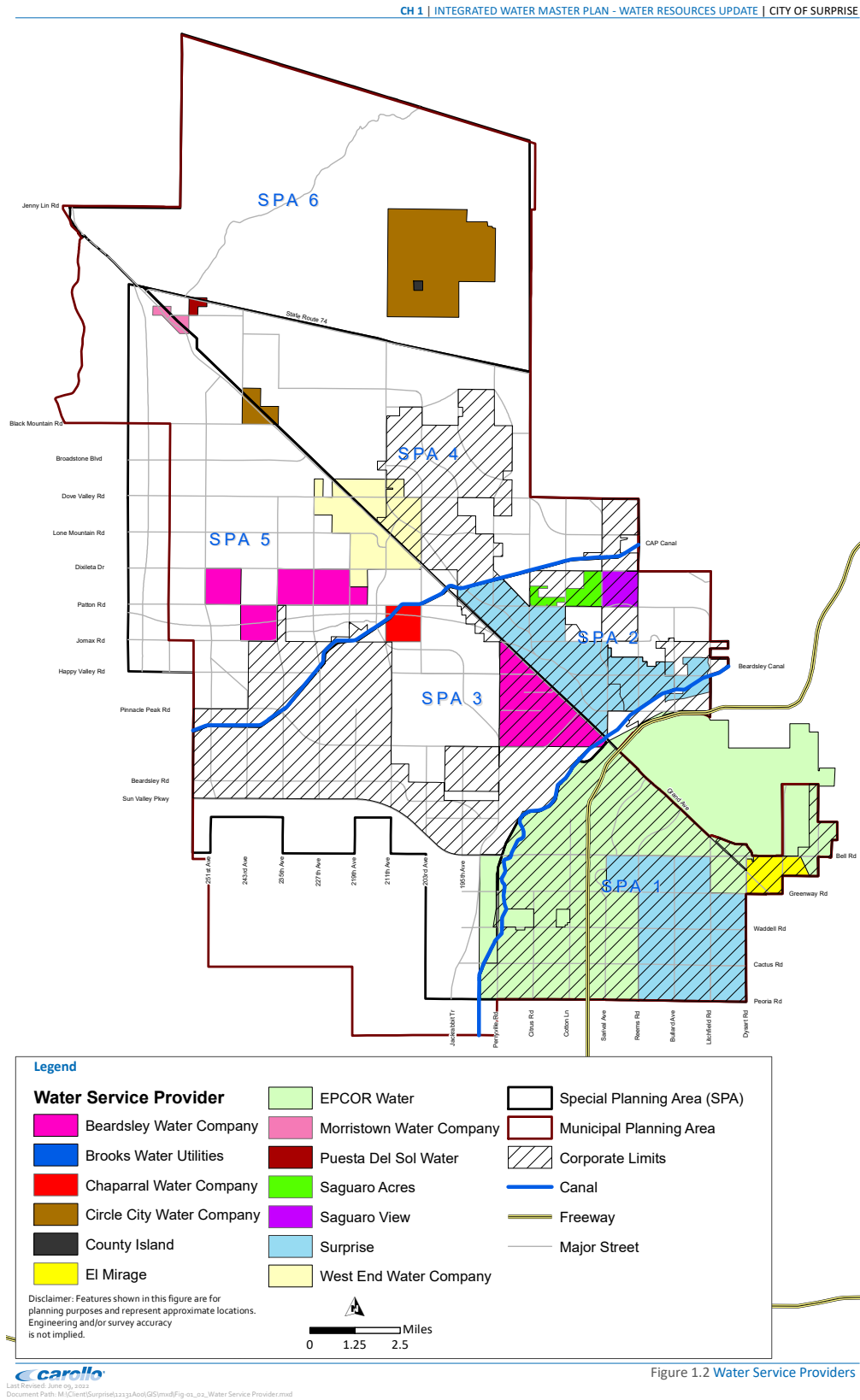
PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Water Resource Facilities IIP and development fees will allocate the cost of necessary public services between both residential and nonresidential development using annual demand factors.

SERVICE AREA

The City of Surprise is an assured water service provider within its water service area, which is shown in Figure WR1. The City is allowed to treat and deliver no more than its total demonstrated 100-year supply. Because this requirement applies to the entire area served by the City water system, a single, citywide service area is appropriate for its Water Resource Facilities Development Fee.

Figure WR1: Water Resource Facilities Development Fee Service Area



RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

Future development places demand on the City’s available water resources. However, some of the water used by new customers is returned to the City in the form of wastewater influent flows to its water reclamation facilities (WRFs). Surprise plans to ultimately reclaim all treated effluent for either direct reuse, for recharge, or for long-term storage credits. Shown below in Figure WR2, the 2022 Water Resource Master Plan indicates 42 percent of water is returned in the form of wastewater influent, with the remainder used for irrigation or other uses. Surprise can reclaim or recharge 90 percent of its wastewater influent, which means 37.8 percent of water use can be reclaimed or recharged (42.0 percent water returned as wastewater influent X 90 percent efficiency factor = 37.8 percent reclaimed or recharged). The remaining 62.2 percent of water use that is not recoverable for reuse or recharge is used to determine the water resource demand of a new customer.

Figure WR2: Water Recovery Factor

Water Recovery Factor	
Water Returned as Wastewater Influent	42.0%
x Efficiency Factor (Influent / Effluent Ratio)	90.0%
Water Reclaimed / Recharged	37.8%
Water Not Reclaimed / Recharged	62.2%
Total Water Use	100.0%

Source: 2022 Water Resource Master Plan

To deliver water, Surprise must demonstrate sufficient 100-year renewable supply to accommodate existing demand and 10-year demand. Surprise currently has a demonstrated 100-year supply for current customers, as well as some excess capacity, but will need to dramatically expand its water resource portfolio in the future to accommodate future development. If growth is to pay for its share of water resources, future development will pay a development fee sufficient to acquire their own 100-year supply. However, the adopted Water Acquisition Policy states that “To ensure enough reserves are in place to meet present and future water demands ... the City will maintain a minimum balance ... equal to 15 years or 15 times the City’s service area net demand .”

As shown in Figure WR3, average day water resource demand is 199 gallons (320 average day gallons X 62.2 percent of water not reclaimed or recharged) per equivalent demand unit (EDU), and annual water resource demand is 72,635 gallons (199 average day gallons X 365 days) or 0.2229 acre-feet (72,635 gallons / 325,851 gallons per acre-foot). For a 15-year supply, long-term water resource demand is 3.3435 acre-feet per EDU (0.2229 acre-feet per year X 15 years).

Figure WR3: Long-Term Water Resource Demand per EDU

Water Resource Demand per EDU	
Average Day Demand (gallons)	320
x Percent of Water Not Reclaimed / Recharged	62.2%
Average Day Water Resource Demand (gallons)	199
x Days per Year	365
Annual Water Resource Demand (gallons)	72,635
÷ Gallons per Acre-Foot	325,851
Annual Water Resource Demand (acre-feet)	0.2229
x Years	15
Long-Term Water Resource Demand (acre-feet)	3.3435

Source: 2022 Water Resource Master Plan

Water resource development fees are assessed by meter size, and the analysis uses long-term water resource demand from single-family units equal to 3.3435 acre-feet as the demand factor for a 0.75-inch meter. For meters larger than 0.75 inches, long-term water resource demand is calculated by multiplying long-term water resource demand from existing single-family units by the capacity ratio for the corresponding meter size. Figure WR4 displays the demand indicators by meter size.

Figure WR4: Ratio of Service Unit to Development Unit

Demand per Unit	
Development Type	Long-Term Demand (AF)
Single Family (EDU)	3.3435

Demand per Meter		
Meter Size	Capacity Ratio ¹	Long-Term Demand (AF)
0.75-inch ²	1.00	3.3435
1.00-inch	1.67	5.5836
1.50-inch	3.33	11.1339
2.00-inch	5.33	17.8209
3.00-inch	10.67	35.6751
4.00-inch	16.67	55.7361
6.00-inch	33.33	111.4389
8.00-inch	53.33	178.3089

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Existing Demand

Applying the water resource demand factor of 62.2 percent shown in Figure WR2 to annual water demand from the 2022 Water Resource Master Plan results in existing water resource demand of approximately 7,041 acre-feet per year.

Figure WR5: Existing Demand

Year	Annual Water Resource Demand (AFY)			
	SPA 1	SPA 2	SPA 3	Total
Base 2023	5,232	1,346	464	7,041

Source: TischlerBise calculation based on 62.2 percent of annual water demand

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

Projected Demand

Figure WR6 includes projected annual water resource demand over the next 10 years. To project future annual water resource demand, the analysis applies the water resource demand factor of 62.2 percent shown in Figure WR2 to projected annual water demand projections from the 2022 Water Resource Master Plan. Projected demand increases by 4,992 acre-feet over the next 10 years.

Figure WR6: Projected Demand

Year	Annual Water Resource Demand (AFY)				Equivalent Demand Units (EDU)			
	SPA 1	SPA 2	SPA 3	Total	SPA 1	SPA 2	SPA 3	Total
Base 2023	5,232	1,346	464	7,041	23,471	6,037	2,080	31,588
1 2024	5,487	1,688	487	7,662	24,615	7,574	2,186	34,375
2 2025	5,742	2,031	511	8,283	25,759	9,111	2,291	37,161
3 2026	5,919	2,373	540	8,832	26,553	10,646	2,424	39,623
4 2027	6,095	2,715	570	9,381	27,346	12,182	2,557	42,084
5 2028	6,272	3,058	599	9,929	28,140	13,717	2,689	44,546
6 2029	6,449	3,400	629	10,478	28,933	15,252	2,822	47,008
7 2030	6,626	3,742	659	11,027	29,727	16,788	2,955	49,470
8 2031	6,661	3,924	777	11,362	29,882	17,605	3,488	50,974
9 2032	6,695	4,106	896	11,698	30,036	18,423	4,020	52,479
10 2033	6,730	4,289	1,015	12,033	30,191	19,240	4,552	53,984
10-Yr Increase	1,498	2,943	551	4,992	6,720	13,203	2,472	22,395

Source: TischlerBise calculation based on 62.2 percent of annual water demand

Water Resource – Plan-Based

The City of Surprise plans to acquire additional water resources to meet demand from future development. The average cost of recent and potential water resource acquisitions is \$1,091 per acre-foot. The analysis uses this cost as a proxy for future water resource acquisition costs.

Figure WR7: Water Resource Acquisition Costs

Description	Cost per Acre-Foot
Extinguishment Credits	\$315
Tribal Lease of LTSC	\$500
CAGR	\$850
Renewable Water Supply Estimate	\$2,700
Average	\$1,091

Source: Surprise Water Resource Management Department

Development Fee Report – Plan-Based

The cost to prepare the Water Resource Facilities IIP and related Development Fee Report totals \$12,000. Surprise plans to update its report every five years. Based on this cost, proportionate share, and five-year projections of long-term annual water resource demand, the cost is \$0.28 per acre-foot.

Figure WR8: IIP and Development Fee Report

Necessary Public Service	Cost	Proportionate Share	Service Unit	5-Year Change	Cost per Service Unit
Water Resource	\$12,000	All Development 100%	Acre-Feet	43,325	\$0.28

WATER RESOURCE FACILITIES DEVELOPMENT FEES

Revenue Credit/Offset

A revenue credit/offset is necessary for development fees, because Surprise's construction transaction privilege tax rate exceeds the amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications. Surprise allocates the construction privilege tax credit to fire, parks and recreational, and police development fees. Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)).

Water Resource Facilities Development Fees

The cost per service unit is \$1,091.28 per acre-foot for water resource facilities development fees, and Surprise will assess water resource facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$3,649 is calculated using a cost per service unit of \$1,091.28 per acre-foot, multiplied by 3.3435 acre-feet, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$1,091.28 per acre-foot, multiplied by 3.3435 acre-feet, multiplied by the associated capacity ratio.

Figure WR9: Water Resource Facilities Development Fees

Fee Component	Cost per AF
Water Resource	\$1,091.00
Development Fee Report	\$0.28
Total	\$1,091.28

Development Type	Long-Term Demand (AF)
Single Family (EDU)	3.3435

Fees per Meter				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$3,649	\$2,279	\$1,370
1.00-inch	1.67	\$6,093	\$3,806	\$2,287
1.50-inch	3.33	\$12,150	\$7,589	\$4,561
2.00-inch	5.33	\$19,448	\$12,147	\$7,301
3.00-inch	10.67	\$38,932	\$24,317	\$14,615
4.00-inch	16.67	\$60,824	\$37,991	\$22,833
6.00-inch	33.33	\$121,611	\$75,959	\$45,652
8.00-inch	53.33	\$194,585	\$121,539	\$73,046

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

WATER RESOURCE FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains revenue forecasts required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)). Projected fee revenue shown in Figure WR10 is based on EDU projections in Figure WR6 and the updated water resource facilities development fees. If development occurs faster than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs slower than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Projected development fee revenue over the next 10 years equals \$81,704,610, and projected expenditures equal \$81,704,823.

Figure WR10: Water Resource Facilities Development Fees Revenue

Fee Component	Growth Share	Existing Share	Total
Water Resource	\$81,692,823	\$0	\$81,692,823
Development Fee Report	\$12,000	\$0	\$12,000
Total	\$81,704,823	\$0	\$81,704,823

		SPA 1 \$3,649 per EDU	SPA 2 \$3,649 per EDU	SPA 3 \$3,649 per EDU
Year		EDU	EDU	EDU
Base	2023	23,471	6,037	2,080
Year 1	2024	24,615	7,574	2,186
Year 2	2025	25,759	9,111	2,291
Year 3	2026	26,553	10,646	2,424
Year 4	2027	27,346	12,182	2,557
Year 5	2028	28,140	13,717	2,689
Year 6	2029	28,933	15,252	2,822
Year 7	2030	29,727	16,788	2,955
Year 8	2031	29,882	17,605	3,488
Year 9	2032	30,036	18,423	4,020
Year 10	2033	30,191	19,240	4,552
10-Year Increase		6,720	13,203	2,472
Projected Revenue		\$24,517,511	\$48,169,270	\$9,017,829

Projected Fee Revenue	\$81,704,610
Total Expenditures	\$81,704,823

10-YEAR CAPITAL PLAN

The figure shown below includes potential water resource capital expenditures during the next 10 years.

Figure WR11: Water Resource Facilities Capital Plan

Project Type	Description	Fiscal Year	Cost
CIP	Circle City Water Acquisition	2025-2029	\$15,000,000
CIP	Water Acquisitions and Associated Underground Storage Facilities	2024-2028	\$66,680,000
Dev Agreement	Developer Obligation - Kamarata Ranch Northern Basin	2024-2034	\$26,368
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$12,000
Total			\$81,718,368

Source: Surprise Water Resource Management Department

WASTEWATER FACILITIES IIP

ARS § 9-463.05 (T)(7)(b) defines the eligible facilities and assets for the Wastewater Facilities IIP:

“Wastewater facilities, including collection, interception, transportation, treatment and disposal of wastewater, and any appurtenances for those facilities.”

The Wastewater Facilities IIP includes components for water reclamation facilities (WRFs), land, wastewater lines (SPA 1 only), reclaimed lines, recharge basins, other wastewater improvements (lift stations, reclaimed booster stations, vadose zone wells, and monitoring wells), and the cost of preparing the Wastewater Facilities IIP and related Development Fee Report. SPA 1 uses a combined cost recovery and plan-based methodology, and the remaining SPA 2, SPA 3, SPA 4, and SPA 5 use a plan-based methodology.

PROPORTIONATE SHARE

ARS § 9-463.05 (B)(3) states that the development fee shall not exceed a proportionate share of the cost of necessary public services needed to accommodate new development. The Wastewater Facilities IIP and development fees will allocate the cost of necessary public services between both residential and nonresidential development using max day demand factors.

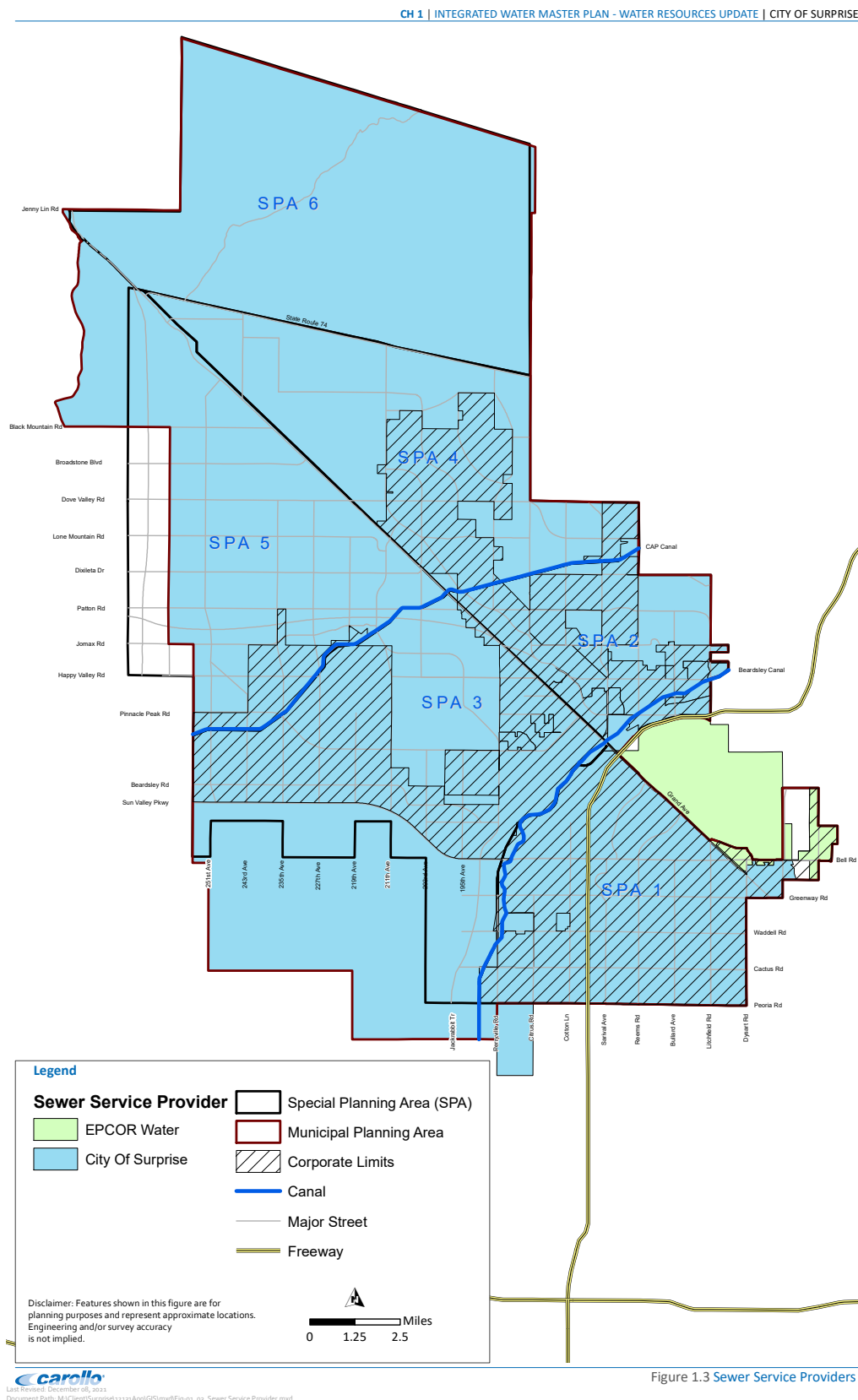
SERVICE AREA

As shown in Figure WW1, there are six service areas for the Wastewater Facilities IIP. The City’s Municipal Planning Area (MPA) is divided into six Special Planning Areas (SPAs). The SPAs are separated by major geographic barriers - Grand Avenue/BNSF Railroad line, the Beardsley Canal, the Central Arizona Project (CAP) Canal, and SR 74. The SPA borders form natural boundaries for the wastewater service areas. Surprise will assess wastewater facilities development fees in SPA 1, SPA 2, SPA 3, SPA 4, and SPA 5.

Surprise is the primary service provider for all its Municipal Planning Area (MPA), except for a small area that is served by EPCOR, a private utility. Surprise currently provides wastewater service to most of the developed areas of SPA 1, SPA 2, and SPA 3. Surprise entered into an annexation development agreement with a developer in SPA 2 and SPA 3, and the developer built a water reclamation facility. Based on the terms of the annexation development agreement, parties subject to the agreement will not pay development fees related to wastewater infrastructure. Although most future development within SPA 2 and SPA 3 is a party to the annexation development agreement, the analysis includes a wastewater development fee for future development within SPA 2 and SPA 3 that is not a party to the annexation development agreement.

SPA 4 and SPA 5 will be served by a common water reclamation facility, so the analysis uses the same wastewater development fee for future development in SPA 4 and SPA 5. The analysis does not include a wastewater development fee for SPA 6.

Figure WW1: Wastewater Facilities Development Fee Service Area



RATIO OF SERVICE UNIT TO DEVELOPMENT UNIT

ARS § 9-463.05(E)(4) requires:

“A table establishing the specific level or quantity of use, consumption, generation or discharge of a service unit for each category of necessary public services or facility expansions and an equivalency or conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”

To calculate water and wastewater development fees, the demand associated with different types of customers must be expressed in a common unit of measurement called a service unit. The service unit for the City’s water and wastewater fees is an equivalent demand unit (EDU). An EDU is a single-family dwelling unit, or its equivalent in terms of water demand, defined as the potential demand resulting from a 0.75-inch diameter or smaller meter.

The number of wastewater service units associated with meters larger than 0.75 inches is determined by the capacity of the meter relative to the capacity of a 0.75-inch meter. Figure WW2 presents EDU multipliers for various meter sizes based on meter capacities from the American Water Works Association. According to the 2022 Water Resource Master Plan, average day flow from a single-family unit is 210 gallons, so the analysis uses average day flow of 210 gallons per EDU.

Figure WW2: Ratio of Service Unit to Development Unit

Demand per Equivalent Demand Unit	
Development Type	Average Day Demand ¹
Single Family (EDU)	210

Demand per Equivalent Demand Unit		
Meter Size	Capacity Ratio ²	Average Day Demand
0.75-inch ³	1.00	210
1.00-inch	1.67	351
1.50-inch	3.33	699
2.00-inch	5.33	1,119
3.00-inch	10.67	2,241
4.00-inch	16.67	3,501
6.00-inch	33.33	6,999
8.00-inch	53.33	11,199

1. 2022 Water Resource Master Plan

2. AWWA Manual of Water Supply Practices M-1, 7th Edition

3. Includes meters smaller than 0.75 inches

ANALYSIS OF CAPACITY, USAGE, AND COSTS OF EXISTING PUBLIC SERVICES

ARS § 9-463.05(E)(2) requires:

“An analysis of the total capacity, the level of current usage and commitments for usage of capacity of the existing necessary public services, which shall be prepared by qualified professionals licensed in this state, as applicable.”

Existing Flow

Using wastewater flow factors from the 2022 Water Resource Master Plan, average day flow from Surprise wastewater customers in 2023 is approximately 11.83 million gallons. Existing wastewater service units are estimated based on existing wastewater flow and the service unit multipliers described in the previous section of this report. As shown below, the City’s current wastewater customer base amounts to 56,332 service units (EDUs).

Figure WW3: Existing Flow

Year	Average Day Flow (mgd)				Service Units (EDUs)			
	SPA 1	SPA 2	SPA 3	Total	SPA 1	SPA 2	SPA 3	Total
Base 2023	10.54	0.77	0.52	11.83	50,201	3,674	2,458	56,332

Level of service (LOS) generally refers to the ratio of capacity to demand. One of the principles of development fee analysis is that future development should not be required to pay for a higher LOS than existing development currently receives. Consequently, it is important to determine the existing LOS.

The capacity of water reclamation facilities (WRFs) is generally reflective of the capacity of the entire wastewater system. However, other components of the system may have more capacity or less capacity than needed for full utilization of WRFs and will be evaluated separately. The capacities of the existing WRFs are summarized in Figure WW4.

Figure WW4: Existing Water Reclamation Facility Capacity

Description	Status	Total Capacity (mgd)
SPA 1		
Plant 1	Existing (Inactive)	0.8
Plant 2	Existing (Inactive)	2.7
Plant 3	Existing	4.8
Plant 4	Existing	4.0
Plant 5	Existing	4.0
Subtotal, SPA 1		16.3
SPA 2		
Plant 1	Existing	1.2
Plant 2	Existing	2.0
Subtotal, SPA 2		3.2
SPA 3		
Plant 1	Existing	1.8
Subtotal, SPA 3		1.8
Total		21.3

Source: 2022 Integrated Water Master Plan

The existing levels of service for WRFs in SPA 1, SPA 2, and SPA 3 are summarized in Figure WW5. Each SPA has enough capacity to accommodate current average day flow.

Figure WW5: Existing WRF Level of Service

Existing Level of Service for WRFs	SPA 1	SPA 2	SPA 3	Total
Existing Treatment Capacity (mgd)	16.30	3.20	1.80	21.30
- Average Day Influent Flow (mgd), 2023	(10.54)	(0.77)	(0.52)	(11.83)
Available Capacity (mgd)	5.76	2.43	1.28	9.47
Capacity Used, 2023	64.7%	24.1%	28.7%	55.5%

Other System Components

SPA 1 is the service area with the most developed wastewater system. Figure WW6 includes quantities for WRF and non-WRF components for SPA 1, SPA 2, and SPA 3. Line costs per foot generally increase proportionally with the inches in diameter of the pipe, making inch-feet a reasonable summary unit for comparison. The component quantities are then converted into quantities per MGD of WRF capacity.

In the existing SPA 2 system, WRF land, wastewater collection lines, and recharge basins are somewhat undersized for full utilization of existing WRF capacity, while reclaimed lines are oversized. In the existing SPA 3 system, reclaimed lines are somewhat undersized for full utilization of existing WRF capacity, while WRF land, wastewater collection lines, and recharge basins are oversized.

Figure WW6: Existing Level of Service for Other System Components

Description	Unit	Existing Quantity			Quantity per WRF MGD		
		SPA 1	SPA 2	SPA 3	SPA 1	SPA 2	SPA 3
WRFs	mgd	16.30	3.20	1.80	1.00	1.00	1.00
WRF land	acres	174.45	23.94	140.31	11	7	78
Wastewater Lines	1,000 in.-ft	8,593	1,209	1,182	527	378	657
Reclaimed Lines	1,000 in.-ft	1,808	476	0	111	149	0
Recharge Basins	acres	25.50	1.06	8.30	1.56	0.33	4.61

Source: Surprise Water Resource Management Department

PROJECTED DEMAND FOR SERVICES AND COSTS

ARS § 9-463.05(E)(1) requires:

“A description of the existing necessary public services in the service area and the costs to upgrade, update, improve, expand, correct or replace those necessary public services to meet existing needs and usage and stricter safety, efficiency, environmental or regulatory standards, which shall be prepared by qualified professionals licensed in this state, as applicable.”

ARS § 9-463.05(E)(5) requires:

“The total number of projected service units necessitated by and attributable to new development in the service area based on the approved land use assumptions and calculated pursuant to generally accepted engineering and planning criteria.”

ARS § 9-463.05(E)(6) requires:

“The projected demand for necessary public services or facility expansions required by new service units for a period not to exceed ten years.”

Projected Flow

Shown below, Figure WW7 includes projected average day flow over the next 10 years from the 2022 Water Resource Master Plan.

Figure WW7: Projected Flow

Year	Average Day Flow (mgd)				Service Units (EDUs)			
	SPA 1	SPA 2	SPA 3	Total	SPA 1	SPA 2	SPA 3	Total
Base 2023	10.54	0.77	0.52	11.83	50,201	3,674	2,458	56,332
1 2024	10.88	0.97	0.62	12.47	51,827	4,615	2,949	59,391
2 2025	11.23	1.17	0.72	13.11	53,454	5,557	3,440	62,450
3 2026	11.55	1.37	0.79	13.70	55,002	6,502	3,745	65,249
4 2027	11.88	1.56	0.85	14.29	56,551	7,447	4,050	68,047
5 2028	12.20	1.76	0.91	14.88	58,099	8,391	4,356	70,846
6 2029	12.53	1.96	0.98	15.47	59,648	9,336	4,661	73,644
7 2030	12.85	2.16	1.04	16.05	61,196	10,281	4,966	76,443
8 2031	12.96	2.26	1.12	16.35	61,729	10,775	5,352	77,856
9 2032	13.08	2.37	1.21	16.65	62,262	11,269	5,738	79,270
10 2033	13.19	2.47	1.29	16.94	62,796	11,763	6,124	80,683
10-Yr Increase	2.64	1.70	0.77	5.11	12,595	8,089	3,667	24,351

Surprise must begin planning and design of treatment capacity expansion when utilization reaches 80 percent of available capacity and must begin construction when utilization reaches 90 percent of available capacity. Shown below, Figure WW8 shows the projected 2033 level of service for WRFs in each SPA. Based on projected average day flow in 2033 and existing capacity, SPA 1 will exceed 80 percent capacity utilization (the 2022 Water Resource Master Plan identifies buildout demand of 15.8 MGD), SPA 2 will exceed 77 percent capacity utilization (80 percent capacity utilization in 2034), and SPA 3 will exceed 71 percent capacity utilization (80 percent capacity utilization in 2035).

Figure WW8: Future WRF Level of Service

Future Level of Service for WRFs	SPA 1	SPA 2	SPA 3	Total
Existing Treatment Capacity (mgd)	16.30	3.20	1.80	21.30
- Average Day Influent Flow (mgd), 2033	(13.19)	(2.47)	(1.29)	(16.94)
Available Capacity (mgd)	3.11	0.73	0.51	4.36
Capacity Used, 2033	80.9%	77.2%	71.4%	79.5%

SPA 1 – Cost Recovery / Plan-Based

This analysis uses a hybrid cost recovery and plan-based methodology for SPA 1, because the existing system has some excess capacity available to serve new customers. Existing wastewater facilities in SPA 1 are summarized below. Unit costs for the system components are based on a combination of estimates in the City's 2009 Water Master Plan, recent construction costs, and planned construction costs. Current system value is the product of existing quantity times the unit cost. The SPA 1 system value equals \$347,665,492.

Figure WW9: SPA 1 Cost Factors

SPA 1				
Description	Unit	Existing	Unit Cost	System Value
WRFs, 13<18 mgd	mgd	16.30	\$10,887,960	\$177,473,748
Lift Stations	mgd	4.70	\$1,116,979	\$5,249,801
WRF Land	acres	174.45	\$42,270	\$7,374,002
Wastewater Lines, 10"	linear ft	111,230	\$135	\$15,016,050
Wastewater Lines, 12"	linear ft	125,705	\$159	\$19,987,095
Wastewater Lines, 15"	linear ft	81,631	\$186	\$15,183,366
Wastewater Lines, 18"	linear ft	45,970	\$223	\$10,251,310
Wastewater Lines, 21"	linear ft	16,195	\$265	\$4,291,675
Wastewater Lines, 24"	linear ft	48,572	\$287	\$13,940,164
Wastewater Lines, 27"	linear ft	23,196	\$314	\$7,283,544
Wastewater Lines, 30"	linear ft	30,656	\$342	\$10,484,352
Wastewater Lines, 36"	linear ft	4,843	\$397	\$1,922,671
Wastewater Lines, 42"	linear ft	10,645	\$452	\$4,811,540
Wastewater Lines, 48"	linear ft	5,138	\$507	\$2,604,966
Reclaimed Lines, 10"	linear ft	550	\$169	\$92,950
Reclaimed Lines, 12"	linear ft	29,050	\$202	\$5,868,100
Reclaimed Lines, 16"	linear ft	21,600	\$270	\$5,832,000
Reclaimed Lines, 20"	linear ft	33,530	\$392	\$13,143,760
Reclaimed Lines, 24"	linear ft	6,180	\$416	\$2,570,880
Reclaimed Lines, 30"	linear ft	9,650	\$516	\$4,979,400
Reclaimed Booster Stations, 1-3	mgd	16.56	\$359,764	\$5,957,692
Vadose Zone Wells	each	20	\$350,000	\$7,000,000
Monitoring Well	each	2	\$495,713	\$991,426
Recharge Basins	acres	25.50	\$210,000	\$5,355,000
Total				\$347,665,492

Source: Surprise Water Resource Management Department

SPA 2 – Plan-Based

This analysis uses a plan-based methodology for SPA 2. Surprise entered into an annexation development agreement with a developer in SPA 2, and the developer built a water reclamation facility. Based on the terms of the annexation development agreement, parties subject to the agreement will not pay development fees related to wastewater infrastructure. Although most future development within SPA 2 is a party to the annexation development agreement, the analysis includes a wastewater development fee for future development within SPA 2 that is not a party to the annexation development agreement.

Existing wastewater facilities in SPA 2 are summarized below. Unit costs for the system components are based on a combination of estimates in the City's 2009 Water Master Plan, recent construction costs, and planned construction costs. Current system value is the product of existing quantity times the unit cost. The SPA 2 system value equals \$137,112,022.

Figure WW10: SPA 2 Cost Factors

SPA 2				
Description	Unit	Existing	Unit Cost	System Value
WRFs, <7 mgd	mgd	3.20	\$39,095,375	\$125,105,200
Lift Stations	mgd	0.00	\$1,116,979	\$0
WRF Land	acres	23.94	\$42,270	\$1,011,944
Wastewater Lines, 10"	linear ft	7,351	\$135	n/a
Wastewater Lines, 12"	linear ft	5,605	\$159	n/a
Wastewater Lines, 15"	linear ft	12,157	\$186	n/a
Wastewater Lines, 18"	linear ft	9,329	\$223	n/a
Wastewater Lines, 21"	linear ft	0	\$265	n/a
Wastewater Lines, 24"	linear ft	11,679	\$287	n/a
Wastewater Lines, 27"	linear ft	0	\$314	n/a
Wastewater Lines, 30"	linear ft	13,921	\$342	n/a
Wastewater Lines, 36"	linear ft	558	\$397	n/a
Wastewater Lines, 42"	linear ft	0	\$452	n/a
Wastewater Lines, 48"	linear ft	0	\$507	n/a
Reclaimed Lines, 10"	linear ft	0	\$169	\$0
Reclaimed Lines, 12"	linear ft	12,813	\$202	\$2,588,246
Reclaimed Lines, 16"	linear ft	20,158	\$270	\$5,442,606
Reclaimed Lines, 20"	linear ft	0	\$392	\$0
Reclaimed Lines, 24"	linear ft	0	\$416	\$0
Reclaimed Lines, 30"	linear ft	0	\$516	\$0
Reclaimed Booster Stations, 1-3	mgd	0.00	\$359,764	\$0
Vadose Zone Wells	each	5	\$350,000	\$1,750,000
Monitoring Well	each	2	\$495,713	\$991,426
Recharge Basins	acres	1.06	\$210,000	\$222,600
Total				\$137,112,022

Source: Surprise Water Resource Management Department

SPA 3 – Plan-Based

This analysis uses a plan-based methodology for SPA 3. Surprise entered into an annexation development agreement with a developer in SPA 3, and the developer built a water reclamation facility. Based on the terms of the annexation development agreement, parties subject to the agreement will not pay development fees related to wastewater infrastructure. Although most future development within SPA 3 is a party to the annexation development agreement, the analysis includes a wastewater development fee for future development within SPA 3 that is not a party to the annexation development agreement.

Existing wastewater facilities in SPA 3 are summarized below. Unit costs for the system components are based on a combination of estimates in the City's 2009 Water Master Plan, recent construction costs, and planned construction costs. Current system value is the product of existing quantity times the unit cost. The SPA 3 system value equals \$78,045,579.

Figure WW11: SPA 3 Cost Factors

SPA 3				
Description	Unit	Existing	Unit Cost	System Value
WRFs, <7 mgd	mgd	1.80	\$39,095,375	\$70,371,675
Lift Stations	mgd	0.00	\$1,116,979	\$0
WRF Land	acres	140.31	\$42,270	\$5,930,904
Wastewater Lines, 10"	linear ft	50	\$135	n/a
Wastewater Lines, 12"	linear ft	4,009	\$159	n/a
Wastewater Lines, 15"	linear ft	8,347	\$186	n/a
Wastewater Lines, 18"	linear ft	0	\$223	n/a
Wastewater Lines, 21"	linear ft	0	\$265	n/a
Wastewater Lines, 24"	linear ft	2,644	\$287	n/a
Wastewater Lines, 27"	linear ft	0	\$314	n/a
Wastewater Lines, 30"	linear ft	15,875	\$342	n/a
Wastewater Lines, 36"	linear ft	12,987	\$397	n/a
Wastewater Lines, 42"	linear ft	23	\$452	n/a
Wastewater Lines, 48"	linear ft	8	\$507	n/a
Reclaimed Lines, 10"	linear ft	0	\$169	\$0
Reclaimed Lines, 12"	linear ft	0	\$202	\$0
Reclaimed Lines, 16"	linear ft	0	\$270	\$0
Reclaimed Lines, 20"	linear ft	0	\$392	\$0
Reclaimed Lines, 24"	linear ft	0	\$416	\$0
Reclaimed Lines, 30"	linear ft	0	\$516	\$0
Reclaimed Booster Stations, 1-3	mgd	0.00	\$359,764	\$0
Vadose Zone Wells	each	0	\$350,000	\$0
Monitoring Well	each	0	\$495,713	\$0
Recharge Basins	acres	8.30	\$210,000	\$1,743,000
Total				\$78,045,579

Source: Surprise Water Resource Management Department

SPA 4 / SPA 5 – Plan-Based

This analysis uses a plan-based methodology for SPA 4 and SPA 5. Surprise plans to construct a combined WRF for SPA 4 and SPA 5. The planned facility will cost \$17,500,000 and provide 0.40 mgd of treatment capacity. The analysis uses a cost of \$43.75 per gallon (\$17,500,000 cost / 0.40 mgd) for SPA 4 and SPA 5.

Figure WW12: SPA 4 / SPA 5 Cost Factors

Description	Cost	WRF Capacity (mgd)	Cost per Gallon
SPA 4/5 Combined WRF	\$17,500,000	0.40	\$43.75

Source: Surprise Water Resource Management Department

Cost per Gallon

The cost per gallon is calculated as system value divided by WRF capacity. The cost is \$21.33 per gallon in SPA 1, \$42.86 per gallon in SPA 2, and \$43.36 per gallon in SPA 3.

Figure WW13: Cost per Gallon

Description	System Value			WRF Capacity (mgd)			Cost per Gallon		
	SPA 1	SPA 2	SPA 3	SPA 1	SPA 2	SPA 3	SPA 1	SPA 2	SPA 3
WRFs	\$177,473,748	\$125,105,200	\$70,371,675	16.30	3.20	1.80	\$10.89	\$39.10	\$39.10
WRF land	\$7,374,002	\$1,011,944	\$5,930,904	16.30	3.20	1.80	\$0.45	\$0.32	\$3.29
Wastewater Lines	\$105,776,733	\$0	\$0	16.30	3.20	1.80	\$6.49	\$0.00	\$0.00
Reclaimed Lines	\$32,487,090	\$8,030,852	\$0	16.30	3.20	1.80	\$1.99	\$2.51	\$0.00
Recharge Basins	\$5,355,000	\$222,600	\$1,743,000	16.30	3.20	1.80	\$0.33	\$0.07	\$0.97
Other*	\$19,198,919	\$2,741,426	\$0	16.30	3.20	1.80	\$1.18	\$0.86	\$0.00
Total	\$347,665,492	\$137,112,022	\$78,045,579	n/a	n/a	n/a	\$21.33	\$42.86	\$43.36

*Includes lift stations, reclaimed booster stations, and vadose zone/monitoring wells.

Source: WRF capacity used for all components; cost per gallon is system value divided by capacity.

Development Fee Report – Plan-Based

The cost to prepare the Wastewater Facilities IIP and related Development Fee Report totals \$30,000. Surprise plans to update its report every five years. Based on this cost, proportionate share, and five-year projections in Figure WW7, the cost is \$0.01 per gallon.

Figure WW14: IIP and Development Fee Report

Necessary Public Service	Cost	Proportionate Share	Service Unit	5-Year Change	Cost per Service Unit
Wastewater	\$30,000	All Development 100%	Avg Gallons	3,277,750	\$0.01

WASTEWATER FACILITIES DEVELOPMENT FEES

Revenue Credit/Offset

A revenue credit/offset is necessary for development fees, because Surprise's construction transaction privilege tax rate exceeds the amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications. Surprise allocates the construction privilege tax credit to fire, parks and recreational, and police development fees. Appendix A contains the forecast of revenues required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)).

SPA 1

The cost per service unit is \$21.34 per gallon for wastewater facilities development fees in SPA 1, and Surprise will assess wastewater facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$4,481 is calculated using a cost per service unit of \$21.34 per gallon, multiplied by 210 average day gallons, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$21.34 per gallon, multiplied by 210 average day gallons, multiplied by the associated capacity ratio.

Figure WW15: Wastewater Facilities Development Fees

Fee Component	Cost per Gallon
WRFs	\$10.89
WRF land	\$0.45
Wastewater Lines	\$6.49
Reclaimed Lines	\$1.99
Recharge Basins	\$0.33
Other	\$1.18
Development Fee Report	\$0.01
Total	\$21.34

Development Type	Average Day Gallons
Single Family (EDU)	210

Fees per Meter - SPA 1				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$4,481	\$2,192	\$2,289
1.00-inch	1.67	\$7,484	\$3,661	\$3,823
1.50-inch	3.33	\$14,923	\$7,299	\$7,624
2.00-inch	5.33	\$23,886	\$11,683	\$12,203
3.00-inch	10.67	\$47,817	\$23,389	\$24,428
4.00-inch	16.67	\$74,705	\$36,541	\$38,164
6.00-inch	33.33	\$149,365	\$73,059	\$76,306
8.00-inch	53.33	\$238,993	\$116,899	\$122,094

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

SPA 2

The cost per service unit is \$42.87 per gallon for wastewater facilities development fees in SPA 2, and Surprise will assess wastewater facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$9,003 is calculated using a cost per service unit of \$42.87 per gallon, multiplied by 210 average day gallons, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$42.87 per gallon, multiplied by 210 average day gallons, multiplied by the associated capacity ratio.

Figure WW16: Wastewater Facilities Development Fees

Fee Component	Cost per Gallon
WRFs	\$39.10
WRF land	\$0.32
Reclaimed Lines	\$2.51
Recharge Basins	\$0.07
Other	\$0.86
Development Fee Report	\$0.01
Total	\$42.87

Development Type	Average Day Gallons
Single Family (EDU)	210

Fees per Meter - SPA 2				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$9,003	\$2,544	\$6,459
1.00-inch	1.67	\$15,035	\$4,248	\$10,787
1.50-inch	3.33	\$29,979	\$8,472	\$21,507
2.00-inch	5.33	\$47,984	\$13,560	\$34,424
3.00-inch	10.67	\$96,059	\$27,144	\$68,915
4.00-inch	16.67	\$150,075	\$42,408	\$107,667
6.00-inch	33.33	\$300,060	\$84,792	\$215,268
8.00-inch	53.33	\$480,114	\$135,672	\$344,442

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

SPA 3

The cost per service unit is \$43.37 per gallon for wastewater facilities development fees in SPA 3, and Surprise will assess wastewater facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$9,108 is calculated using a cost per service unit of \$43.37 per gallon, multiplied by 210 average day gallons, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$43.37 per gallon, multiplied by 210 average day gallons, multiplied by the associated capacity ratio.

Figure WW17: Wastewater Facilities Development Fees

Fee Component	Cost per Gallon
WRFs	\$39.10
WRF land	\$3.29
Reclaimed Lines	\$0.00
Recharge Basins	\$0.97
Other	\$0.00
Development Fee Report	\$0.01
Total	\$43.37

Development Type	Average Day Gallons
Single Family (EDU)	210

Fees per Meter - SPA 3				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$9,108	\$0	\$9,108
1.00-inch	1.67	\$15,210	\$0	\$15,210
1.50-inch	3.33	\$30,329	\$0	\$30,329
2.00-inch	5.33	\$48,544	\$0	\$48,544
3.00-inch	10.67	\$97,179	\$0	\$97,179
4.00-inch	16.67	\$151,825	\$0	\$151,825
6.00-inch	33.33	\$303,560	\$0	\$303,560
8.00-inch	53.33	\$485,714	\$0	\$485,714

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

SPA 4

The cost per service unit is \$43.76 per gallon for wastewater facilities development fees in SPA 4, and Surprise will assess wastewater facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$9,190 is calculated using a cost per service unit of \$43.76 per gallon, multiplied by 210 average day gallons, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$43.76 per gallon, multiplied by 210 average day gallons, multiplied by the associated capacity ratio.

Figure WW18: Wastewater Facilities Development Fees

Fee Component	Cost per Gallon
SPA 4/5 Combined WRF	\$43.75
Development Fee Report	\$0.01
Total	\$43.76

Development Type	Average Day Gallons
Single Family (EDU)	210

Fees per Meter - SPA 4				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$9,190	\$0	\$9,190
1.00-inch	1.67	\$15,347	\$0	\$15,347
1.50-inch	3.33	\$30,601	\$0	\$30,601
2.00-inch	5.33	\$48,981	\$0	\$48,981
3.00-inch	10.67	\$98,053	\$0	\$98,053
4.00-inch	16.67	\$153,191	\$0	\$153,191
6.00-inch	33.33	\$306,289	\$0	\$306,289
8.00-inch	53.33	\$490,081	\$0	\$490,081

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

SPA 5

The cost per service unit is \$43.76 per gallon for wastewater facilities development fees in SPA 5, and Surprise will assess wastewater facilities development fees by meter size. The base 0.75-inch meter is equivalent to a single-family unit, and a capacity ratio is used to convert the base meter fee proportionately for larger meters. The capacity ratios are calculated based on data published in *AWWA Manual of Water Supply Practices M-1, 7th Edition*.

The 0.75-inch fee (single-family fee) of \$9,190 is calculated using a cost per service unit of \$43.76 per gallon, multiplied by 210 average day gallons, multiplied by a capacity ratio of 1.00. For meters larger than 0.75 inches, the fee is calculated using a cost per service unit of \$43.76 per gallon, multiplied by 210 average day gallons, multiplied by the associated capacity ratio.

Figure WW19: Wastewater Facilities Development Fees

Fee Component	Cost per Gallon
SPA 4/5 Combined WRF	\$43.75
Development Fee Report	\$0.01
Total	\$43.76

Development Type	Average Day Gallons
Single Family (EDU)	210

Fees per Meter - SPA 5				
Meter Size	Capacity Ratio ¹	Proposed Fees	Current Fees	Difference
0.75-inch ²	1.00	\$9,190	\$0	\$9,190
1.00-inch	1.67	\$15,347	\$0	\$15,347
1.50-inch	3.33	\$30,601	\$0	\$30,601
2.00-inch	5.33	\$48,981	\$0	\$48,981
3.00-inch	10.67	\$98,053	\$0	\$98,053
4.00-inch	16.67	\$153,191	\$0	\$153,191
6.00-inch	33.33	\$306,289	\$0	\$306,289
8.00-inch	53.33	\$490,081	\$0	\$490,081

1. AWWA Manual of Water Supply Practices M-1, 7th Edition

2. Includes meters smaller than 0.75 inches

WASTEWATER FACILITIES DEVELOPMENT FEE REVENUE

Appendix A contains revenue forecasts required by Arizona's Enabling Legislation (ARS § 9-463.05(E)(7)). Projected fee revenue shown in Figure WW20 is based on EDU projections in Figure WW7 and the updated wastewater facilities development fees. If development occurs faster than projected, the demand for infrastructure will increase along with development fee revenue. If development occurs slower than projected, the demand for infrastructure will decrease and development fee revenue will decrease at a similar rate. Projected development fee revenue over the next 10 years equals \$56,430,458 in SPA 1, \$72,819,089 in SPA 2, and \$33,391,580 in SPA 3. Actual fee revenue will vary due to existing development agreements.

Figure WW20: Wastewater Facilities Development Fees Revenue

Fee Component	SPA 1	SPA 2	SPA 3
Wastewater Facilities	\$56,415,278	\$72,810,021	\$33,387,932
Development Fee Report	\$15,181	\$9,068	\$3,648
Total	\$56,430,458	\$72,819,089	\$33,391,580

		SPA 1 \$4,481 per EDU	SPA 2 \$9,003 per EDU	SPA 3 \$9,108 per EDU
Year		EDU	EDU	EDU
Base	2023	50,201	3,674	2,458
Year 1	2024	51,827	4,615	2,949
Year 2	2025	53,454	5,557	3,440
Year 3	2026	55,002	6,502	3,745
Year 4	2027	56,551	7,447	4,050
Year 5	2028	58,099	8,391	4,356
Year 6	2029	59,648	9,336	4,661
Year 7	2030	61,196	10,281	4,966
Year 8	2031	61,729	10,775	5,352
Year 9	2032	62,262	11,269	5,738
Year 10	2033	62,796	11,763	6,124
10-Year Increase		12,595	8,089	3,667
Projected Revenue		\$56,430,458	\$72,819,089	\$33,391,580

Projected Fee Revenue	\$162,641,127
Total Expenditures	\$162,641,127

10-YEAR CAPITAL PLAN

The figure shown below includes planned wastewater capital expenditures during the next 10 years.

Figure WW21: Wastewater Facilities Capital Plan

Project Type	Description	Fiscal Year	Cost
Debt Service	SPA 1 WRF, Series 2018	2024-2033	\$21,490,501
CIP	SPA 1 Collection System Capacity Enhancements	2020-2030	\$6,875,000
CIP	SPA 1 Recharge Expansion	2030+	\$28,049,776
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$15,181
Subtotal, SPA 1			\$56,430,457
CIP	SPA 2 Plant Expansion	2033	\$31,276,300
CIP	SPA 2 Recharge Expansion	2028-2029	\$1,695,300
CIP	SPA 2 WRF Land Purchase	2026	\$300,000
Dev Agreement	Developer Obligation - Marisol Ranch Plant expansion and lift station	2027	\$17,500,000
Dev Agreement	Developer Obligation - Rancho Mercado Regional Improvements	2024-2034	\$4,364,374
Dev Agreement	Developer Obligation - SPA 2 North Expansion	2024-2034	\$22,512,144
Dev Agreement	Developer Obligation - SPA 2 PERC WRF (Asante)	2024-2034	\$9,836,657
Dev Agreement	Developer Obligation - SPA 2 WRF	2024-2034	\$18,350,040
Dev Agreement	Developer Obligation - Tierra Verde West Regional Improvements	2024-2034	\$578,812
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$9,068
Subtotal, SPA 2			\$106,422,695
CIP	SPA 3 Recharge Expansion	2029-2032	\$12,315,928
Dev Agreement	Developer Obligation - SPA 3 PERC WRF	2030+	\$21,072,004
Study Cost	Development Fee Update	2024-2029	\$3,648
Subtotal, SPA 3			\$33,391,580
CIP	SPA 4 Recharge Expansion	2030-2033	\$6,472,600
Dev Agreement	Developer Obligation - SPA 4/SPA 5 Plant	2030+	\$15,638,150
Dev Agreement	Developer Obligation - Sunhaven Lift Station	2027+	\$4,500,000
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$1,121
Subtotal, SPA 4			\$26,611,871
Dev Agreement	Developer Obligation - SPA 4/SPA 5 Plant	2030+	\$15,638,150
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$982
Subtotal, SPA 5			\$15,639,132
Total			\$238,495,736

Source: Surprise Water Resource Management Department

APPENDIX A: FORECAST OF REVENUES OTHER THAN FEES

ARS § 9-463.05(E)(7) requires:

“A forecast of revenues generated by new service units other than development fees, which shall include estimated state-shared revenue, highway users revenue, federal revenue, ad valorem property taxes, construction contracting or similar excise taxes and the capital recovery portion of utility fees attributable to development based on the approved land use assumptions, and a plan to include these contributions in determining the extent of the burden imposed by the development as required in subsection B, paragraph 12 of this section.”

ARS § 9-463.05(B)(12) states,

“The municipality shall forecast the contribution to be made in the future in cash or by taxes, fees, assessments or other sources of revenue derived from the property owner towards the capital costs of the necessary public service covered by the development fee and shall include these contributions in determining the extent of the burden imposed by the development. Beginning August 1, 2014, for purposes of calculating the required offset to development fees pursuant to this subsection, if a municipality imposes a construction contracting or similar excise tax rate in excess of the percentage amount of the transaction privilege tax rate imposed on the majority of other transaction privilege tax classifications, the entire excess portion of the construction contracting or similar excise tax shall be treated as a contribution to the capital costs of necessary public services provided to development for which development fees are assessed, unless the excess portion was already taken into account for such purpose pursuant to this subsection.”

REVENUE PROJECTIONS

Surprise has a construction sales tax rate of 3.7 percent and the majority of other sales tax rates is 2.2 percent; therefore, the required offset described above is applicable. Surprise plans to increase the retail sales tax rate to 2.7 percent beginning in FY2025, so the required offset beginning in FY2025 is 1.0 percent. Shown in Figure A1, Surprise provided the required forecast of construction sales tax revenue over a period of five years. Based on projections in the FY2024 Budget, the excess portion of 1.5 percent includes \$68,016,900 over the next five years. TischlerBise converts the construction sales tax projections from 1.5 percent to 1.0 percent. The construction sales tax credit of \$50,579,767 over the next five years includes FY2024 revenue equal to 1.5 percent and FY2025-FY2028 revenue equal to 1.0 percent.

Figure A1: Revenue Projections

Funding Source	Forecast FY2024	Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Total
Construction Sales Tax - 1.5%	\$15,705,500	\$14,135,000	\$13,428,200	\$13,025,400	\$11,722,800	\$68,016,900
Construction Sales Tax - 1.0%	\$10,470,333	\$9,423,333	\$8,952,133	\$8,683,600	\$7,815,200	\$45,344,600
Construction Sales Tax Credit	\$15,705,500	\$9,423,333	\$8,952,133	\$8,683,600	\$7,815,200	\$50,579,767

Source: City of Surprise, FY2024 Budget for FY24-FY28 (construction sales tax 1.5%); TischlerBise calculation based on 1.0% excess construction sales tax beginning July 1, 2024

As shown in Figure A2, the analysis allocates the excess construction sales tax revenue for the next five years to projected development during the next five years. The credit per service unit shown below is included as a credit in the fire, parks and recreational, and police development fee calculations.

Figure A2: Excess Construction Sales Tax Credit

Necessary Public Service	Cost	Proportionate Share		Service Unit	5-Year Change	Credit per Service Unit
Fire	\$17,570,649	Residential	75%	Population	44,514	\$296.78
		Nonresidential	25%	Vehicle Trips	16,226	\$268.69
Parks and Recreational	\$27,595,880	Residential	98%	Population	44,514	\$607.54
		Nonresidential	2%	Jobs	7,782	\$70.93
Police	\$5,413,237	Residential	61%	Population	44,514	\$73.68
		Nonresidential	39%	Vehicle Trips	16,226	\$131.48
Total	\$50,579,767					

APPENDIX B: PROFESSIONAL SERVICES

As stated in Arizona’s development fee enabling legislation, “a municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing and professional services required for the preparation or revision of a development fee pursuant to this section, including the relevant portion of the infrastructure improvements plan” (see ARS § 9-463.05.A). Because development fees must be updated at least every five years, the cost of professional services is allocated to the projected increase in service units, over five years (see Figure B1). Qualified professionals must develop the IIP, using generally accepted engineering and planning practices. A qualified professional is defined as “a professional engineer, surveyor, financial analyst or planner providing services within the scope of the person’s license, education or experience”.

Figure B1: Cost of Professional Services

Necessary Public Service	Cost	Proportionate Share		Service Unit	5-Year Change	Cost per Service Unit
Fire	\$16,230	Residential	75%	Population	44,514	\$0.27
		Nonresidential	25%	Vehicle Trips	16,226	\$0.25
Parks and Recreational	\$15,000	Residential	98%	Population	44,514	\$0.33
		Nonresidential	2%	Jobs	7,782	\$0.04
Police	\$16,230	Residential	61%	Population	44,514	\$0.22
		Nonresidential	39%	Vehicle Trips	16,226	\$0.39
Water	\$30,000	All Development	100%	Avg Gallons	4,336,702	\$0.01
Water Resource	\$12,000	All Development	100%	Acre-Feet	43,325	\$0.28
Wastewater	\$30,000	All Development	100%	Avg Gallons	3,277,750	\$0.01
Total	\$119,460					

APPENDIX C: LAND USE DEFINITIONS

RESIDENTIAL DEVELOPMENT

As discussed below, residential development categories are based on data from the U.S. Census Bureau, American Community Survey. Development fees will be assessed to all new residential units. One-time development fees are determined by site capacity (i.e., number of residential units).

Single Family:

1. Single-family detached is a one-unit structure detached from any other house, that is, with open space on all four sides. Such structures are considered detached even if they have an adjoining shed or garage. A one-family house that contains a business is considered detached if the building has open space on all four sides.
2. Single-family attached (townhouse) is a one-unit structure that has one or more walls extending from ground to roof separating it from adjoining structures. In row houses (sometimes called townhouses), double houses, or houses attached to nonresidential structures, each house is a separate, attached structure if the dividing or common wall goes from ground to roof.

Multi-Family:

1. Includes units in structures containing two or more housing units, further categorized as units in structures with “2, 3 or 4, 5 to 9, 10 to 19, 20 to 49, and 50 or more apartments.”
2. Includes both occupied and vacant mobile homes, to which no permanent rooms have been added. Mobile homes used only for business purposes or for extra sleeping space and mobile homes for sale on a dealer's lot, at the factory, or in storage are not counted in the housing inventory.
3. Includes any living quarters occupied as a housing unit that does not fit the other categories (e.g., houseboats, railroad cars, campers, and vans). Recreational vehicles, boats, vans, railroad cars, and the like are included only if they are occupied as a current place of residence.

NONRESIDENTIAL DEVELOPMENT

The proposed general nonresidential development categories (defined below) can be used for all new construction. Nonresidential development categories represent general groups of land uses that share similar average weekday vehicle trip generation rates and employment densities (i.e., jobs per thousand square feet of floor area).

Industrial: Establishments primarily engaged in the production of goods. By way of example, industrial includes manufacturing plants, utility substations, power generation facilities, and telecommunications buildings.

Office: Establishments providing management, administrative, professional, or business services; personal and health care services. By way of example, office includes banks, business offices, medical clinics, and hospitals.

Public/Institutional: Public and quasi-public buildings providing educational, social assistance, or religious services. By way of example, institutional includes schools, universities, churches, daycare facilities, and government buildings.

Retail/Commercial: Establishments primarily selling merchandise, eating/drinking places, entertainment uses, and lodging. By way of example, commercial includes shopping centers, supermarkets, pharmacies, restaurants, bars, nightclubs, automobile dealerships, movie theaters, and lodging.

Warehouse: Establishments primarily engaged in transportation or storage of goods. By way of example, warehouse includes distribution warehouses, trucking companies, and self-storage facilities.

Notice of Intent to Amend Land Use Assumptions

Pursuant to Arizona Revised Statutes (A.R.S) § 9-463.05, public notice is hereby given that the City of Surprise intends to amend the Land Use Assumptions and Infrastructure Improvement Plan which were adopted by City Council on February 20, 2024. City Council will approve or disapprove the amendment at the Regular City Council Meeting on June 17, 2025 at 6:00 p.m. in the Surprise City Council Chambers, 16000 N. Civic Center Plaza Surprise, AZ 85374.

A copy of the Land Use Assumptions and Infrastructure Improvements Plan adopted by City Council on February 20, 2024 and the proposed amendment are attached to this notice and also published on the City of Surprise website at surpriseaz.gov/Notices.



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Jennifer Cornelius

Submitting Department: Human Svcs and Comm
Vitality

District: Citywide

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to the approval of an amendment to the Intergovernmental Agreement with Maricopa County, accepting grant funding, approving a Fiscal Year 2025 budget amendment moving budget in the amount of \$386,100 for Community Action Program Services 2026, and an addition to the Fiscal Year 2025 Contract Awarding Authority List; Resolution #2025-79.

Motion:

I move to approve Resolution #2025-79.

Background:

In 2016, Maricopa County and the City of Surprise entered into an Intergovernmental Agreement (IGA) to provide Community Action Program (CAP) services from the Surprise Resource Center. These parties entered into a new IGA on or about August 10, 2022, for the term of July 1, 2022, through June 30, 2023. The parties have since executed Amendments No. 1 through No. 5, continuing participation in the IGA that provides CAP services from the Surprise Resource Center. The parties now wish to extend the agreement by executing Amendment No. 6 that provides \$386,100 in funding for the period July 1, 2025, through June 30, 2026.

Objective Analysis:

Approval of this item authorizes the City to accept funds to facilitate CAP services, including crisis case management and financial assistance services at the Surprise Resource Center.

Policy Compliant:

This item is compliant with City and Council policies.

Financial Impact:

This one-time funding allows for reimbursable salaries and employee-related expenses in the amount of \$386,100 from July 1, 2025, through June 30, 2026. All expenditures will be reimbursed on a monthly basis. A required match of 25% annually is already budgeted within the existing Human Service & Community Vitality operating budget.

Budget Impact:

This action will require a movement of budget authority in the amount of \$386,100 from General Contingency to project G51596 to cover the projected expenditures of the program and a transfer of \$145,800 from the General Fund into project G51596 to cover the match requirement of the grant. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

FTE Impact:

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

ATTACHMENTS:

1. Resolution 2025-79 - CAP Amendment No. 6
 2. CAP IGA Amendment No. 6
-

RESOLUTION # 2025-79

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING AMENDMENT NO. 6 TO AN INTERGOVERNMENTAL AGREEMENT WITH MARICOPA COUNTY TO PROVIDE COMMUNITY ACTION PROGRAM (CAP) SERVICES, ACCEPTING GRANT FUNDING, AND AMENDING THE FISCAL YEAR 2025 BUDGET BY MOVING BUDGET AUTHORITY OF \$386,100 FROM GENERAL CONTINGENCY TO PROJECT G51596 IN THE GRANTS FUND; AND AMENDING THE FISCAL YEAR 2025 CONTRACT AWARDING AUTHORITY LIST BY ADDING THE FY26 CAP GRANT, G51596, IN THE AMOUNT OF \$386,100 FOR GRANT SALARIES AND EXPENSES.

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 for the purposes set forth therein;

WHEREAS, Maricopa County and the City of Surprise entered into a financial Intergovernmental Agreement (“IGA” or “Agreement”) on or about August 10, 2022, for the term of July 1, 2022, through June 30, 2023;

WHEREAS, the parties entered into Amendments No. 1 through 5 that extended the IGA and provided additional funding through Fiscal Year 2026;

WHEREAS, the parties desire to enter into Amendment No. 6 to the IGA in order to extend the IGA through June 30, 2026, and revise the agreement with a not to exceed amount of \$386,100 for Fiscal Year 2026;

WHEREAS, pursuant to the terms of the grant, the City shall have a local match of \$145,725;

WHEREAS, all other terms and conditions of the IGA and Amendments No. 1 through No. 5 remain in full force and effect except as amended by Amendment No. 6;

WHEREAS, the FY2025 budget, including the FY2025 Contract Awarding Authority List, was adopted by Council Resolution #2024-94 on June 4, 2024;

WHEREAS, this action will necessitate a budget amendment;

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

WHEREAS, the City of Surprise Procurement Code §2-338 (d) requires the authority of the Mayor and Council 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* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2024, through June 30, 2025.

Section 2. That the statements and schedules attached as *Exhibit B* and incorporated by reference are adopted, amending the Fiscal Year 2025 Contract Awarding Authority List of the City of Surprise, Arizona for the fiscal year July 1, 2024, through June 30, 2025.

Section 3. The Intergovernmental Agreement Amendment No. 6 between the City of Surprise and Maricopa County, attached as *Exhibit C*, is hereby approved.

Section 4. 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.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, Acting City Attorney

RESOLUTION # 2025-79
Exhibit A

1. Appropriation - The allocations below represent the movement of budget authority in the amount of \$386,100 from General Contingency to project G51596 FY26 CAP due to grant funding awarded for CAP services administrative support at the Surprise Resource Center. This also includes a transfer from general fund budget into project G51596 FY26 CAP to track match requirements

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Grants	Human Svcs and Comm Vitality	#G51596 FY26 CAP	E	-	386,100	386,100
Grants	Human Svcs and Comm Vitality	#G51596 FY26 CAP	R	-	386,100	386,100
Contingency	General Operations	Contingency	E	81,649,600	(386,100)	81,263,500
Contingency	General Operations	Other	R	76,946,900	(386,100)	76,560,800
General Fund	Human Svcs and Comm Vitality	Personnel Services	E	2,219,600	(145,800)	2,073,800
General Fund	Human Svcs and Comm Vitality	#G51596 FY26 CAP	E	-	145,800	145,800
Expense Total				83,869,200	-	83,869,200
Revenue Total				76,946,900	-	76,946,900

RESOLUTION # 2025-79

Exhibit B

1. Contract Awarding Authority List – Council to approve adding an item on the Fiscal Year 2025 Contract Awarding Authority List for the FY26 CAP Grant in the amount of \$386,100 for grant salaries and expenses.

Reference #	Project Number	Description	Current Amount	Increase/ (Decrease)	Amended Amount
25240	G51596	FY26 CAP Grant	\$0	\$386,100	\$386,100

RESOLUTION # 2025-79

EXHIBIT C

**AMENDMENT NO. 6 TO INTERGOVERNMENTAL AGREEMENT
BETWEEN
THE CITY OF SURPRISE AND MARICOPA COUNTY**

**AMENDMENT NO. 6 TO THE
INTERGOVERNMENTAL AGREEMENT
BETWEEN
MARICOPA COUNTY
ADMINISTERED BY ITS
HUMAN SERVICES DEPARTMENT
AND
CITY OF SURPRISE**

- I. Maricopa County ("County"), administered by its Human Services Department, and the City of Surprise, ("Contractor") entered into a financial Intergovernmental Agreement ("Agreement"), on or about August 10, 2022. The purpose of the Agreement is for the Contractor to provide Community Action Program (CAP) services to include crisis case management, coordination of services to assist low-income households in crisis situations, and assistance to move closer to economic self-sufficiency in Surprise. The County and the Contractor collectively are referred to as the "Parties."

The Parties entered into Amendment No. 1 on or about March 28, 2023. Section 4 (Budget and Compensation), Paragraph 1.2 (Funding), Subparagraph 1.2.3 was replaced in its entirety to address funded positions. The Operating Budget in Section 4 (Budget and Compensation), Paragraph 1.5 (Operating Budget) was increased to a total of \$536,250 for Fiscal Year 2023.

The Parties entered into Amendment No. 2 on or about June 28, 2023. The Amendment extended the Agreement through June 30, 2024. Section 3 (Work Statement) was replaced in its entirety. The Operating Budget in Section 4 (Budget and Compensation), Paragraph 1.5 (Operating Budget) was replaced in its entirety with a not to exceed funding amount of \$482,625 for Fiscal Year 2024.

The Parties entered into Amendment No. 3 on or about June 26, 2024. The Amendment extended the Agreement through June 20, 2025, changed the County point of contact and the Uyghur Forced Labor Prevention Act (UFLPA) provision was added to the Agreement in Section 1 (General Provisions). In Section 4 (Budget and Compensation) the Assistance Listing Number (ALN) 21.027 for the American Rescue Plan Act (ARPA) was added and the Operating Budget was revised and replaced in its entirety with a not to exceed funding amount of \$386,100 for Fiscal Year 2025.

The Parties entered into Amendment No. 4 on or about February 13, 2025. The Amendment increased funding in an amount not to exceed \$4,224 for Fiscal Year 2025. Updated County point of contact and Administrative Change Order Language. Required contract language was added to the Agreement. Incorporated Federal Award Identification Number (FAIN) and Award date into the Agreement in Section 4 (Budget and Compensation). The Operating Budget in Section 4 (Budget and Compensation), Paragraph 1.5 (Operating Budget) was replaced in its entirety with a not to exceed funding amount of \$390,324 for funding period from July 1, 2024, through June 30, 2025.

The Parties entered into Amendment No. 5 on or about March 26, 2025. The Amendment increased funding in an amount not to exceed \$115,000 in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) under (ALN) 21.027 for Fiscal Years 2025 and 2026 for the ADOH Housing Stability Flex Program and extended the term of the Agreement through June 30, 2026, for this program. Section 3 (Work

Statement) was revised and replaced in its entirety, and the ARPA SLFRF Federal Award Identification Number (FAIN) and Award date were incorporated into the Agreement in Section 4 (Budget and Compensation).

II. The Parties agree to enter into this Amendment No. 6 to amend the Agreement as follows:

- A. Extend the Agreement term from July 1, 2025, through June 30, 2026.
- B. Retroactive to July 1, 2024, Fiscal Year 2025, as amended, in accordance with 2 C.F.R. 200.331(a), the City of Surprise shall be identified as "Subrecipient" for the purpose of carrying out the activities identified in the Work Statement in Section 3.
- C. Revise the Agreement funding by an amount not to exceed \$386,100 for Fiscal Year 2026. The funding period of availability will be July 1, 2025, through June 30, 2026. The funding sources for this Amendment may include but are not limited to the following:

93.569 Community Services Block Grant (CSBG)
 93.568 Low Income Home Energy Assistance Program (LIHEAP)
 21.027 Coronavirus State and Local fiscal Recovery Funds (SLFRF)

- D. Revise Section 1 (General Provisions) to address the following:

Add Paragraph 59.0 Acronyms and Definitions to the Agreement:

59.0 ACRONYMS AND DEFINITIONS

Acronyms and Definitions found under 2 C.F.R. §§ 200.0 & 200.1 are hereby incorporated by reference.

- E. Revise Section 2 (Special Provisions) Paragraph 4.0 (System for Award Management) to add the following subparagraph:

4.4 The Subrecipient shall have a valid Unique Entity Identifier (UEI) number and an active profile in the federal System for Award Management, or [SAM.gov](https://sam.gov). Documentation of the UEI Number must be included in all project files. The Subrecipient must remain current with their registration throughout the term of the Agreement. Subrecipients and subcontractors will not receive a subaward until that entity has provided its UEI number. 2 C.F.R. § 25.300; Appendix A to 2 C.F.R. § 25.

- F. Revise Section 3 (Work Statement), by removing in its entirety and replacing it with the following:

1.0 PROGRAM GOALS

Maricopa County is a designated Community Action Agency, authorized under the federal Community Services Block Grant (CSBG) Act to address the causes and conditions of poverty in local areas. The Maricopa County Human Services Department/Community Resilience Division (MCHSD/CRD) administers the Community Action Program activities, the primary purpose of the CRD is to provide a range of programs or services that are intended to:

- pursue the reduction of poverty,
- the revitalization of low-income communities; and
- the empowerment of low-income families and individuals to become fully self-supportive.

Through partnerships with local municipalities or private, non-profit organizations, community action programs and services are provided to residents in the local area.

2.0 SCOPE OF WORK

Community Action Program Services shall include the delivery of crisis services, internal/ external program navigation, and program referrals intended to assist in the stabilization of immediate/ emergent needs for families that are facing eviction, disruption in utilities, experiencing insufficient food and/or nutrition, and/or are unemployed/ underemployed. Services shall be delivered in a wrap around, comprehensive manner to address the needs of the household and to move families closer to economic stability.

2.1 MCHSD Crisis Financial Assistance Services

Eligibility for financial assistance is determined and benefit payments made on behalf of program participants, these include but are not limited to, temporary emergency shelter, emergency rent, move-in assistance, utility payments or deposits, and emergency utility payments.

2.1.1 MCHSD Crisis Financial Assistance Services shall be coordinated with other local or grant financial assistance services to maximize benefits to the household.

2.1.2 Eligibility criteria for financial assistance funds is defined in the MCHSD/CRD Policy and Procedure Program Manual.

2.1.3 Financial assistance funds are managed and allocated by MCHSD. Funds will be made available to the Subrecipient through HSD Dynamics.

2.1.4 MCHSD/CRD will make payment directly to vendors upon authorization by County.

2.1.5 Available Financial Assistance Services shall include the following:

2.1.5.1 Utility Assistance

2.1.5.1.1 Utility payments and deposits for heating and cooling;

2.1.5.1.2 Rental assistance where utility payment is included in rent.

2.1.5.2 Rental Assistance

2.1.5.2.1 Rental assistance to prevent eviction; and

2.1.5.2.2 Move in assistance to include rental deposits and first month rent.

2.1.6 MCHSD Crisis Financial Assistance Service Requirements

2.1.6.1 Subrecipient shall conduct application intake for MCHSD Crisis Financial Assistance Services to clients that apply in person with a paper application or needing assistance applying online.

2.1.6.2 On-site application process shall include the following:

2.1.6.2.1 Provide paper applications, or assist clients with completing the online application process;

2.1.6.2.2 Collect client eligibility documents for identified services, as required in the MCHSD/CRD Policy and Procedure Program Manual;

2.1.6.2.3 Information from the paper application shall be entered into HSD Dynamics within 24 hours of receipt;

2.1.6.2.4 Upload a copy of the paper application in HSD Dynamics;

2.1.6.2.5 Create an application in HSD Dynamics, as well as the program application (s) the client is eligible for;

2.1.6.2.6 Upload eligibility documents in HSD Dynamics;

2.1.6.2.7 Research each household member to determine if they have received previous assistance; and

2.1.6.2.8 Research and enter vendor/provider information in Dynamics.

2.1.6.3 The Subrecipient will also process applications submitted through the HSD Dynamics portal per MCHSD/ CRD Policy and Procedure Manual, following the process outlined below:

2.1.6.3.1 Subrecipient will assign and disposition program applications to Client Services Specialist;

2.1.6.3.2 Upload eligibility documents in HSD Dynamics; and

2.1.6.3.3 Research provider profile and submit vendor information related to the County vendor registration process, within twenty-four (24 hours), if applicable;

2.1.6.3.4 Document all services provided and supported by County funds in HSD Dynamics, in addition to local/ grant financial assistance services;

2.1.6.3.5 Manage and monitor application queue in HSD Dynamics based on application submission date;

- 2.1.6.3.6 Document client's program involvement and progress in the required case note/timeline section of HSD Dynamics;
- 2.1.6.3.7 Conduct quality assurance review and ensure controls on all submitted service authorizations;
- 2.1.6.3.8 Resolve rejected service authorizations and data entry errors within two (2) business days from the rejection date.

2.2 **Navigation Services**

Navigation services are offered to clients following the completion of the HSD Dynamics application. This is a staff assisted function that includes the collection of eligibility documents and completion/ submission of program application for both Subrecipient's internal program (non-County funded) along with external program services.

2.2.1 Navigation to Low-Income Energy Assistance Program (LIHEAP) Services:

2.2.1.1 Subrecipient shall provide application assistance which may include the following:

- 2.2.1.1.1 Answering questions about program eligibility and the application process.
- 2.2.1.1.2 Entering application data directly into the DES portal on behalf of the Client.
- 2.2.1.1.3 Scanning and uploading required documents, if needed.
- 2.2.1.1.4 Provide paper applications to clients, upon request, and enter information directly into the DES portal on Client's behalf.
- 2.2.1.1.5 Provide assistance in completing the ID.me identity verification process to include scanning required documents and uploading to the ID.me website (www.ID.me.com).
- 2.2.1.1.6 Screen for crisis circumstances to ensure priority will be given to Life Threatening Crisis Assistance Applicants.
- 2.2.1.1.7 Conduct initial screening and reporting of potential Welfare Fraud.

2.2.1.2 Navigation to Internal Program Services

- 2.2.1.2.1 Subrecipient shall identify a minimum of two (2) internal programs based on the most recent MCHSD Community Needs Assessment. Subrecipient will submit a logic model (Exhibit 1) by July 31st of the current program year, to be approved by MCHSD. The logic model shall provide

the following information for each program service:

2.2.1.2.1.1 Community need;

2.2.1.2.1.2 Anticipated program outcome(s);

2.2.1.2.1.3 Description of program service;

2.2.1.2.1.4 Projected number of individuals/ households to be served; and

2.2.1.2.1.5 Projected number of individuals/ households who will achieve anticipated program outcome(s).

2.2.1.2.1.6 Data collection methodology

2.2.1.2.2 Subrecipient shall conduct follow up contact with clients to assess for additional needs and to track program outcomes as it relates to the outcomes identified in the Subrecipient's logic model.

2.2.1.2.2.1 Follow up contact shall be conducted at intervals of 3 months, 6 months, and 9 months following the receipt of program services.

2.2.1.3 Navigation Service Requirements

2.2.1.3.1 Clients shall have a completed application in HSD Dynamics prior to receiving navigation services to DES portal for LIHEAP services or internal program services.

2.2.1.3.2 Subrecipient shall ensure that all income eligible clients will be navigated to the Arizona Department Economic Security (DES) portal for LIHEAP services.

2.2.1.4 Subrecipient shall provide navigation services as it relates to internal program services to clients that have been dispositioned in the HSD Dynamic queue.

2.2.1.5 Navigation services shall be provided and documented, in accordance with the MCHSD/CRD Policy and Procedure Manual.

2.2.1.6 Navigation services shall be reported in MCHSD/CRD quarterly ROMA reports.

2.2.1.7 Subrecipient shall use the MCHSD approved logic model template for internal program navigation.

2.3 Information and Referrals

2.3.1 Subrecipient shall provide information and referrals to include but not limited to the following:

2.3.1.1 Community Legal Services (CLS) for households who are facing immediate eviction for non-payment of rent or who receive assistance and have a judgement that is not satisfied.

2.3.1.2 DES Child support enforcement services for clients who are custodial parents in single parent households.

2.3.1.3 Assistance completing applications for SNAP, AHCCCS, and Unemployment Insurance.

2.3.1.4 Food and nutrition services to counteract the impacts of starvation or malnutrition.

2.3.2 Information and Referrals Service Requirements

2.3.2.1 Clients shall have a completed program application in HSD Dynamics prior to the delivery of information and referral services.

2.3.2.2 Subrecipient shall document all referrals in HSD Dynamics and follow referral procedures in accordance with the MCHSD/CRD Policy and Procedure Manual.

2.3.2.3 Information regarding program referrals shall be reported in the MCHSD/CRD quarterly ROMA reports.

2.4 Housing Stability Flex Program

The Housing Stability Flex Program expands existing housing stability services to qualified clients for the purpose of eliminating barriers for those “at risk” of homelessness and can maintain housing after the “one-time” assistance. Services include the delivery of “one-time” financial assistance and referral, case management, and follow up contact.

2.4.1 Financial Assistance

2.4.1.1 Subrecipient shall assess and triage eligible resources using funding as an option of last resort, or to meet participant’s immediate need that other funding sources are unable to cover.

2.4.1.2 The use of these funds is limited to a one-time payment of no more than \$3,000 paid on behalf of the participant who was determined program suitable with an ability to maintain housing after the one-time financial assistance utilizing an eligible financial resource. Program shall not to be used for ongoing assistance.

2.4.2 Case Management

2.4.2.1 Subrecipient shall determine eligibility, program suitability, and assess participants for the program. Develop a case plan with the client to include goals that focus on the household's ability to maintain a lease and address barriers to housing retention, including maximizing their ability to pay rent; improving understanding of landlord/tenant rights and responsibilities; and addressing other issues that have, in the past, resulted in housing crisis or housing loss.

2.4.2.2 Subrecipient shall maintain an updated list of community resources and low-income housing assistance programs (and their eligibility requirements) to which participants can be referred.

2.4.2.3 Referrals will be made to appropriate community and mainstream resources, including, but not limited to income supplements/benefits (TANF, Food Stamps/SNAP, etc.), non-cash supports (healthcare, food supports, etc.), legal assistance, credit counseling, and subsidized childcare.

2.4.2.3.1 Subrecipient shall follow up with client regarding the outcome of the referrals.

2.4.3 Post Financial Assistance Follow-up Services

2.4.3.1 Subrecipient shall conduct follow up contact with participants following the delivery of the one-time financial assistance to determine participant's housing status, impact of funding, and the need for additional connections to other program resources outside of the one-time payment assistance.

2.4.3.2 Subrecipient shall assess the participant's housing status and document progress utilizing the case plan at 3, 6, and 12 months and update Dynamics as outlined in the MCHSD/CRD Policy and Procedure Program Manual.

2.4.3.3 Follow up contact shall be conducted based on the client's preferred method of contact. Contact may be provided via text, in person, virtual, and/ or telephonic.

2.4.4 Housing Stability Flex Program Service Requirements

2.4.4.1 Subrecipient shall provide program related financial assistance services to a minimum of 90 qualified clients for the timeframe of March 1, 2025 to December 31, 2025.

2.4.4.2 Qualified clients shall have a household income at or below 80% Average Median Income (AMI) and meet the following criteria per MCHSD/ CRD Policy and Procedures Handbook:

2.4.4.2.1 Client must be a U.S. Citizen or meet Qualified Noncitizen Immigrant status;

- 2.4.4.2.2 Client is a current renter or residing in a temporary shelter through evidence of participation in a housing assistance program;
- 2.4.4.2.3 Client must demonstrate the household is experiencing or expects to experience a crisis;
- 2.4.4.2.4 Client's household is determined to be at risk of homelessness; and
- 2.4.4.2.5 Client is able to demonstrate the household's ability to maintain housing after receiving one-time financial assistance services.
- 2.4.4.3 Subrecipient shall verify qualified clients' household housing status, income, and suitability for program services per CRD/ MCHSD Policy and Procedures Manual.
- 2.4.4.4 Qualified clients shall have: 1) an active program application in HSD Dynamics, or 2) are assisted in the creation of an HSD Dynamics active program application.
- 2.4.4.5 Subrecipient shall record all program services and activities in HSD Dynamics to include financial/ non-financial services, client progress, and follow up outcomes.
- 2.4.4.6 Financial assistance funds are managed and allocated by MCHSD. Funds will be made available to the Subrecipient through HSD Dynamics.
- 2.4.4.7 MCHSD/CRD will make payment directly to vendors upon authorization by County.
- 2.4.4.8 Subrecipient shall continue to conduct and demonstrate evidence of post financial assistance follow up services with clients through June 30, 2026.
- 2.4.4.9 The County reserves the right to add, remove, or revise requirements to meet program goals.

2.5 **Facility Requirements**

- 2.5.1 Subrecipient shall ensure staff on-site are able to navigate to websites and provide generalized assistance to clients. Staff shall provide access to through self-maintaining or partnership agreements, a computer lab to include multiple computers with internet access, fax machines, copier, phones, and basic office supplies to allow individuals access to the following:
 - 2.5.1.1 AZDES LIHEAP Application Portal;
 - 2.5.1.2 HSD Client Portal;
 - 2.5.1.3 Online applications for AZDES Unemployment Insurance, Supplemental Nutrition Assistance Program (SNAP), and AHCCCS Health Insurance;

- 2.5.1.4 Online job search and submission of application/resume; and/or
- 2.5.1.5 Information regarding scholarships and federal financial aid.
- 2.5.2 Subrecipient shall ensure adequate space for the following:
 - 2.5.2.1 On-site workshops and training classes;
 - 2.5.2.2 Local job/career fairs; and
 - 2.5.2.3 Eligibility determination where confidential information cannot be overheard.

2.6 **Reporting Requirements**

- 2.6.1 Subrecipient shall submit programmatic and financial reports to MCHSD as listed below:
 - 2.6.1.1 Results Oriented Management and Accountability (ROMA/ROMA Next Gen) data and/or reports no later than the 10th business day after the end of each quarter of the fiscal year.
 - 2.6.1.2 Monthly invoices/claims with supporting documentation no later than the 10th business day, following the end of the month.
 - 2.6.1.3 The County reserves the right to add, remove, or revise reporting requirements to meet program goals.
 - 2.6.1.4 Failure to submit required reports in the designated timeframe listed may result:
 - 2.6.1.4.1 in a forfeiture of payment, if not submitted by the forty-fifth (45th) calendar days following the end of a month.
 - 2.6.1.4.2 in a forfeiture of final payment, if final program and fiscal reports is not submitted within the designated time period, determined by MCHSD following the Contract term.

2.7 **HSD Dynamics Access**

- 2.7.1 Access to HSD Dynamics will be provided by MCHSD/CRD upon request from Subrecipient.
- 2.7.2 Subrecipient shall provide MCHSD/CRD information regarding staffs' name, position title, contact information, and confirmation of successful completion of all required background checks, to include Fingerprint and Central Registry Submission/Clearances.
- 2.7.3 MCHSD reserves the right to immediately remove access if it is determined Subrecipient's personnel is a risk to the County operations for any of the following reasons but not limited to:
 - 2.7.3.1 Approving clients for services they are not eligible for;
 - 2.7.3.2 Denying eligible clients services; and
 - Accessing the HSD Dynamics for any purpose other than areas of responsibility.

2.7.4 MCHSD will provide Subrecipient programmatic ad hoc reports, as requested.

2.8 Staff Requirements

2.8.1 Subrecipient shall:

2.8.1.1 Ensure staff and/or volunteers do not provide direct services to clients until all appropriate Background Checks, Fingerprint and Central Registry clearances have been completed with satisfactory results and procedures are in place if results are unsatisfactory;

2.8.1.2 Maintain documentation that key staff have received appropriate training or hold appropriate certification/licensure in accordance with roles, responsibilities and job descriptions;

2.8.1.3 Ensure that staff and volunteers do not have any conflicts of interest in the provision of services and management of programs;

2.8.1.4 Provide staff and volunteers with supervision, equipment, materials and supplies necessary to perform contracted services;

2.8.1.5 Provide training to all new employees and volunteers providing services under this Agreement, to include but not limited to the following:

2.8.1.5.1 An overview of the MCHSD/CRD Policy and Procedure Manual; and

2.8.1.5.2 Requirements of ARS §46-140.01 and ARS §1-501 and ARS § 1-502 regarding eligibility for state and local benefits.

2.8.1.6 Maintain documentation that verifies case management staff have received relevant training and provide documentation upon request to MCHSD;

2.8.1.7 The Subrecipient shall be required to notify MCHSD of staff changes and vacant positions within two (2) business days of staff changes. The Subrecipient shall open the recruitment to fill case worker vacancies, no later than thirty (30) days after the vacancy occurs, to ensure service availability and clients are not turned away due to lack of staff.

2.8.2 Code of Conduct:

2.8.2.1 The Subrecipient shall avoid any action that might create or result in the appearance of:

2.8.2.1.1 Inappropriate use or divulging of information gathered or discovered pursuant to the performance of its duties under the Contract.

2.8.2.1.2 Actions on behalf of the County without appropriate authorization.

2.8.2.1.3 Providing favorable or unfavorable treatment to anyone.

- 2.8.2.1.4 Making a decision on behalf of the County that exceeds their authority, displaying preferential treatment or actions that would have unfavorable consequences for the County.
- 2.8.2.1.5 Misrepresenting or otherwise impeding the efficiency, authority, actions, policies, or adversely affect the confidence of the public or integrity of the County.
- 2.8.2.1.6 Loss of impartiality when advising the County.

2.9 **Community Action Program Meetings**

- 2.9.1 MCHSD will facilitate quarterly meetings with CAP Subrecipients to communicate new developments, discuss problems, address barriers to services, share ideas for improvements, and to address other identified topic areas.
- 2.9.2 Subrecipient shall ensure that a designated staff member participates in CAP meetings, as scheduled.

2.10 **Cooperation in Strategic Planning and Community Needs Assessment:**

- 2.10.1 Subrecipient shall participate in strategic planning initiatives which lead to the development of the five (5) year strategic plan and the annual Community Action Plan and provide information regarding the causes/condition of poverty within the designated geographic service area.

2.11 **Training and Technical Assistance**

- 2.11.1 To ensure successful program service delivery, MCHSD will provide/conduct training and technical assistance, if applicable, on the following:
 - 2.11.1.1 MCHSD/CRD Policy and Procedure Program Manual;
 - 2.11.1.2 MCHSD funded financial assistance services;
 - 2.11.1.3 Use of HSD Dynamics;
 - 2.11.1.4 Reports and forms, as required;
 - 2.11.1.5 Results Oriented Management and Accountability (ROMA)/ROMA Next Gen;
 - 2.11.1.6 Review of all applicable federal, state, and county regulations, laws, and rules related to specific funding sources used;
 - 2.11.1.7 Review of program monitoring findings; and
 - 2.11.1.8 Other training and technical assistance as needed/required.

2.12 **Limited English Proficiency**

- 2.12.1 The Subrecipient shall ensure that all services provided are culturally relevant and linguistically appropriate to the population to be served.
- 2.12.2 Applicable Program Rules and Regulations:

- 2.12.2.1 Subrecipient shall comply with all applicable federal, state, and county regulations, laws, and rules as amended, including but not limited to the following:
- 2.12.2.2 COATS Human Services Reauthorization Act of 1998;
- 2.12.2.3 2 CFR 200 Uniform Administrative Requirements;
- 2.12.2.4 Personal Responsibilities and Work Opportunity Reconciliation Act of 1996;
- 2.12.2.5 Stewart B. McKinney Homeless Assistance Act;
- 2.12.2.6 ARS §46-241-State Short Term Crisis Services;
- 2.12.2.7 ARS §46-731–Utility Assistance;
- 2.12.2.8 ARS §46-741–Neighbors Helping Neighbors;
- 2.12.2.9 ARS §46-140.01-Verification of identity and citizenship and/or immigration status; and
- 2.12.2.10 ARS§§1-501-1-502, regarding eligibility for federal, state, or local public benefits.
- 2.12.2.11 The requirements related to reporting to a peace officer or child protective services incidents of crimes against children as specified in A.R.S. §13-3620 as may be amended.
- 2.12.2.12 P.L. 101-121, Section 319 (31 U.S.C. section 1352) as may be amended, and 29 C.F.R. Part 93 as may be amended which prohibit the use of federal funds for lobbying and which state, in part: Except with the express authorization of Congress, the Subrecipient, its employees or agents, shall not utilize any federal funds under the terms of this contract to solicit or influence, or to attempt to solicit or influence, directly or indirectly, any member of Congress regarding pending or prospective legislation. Indian tribes, tribal organizations and any other Indian organizations are exempt from these lobbying restrictions with respect to expenditures that are specifically permitted by other federal law.
- 2.12.2.13 A.R.S. § 23-722.01 as may be amended relating to new hire reporting,
- 2.12.2.14 A.R.S. § 23-722.02 as may be amended relating to wage assignment orders to provide child support, and A.R.S. § 25-535 as may be amended relating to administrative or court-ordered health insurance coverage for children.
- 2.12.3 Administrative Simplification rules in Title II of the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) and all Federal regulations that are applicable to the operations of the Subrecipient by the dates required by the implementing Federal regulations as well as all subsequent requirements and regulations as published.

2.13 Grievance Procedures

- 2.13.1 Subrecipient shall establish a process to review and address client grievances. Subrecipient shall submit grievance process to MCHSD/CRD, as requested.
- 2.13.2 Subrecipient shall advise all applicants of their right to present to the Subrecipient any grievances arising from the delivery of contract services, including, but not limited to, ineligibility determination, reduction of services, suspension or termination of services, or quality of services.
- 2.13.3 Subrecipient shall address grievances for individuals seeking/receiving County funded assistance who feel that they have not been treated fairly..
- 2.13.4 Subrecipient shall act as first reviewer of grievances for their respective site following their prescribed written process . All grievances are documented in HSD Dynamics. MCHSD acts as second review for all escalated CAP grievances. Follow grievance procedures as outlined in the MCHSD/CRD Policy and Procedure Program Manual.

2.14 Community Action Tripartite Board Recruitment

- 2.14.1 Subrecipient shall recruit local community members to serve in the role of the Public Official or Consumer Representative sectors for the MCHSD Community Action Commission, as requested by MCHSD. Subrecipients shall perform the following outreach activities:
 - 2.14.1.1 Post flyers at location(s) and community events;
 - 2.14.1.2 Share information and distribute flyers to clients;
 - 2.14.1.3 Direct community members to the following MCHSD website page to obtain additional information and Commission application: CACCommission@maricopa.gov;
 - 2.14.1.4 Assist clients or with the Democratic Selection Process;
 - 2.14.1.5 Coordinate outreach efforts to city council members.

2.15 Pandemic Award Performance

- 2.15.1 The Subrecipient shall establish a written plan that illustrates how the services and contract performance standards will be met in the event of a pandemic occurrence.
- 2.15.2 The pandemic performance plan shall include:
 - 2.15.2.1 Key succession and performance planning if a sudden significant decrease in Subrecipient's workforce should occur.
 - 2.15.2.2 Alternative methods to ensure services are available.
 - 2.15.2.3 An up-to-date list of Subrecipient contacts and organizational chart.

- 2.15.2.4 In the event of a pandemic, as declared by the Governor of Arizona, U.S. Government, or the World Health Organization, which makes performance of any term under this Award impossible or impracticable, the MCHSD shall have the following rights:
 - 2.15.2.5 After the official declaration of a pandemic, MCHSD may temporarily void the Award in whole or specific sections if the Awardee cannot perform to the standards agreed upon in the initial terms.
 - 2.15.2.6 MCHSD shall not incur any liability if a pandemic is declared, and emergency procurements are authorized by the Director of the Arizona Department of Administration per A.R.S. § 41-2537 as may be amended by the Arizona Procurement Code.
 - 2.15.2.7 Once the pandemic is officially declared over and/or the Subrecipient can demonstrate the ability to perform, MCHSD, at its sole discretion, may reinstate the temporarily voided Award.
 - G. Revise Section 4 (Budget and Compensation), Paragraph 1.5 (Operating Budget) and add a new Operating Budget for CAP Services for Fiscal Year 2026. The County shall provide the Subrecipient with a not to exceed amount of \$386,100 for the period of July 1, 2025, through June 30, 2026. Unexpended Operating Budget funds from Fiscal Year 2025 shall not be available for expenditures in Fiscal Year 2026.
 - H. In accordance with 2 CFR 200.332(b)(1)(xii), the County shall provide the Subrecipient with the FY2026 final expenditure dollar amounts made available under each federal award program (according to Assistance Listing Number (ALN) within 60 days after June 30, 2026 ([https://www.ecfr.gov/current/title-2/part-200/subpart-D#p-200.332\(b\)\(1\)\(xii\)](https://www.ecfr.gov/current/title-2/part-200/subpart-D#p-200.332(b)(1)(xii)))).
- III. Section II above contains all the changes to the Agreement made by this Amendment No. 6. The Agreement is amended to incorporate the changes contained in this Amendment No. 6. All other terms and conditions of the Agreement remain the same and in full force and effect as executed by the Parties. This Amendment No. 6 is subject to and incorporates the provisions of A.R.S. § 38-511.
- IV. The Parties have authorized the undersigned to execute this Amendment No. 6, and it shall be effective upon approval and signature by both Parties.

[Signatures contained on following page]

IN WITNESS, the Parties have approved and signed this Amendment No. 6:

APPROVED BY:
CITY OF SURPRISE

APPROVED BY:
MARICOPA COUNTY

Kevin D. Sartor, Mayor Date

Thomas Galvin, Chairman Date
Board of Supervisors

Attested To:

Attested To:

City Clerk Date

Juanita Garza, Date
Clerk of the Board

IN ACCORDANCE WITH A.R.S. §§ 9-240, 9-500.11, 11-952, AND 46-241, ET SEQ., THIS AMENDMENT NO. 6 HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY WHO HAS DETERMINED IT IS PROPER IN FORM AND WITHIN THE POWERS AND AUTHORITY GRANTED TO THE CITY OF SURPRISE UNDER THE LAWS OF THE STATE OF ARIZONA.

IN ACCORDANCE WITH A.R.S. §§ 11-201, 11-251, AND 11-952, THIS AMENDMENT NO. 6 HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY WHO HAS DETERMINED IT IS PROPER IN FORM AND WITHIN THE POWERS AND AUTHORITY GRANTED TO MARICOPA COUNTY UNDER THE LAWS OF THE STATE OF ARIZONA.

APPROVED AS TO FORM:

APPROVED AS TO FORM:

BY: _____
Attorney for the City Date

BY: _____
Deputy County Attorney Date

Fiscal Year 2026 Operating Budget*			
City of Surprise Operating Budget - CAP Services			
Contract Period	July 1st, 2025, through June 30th, 2026		
Funding			
County Funds	\$386,100		
Cash Match Contributions	\$145,725		
	\$531,825		
Budget Category	Direct Cost	Administration Cost	Total Cost
Total Expenses	\$531,825	\$0	\$531,825

*Budget modifications among line-item expenditure categories totaling less than 25 percent of the total budget amount can be authorized through prior written approval by the program manager.

ADOH Housing Stability Flex Program Budget**

ITEMIZED SERVICE BUDGET					
CONTRACT SERVICE: ADOH Housing Insecurity Flex Funds					
CONTRACT PERIOD: 04/01/2025 to 6/30/2026					
		*D = % Direct Service Functions	*A = %10 Administrative Functions		
I PERSONNEL					
Total FTE's dedicated to this contract:	1.00	\$ 66,500	\$0	TOTAL:	\$66,500
II EMPLOYEE RELATED EXPENSES		\$ 40,000	\$0	TOTAL:	\$40,000
III PROFESSIONAL AND OUTSIDE SERVICES		\$0			\$0
IV TRAVEL		\$ 1,500	\$0	TOTAL:	\$1,500
V SPACE		\$0			\$0
VI MATERIALS AND SUPPLIES		\$ 5,500	\$0	TOTAL:	\$5,500
VII OPERATING SERVICES		\$ 1,500	\$0	TOTAL:	\$1,500
		TOTAL COST for Direct Service	TOTAL COST for Administrative Service		Proposed Cost to MCHSD
		\$ 115,000	\$0		\$115,000

**Funding period of availability is April 1st through June 30, 2026, there is no cash match contribution requirement.

EXHIBIT 1

MHSB Logic Model Template

**ROMA Logic Model – Family Level****National Community Action Network Theory of Change****Community Action Goal 1:** Individuals and families with low incomes are stable and achieve economic security.

Agency: _____

Need	Outcome <i>General statement of results expected</i>	Service	Projected Indicator <i># to achieve/ # to be served; time frame</i>	Measurement Tool	Data Procedures	Frequency <i>Data collection and reporting</i>
				Output Tool:	Who does it?	Data Collection:
				Outcome Tool:	What is the process?	Data Reporting
					Where is data stored?	
Mission:						



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Eric Boyles, Director -
Transportation

Submitting Department: Transportation

District: Citywide

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of Intergovernmental Agreement (IGA) between the City of Surprise and Regional Public Transit Authority (RPTA) for Fiscal Year 2026 Transit Services; Resolution #2025-84.

Motion:

I move to approve Resolution #2025-84.

Background:

The City contracts with the Regional Public Transportation Authority for a portion of its transit services. This IGA reflects transit services that are planned as part of the FY2026 budget process, and each agency's duties and responsibilities.

The services include the 571 Express Route, Regional Paratransit services for ADA certified residents, and the RideChoice program for ADA certified residents, veterans and income-qualified individuals.

Objective Analysis:

This action will continue our partnership with RPTA for express bus service, Regional Paratransit, and RideChoice services to residents of Surprise. The IGA with RPTA outlines the City's costs for operating transportation services. Below is a breakdown of costs associated with service.

Express Route 571 -

Travels from the City's Park and Ride to downtown Phoenix, and currently provides three trips into Phoenix and three return trips to the Park and Ride. FY2026 costs for Route 571 are \$1,483,566. Federal Transit Administration (FTA) funds and fares are applied, leaving a balance of \$1,420,072. This entire amount is being absorbed by Proposition 400, also known as the Public Transportation Fund.

Regional Paratransit Service –

RPTA operates Surprise Paratransit service as well as the Regional Paratransit service to ensure that ADA certified residents are able to make trips in a safe, comfortable manner by providing a door-to-door service for eligible residents. RPTA estimates making 3,660 Regional Paratransit trips during

FY2026 at a cost of \$368,348. Fares and Proposition 400 funds are anticipated in the amount of \$77,861, leaving Surprise's share at \$290,487.

RideChoice –

RideChoice allows ADA certified riders, veterans and income-qualified residents a non-shared ride option which will take them to most areas of Surprise. RPTA anticipates making 34,627 trips during FY2026 at a cost of \$1,680,009. Fares and FTA funds are anticipated in the amount of \$193,949, leaving Surprise's share at \$1,486,060

Policy Compliant:

This item is compliant with all City and City Council policies.

Financial Impact:

This IGA is an ongoing annual contract for transit services. For FY2026, the total estimated amount the City will be obligated to pay for services provided under the contract is \$1,776,547.

Budget Impact:

The FY2026 approved annual budget includes \$1,421,800 and \$400,000 for professional services in the transit services program within the General Fund and Arizona Lottery Fund (ALF), respectively. Funding within the ALF is dependent upon the total amount of local grant funds received from Arizona Lottery proceeds; for FY2026 this amount is estimated to be \$364,134.

FTE Impact:

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

ATTACHMENTS:

1. Res 2025-84- IGA RPTA_Submitted
 2. SURPRISE TSA 166-75-2026-00 - F (003)
-

RESOLUTION # 2025-84

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH THE VALLEY METRO REGIONAL PUBLIC TRANSPORTATION AUTHORITY FOR TRANSIT SERVICES.

WHEREAS, pursuant to Arizona Revised Statute §11-952, *et seq.*, the City of Surprise has the authority to enter into intergovernmental agreements (“IGA”) with other governmental entities for the purposes set forth within;

WHEREAS, the Valley Metro Regional Public Transportation Authority (“RPTA”) has established a network of regional public transportation services within Maricopa County;

WHEREAS, the City and the RPTA together with other Maricopa County cities have provided a regional public transportation system;

WHEREAS, the parties desire to enter into this annual updated IGA attached hereto as Exhibit A in order to facilitate the transit services set forth in the attached Master IGA and the Exhibits attached thereto; and

WHEREAS, the parties now wish to approve the terms of the Master Intergovernmental Agreement entered into by the City and the RPTA.

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

Section 1. The Master Intergovernmental Agreement between the City and the RPTA, attached as Exhibit A, is approved.

Section 2. The Mayor is hereby authorized to execute and submit all documents and other necessary or desirable instruments in connection with said Master Intergovernmental Agreement.

[SIGNATURES ON FOLLOWING PAGE]

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

EXHIBIT A

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF SURPRISE
AND
VALLEY METRO REGIONAL PUBLIC TRANSPORTATION AUTHORITY

MASTER TRANSIT SERVICES AGREEMENT
BETWEEN
THE CITY OF SURPRISE
AND
THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
CONTRACT # 166-75-2026-00

THIS MASTER TRANSIT SERVICES AGREEMENT (“Agreement”) is entered into on July 1, 2025, between the City of Surprise, a legal entity duly organized and existing under the laws of the State of Arizona (“Member”) and the Regional Public Transportation Authority, a political subdivision of the state of Arizona (“RPTA”) (collectively “Parties”).

RECITALS

WHEREAS, Member has charter authority to provide transit services and charter and statutory authority to enter into agreements with other entities within Maricopa County to provide transit services under A.R.S. Section 11-951, et seq.;

WHEREAS, RPTA is a political subdivision of the state of Arizona, established for the purpose of planning and providing public transportation services under A.R.S. Section 48-5121 and A.R.S. Section 48-5101, et seq.;

WHEREAS, as a political subdivision of the State of Arizona, RPTA “may contract and enter into stipulations of any nature to do all acts necessary and convenient for the full exercise of” its powers granted under A.R.S. Section 48-5101, et seq., including entering into intergovernmental agreements with other governmental entities under A.R.S. Section 11-951, et seq.;

WHEREAS, transit activities are one of those types of activities authorized pursuant to the aforementioned statutory and other authority, and;

WHEREAS, RPTA is willing to provide, and Member is willing to purchase or receive transportation services as detailed in this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and considerations contained in this Agreement, it is agreed by the Parties as follows:

SECTION 1. EFFECTIVE DATE

This Agreement shall take effect only after it has been approved by Member's Council, approved by the RPTA Board of Directors, executed by the duly authorized officials of each of the Parties, approved by the Parties' respective counsel and filed with the Member's Clerk ("Effective Date").

SECTION 2. TERM OF AGREEMENT

This Agreement shall be effective for a period of seven (7) years from the Effective Date. This Master Agreement shall be amended on an annual basis to accommodate changes in service levels, funding changes, costs and revenues. In addition, the Parties acknowledge that Prop 400 expires June 30, 2025, and Prop 479 takes effect on July 1, 2025. Although Prop 400 Rules, Policies and Guidelines shall remain in effect until July 1, 2026, the Parties acknowledge and agree that this Agreement may have to be amended to accommodate any new Rules, Policies and Guidelines promulgated by the new Prop 479.

SECTION 3. OBLIGATIONS AND SCHEDULING

3.1 The Parties' obligations and program schedules are identified in an Annual Service Agreement (Attached to and incorporated as Attachment A) and the Incorporated Schedules, (Attached to and incorporated as Attachment B). Obligations may be related to responsibilities including, but not be limited to, fixed route bus, Dial-a-Ride paratransit brokerage services, or other transit services. The Annual Service Agreement and Incorporated Schedules are designed to be amended annually in coordination with RPTA's adopted fiscal year budget process. The Annual Service Agreement and Incorporated Schedules may be modified as needed and as agreed to in writing by both Parties as provided in this Agreement and any modifications shall be made a part of this Agreement as fully set forth herein. Attachments may include but not be limited to:

Attachment A – ANNUAL SERVICE AMENDMENT

Attachment B – INCORPORATED SCHEDULES

Schedule "A" Regionally Funded Fixed Route Bus Service (RPTA Funded)

Schedule "B" Member Funded Fixed Route Bus Services

Schedule "C" Paratransit Services

Schedule "D" Ride Choice Program

Schedule "E" Americans with Disabilities Act (ADA) Public Transportation Fund (PTF)

Schedule "F" ADA Platinum Pass

Schedule “G” Place Holder - Park and Ride/Transit Center - N/A

Schedule “H” Place Holder - Various Capital Projects - N/A

Schedule “I” Bus Stop Improvements – N/A

3.2 Within 90 days after the close of each fiscal year, RPTA will conduct an annual program reconciliation to determine the actual number of trips or mileage which are billable to the Member for each program. The reconciliation will occur for all programs, including but not limited to paratransit, ride choice and fixed route transit services. RPTA will use this analysis to determine whether Member has overpaid or underpaid based on the service provided. In the event either Party owes the other Party, RPTA will either pay the Member or invoice the Member for the amount due to RPTA within 30 calendar days after acceptance of the final reconciliation by both Parties. In the event underpaid Member shall have 30 days from the date of receipt of the invoice to pay the invoice.

SECTION 4. RECORDS AND AUDIT

Pursuant to A.R.S. Sec. 35-214, all books, accounts, reports, files and other records relating to this Agreement under the custody or control of RPTA or its contractors shall be subject, at all reasonable times, to inspection and audit by Member, FTA, and the City of Phoenix, for five (5) years after completion of this Agreement. Such records shall be produced at RPTA offices when requested by Member.

SECTION 5. COVENANT AGAINST CONTINGENT FEES

The Parties warrant that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the Member’s city council or the RPTA Board of Directors, and no officer, agent, or employee of the Member or RPTA has any interest, financially or otherwise, in this Agreement.

SECTION 6. ALTERATION IN CHARACTER OF WORK

Minor alterations in the character of work shall be authorized in writing by Member and acknowledged by RPTA by letter.

SECTION 7. TERMINATION AND CHANGES IN SERVICE

7.1 The Parties hereby agree to full performance of the covenants and obligations contained in this Agreement, except that each reserves the right, at its option and sole discretion, to terminate or abandon the service provided for in this Agreement, or any portion thereof.

7.2 Termination of this Agreement may be at any time and for any reason, with or

without cause, upon providing ninety (90) calendar days prior written notice. Termination shall be effected by delivery of a notice of termination (“Notice of Termination”) specifying the extent to which performance of work under the Agreement is terminated, and the date upon which such termination becomes effective.

7.3 Upon termination, RPTA shall calculate actual expenses incurred up to and including the date of termination and (if termination was at the election of Member) any penalty or costs whatsoever. If Member has paid RPTA sums in excess of the termination costs, RPTA shall refund the excess; if Member has paid RPTA an amount less than the termination costs, then Member shall pay to RPTA an amount equal to the difference between the termination costs and the amount that Member already has paid under this Agreement.

7.4 Upon termination of this Agreement, all property used in connection with this Agreement will be promptly returned to the party holding title thereto, not considering any state or federal funding.

7.5 Final payment shall be made within sixty (60) calendar days after the termination of service.

SECTION 8. AGREEMENT NON-ASSIGNABLE

RPTA may not assign or otherwise transfer any of its rights or obligations hereunder to a third party without the express prior written consent of Member, which may be granted or withheld by Member in its sole and absolute discretion. Any assignment or transfer without such prior written consent shall be void.

SECTION 9. INDEMNIFICATION

9.1 RPTA (as “Indemnitor”) agrees to indemnify, defend, and hold harmless Member (as “Indemnitee”) from and against any and all claims, losses, liability, costs, or expenses, including reasonable attorney’s fees (“Claims”), but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnitee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

9.2 RPTA shall require all contractors providing services under this Agreement (each an “Additional Indemnitor”) to indemnify, defend, save, and hold harmless Member from and against any and all Claims caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the Additional Indemnitor and persons for whom they are vicariously liable.

SECTION 10. INSURANCE REQUIREMENTS

10.1 RPTA, at its expense, shall maintain in force the required insurance coverage and provisions listed below with insurance companies having a Best's Rating of A-VII or better. RPTA is responsible for paying any deductibles or self-insured retentions and they shall be disclosed on the certificates of insurance. These deductibles or self-insured retentions shall not be applicable with respect to coverage afforded to Member under these policies.

10.2 All coverage shall be evidenced on a certificate of insurance provided to the Member prior to commencement of this contract. Member shall be named as an additional insured on the certificate(s) of insurance and/or formal endorsements and shall provide a waiver of subrogation against Member. Failure of Member to demand such certificates or other evidence of full compliance with these insurance requirements or failure of Member to identify a deficiency from the evidence provided shall not be construed as a waiver of RPTA's obligation to maintain such insurance.

10.3 Each insurance policy shall not be subject to lapse, cancellation, or material change in coverage unless prior written notice is provided to Member.

10.4 RPTA's insurance shall be primary insurance to Member, and any insurance or self-insurance maintained by Member shall not contribute to it.

10.5 RPTA's contracts with any contractors providing service under this Agreement shall specify that all contractors and subcontractors of every tier shall provide at the same minimum limits and coverages as requested by the Member, in amounts not to exceed the coverages required in this Agreement.

10.6 Commercial General Liability. RPTA shall maintain in force the following minimum commercial general liability insurance: \$1,000,000 per occurrence with a \$2,000,000 aggregate for bodily injury, death, and property damage, personal and advertising injury, and products/completed operations.

10.7 Commercial Automobile Liability. RPTA shall maintain the following minimum business auto liability insurance limits: \$1,000,000 combined single limit per accident. Coverage shall be for "any auto," which includes all owned autos, hired and leased autos, and non-owned autos.

10.8 Workers' Compensation and Employers' Liability Insurance. RPTA shall maintain:

10.8.1 Minimum workers' compensation coverages and statutory limits to cover obligations imposed by federal and state statutes having jurisdiction of any contractor's employees engaged in the performance of services; and

10.8.2 Employer's liability insurance of not less than **\$1,000,000** for each accident, **\$1,000,000** for disease for each employee and **\$1,000,000** disease policy limit.

10.9 Excess Liability Insurance Requirements. RPTA shall maintain the minimum limits of excess liability limits over the commercial general liability limits, auto liability limits, and employers' liability limits as required by the State of Arizona's licensing requirements for the service types respective to this Agreement.

SECTION 11. DEFAULT

Either party shall be deemed in default under this Agreement upon the failure of such party to observe or perform any material covenant, condition or agreement on its part to be observed or performed hereunder, and the continuance of such failure for a period of thirty (30) days after written notice by the other party, as required herein. Such notice shall specify the failure and request it be remedied, unless the party giving notice agrees in writing to an extension of the time period prior to its expiration. However, if the failure stated in the notice cannot be corrected within the applicable period, it will not give rise to a default hereunder if corrective action is instituted within the applicable period and diligently pursued until the failure is corrected. In the event of a default hereunder, the non-defaulting party may have a breach of contract claim and remedy against the other in addition to any remedy provided or permitted by law; provided, however, that no remedy that would have the effect of amending any provisions of this Agreement shall become effective without the formal amendment of this Agreement.

SECTION 12. ISSUE RESOLUTION

Any dispute arising out of the interpretation of any provision of this Agreement, any policy matter or the determination of an issue of fact, which dispute is not resolved at staff level, shall be referred to RPTA's Chief Executive Officer and a representative designated by Member. If, after good faith negotiations aimed at reaching an amicable solution, a dispute cannot be resolved to the satisfaction of both parties, the dispute may be brought before a court of competent jurisdiction in Maricopa County, Arizona.

SECTION 13. NOTICE

Any notice, consent or other communication (“Notice”) required or permitted under this Agreement shall be in writing and either delivered in person, sent by email as PDF, deposited in the United States mail, postage paid, registered or certified mail, return receipt requested, or deposited with any commercial air courier or express service addresses as follows:

If intended for RPTA:

Regional Public Transportation Authority
Attention Chief Legal Officer
101 N. 1st Avenue, Suite 1300
Phoenix, AZ 85003

If intended for Member:

Attention: Business Manager – Public Works
16000 North Civic Center Plaza
Surprise, Arizona 85374

Notice shall be deemed received at the time it is personally served or, on the day it is received by e-mail PDF, on the second day after its deposit with any commercial air courier or express service, if mailed, ten (10) days after the notice is deposited in the United States mail as provided. Any time period stated in a Notice shall be computed from the time the Notice is deemed received. Either Party may change its mailing address, e-mail address or the person to receive notice by notifying the other Party as provided in this Section.

Notice sent by e-mail PDF shall also be sent by regular mail to the recipient at the above address. The requirement for duplicate notice is not intended to change the effective date of the Notice sent by e-mail PDF.

SECTION 14. AMENDMENT

This Agreement and the Annual Service Agreement may be modified or amended only by a written document executed by both RPTA and Member, approved as to form by the Member Attorney, and may be filed with the Member’s Clerk. Such document shall expressly state that it is intended by the Parties to amend specifically identified terms and conditions of this Agreement.

SECTION 15. INTEGRATION

This Agreement represents the entire agreement of the parties, and all prior agreements with respect to the subject matter of this Agreement are revoked and superseded by this Agreement, and no representations, warranties, inducements or oral agreements have been made by any of the

parties except as expressly set forth herein, or in other contemporaneous written agreements. This Agreement may not be changed, modified or rescinded except in writing, signed by the Parties, and any attempt at oral modification of this Agreement shall be void and of no effect.

SECTION 16. APPLICABLE LAW AND VENUE

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona. Any litigation between the Parties arising from this Agreement shall be litigated in an appropriate court located in Maricopa County, Arizona.

SECTION 17. NON-WAIVER

No covenant or condition of this Agreement may be waived by any party, unless done so in writing. Forbearance or indulgence by any party in any regard whatsoever shall not constitute a waiver of the covenants or conditions to be performed by the other.

SECTION 18. SEVERABILITY

Any provision of this Agreement that is prohibited or unenforceable under the laws or regulations of the United States of America or the State of Arizona shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

SECTION 19. BENEFIT AND BINDING EFFECT

The terms and provisions of this Agreement shall inure to the benefit of and are binding on RPTA and Member and their respective successors and permitted assigns.

SECTION 20. SURVIVAL

The indemnifications and limitations on liability provided in this Agreement shall have full force and effect notwithstanding any other provisions of this Agreement and shall survive any termination or expiration thereof.

SECTION 21. FURTHER ASSURANCES

The Parties hereto shall execute such other documents and take such other actions as may be reasonably necessary or proper to achieve the intent and purposes hereof.

SECTION 22. CONFLICTS OF INTEREST

The Parties hereto acknowledge that this Agreement is subject to cancellation pursuant to the provisions of Arizona Revised Statutes Sec. 38-511.

SECTION 23. RELATED AGREEMENTS

This Agreement, together with the exhibits, instruments and other documents required to be executed and delivered in connection herewith is intended to be read in conjunction with any and all prior agreements and understandings of the Parties with regard to the subject matter hereof.

SECTION 24. CONSTRUCTION AND INTERPRETATION OF AGREEMENT

This Agreement, and each of its provisions, schedules, attachments, exhibits, terms and conditions, has been reached through negotiations between the Parties. Accordingly, each of the Parties expressly acknowledges and agrees that this Agreement shall not be deemed to have been authored, prepared or drafted by a particular Party, and that the rule of construction that resolves ambiguities against the drafting party shall not be employed in the interpretation of this Agreement.

SECTION 25. THIRD-PARTY BENEFICIARIES

This Agreement is intended to benefit the corporate and municipal interests of RPTA and Member alone, and no other person shall claim any implied right, benefit or interest in such services. The Parties do not intend to create rights in or remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation or undertaking established under this Agreement.

SECTION 26. POLICE POWER

The Parties acknowledge the right vested in Member pursuant to general law to exercise its police power for the protection of the health, safety and welfare of its constituents and their properties. Nothing in this Agreement shall be construed as precluding Member from exercising such powers in connection with the subject matter hereof.

SECTION 27. COMPLIANCE WITH THE IMMIGRATION REFORM AND CONTROL ACT OF 1986 (IRCA) AND A.R.S. SEC. 23-211 THROUGH 23-214

RPTA understands and acknowledges the applicability of IRCA and of Arizona Revised Statutes Sec. 23-211 through 23-214 to this Agreement. RPTA shall comply with IRCA and with Arizona Revised Statutes Sec. 23-211 through 23-214 in performing under this Agreement. To ensure that RPTA and its subcontractors comply with the provisions of this Section, Member shall have the right to inspect the personnel and related records and papers of RPTA and of its contractors pertaining to individuals performing work under this Agreement. Further, Member is prohibited by Arizona Revised Statute Sec. 41-4401 from awarding an Agreement to any contractor who fails, or whose subcontractors fail, to comply with Arizona Revised Statute Sec. 23-214(A). For this reason, RPTA shall ensure that both it and each of its contractors are in compliance with the requirements of Arizona Revised Statute Sec. 23-214(A). In addition, both RPTA and each of RPTA's contractors shall warrant their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with Arizona Revised Statute Sec. 23-214(A). A breach of any of the provisions of this section shall be deemed a material

breach of this Agreement and is subject to penalties up to and including termination of the Agreement.

SECTION 28. COMPLIANCE WITH THE E-VERIFY PROGRAM

28.1 Warranty of Compliance. Under the provisions of Arizona Revised Statute Sec. 41-4401, the Parties warrant that they will comply with all Federal immigration laws and regulations that relate to their employees and that each complies with the E-Verify Program under Arizona Revised Statute Sec. 23-214(A).

28.2. Breach of Warranty. A breach of this warranty will be considered a material breach of this Agreement and may subject the breaching party to penalties up to and including termination of this Agreement.

28.3 Right to Inspect. The Parties retain the legal right to inspect the papers of any employee who works under this Agreement or subcontract to provide services under this Agreement to ensure compliance with the warranty made in subsection 28.1 of this Agreement.

28.4 Random Verification. Either party may conduct a random verification of the employment records of the other to ensure compliance with the warranty made in subsection 28.1 of this Agreement.

28.5 Federal Employment Verification Provisions; No Material Breach. Neither party will be considered in material breach of this Agreement if it establishes that it has complied with the employment verification provisions prescribed by 8 USCA Sec. 1324(a) and (b) of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by Arizona Revised Statute Sec. 23-214(A).

28.6 Inclusion of Article in Other Contracts. The provisions of this sections must be included in any contract either party enters into with any and all of its contractors or subcontractors that provide services under this Agreement.

SECTION 29. CIVIL RIGHTS

The Parties agree that as a condition of this Agreement they will each comply with all applicable civil rights laws and regulations, in accordance with applicable Federal directives, except to the extent that the Federal government determines otherwise in writing. These include, but are not limited to, those provisions of Section 12 of that certain United States of America Department of Transportation Federal Transit Administration Master Agreement, dated October 1, 2009, as may be amended from time to time, which provisions are incorporated by reference.

IN WITNESS WHEREOF, the Parties have each executed this Agreement as of the date first set forth above.

REGIONAL PUBLIC TRANSPORTATION AUTHORITY (RPTA)

By: _____
Jessica Mefford-Miller, Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Michael Wawro, Chief Legal Officer

CITY OF SURPRISE

By: _____
Kevin Sartor, Mayor

APPROVED AS TO FORM:

By: _____
Jeff Murray, Member Attorney

FILED:

By: _____
Kristi Passarelli, City Clerk

ATTACHMENT A - ANNUAL SERVICE AGREEMENT

The Annual Service Agreement outlines the specific obligations of the Parties and provides the Program Schedules that the Member participates in for Fiscal Year 2026, beginning July 1, 2025, and ending June 30, 2026. The specific obligations will be identified below in Section 1: Member Obligations and Section 2: RPTA Obligations. Section 3: Program Schedules summarizes the Programs that RPTA provides for Member.

SECTION 1. RPTA'S OBLIGATIONS:

1.1 With respect to the services provided in this Agreement, RPTA shall:

1.1.1 Negotiate and coordinate the implementation of operating agreements;

1.1.2 Provide Fixed Route Bus, Dial-a-Ride Paratransit brokerage services or other transit services, administrative services, equipment, personnel and management services directly or through contractors, as provided in this Agreement. RPTA shall ensure that the contractor(s) are duly qualified, licensed, trained, and have adequate equipment to perform services under this Agreement. RPTA shall provide performance oversight to ensure contractors are fully compliant with contract provisions and performance requirements;

1.1.3 Provide regional marketing and merchandising of regional services in coordination with Member's local marketing and merchandising of local service and projects;

1.1.4 Plan for, prepare changes, and amend service specifications;

1.1.5 Invoice Member on a monthly basis for service(s) provided to Member;

1.1.6 Determine, set, and amend as necessary the fare structure for services provided by RPTA or under contract. Collaborate with Member and coordinate the Non-ADA Fare Structure for services provided by RPTA for Dial-a-Ride Services, or under contract;

1.1.7 Convene a steering committee, consisting of representatives from Member, other participating Members, and RPTA to coordinate and monitor service, address service and contractual performance issues, and monitor the adopted service budget(s);

1.1.8 Provide professional staff as necessary to partner with Member to plan for, develop, contract for, monitor, and adjust service;

1.1.9 Provide a customer complaint resolution process;

1.1.10 Provide monthly reports by the 25th day of the following month with

the previous month's data on ridership, revenue collected, and applicable performance standards;

1.2 RPTA and Member may conduct service and financial audits, as required, of any services provided in this Agreement.

1.3 RPTA shall provide performance data reports on a monthly basis. The data will be posted on the Valley Metro website at www.valleymetro.org or within its extra-net site. The paratransit reports shall include at a minimum: ADA ridership versus non-ADA ridership; revenue miles operated, as well as performance indicators by which Member and RPTA can evaluate whether the service provider is meeting policies; and service standards. Fixed route bus reports shall include the following monthly performance statistics for Member (all statistics will be reported by route except fuel efficiency and vehicles which will be reported per day): boardings by Member and other members; wheelchair boardings by Member and other members; vehicle revenue miles by Member and other members; operating days by Member; average number of passengers by revenue mile of service; operating costs; passenger revenue by jurisdiction; percentage on-time performance; service Interruptions; vehicle breakdowns; fuel efficiency by fleet type; wheelchair lift/ramp breakdowns; accidents; vehicle accidents; passenger accidents; passenger security incidents; total customer complaints and compliments; and crimes reported.

1.4 RPTA shall provide Member with a detailed written budget estimate for the provision of transit, including the expected sources and amounts of funding for the next fiscal year. If Member approves the budget estimate, RPTA shall prepare an amendment to this Agreement for Member approval.

1.5 When practicable, within 60 minutes of occurrence, RPTA shall notify Member of any transit related collision, fire, major security incident, or media coverage occurring within Member's jurisdiction.

SECTION 2. MEMBER'S OBLIGATIONS:

2.1 With respect to the services provided in this Agreement, Member shall;

2.1.1 Provide RPTA with funding to pay for the services included in this Agreement:

2.1.2 Reimburse RPTA within 30 days for its costs monthly to monitor, manage, and generally administer the services provided to Member under this Agreement;

2.1.3 Provide funding adequate to finance any additional services added to this Agreement;

2.1.4 Provide for local complaint resolution with citizens of the Member;

2.1.5 At Member's election, participate in all meetings, deliberations, and decisions of any steering committee for services provided in this Agreement;

2.1.6 Provide traffic control and transit priority measures such as turning movements, on Member streets on regular routes for services provided in this Agreement;

2.1.7 Purchase and install bus stop signs and associated amenities;

2.1.8 Provide direction to and partner with RPTA in the preparation and amendment of service plans and levels (i.e. frequency, hours, etc.).

2.2 If the Parties are not able to agree upon renewal terms for the existing Agreement prior to the expiration of the term of the existing Agreement, Member shall make the payments required to be paid under this Agreement on or before July 1st of the new fiscal year and thereafter for a period of one hundred eighty (180) days unless the Parties agree upon renewal terms prior to the expiration of the one hundred eighty (180) day period. For example, if there is a disagreement with the proposed rate for the new fiscal year, or if a renewal agreement is not signed, for any reason, Member shall make payments at the previous year's rate until such time that a new agreement is executed.

2.3 Member does hereby agree to participate in the RPTA program(s) defined in Member's annual agreement.

2.4 Provide a written ninety (90) calendar day notice for major service changes.

2.5 Transit Life Cycle. Member shall comply with all applicable laws, ordinances, regulations and codes of the federal, state and local governments. In performing hereunder, Member shall adhere to RPTA's Transit Life Cycle Program and its approved policies, as they may be amended from time to time, (collectively referred to as the "TLCP").

SECTION 3: SCHEDULES

Section 3 outlines the programs currently provided by RPTA and the attached schedules provide the schedule for each program. If Member does not currently participate in a program, the schedule will state "Intentionally Omitted." If Member decides to participate in or terminate participation in a program at a later date, Section 3 and Attachment B can be amended, in writing, to ratify the change. The attached schedules may be amended on an annual basis to accommodate changes in service levels, costs, and revenues. The schedules listed below and attached as Exhibit B are incorporated into the Annual Service Agreement.

Schedule "A"	Place Holder - Regionally Funded Fixed Route Bus Service (RPTA Funded)
Schedule "B"	Place Holder - Member Funded Fixed Route Bus Services
Schedule "C"	Place Holder -Paratransit Services
Schedule "D"	Place Holder - Ride Choice Program
Schedule "E"	Place Holder - Americans with Disabilities Act (ADA) Public Transportation Fund (PTF)
Schedule "F"	Place Holder - ADA Platinum Pass
Schedule "G"	Place Holder - Park and Ride/Transit Center
Schedule "H"	Place Holder - Various Capital Projects
Schedule "I"	Place Holder - Bus Stop Improvements

ATTACHMENT B – INCORPORATED SCHEDULES

SCHEDULE “A” - REGIONALLY FUNDED FIXED ROUTE BUS SERVICE

Sources of Project Operating Budget

Regionally Funded Fixed Route Bus Service **\$1,420,072.00** (including express)

The above line represents the value of transit service paid for by RPTA to the benefit of Member. The calculation to derive this figure is daily revenue miles of service x number of service days x cost per revenue mile of service.

FY26 Fixed Route Bus Estimate

RPTA Operated in the City of Surprise

Funding		PTF						
Route	Level	HASTUS	Annual Miles	Gross Cost	Fares	PM	Net Cost	
571	W	El Mir	7,530	\$ 244,127	\$ (2,666)	\$ (8,126)	\$	233,336
571	W	Phoe	15,015	486,795	(6,603)	(16,203)		463,989
571	W	Surp	23,215	752,644	(4,844)	(25,052)		722,748
Grand Total			45,760	\$ 1,483,566	\$ (14,113)	\$ (49,381)	\$	1,420,072

**SCHEDULE “B” – MEMBER FUNDED FIXED ROUTE BUS SERVICE
COST ESTIMATE**

For the period from July 1, 2025 through June 30, 2026, Member will pay RPTA a total of **\$0.00** for the provision of fixed route bus services. This payment will be broken into monthly installments of **\$0.00** which shall be due and payable within thirty (30) calendar days of the receipt of an invoice from RPTA. IGA billings will be processed for the full fiscal year based on the above referenced installments. A final invoice will occur once the final recon has been completed after our year end close. This final invoice and payment may be adjusted based on the extent to which the actual cost of service is higher than the budget amount for service.

INTENTIONALLY OMITTED

SCHEDULE “C” – ADA MANDATED PARATRANSIT SERVICE COST ESTIMATE

For the period from July 1, 2025, through June 30, 2026, Member will pay RPTA a total of **\$290,487.00** for the provision of paratransit services. This payment will be broken into monthly installments of **\$24,207.25**, which shall be due and payable within thirty (30) calendar days of the receipt of an invoice from RPTA. IGA billings will be processed for the full fiscal year based on the above referenced installments. A final invoice will occur once the final recon has been completed after our year end close. This final invoice and payment may be adjusted based on the extent to which the actual cost of service is higher than the budget amount for service.

FY26 Paratransit Service Funded by City of Surprise

	<u>Paratransit</u>
Trips:	
Paratransit Trips	3,660
Total Trips	3,660
Cost:	
Contractor Transportation Cost	\$347,937
RPTA Salaries, Fringes & OHD	\$20,411
Total Gross Program Cost	\$368,348
Total Fare Revenue	(\$13,834)
Total Net Program Cost Before PTF	\$354,514
PTF Balance Available	\$64,027
PTF Applied	\$64,027
Member City Contributions:	
Paratransit Service	\$290,487
Total Member City Contribution	\$290,487

ADA certified and ADA eligible visitors

SCHEDULE “D” – RIDECHOICE SERVICE COST ESTIMATE

For the period from July 1, 2025 through June 30, 2026, Member will pay RPTA a total of **\$1,486,060** for the provision of fixed route bus services. This payment will be broken into monthly installments of **\$123,838.33**, which shall be due and payable within thirty (30) calendar days of the receipt of an invoice from RPTA. IGA billings will be processed for the full fiscal year based on the above referenced installments. A final invoice will occur once the final recon has been completed after our year end close. This final invoice and payment may be adjusted based on the extent to which the actual cost of service is higher than the budget amount for service.

FY26 RideChoice Service Funded by City of Surprise

	<u>RideChoice</u>
Trips:	
RideChoice ADA Trips	34,627
RideChoice non-ADA Trips	-
<u>Total Trips</u>	<u>34,627</u>
Cost:	
Contractor Transportation Cost	\$1,567,218
RPTA Salaries, Fringes & OHD	\$112,791
<u>Total Gross Program Cost</u>	<u>\$1,680,009</u>
Total Fare Revenue	(\$126,735)
Federal Funding	(\$67,214)
<u>Total Net Program Cost</u>	<u>\$1,486,060</u>
PTF Balance Available	\$0
PTF Applied	\$0
Member City Contributions:	
RideChoice Costs	\$1,486,060
<u>Total Member City Contribution</u>	<u>\$1,486,060</u>

Eligible residents of Incorporated City of Surprise who are ADA certified, veteran or income qualified.

**SCHEDULE “E” – AMERICANS WITH DISABILITIES ACT (ADA)
PUBLIC TRANSPORTATION FUNDS (PTF) AVAILABILITY**

For the period July 1, 2025, to June 30, 2026, the maximum amount of Public Transportation Funds (“PTF”) available to Member is **\$64,027.00**. PTF will pay actual costs for ADA trips and other trips taken by ADA certified individuals using non-ADA service or the RideChoice program up to the maximum amount. A final reconciliation at fiscal year-end will be performed and adjustments, if necessary, will be made using actual ADA eligible costs.

Any remaining ADA PTF funds not used up to the maximum reimbursements may be requested by Member for other ADA certified rider eligible expenses and certified by Member’s Chief Financial Officer or designee. RPTA will reimburse Member within thirty (30) business days based upon availability of funds. Member may request that reimbursements be made electronically. Wire transfers must be pre-arranged through the RPTA Finance Department.

Maximum amount: **\$64,027.00**

SCHEDULE “F” –ADA PLATINUM PASS PROGRAM

The ADA Platinum Pass Program is designed to encourage people with disabilities to use Valley Metro’s accessible bus and light rail services rather than ADA paratransit whenever they are able to do so. The program enables any ADA paratransit eligible resident of a participating community to use an unlimited amount of bus and light rail service, using a Platinum Pass which is provided by RPTA. This program is funded entirely with regional Public Transportation Funds (“PTF”), so there is no cost to the rider or to the participating community.

Member agrees to participate in the RPTA ADA Platinum Pass Program specified in this schedule. The Platinum Pass Program allows ADA certified customers to travel on fixed-route services at no cost to the customer. PTF funds 100 percent of the fare due (reduced fare for local service; full fare for express service) and will be allocated as a regional service without allocation to the Member or subregional jurisdictional equity, if applicable. Participation in the ADA Platinum Pass Program is voluntary by Member and may be cancelled by Member by providing a ninety (90) calendar day written notice to RPTA. This program is designed to encourage ADA certified individuals to use fixed-route service for a trip whenever possible, in lieu of a traditional paratransit trip. This program provides cost avoidance for both the participating city and the customer. Each eligible ADA certified passenger that opts to participate will receive a reduced fare ADA Platinum Pass to be used at rail fare vending machines and at bus fare boxes for the payment of fare, as defined by the Valley Metro RPTA Board approved fare policy in effect. Current fare information can be found at http://www.valleymetro.org/paying_your_fare/fare_options/.

SCHEDULE'S "G" - "I"
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MASTER TRANSIT SERVICES AGREEMENT
BETWEEN
THE CITY OF SURPRISE
AND
THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
CONTRACT # 166-75-2026-00

THIS MASTER TRANSIT SERVICES AGREEMENT (“Agreement”) is entered into on July 1, 2025, between the City of Surprise, a legal entity duly organized and existing under the laws of the State of Arizona (“Member”) and the Regional Public Transportation Authority, a political subdivision of the state of Arizona (“RPTA”) (collectively “Parties”).

RECITALS

WHEREAS, Member has charter authority to provide transit services and charter and statutory authority to enter into agreements with other entities within Maricopa County to provide transit services under A.R.S. Section 11-951, et seq.;

WHEREAS, RPTA is a political subdivision of the state of Arizona, established for the purpose of planning and providing public transportation services under A.R.S. Section 48-5121 and A.R.S. Section 48-5101, et seq.;

WHEREAS, as a political subdivision of the State of Arizona, RPTA “may contract and enter into stipulations of any nature to do all acts necessary and convenient for the full exercise of” its powers granted under A.R.S. Section 48-5101, et seq., including entering into intergovernmental agreements with other governmental entities under A.R.S. Section 11-951, et seq.;

WHEREAS, transit activities are one of those types of activities authorized pursuant to the aforementioned statutory and other authority, and;

WHEREAS, RPTA is willing to provide, and Member is willing to purchase or receive transportation services as detailed in this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and considerations contained in this Agreement, it is agreed by the Parties as follows:

SECTION 1. EFFECTIVE DATE

This Agreement shall take effect only after it has been approved by Member's Council, approved by the RPTA Board of Directors, executed by the duly authorized officials of each of the Parties, approved by the Parties' respective counsel and filed with the Member's Clerk ("Effective Date").

SECTION 2. TERM OF AGREEMENT

This Agreement shall be effective for a period of seven (7) years from the Effective Date. This Master Agreement shall be amended on an annual basis to accommodate changes in service levels, funding changes, costs and revenues. In addition, the Parties acknowledge that Prop 400 expires June 30, 2025, and Prop 479 takes effect on July 1, 2025. Although Prop 400 Rules, Policies and Guidelines shall remain in effect until July 1, 2026, the Parties acknowledge and agree that this Agreement may have to be amended to accommodate any new Rules, Policies and Guidelines promulgated by the new Prop 479.

SECTION 3. OBLIGATIONS AND SCHEDULING

3.1 The Parties' obligations and program schedules are identified in an Annual Service Agreement (Attached to and incorporated as Attachment A) and the Incorporated Schedules, (Attached to and incorporated as Attachment B). Obligations may be related to responsibilities including, but not be limited to, fixed route bus, Dial-a-Ride paratransit brokerage services, or other transit services. The Annual Service Agreement and Incorporated Schedules are designed to be amended annually in coordination with RPTA's adopted fiscal year budget process. The Annual Service Agreement and Incorporated Schedules may be modified as needed and as agreed to in writing by both Parties as provided in this Agreement and any modifications shall be made a part of this Agreement as fully set forth herein. Attachments may include but not be limited to:

Attachment A – ANNUAL SERVICE AMENDMENT

Attachment B – INCORPORATED SCHEDULES

Schedule "A" Regionally Funded Fixed Route Bus Service (RPTA Funded)

Schedule "B" Member Funded Fixed Route Bus Services

Schedule "C" Paratransit Services

Schedule "D" Ride Choice Program

Schedule "E" Americans with Disabilities Act (ADA) Public Transportation Fund (PTF)

Schedule "F" ADA Platinum Pass

Schedule “G” Place Holder - Park and Ride/Transit Center - N/A

Schedule “H” Place Holder - Various Capital Projects - N/A

Schedule “I” Bus Stop Improvements – N/A

3.2 Within 90 days after the close of each fiscal year, RPTA will conduct an annual program reconciliation to determine the actual number of trips or mileage which are billable to the Member for each program. The reconciliation will occur for all programs, including but not limited to paratransit, ride choice and fixed route transit services. RPTA will use this analysis to determine whether Member has overpaid or underpaid based on the service provided. In the event either Party owes the other Party, RPTA will either pay the Member or invoice the Member for the amount due to RPTA within 30 calendar days after acceptance of the final reconciliation by both Parties. In the event underpaid Member shall have 30 days from the date of receipt of the invoice to pay the invoice.

SECTION 4. RECORDS AND AUDIT

Pursuant to A.R.S. Sec. 35-214, all books, accounts, reports, files and other records relating to this Agreement under the custody or control of RPTA or its contractors shall be subject, at all reasonable times, to inspection and audit by Member, FTA, and the City of Phoenix, for five (5) years after completion of this Agreement. Such records shall be produced at RPTA offices when requested by Member.

SECTION 5. COVENANT AGAINST CONTINGENT FEES

The Parties warrant that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee; and that no member of the Member’s city council or the RPTA Board of Directors, and no officer, agent, or employee of the Member or RPTA has any interest, financially or otherwise, in this Agreement.

SECTION 6. ALTERATION IN CHARACTER OF WORK

Minor alterations in the character of work shall be authorized in writing by Member and acknowledged by RPTA by letter.

SECTION 7. TERMINATION AND CHANGES IN SERVICE

7.1 The Parties hereby agree to full performance of the covenants and obligations contained in this Agreement, except that each reserves the right, at its option and sole discretion, to terminate or abandon the service provided for in this Agreement, or any portion thereof.

7.2 Termination of this Agreement may be at any time and for any reason, with or

without cause, upon providing ninety (90) calendar days prior written notice. Termination shall be effected by delivery of a notice of termination (“Notice of Termination”) specifying the extent to which performance of work under the Agreement is terminated, and the date upon which such termination becomes effective.

7.3 Upon termination, RPTA shall calculate actual expenses incurred up to and including the date of termination and (if termination was at the election of Member) any penalty or costs whatsoever. If Member has paid RPTA sums in excess of the termination costs, RPTA shall refund the excess; if Member has paid RPTA an amount less than the termination costs, then Member shall pay to RPTA an amount equal to the difference between the termination costs and the amount that Member already has paid under this Agreement.

7.4 Upon termination of this Agreement, all property used in connection with this Agreement will be promptly returned to the party holding title thereto, not considering any state or federal funding.

7.5 Final payment shall be made within sixty (60) calendar days after the termination of service.

SECTION 8. AGREEMENT NON-ASSIGNABLE

RPTA may not assign or otherwise transfer any of its rights or obligations hereunder to a third party without the express prior written consent of Member, which may be granted or withheld by Member in its sole and absolute discretion. Any assignment or transfer without such prior written consent shall be void.

SECTION 9. INDEMNIFICATION

9.1 RPTA (as “Indemnitor”) agrees to indemnify, defend, and hold harmless Member (as “Indemnatee”) from and against any and all claims, losses, liability, costs, or expenses, including reasonable attorney’s fees (“Claims”), but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnatee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

9.2 RPTA shall require all contractors providing services under this Agreement (each an “Additional Indemnitor”) to indemnify, defend, save, and hold harmless Member from and against any and all Claims caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the Additional Indemnitor and persons for whom they are vicariously liable.

SECTION 10. INSURANCE REQUIREMENTS

10.1 RPTA, at its expense, shall maintain in force the required insurance coverage and provisions listed below with insurance companies having a Best's Rating of A-VII or better. RPTA is responsible for paying any deductibles or self-insured retentions and they shall be disclosed on the certificates of insurance. These deductibles or self-insured retentions shall not be applicable with respect to coverage afforded to Member under these policies.

10.2 All coverage shall be evidenced on a certificate of insurance provided to the Member prior to commencement of this contract. Member shall be named as an additional insured on the certificate(s) of insurance and/or formal endorsements and shall provide a waiver of subrogation against Member. Failure of Member to demand such certificates or other evidence of full compliance with these insurance requirements or failure of Member to identify a deficiency from the evidence provided shall not be construed as a waiver of RPTA's obligation to maintain such insurance.

10.3 Each insurance policy shall not be subject to lapse, cancellation, or material change in coverage unless prior written notice is provided to Member.

10.4 RPTA's insurance shall be primary insurance to Member, and any insurance or self-insurance maintained by Member shall not contribute to it.

10.5 RPTA's contracts with any contractors providing service under this Agreement shall specify that all contractors and subcontractors of every tier shall provide at the same minimum limits and coverages as requested by the Member, in amounts not to exceed the coverages required in this Agreement.

10.6 Commercial General Liability. RPTA shall maintain in force the following minimum commercial general liability insurance: \$1,000,000 per occurrence with a \$2,000,000 aggregate for bodily injury, death, and property damage, personal and advertising injury, and products/completed operations.

10.7 Commercial Automobile Liability. RPTA shall maintain the following minimum business auto liability insurance limits: \$1,000,000 combined single limit per accident. Coverage shall be for "any auto," which includes all owned autos, hired and leased autos, and non-owned autos.

10.8 Workers' Compensation and Employers' Liability Insurance. RPTA shall maintain:

10.8.1 Minimum workers' compensation coverages and statutory limits to cover obligations imposed by federal and state statutes having jurisdiction of any contractor's employees engaged in the performance of services; and

10.8.2 Employer's liability insurance of not less than **\$1,000,000** for each accident, **\$1,000,000** for disease for each employee and **\$1,000,000** disease policy limit.

10.9 Excess Liability Insurance Requirements. RPTA shall maintain the minimum limits of excess liability limits over the commercial general liability limits, auto liability limits, and employers' liability limits as required by the State of Arizona's licensing requirements for the service types respective to this Agreement.

SECTION 11. DEFAULT

Either party shall be deemed in default under this Agreement upon the failure of such party to observe or perform any material covenant, condition or agreement on its part to be observed or performed hereunder, and the continuance of such failure for a period of thirty (30) days after written notice by the other party, as required herein. Such notice shall specify the failure and request it be remedied, unless the party giving notice agrees in writing to an extension of the time period prior to its expiration. However, if the failure stated in the notice cannot be corrected within the applicable period, it will not give rise to a default hereunder if corrective action is instituted within the applicable period and diligently pursued until the failure is corrected. In the event of a default hereunder, the non-defaulting party may have a breach of contract claim and remedy against the other in addition to any remedy provided or permitted by law; provided, however, that no remedy that would have the effect of amending any provisions of this Agreement shall become effective without the formal amendment of this Agreement.

SECTION 12. ISSUE RESOLUTION

Any dispute arising out of the interpretation of any provision of this Agreement, any policy matter or the determination of an issue of fact, which dispute is not resolved at staff level, shall be referred to RPTA's Chief Executive Officer and a representative designated by Member. If, after good faith negotiations aimed at reaching an amicable solution, a dispute cannot be resolved to the satisfaction of both parties, the dispute may be brought before a court of competent jurisdiction in Maricopa County, Arizona.

SECTION 13. NOTICE

Any notice, consent or other communication (“Notice”) required or permitted under this Agreement shall be in writing and either delivered in person, sent by email as PDF, deposited in the United States mail, postage paid, registered or certified mail, return receipt requested, or deposited with any commercial air courier or express service addresses as follows:

If intended for RPTA:

Regional Public Transportation Authority
Attention Chief Legal Officer
101 N. 1st Avenue, Suite 1300
Phoenix, AZ 85003

If intended for Member:

Attention: Business Manager – Public Works
16000 North Civic Center Plaza
Surprise, Arizona 85374

Notice shall be deemed received at the time it is personally served or, on the day it is received by e-mail PDF, on the second day after its deposit with any commercial air courier or express service, if mailed, ten (10) days after the notice is deposited in the United States mail as provided. Any time period stated in a Notice shall be computed from the time the Notice is deemed received. Either Party may change its mailing address, e-mail address or the person to receive notice by notifying the other Party as provided in this Section.

Notice sent by e-mail PDF shall also be sent by regular mail to the recipient at the above address. The requirement for duplicate notice is not intended to change the effective date of the Notice sent by e-mail PDF.

SECTION 14. AMENDMENT

This Agreement and the Annual Service Agreement may be modified or amended only by a written document executed by both RPTA and Member, approved as to form by the Member Attorney, and may be filed with the Member’s Clerk. Such document shall expressly state that it is intended by the Parties to amend specifically identified terms and conditions of this Agreement.

SECTION 15. INTEGRATION

This Agreement represents the entire agreement of the parties, and all prior agreements with respect to the subject matter of this Agreement are revoked and superseded by this Agreement, and no representations, warranties, inducements or oral agreements have been made by any of the

parties except as expressly set forth herein, or in other contemporaneous written agreements. This Agreement may not be changed, modified or rescinded except in writing, signed by the Parties, and any attempt at oral modification of this Agreement shall be void and of no effect.

SECTION 16. APPLICABLE LAW AND VENUE

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona. Any litigation between the Parties arising from this Agreement shall be litigated in an appropriate court located in Maricopa County, Arizona.

SECTION 17. NON-WAIVER

No covenant or condition of this Agreement may be waived by any party, unless done so in writing. Forbearance or indulgence by any party in any regard whatsoever shall not constitute a waiver of the covenants or conditions to be performed by the other.

SECTION 18. SEVERABILITY

Any provision of this Agreement that is prohibited or unenforceable under the laws or regulations of the United States of America or the State of Arizona shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

SECTION 19. BENEFIT AND BINDING EFFECT

The terms and provisions of this Agreement shall inure to the benefit of and are binding on RPTA and Member and their respective successors and permitted assigns.

SECTION 20. SURVIVAL

The indemnifications and limitations on liability provided in this Agreement shall have full force and effect notwithstanding any other provisions of this Agreement and shall survive any termination or expiration thereof.

SECTION 21. FURTHER ASSURANCES

The Parties hereto shall execute such other documents and take such other actions as may be reasonably necessary or proper to achieve the intent and purposes hereof.

SECTION 22. CONFLICTS OF INTEREST

The Parties hereto acknowledge that this Agreement is subject to cancellation pursuant to the provisions of Arizona Revised Statutes Sec. 38-511.

SECTION 23. RELATED AGREEMENTS

This Agreement, together with the exhibits, instruments and other documents required to be executed and delivered in connection herewith is intended to be read in conjunction with any and all prior agreements and understandings of the Parties with regard to the subject matter hereof.

SECTION 24. CONSTRUCTION AND INTERPRETATION OF AGREEMENT

This Agreement, and each of its provisions, schedules, attachments, exhibits, terms and conditions, has been reached through negotiations between the Parties. Accordingly, each of the Parties expressly acknowledges and agrees that this Agreement shall not be deemed to have been authored, prepared or drafted by a particular Party, and that the rule of construction that resolves ambiguities against the drafting party shall not be employed in the interpretation of this Agreement.

SECTION 25. THIRD-PARTY BENEFICIARIES

This Agreement is intended to benefit the corporate and municipal interests of RPTA and Member alone, and no other person shall claim any implied right, benefit or interest in such services. The Parties do not intend to create rights in or remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation or undertaking established under this Agreement.

SECTION 26. POLICE POWER

The Parties acknowledge the right vested in Member pursuant to general law to exercise its police power for the protection of the health, safety and welfare of its constituents and their properties. Nothing in this Agreement shall be construed as precluding Member from exercising such powers in connection with the subject matter hereof.

SECTION 27. COMPLIANCE WITH THE IMMIGRATION REFORM AND CONTROL ACT OF 1986 (IRCA) AND A.R.S. SEC. 23-211 THROUGH 23-214

RPTA understands and acknowledges the applicability of IRCA and of Arizona Revised Statutes Sec. 23-211 through 23-214 to this Agreement. RPTA shall comply with IRCA and with Arizona Revised Statutes Sec. 23-211 through 23-214 in performing under this Agreement. To ensure that RPTA and its subcontractors comply with the provisions of this Section, Member shall have the right to inspect the personnel and related records and papers of RPTA and of its contractors pertaining to individuals performing work under this Agreement. Further, Member is prohibited by Arizona Revised Statute Sec. 41-4401 from awarding an Agreement to any contractor who fails, or whose subcontractors fail, to comply with Arizona Revised Statute Sec. 23-214(A). For this reason, RPTA shall ensure that both it and each of its contractors are in compliance with the requirements of Arizona Revised Statute Sec. 23-214(A). In addition, both RPTA and each of RPTA's contractors shall warrant their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with Arizona Revised Statute Sec. 23-214(A). A breach of any of the provisions of this section shall be deemed a material

breach of this Agreement and is subject to penalties up to and including termination of the Agreement.

SECTION 28. COMPLIANCE WITH THE E-VERIFY PROGRAM

28.1 Warranty of Compliance. Under the provisions of Arizona Revised Statute Sec. 41-4401, the Parties warrant that they will comply with all Federal immigration laws and regulations that relate to their employees and that each complies with the E-Verify Program under Arizona Revised Statute Sec. 23-214(A).

28.2. Breach of Warranty. A breach of this warranty will be considered a material breach of this Agreement and may subject the breaching party to penalties up to and including termination of this Agreement.

28.3 Right to Inspect. The Parties retain the legal right to inspect the papers of any employee who works under this Agreement or subcontract to provide services under this Agreement to ensure compliance with the warranty made in subsection 28.1 of this Agreement.

28.4 Random Verification. Either party may conduct a random verification of the employment records of the other to ensure compliance with the warranty made in subsection 28.1 of this Agreement.

28.5 Federal Employment Verification Provisions; No Material Breach. Neither party will be considered in material breach of this Agreement if it establishes that it has complied with the employment verification provisions prescribed by 8 USCA Sec. 1324(a) and (b) of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by Arizona Revised Statute Sec. 23-214(A).

28.6 Inclusion of Article in Other Contracts. The provisions of this sections must be included in any contract either party enters into with any and all of its contractors or subcontractors that provide services under this Agreement.

SECTION 29. CIVIL RIGHTS

The Parties agree that as a condition of this Agreement they will each comply with all applicable civil rights laws and regulations, in accordance with applicable Federal directives, except to the extent that the Federal government determines otherwise in writing. These include, but are not limited to, those provisions of Section 12 of that certain United States of America Department of Transportation Federal Transit Administration Master Agreement, dated October 1, 2009, as may be amended from time to time, which provisions are incorporated by reference.

IN WITNESS WHEREOF, the Parties have each executed this Agreement as of the date first set forth above.

REGIONAL PUBLIC TRANSPORTATION AUTHORITY (RPTA)

By: _____
Jessica Mefford-Miller, Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Michael Wawro, Chief Legal Officer

CITY OF SURPRISE

By: _____
Kevin Sartor, Mayor

APPROVED AS TO FORM:

By: _____
Jeffrey Murray, Member Attorney

FILED:

By: _____
Kristi Passarelli, City Clerk

ATTACHMENT A - ANNUAL SERVICE AGREEMENT

The Annual Service Agreement outlines the specific obligations of the Parties and provides the Program Schedules that the Member participates in for Fiscal Year 2026, beginning July 1, 2025, and ending June 30, 2026. The specific obligations will be identified below in Section 1: Member Obligations and Section 2: RPTA Obligations. Section 3: Program Schedules summarizes the Programs that RPTA provides for Member.

SECTION 1. RPTA'S OBLIGATIONS:

1.1 With respect to the services provided in this Agreement, RPTA shall:

1.1.1 Negotiate and coordinate the implementation of operating agreements;

1.1.2 Provide Fixed Route Bus, Dial-a-Ride Paratransit brokerage services or other transit services, administrative services, equipment, personnel and management services directly or through contractors, as provided in this Agreement. RPTA shall ensure that the contractor(s) are duly qualified, licensed, trained, and have adequate equipment to perform services under this Agreement. RPTA shall provide performance oversight to ensure contractors are fully compliant with contract provisions and performance requirements;

1.1.3 Provide regional marketing and merchandising of regional services in coordination with Member's local marketing and merchandising of local service and projects;

1.1.4 Plan for, prepare changes, and amend service specifications;

1.1.5 Invoice Member on a monthly basis for service(s) provided to Member;

1.1.6 Determine, set, and amend as necessary the fare structure for services provided by RPTA or under contract. Collaborate with Member and coordinate the Non-ADA Fare Structure for services provided by RPTA for Dial-a-Ride Services, or under contract;

1.1.7 Convene a steering committee, consisting of representatives from Member, other participating Members, and RPTA to coordinate and monitor service, address service and contractual performance issues, and monitor the adopted service budget(s);

1.1.8 Provide professional staff as necessary to partner with Member to plan for, develop, contract for, monitor, and adjust service;

1.1.9 Provide a customer complaint resolution process;

1.1.10 Provide monthly reports by the 25th day of the following month with

the previous month's data on ridership, revenue collected, and applicable performance standards;

1.2 RPTA and Member may conduct service and financial audits, as required, of any services provided in this Agreement.

1.3 RPTA shall provide performance data reports on a monthly basis. The data will be posted on the Valley Metro website at www.valleymetro.org, or within its extra-net site. The paratransit reports shall include at a minimum: ADA ridership versus non-ADA ridership; revenue miles operated, as well as performance indicators by which Member and RPTA can evaluate whether the service provider is meeting policies; and service standards. Fixed route bus reports shall include the following monthly performance statistics for Member (all statistics will be reported by route except fuel efficiency and vehicles which will be reported per day): boardings by Member and other members; wheelchair boardings by Member and other members; vehicle revenue miles by Member and other members; operating days by Member; average number of passengers by revenue mile of service; operating costs; passenger revenue by jurisdiction; percentage on-time performance; service Interruptions; vehicle breakdowns; fuel efficiency by fleet type; wheelchair lift/ramp breakdowns; accidents; vehicle accidents; passenger accidents; passenger security incidents; total customer complaints and compliments; and crimes reported.

1.4 RPTA shall provide Member with a detailed written budget estimate for the provision of transit, including the expected sources and amounts of funding for the next fiscal year. If Member approves the budget estimate, RPTA shall prepare an amendment to this Agreement for Member approval.

1.5 When practicable, within 60 minutes of occurrence, RPTA shall notify Member of any transit related collision, fire, major security incident, or media coverage occurring within Member's jurisdiction.

SECTION 2. MEMBER'S OBLIGATIONS:

2.1 With respect to the services provided in this Agreement, Member shall;

2.1.1 Provide RPTA with funding to pay for the services included in this Agreement:

2.1.2 Reimburse RPTA within 30 days for its costs monthly to monitor, manage, and generally administer the services provided to Member under this Agreement;

2.1.3 Provide funding adequate to finance any additional services added to this Agreement;

2.1.4 Provide for local complaint resolution with citizens of the Member;

2.1.5 At Member's election, participate in all meetings, deliberations, and decisions of any steering committee for services provided in this Agreement;

2.1.6 Provide traffic control and transit priority measures such as turning movements, on Member streets on regular routes for services provided in this Agreement;

2.1.7 Purchase and install bus stop signs and associated amenities;

2.1.8 Provide direction to and partner with RPTA in the preparation and amendment of service plans and levels (i.e. frequency, hours, etc.).

2.2 If the Parties are not able to agree upon renewal terms for the existing Agreement prior to the expiration of the term of the existing Agreement, Member shall make the payments required to be paid under this Agreement on or before July 1st of the new fiscal year and thereafter for a period of one hundred eighty (180) days unless the Parties agree upon renewal terms prior to the expiration of the one hundred eighty (180) day period. For example, if there is a disagreement with the proposed rate for the new fiscal year, or if a renewal agreement is not signed, for any reason, Member shall make payments at the previous year's rate until such time that a new agreement is executed.

2.3 Member does hereby agree to participate in the RPTA program(s) defined in Member's annual agreement.

2.4 Provide a written ninety (90) calendar day notice for major service changes.

2.5 Transit Life Cycle. Member shall comply with all applicable laws, ordinances, regulations and codes of the federal, state and local governments. In performing hereunder, Member shall adhere to RPTA's Transit Life Cycle Program and its approved policies, as they may be amended from time to time, (collectively referred to as the "TLCP").

SECTION 3: SCHEDULES

Section 3 outlines the programs currently provided by RPTA and the attached schedules provide the schedule for each program. If Member does not currently participate in a program, the schedule will state "Intentionally Omitted." If Member decides to participate in or terminate participation in a program at a later date, Section 3 and Attachment B can be amended, in writing, to ratify the change. The attached schedules may be amended on an annual basis to accommodate changes in service levels, costs, and revenues. The schedules listed below and attached as Exhibit B are incorporated into the Annual Service Agreement.

Schedule "A"	Place Holder - Regionally Funded Fixed Route Bus Service (RPTA Funded)
Schedule "B"	Place Holder - Member Funded Fixed Route Bus Services
Schedule "C"	Place Holder -Paratransit Services
Schedule "D"	Place Holder - Ride Choice Program
Schedule "E"	Place Holder - Americans with Disabilities Act (ADA) Public Transportation Fund (PTF)
Schedule "F"	Place Holder - ADA Platinum Pass
Schedule "G"	Place Holder - Park and Ride/Transit Center
Schedule "H"	Place Holder - Various Capital Projects
Schedule "I"	Place Holder - Bus Stop Improvements

ATTACHMENT B – INCORPORATED SCHEDULES

SCHEDULE “A” - REGIONALLY FUNDED FIXED ROUTE BUS SERVICE

Sources of Project Operating Budget

Regionally Funded Fixed Route Bus Service **\$1,420,072.00** (including express)

The above line represents the value of transit service paid for by RPTA to the benefit of Member. The calculation to derive this figure is daily revenue miles of service x number of service days x cost per revenue mile of service.

FY26 Fixed Route Bus Estimate

RPTA Operated in the City of Surprise

Funding		PTF						
Route	Level	HASTUS	Annual Miles	Gross Cost	Fares	PM	Net Cost	
571	W	El Mir	7,530	\$ 244,127	\$ (2,666)	\$ (8,126)	\$ 233,336	
571	W	Phoe	15,015	486,795	(6,603)	(16,203)	463,989	
571	W	Surp	23,215	752,644	(4,844)	(25,052)	722,748	
Grand Total			45,760	\$ 1,483,566	\$ (14,113)	\$ (49,381)	\$ 1,420,072	

**SCHEDULE “B” – MEMBER FUNDED FIXED ROUTE BUS SERVICE
COST ESTIMATE**

For the period from July 1, 2025 through June 30, 2026, Member will pay RPTA a total of **\$0.00** for the provision of fixed route bus services. This payment will be broken into monthly installments of **\$0.00** which shall be due and payable within thirty (30) calendar days of the receipt of an invoice from RPTA. IGA billings will be processed for the full fiscal year based on the above referenced installments. A final invoice will occur once the final recon has been completed after our year end close. This final invoice and payment may be adjusted based on the extent to which the actual cost of service is higher than the budget amount for service.

INTENTIONALLY OMITTED

SCHEDULE “C” – ADA MANDATED PARATRANSIT SERVICE COST ESTIMATE

For the period from July 1, 2025, through June 30, 2026, Member will pay RPTA a total of **\$290,487.00** for the provision of paratransit services. This payment will be broken into monthly installments of **\$24,207.25**, which shall be due and payable within thirty (30) calendar days of the receipt of an invoice from RPTA. IGA billings will be processed for the full fiscal year based on the above referenced installments. A final invoice will occur once the final recon has been completed after our year end close. This final invoice and payment may be adjusted based on the extent to which the actual cost of service is higher than the budget amount for service.

FY26 Paratransit Service Funded by City of Surprise

	<u>Paratransit</u>
Trips:	
Paratransit Trips	3,660
<u>Total Trips</u>	<u>3,660</u>
Cost:	
Contractor Transportation Cost	\$347,937
RPTA Salaries, Fringes & OHD	\$20,411
<u>Total Gross Program Cost</u>	<u>\$368,348</u>
 Total Fare Revenue	 (\$13,834)
<u>Total Net Program Cost Before PTF</u>	<u>\$354,514</u>
 PTF Balance Available	 \$64,027
PTF Applied	\$64,027
 Member City Contributions:	
Paratransit Service	\$290,487
<u>Total Member City Contribution</u>	<u>\$290,487</u>

ADA certified and ADA eligible visitors

SCHEDULE “D” – RIDECHOICE SERVICE COST ESTIMATE

For the period from July 1, 2025 through June 30, 2026, Member will pay RPTA a total of **\$1,486,060** for the provision of fixed route bus services. This payment will be broken into monthly installments of **\$123,838.33**, which shall be due and payable within thirty (30) calendar days of the receipt of an invoice from RPTA. IGA billings will be processed for the full fiscal year based on the above referenced installments. A final invoice will occur once the final recon has been completed after our year end close. This final invoice and payment may be adjusted based on the extent to which the actual cost of service is higher than the budget amount for service.

FY26 RideChoice Service Funded by City of Surprise

	<u>RideChoice</u>
Trips:	
RideChoice ADA Trips	34,627
RideChoice non-ADA Trips	-
<u>Total Trips</u>	<u>34,627</u>
Cost:	
Contractor Transportation Cost	\$1,567,218
RPTA Salaries, Fringes & OHD	\$112,791
<u>Total Gross Program Cost</u>	<u>\$1,680,009</u>
Total Fare Revenue	(\$126,735)
Federal Funding	(\$67,214)
<u>Total Net Program Cost</u>	<u>\$1,486,060</u>
PTF Balance Available	\$0
PTF Applied	\$0
Member City Contributions:	
RideChoice Costs	\$1,486,060
<u>Total Member City Contribution</u>	<u>\$1,486,060</u>

Eligible residents of Incorporated City of Surprise who are ADA certified, veteran or income qualified.

**SCHEDULE “E” – AMERICANS WITH DISABILITIES ACT (ADA)
PUBLIC TRANSPORTATION FUNDS (PTF) AVAILABILITY**

For the period July 1, 2025, to June 30, 2026, the maximum amount of Public Transportation Funds (“PTF”) available to Member is **\$64,027.00**. PTF will pay actual costs for ADA trips and other trips taken by ADA certified individuals using non-ADA service or the RideChoice program up to the maximum amount. A final reconciliation at fiscal year-end will be performed and adjustments, if necessary, will be made using actual ADA eligible costs.

Any remaining ADA PTF funds not used up to the maximum reimbursements may be requested by Member for other ADA certified rider eligible expenses and certified by Member’s Chief Financial Officer or designee. RPTA will reimburse Member within thirty (30) business days based upon availability of funds. Member may request that reimbursements be made electronically. Wire transfers must be pre-arranged through the RPTA Finance Department.

Maximum amount: **\$64,027.00**

SCHEDULE “F” –ADA PLATINUM PASS PROGRAM

The ADA Platinum Pass Program is designed to encourage people with disabilities to use Valley Metro’s accessible bus and light rail services rather than ADA paratransit whenever they are able to do so. The program enables any ADA paratransit eligible resident of a participating community to use an unlimited amount of bus and light rail service, using a Platinum Pass which is provided by RPTA. This program is funded entirely with regional Public Transportation Funds (“PTF”), so there is no cost to the rider or to the participating community.

Member agrees to participate in the RPTA ADA Platinum Pass Program specified in this schedule. The Platinum Pass Program allows ADA certified customers to travel on fixed-route services at no cost to the customer. PTF funds 100 percent of the fare due (reduced fare for local service; full fare for express service) and will be allocated as a regional service without allocation to the Member or subregional jurisdictional equity, if applicable. Participation in the ADA Platinum Pass Program is voluntary by Member and may be cancelled by Member by providing a ninety (90) calendar day written notice to RPTA. This program is designed to encourage ADA certified individuals to use fixed-route service for a trip whenever possible, in lieu of a traditional paratransit trip. This program provides cost avoidance for both the participating city and the customer. Each eligible ADA certified passenger that opts to participate will receive a reduced fare ADA Platinum Pass to be used at rail fare vending machines and at bus fare boxes for the payment of fare, as defined by the Valley Metro RPTA Board approved fare policy in effect. Current fare information can be found at http://www.valleymetro.org/paying_your_fare/fare_options/.

SCHEDULE'S "G" - "I"
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CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Eric Boyles, Director -
Transportation

Submitting Department: Transportation

District: Citywide

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of a Grant Agreement between the City of Surprise and the City of Phoenix for Section 5310 Federal Transit Administration Funds to operate the City's WeRIDE Microtransit program; approving a Fiscal Year 2025 budget amendment moving budget of \$114,500, and an addition to the Fiscal Year 2025 Contract Awarding Authority List; Resolution #2025-83.

Motion:

I move to approve Resolution #2025-83.

Background:

The Federal Transit Administration (FTA) awarded Surprise \$114,432 for transit operating assistance for WeRIDE Microtransit Program. These federal funds are intended to offset current FY25 expenses.

Objective Analysis:

This action will allow the Transportation Department to receive reimbursement for FY25 WeRIDE expenses, thus reducing the General Fund Impact for this service.

Policy Compliant:

This action is compliant with City and City Council policies.

Financial Impact:

This one-time grant award is a reimbursement grant of \$114,432 for the WeRIDE Microtransit program. All expenditures have been made during Fiscal Year 2025. A 50% match is required that will be funded with current expenditures.

Budget Impact:

This action requires the movement of budget authority in the amount of \$114,500 from General Fund Contingency to Project G65020 in the Grants Fund to cover FY25 expenses. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

FTE Impact:

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

ATTACHMENTS:

1. Grant Agreement Surprise AZ-2025-013-00 Signature Request
 2. Resolution 2025-83
-

AGREEMENT NO. _____

GRANT PASS-THRU AGREEMENT

**BETWEEN
THE CITY OF PHOENIX
AND
CITY OF SURPRISE**

Subrecipient SAM.gov Identification No.: CNDLLN6WTTE3

Federal Award Identification Number (FAIN) No. AZ-2025-013-00

(49 U.S.C. Section 5310 Federal Transit Administration Funds)

This Grant Pass-Thru Agreement (**“Agreement”**) is made and entered into this ____ day of _____, 20____ (**“Effective Date”**), by and between the City of Phoenix (**“PHOENIX”**), a municipal corporation duly organized and existing under the laws of the State of Arizona, and City of Surprise (**“SUBRECIPIENT”**), a municipal corporation duly organized and existing under the laws of the State of Arizona. PHOENIX and SUBRECIPIENT are sometimes referred to collectively as **“PARTIES”** and individually as a **“PARTY.”**

RECITALS

- A. PHOENIX’s City Manager is authorized and empowered by the City Charter’s provisions to execute contracts.
- B. PHOENIX has statutory and charter authority to provide transit services and enter into agreements with other entities within the Phoenix Urban Area for providing transit services. See A.R.S. Section 11-951, et seq.; Phoenix City Charter Chapter 2, Section 2, Subsections (c), (i), and (l).
- C. As a political subdivision of the State of Arizona, PHOENIX may contract and enter into stipulations of any nature to do acts necessary and convenient for the exercise of its powers. The laws of the State of Arizona authorize municipalities to: (1) engage in any business or enterprise that may be engaged in by persons by virtue of a franchise from the municipal corporation (see A.R.S. Section 9-511(A)); (2) appropriate and spend public monies on activities that “will assist in the creation or retention of jobs or will otherwise improve or enhance the economic welfare of [its] inhabitants” (see A.R.S. Section 9-500.11); and (3) be vested with all the powers set forth in Title 9 for incorporated towns, in their respective charters, and in other provisions of law (see A.R.S. Section 9-499.01).
- D. SUBRECIPIENT has statutory authority to exercise all of the powers granted to municipal corporations and to cities by the Constitution and laws of the State of

Arizona, together with all of the implied powers necessary to carry into execution all the expressed powers granted therein and the power to enter into intergovernmental agreements with other governmental entities. See A.R.S. Section 11-951, et seq.

- E. Transit activities are one of the types of activities authorized pursuant to the aforementioned statutory and Charter authority and such powers do not conflict with any of the provisions of SUBRECIPIENT's authorizations.
- F. Section 5307 of chapter 53, title 49, United States Code (formerly the Federal Transit Act of 1964, as amended) makes financial aid available to government entities and public transportation operators engaging in the preservation, improvement, and operation of mass transit systems.
- G. Section 5310 of chapter 53, title 49, United States Code makes financial aid available to government entities, nonprofit organizations, and public transportation operators engaging in the delivery of mobility services to seniors and individuals with disabilities.
- H. PHOENIX successfully applied to the Federal Transit Administration ("**FTA**") for a grant of Section 5310 funds, which was awarded on the 13th day of May, 2025, as FAIN No. **AZ-2025-013-00** ("**Grant**").
- I. SUBRECIPIENT shall receive funds from said Grant and perform the project(s) ("**Project(s)**") described in **Exhibit A**, as attached to this Agreement and incorporated by reference.
- J. PHOENIX and SUBRECIPIENT have been authorized by their respective formal authorities to enter into this Agreement.

AGREEMENT

IT IS HEREBY AGREED, by and between the PARTIES, as follows:

1. **Agreement Term and Budget/Performance Periods.**

A. The Agreement's term is the time interval from the execution of this Agreement to its conclusion. The Agreement's term:

- begins on its Effective Date; and
- ends after all federal and PHOENIX requirements have been met and PHOENIX has closed out the Grant.

Funding for any uncompleted and unbilled Projects may be reassigned at the discretion of PHOENIX, as needed to close out the Grant. Grant close-out is the process by which all activities approved in a grant award have been

completed and/or the federal assistance awarded has been expended for eligible costs. PHOENIX maintains a "Master Grant Closeout Schedule" that provides the estimated grant close-out date based on the completion dates of each project within the grant. Within 90 days of final reimbursement, PHOENIX will begin the grant close-out process and prepare reports, including a narrative of completed projects and the subrecipient's final reconciled budget, Federal Financial Report ("**FFR**"), and Milestone Progress Report ("**MPR**"). Each grant is considered closed when PHOENIX has completed and submitted the documents required for close-out and FTA has accepted these documents. A "Grant Closure Notice and Records Retention Requirement Letter" is prepared and distributed to each subrecipient in the grant award.

- B. The Agreement's budget period is the time interval from the start date of a funded portion of the award to the end date of that funded portion, during which PHOENIX is authorized to expend the funds awarded. The Agreement's budget period:

- Begins on the 1st day of October 2024; and
- Ends on the 31st day of December, 2026.

The Project(s) led by SUBRECIPIENT must be completed and reimbursement must be requested by the end of the Agreement's budget period.

- C. The Agreement's performance period is the time interval from the start of the initial federal award to the estimated end date of performance, which may include one or more funded portions or budget periods. The Agreement's performance period:

- Begins on the 1st day of October 2024; and
- Ends on the 31st day of December, 2026.

2. Federal and Local Funding.

- A. The total federal funds allocated to SUBRECIPIENT under this Agreement shall not exceed **\$114,432**, as detailed in **Exhibit A**. No reimbursements shall be made unless all required reports, as described below, have been submitted.
- B. SUBRECIPIENT shall provide the required local match for the Project(s), and that local match is currently estimated to be **\$114,432**, as detailed in **Exhibit A**. SUBRECIPIENT shall be responsible for the full amount of any costs that exceed the awarded Project(s) amount, such as price increases and applicable taxes.

3. Reimbursement From Grant.

A. PHOENIX will reimburse SUBRECIPIENT for its share of federal funding allocated from the Grant for the purchase of items/services provided in the "Project Description" box of **Exhibit A**. SUBRECIPIENT shall comply with all requirements in 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," which are incorporated by reference. By signing this Agreement, SUBRECIPIENT certifies that its accounting systems meet the requirements of the grant program.

B. To receive reimbursement for any allowable and eligible indirect costs awarded by and charged to the Grant, SUBRECIPIENT shall charge, in accordance with the following selected option:

☐ A cost allocation plan/indirect cost rate approved by the SUBRECIPIENT's cognizant federal agency to be submitted by SUBRECIPIENT to PHOENIX on an annual basis. SUBRECIPIENT's current federally recognized cost share is:

___% for _____; and ___% for _____.

☐ A de minimis rate of 10% of modified total direct costs ("**MTDC**") in accordance with 2 CFR Part 200.414. Reimbursement shall not exceed the federal funds allocated to SUBRECIPIENT, unless approved in writing by PHOENIX. By signing this Agreement, SUBRECIPIENT certifies that it does not have federally-negotiated indirect cost rate (**FNICR**).

☒ N/A – not applicable because there are no allowable and eligible indirect costs to reimburse.

C. SUBRECIPIENT acknowledges that its applicable indirect cost rate for this Agreement was provided to PHOENIX in SUBRECIPIENT's Grant Application, which is incorporated by reference into this Agreement.

4. Application for Reimbursement.

A. SUBRECIPIENT shall submit an electronic copy of its application for reimbursement of the federal share to:

City of Phoenix Public Transit Department
Management Services Division, Grants Section
Email: Section5310@phoenix.gov

B. The cover letter must identify the PHOENIX contract number and the period for which the application is submitted.

- C. For any applicable reimbursements, SUBRECIPIENT shall submit its application with the reimbursement request form shown in **Exhibit B**, which is attached to this Agreement and incorporated by reference.
- D. The application for reimbursement must be accompanied by detailed backup documentation for all eligible expenses. At a minimum, the documentation shall include the following:
 - 1. A listing of all invoiced costs with vendors and payment dates;
 - 2. Copies of paid invoices received from vendors for purchases of supplies and services and corresponding proof of payment, such as cancelled checks or bank statements; and
 - 3. Such other documentation as PHOENIX or FTA may require, including any reports mandated by **Exhibit C**, which is attached to this Agreement and incorporated by reference.

5. SUBRECIPIENT Performance.

- A. SUBRECIPIENT shall complete the Project(s) for which the Grant's funds have been awarded in a proper and timely manner. SUBRECIPIENT is responsible for complying with all federal, state, and local requirements imposed under the Grant, including the requisites identified in **Exhibit D**, **Exhibit E**, and **Exhibit F**, which are attached to this Agreement and incorporated by reference.
- B. SUBRECIPIENT must comply with all of the terms and conditions set forth in the "FTA Master Grant Agreement" currently in effect and any subsequent revisions, which are publicly available at transit.dot.gov/funding/grantee-resources/sample-fta-agreements/fta-grant-agreements and incorporated into this Agreement by reference. SUBRECIPIENT must also comply with all conditions required for the Grant under the "Annual List of Certifications and Assurances for FTA Grants and Cooperative Agreements" currently in effect and any subsequent revisions, which are publicly available at transit.dot.gov/funding/grantee-resources/certifications-and-assurances/certifications-assurances and incorporated into this Agreement by reference.
- C. SUBRECIPIENT's failure to comply with all applicable requirements may result in the withholding of funds to SUBRECIPIENT under the Grant.

6. Insurance.

SUBRECIPIENT shall have adequate insurance to cover the Project(s) in the

event of damage or complete loss.

7. Indemnification.

Each PARTY (as “**Indemnitor**”) agrees to indemnify, defend, and hold harmless the other PARTY (as “**Indemnatee**”) from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney’s fees) (hereinafter collectively referred to as “**Claims**”) arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnatee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

8. Notice.

A. Any notice, consent, or other communication (“**Notice**”) required or permitted under this Agreement shall be in writing and either delivered in person, sent by email, deposited in the United States mail (postage prepaid, registered or certified mail, and return receipt requested), or deposited with any commercial air courier or express service addressed as follows:

If intended for SUBRECIPIENT:

Bob Wingenroth, City Manager
City of Surprise
16000 N Civic Center Parkway
Surprise, AZ 85374
Telephone: (623) 222-1023
Email: bob.wingenroth@surpriseaz.gov

If intended for PHOENIX:

Jesús E Sapien, Public Transit Director
City of Phoenix Public Transit Department
302 N. 1st Avenue, Suite 900
Phoenix, Arizona 85003
Telephone: (602) 495-0418
Email: jesus.sapien@phoenix.gov

with electronic copy to:

City of Phoenix Public Transit Department
Management Services Division, Grants Section
Email: Section5310@phoenix.gov

B. Notice shall be deemed received: (a) at the time it is personally served; (b) on

- the **day** it is sent by email; (c) on the **2nd business day** after its deposit with any commercial air courier or express service; or (d) on the **10th calendar day** after its deposit in the United States mail (postage prepaid, registered or certified mail, and return receipt requested). Any time period stated in a Notice shall be computed from the time the Notice is deemed received. Either PARTY may change its mailing address, email address, or the person to receive Notice by providing the other PARTY with a Notice of that change.
- C. Notice sent by email shall also be sent by regular mail to the recipient at the above address. This requirement for duplicate Notice is *not* intended to change the effective date of the original Notice sent by email.

9. Summary of Exhibits.

As noted above, the following exhibits are attached to this Agreement and incorporated by reference:

- Exhibit A** Federal Grant Pass-Thru Agreement Detail Summary
- Exhibit B** Federal Grant Reimbursement Form
- Exhibit C** Required Reports
- Exhibit D** Required Federal Provisions
- Exhibit E** Partial List of Applicable Laws
- Exhibit F** Required Local Provisions
- Exhibit G** **Partial Insurance Requirements**

The Section 5310 Phoenix-Mesa Urbanized Area Grant Handbook & Program Guidelines (available at azmag.gov/Committees/Technical-Committees/Elderly-and-Persons-with-Disabilities-Transportation-Committee) and Grant Application currently in effect, and any subsequent revisions, are also incorporated by reference.

The PARTIES executed this Agreement on the day and year first above written.

CITY OF PHOENIX

Jeffrey Barton, City Manager

By _____
Jesús E. Sapien
Public Transit Director

ATTEST:

City Clerk - PHOENIX

APPROVED AS TO FORM:

Julie M. Kriegh, City Attorney

Carolina Potts
Assistant Chief Counsel

APPROVED BY PHOENIX CITY COUNCIL BY FORMAL ACTION ON OCTOBER 2,
2024.

CITY OF SURPRISE

By _____

Printed Name: _____

Title: _____

APPROVED AS TO FORM:

Attorney for CITY OF SURPRISE

APPROVED BY _____ BY FORMAL ACTION

ON _____.

INTERGOVERNMENTAL AGREEMENT DETERMINATION

In accordance with the requirements of A.R.S. § 11-952(D), each of the undersigned attorneys acknowledge: (1) that they have reviewed the above Agreement on behalf of their respective clients; and (2) that, as to their respective clients only, each attorney has determined that this Agreement is in proper form and is within the powers and authority granted under the laws of the State of Arizona.

Attorney for PHOENIX

Attorney for SURPRISE

EXHIBIT A

Federal Grant Pass-Thru Agreement Detail Summary

FAIN NUMBER: AZ-2025-013-00					
CFDA NUMBER: 20.513					
GRANT RECIPIENT: CITY OF PHOENIX					
GRANT SUBRECIPIENT'S NAME: CITY OF SURPRISE					
GRANT SUBRECIPIENT'S ADDRESS: 16000 N Civic Center Parkway Surprise, AZ 85374					
GRANT SUBRECIPIENT'S SAM.GOV I.D. NUMBER: CNDLLN6WTTE3					
TOTAL ELIGIBLE PROJECT COST for federal grant purposes (TEPC):					\$228,864
• Federal Share of TEPC:					\$114,432
• Local Share/Match of TEPC:					\$114,432
PROJECT(S) DESCRIPTION:					
ALI Code:	Project(s) Description:	R&D? (yes/no)	Local:	Federal:	Total:
30.09.00	Operating Assistance - WeRide	No	\$114,432	\$114,432	\$228,864

EXHIBIT B

Federal Grant Reimbursement Form

FTA Grant Expenditure Reimbursement Request Application

The information provided will be used by the City of Phoenix Public Transit Department (“PTD”) to monitor SUBRECIPIENT expenditures for FTA-funded projects and disburse FTA funds for eligible costs. No further FTA funds may be disbursed unless this report is completed and submitted as required.

SUBRECIPIENT ORGANIZATION NAME AND ADDRESS	GRANT AGREEMENT NUMBER		REQUEST NO.
	REPORTING PERIOD (Dates)		
	FROM:		TO:
	TOTAL	LOCAL MATCH	FTA SHARE
TOTAL ELIGIBLE PROJECT COSTS	\$ -	\$ -	\$ -
TOTAL PREVIOUS PAYMENTS	\$ -	\$ -	\$ -
CURRENT REIMBURSEMENT REQUESTED	\$ -	\$ -	\$ -
REMAINING FUNDING	\$ -	\$ -	\$ -

REQUIRED SIGNATURES

This document must be signed by the SUBRECIPIENT's Transit Manager and Chief Financial Officer or their designated representative(s).

CERTIFICATION

We certify the financial expenditures submitted for reimbursement with this report, including supporting documentation, are eligible and allowable expenditures, have been incurred compliant with all applicable Federal laws and regulations, have not been previously requested, and have met all matching requirements. In addition, we understand that any discovery of a violation of a federal law or regulation, or any failure to follow applicable Federal directives, may result in withdrawal of federal participation.

SIGNATURE OF TRANSIT MANAGER OR DESIGNEE	DATE
TYPED OR PRINTED NAME AND TITLE	TELEPHONE
SIGNATURE OF CHIEF FINANCIAL OFFICER OR DESIGNEE	DATE
TYPED OR PRINTED NAME AND TITLE	TELEPHONE

Instructions

1. Keep a copy of all documents submitted.
2. All project records, including financial records, must be maintained for **three years** beyond the later of vehicle/asset disposal or final close-out of the Grant with FTA.

For PTD use only

Date request received:	Approved for funds availability (signature/date)
------------------------	--

EXHIBIT C

Required Reports

SUBRECIPIENT agrees to submit reports and statements or plans as now or hereafter required by PHOENIX or the FTA. Quarterly reports are due on or before the 15th of the month following the end of the quarter, i.e., October 15, January 15, April 15 and July 15; and annual reports are due ninety days (except NTD Report, which shall be due 120 days) after the end of the fiscal year (July 1 - June 30). Drug and Alcohol Reports are due January 31 for the previous calendar year.

REPORT	FREQUENCY	DESCRIPTION
DBE Reports	As required by PHOENIX	DBE participation, utilization, annual goal setting, progress, and information reports
Grant Status Report	Quarterly	Status of each project by grant number
NTD Report – Close Out Letter	Annually	Copy for information only
Fixed Assets Status Report	Annually	Inventory of all FTA-funded assets
Single Audit Report	Annually	Copy of federally required audit
Title VI Annual Report	Annually	Subrecipient to provide all Title VI complaints and related information annually
Lobbying Activities	As required pursuant to 31 U.S.C. 1352	Subrecipient to disclose any lobbying activities quarterly and submit Disclosure of Lobbying Activities LLL form pursuant to 31 U.S.C. 1352
Drug and Alcohol Reports	Annually	FTA drug and alcohol testing
Contract Change Orders Above \$100,000	Quarterly	Subrecipient to provide list of any federally-funded contract change orders for any amount \$100,000 or greater
Claims/Settlements	Quarterly	Subrecipient to provide list of any federally-funded projects with Claims/Settlements pending or closed within the quarter

Vehicle Record Inventory Form	Reimbursements with vehicles	Provide a vehicle record inventory form for each vehicle purchased with FTA funds
Capital Asset Purchase Form	Reimbursements with capital asset	Provide a capital asset purchase form for each capital asset purchased with FTA funds
Staff Time Documentation	Reimbursements with staff time	All reimbursements for staff time must include verification of all hours billed, including copies of all applicable timecards or other time reporting documentation
<u>5310 FTA Grants</u>		
Grant Performance Information	Annually or as required by FTA	Evaluation of Grant Accomplishments

The reports and required submissions listed above may be increased, revised, reorganized, deleted or changed as required by FTA guidelines. **All reports must be current before any FTA funds will be disbursed by PHOENIX.**

EXHIBIT C, Page 2

EXHIBIT D

Required Federal Provisions

1. SUBRECIPIENT shall permit the authorized representatives of PHOENIX, the United States Department of Transportation (“**USDOT**”), and the Controller General of the United States to inspect and audit all data, books, records, and reports relating to this Agreement and SUBRECIPIENT’s performance hereunder. PHOENIX’s audit shall be at SUBRECIPIENT’s sole cost and expense. All required records shall be maintained for a minimum of **three years** after the Grant has been formally closed, excluding assets, vehicles, or equipment. For assets, vehicles, or equipment that received federal funding in this Grant, all records must be kept for **three years** after the disposal date of the asset, which may extend well past the grant closure date. The obligations of SUBRECIPIENT under this provision survive the termination or expiration of this Agreement.
2. Both PARTIES warrant that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee; and, further, that no member or delegate to Congress or City Council, or any employee of PHOENIX or SUBRECIPIENT, has any interest, financial or otherwise, in this Agreement.
3. SUBRECIPIENT shall fully comply with the Disadvantaged Business Enterprise (“**DBE**”) regulations of USDOT, 49 CFR Part 26. SUBRECIPIENT shall abide by all stipulations, regulations, and procedures set forth in PHOENIX’s FTA-approved DBE Program Plan. The Transit Civil Rights Officer of PHOENIX’s Public Transit Department and representative(s) of PHOENIX’s Equal Opportunity Department will meet annually with SUBRECIPIENT to cooperatively determine DBE participation for all FTA-assisted projects.
4. The PARTIES acknowledge that federal funds are being used for the work, services, and operations provided under this Agreement. In that regard, PHOENIX, as the designated grant recipient, is obligated to accept and comply with all of the terms and conditions set forth in the Federal Transit Administration (“**FTA**”) Master Grant Agreement. In order for SUBRECIPIENT to receive funding under this Agreement with PHOENIX, SUBRECIPIENT is required to similarly accept and comply with all such terms and conditions, and SUBRECIPIENT does hereby specifically agree to be bound thereby. A copy of the Master Grant Agreement and any subsequent revisions are publicly available at transit.dot.gov/funding/grantee-resources/sample-fta-agreements/fta-grant-agreements and incorporated into this Agreement by reference. SUBRECIPIENT is solely responsible for complying with all the terms and conditions of the Master Grant Agreement and any subsequent revisions.

5. In performing the services for which federal funding is provided under this Agreement, SUBRECIPIENT agrees to comply with all laws, rules, regulations, standards, orders, and directives applicable to: (a) this Agreement; (b) the services provided pursuant to this Agreement; and (c) PHOENIX, as the designated recipient of FTA funding. These laws, rules, regulations, standards, orders, and directives include federal, state, and local laws and those items set forth here in **Exhibit D** and below in **Exhibit E**.
6. SUBRECIPIENT shall fully comply with Equal Employment Opportunity (“**EEO**”) regulations of the USDOT Urban Mass Transportation Administration (“**UMTA**”) and FTA Circular 4704.1A. SUBRECIPIENT must implement all of the EEO Program elements and submit an EEO Program every four years *if* SUBRECIPIENT employs **100 or more** transit-related employees *and* requests or receives in the previous fiscal year: capital or operating assistance in excess of **\$1 million**; or planning assistance in excess of **\$250,000**. SUBRECIPIENT must prepare and maintain an abbreviated EEO Program *if* SUBRECIPIENT employs **50-99** transit related employees *and* requests or receives in the previous fiscal year: capital or operating assistance in excess of **\$1 million**; or planning assistance in excess of **\$250,000**.
7. Section 319 of Public Law 101-121 and 49 CFR Part 20 prohibit recipients of federal contracts from using appropriated funds for lobbying U.S. Federal Agencies or the United States Congress in connection with a specific covered federal action and requires all persons to disclose lobbying if they request or receive a covered federal action. By signing this agreement, SUBRECIPIENT certifies that:
 - A. SUBRECIPIENT shall require that the language of this section be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that SUBRECIPIENT shall certify and disclose accordingly.
 - B. No federally appropriated funds have been paid or will be paid, by or on behalf of SUBRECIPIENT, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the: (i) award of any federal contract; (ii) grant of any federal loan; (iii) provision of any federal grant; (iv) entrance into any cooperative agreement; and (v) extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

EXHIBIT D, Page 2

- C. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, SUBRECIPIENT shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - D. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than **\$10,000** and not more than **\$100,000** for each such failure.
- 8. SUBRECIPIENT understands and acknowledges the applicability of the Immigration Reform and Control Act of 1986 ("**IRCA**") and agrees to comply with the IRCA in the performance of this Agreement.
 - 9. If a current or prospective legal matter that may affect the Federal Government emerges, the SUBRECIPIENT must promptly notify PHOENIX, which must then promptly notify the FTA Chief Counsel and FTA Regional Counsel for Region 9. The SUBRECIPIENT must include a similar notification requirement in its Third-Party Agreements and must require each Third-Party Participant to include an equivalent provision in its subagreements at every tier, for any agreement that is a "covered transaction" according to 2 C.F.R. §§ 180.220 and 1200.220.
 - A. The types of legal matters that require notification include, but are not limited to, a major dispute, breach, default, litigation, or naming the Federal Government as a party to litigation or a legal disagreement in any forum for any reason.
 - B. Matters that may affect the Federal Government include, but are not limited to, the Federal Government's interests in the Award, the accompanying Underlying Agreement, and any Amendments thereto, or the Federal Government's administration or enforcement of federal laws, regulations, and requirements.

EXHIBIT D, Page 3

- C. The SUBRECIPIENT must promptly notify PHOENIX, which must then promptly notify the U.S. DOT Inspector General in addition to the FTA Chief Counsel or Regional Counsel for Region 9, if the SUBRECIPIENT has knowledge of potential fraud, waste, or abuse occurring on a Project receiving assistance from FTA. The notification provision applies if a person has or may have submitted a false claim under the False Claims Act, 31 U.S.C. § 3729, et seq., or has or may have committed a criminal or civil violation of law pertaining to such matters as fraud, conflict of interest, bid rigging, misappropriation or embezzlement, bribery, gratuity, or similar misconduct involving federal assistance. This responsibility occurs whether the Project is subject to this Agreement or another agreement between the Recipient and FTA, or an agreement involving a principal, officer, employee, agent, or Third-Party Participant of the SUBRECIPIENT. It also applies to subcontractors at any tier. Knowledge, as used in this paragraph, includes, but is not limited to, knowledge of a criminal or civil investigation by a federal, state, or local law enforcement or other investigative agency, a criminal indictment or civil complaint, or probable cause that could support a criminal indictment, or any other credible information in the possession of the SUBRECIPIENT. In this paragraph, “promptly” means to refer information without delay and without change. This notification provision applies to all divisions of the SUBRECIPIENT.
10. PHOENIX and SUBRECIPIENT are prohibited from obligating or expending loan or grant funds to: procure or obtain, extend or renew a contract to procure or obtain, or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in [Public Law 115-232](#), section 889, covered telecommunications equipment is:
- A. Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
- B. Video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities) for the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes.
- C. Telecommunications or video surveillance services provided by such entities or using such equipment.

EXHIBIT D, Page 4

- D. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

In implementing the prohibition under [Public Law 115-232](#), section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions, and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

EXHIBIT E

Partial List of Applicable Laws

A. Federal Codes. SUBRECIPIENT shall comply with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to U.S.C. 2000d-7 ("**Title VI**") and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964" ("**Nondiscrimination Regulations**") and other pertinent directives, including but not limited to:

- Department of Justice's Title VI Regulations (28 C.F.R. § 42.101 et seq.);
- Department of Justice's Title VI Coordination Regulations (28 C.F.R. § 42.401 et seq.);
- Department of Justice's Guidelines for the Enforcement of Title VI (28 C.F.R. § 50.3);
- Rulemaking actions to incorporate the Civil Rights Restoration Act's definitions of "program or activity" and "program" into regulations implementing Title VI, Section 504, and the Age Discrimination Act;
- Twenty-two agencies' Notice of Proposed Rulemaking, published December 6, 2000 (65 FR 76460);
- Twenty-two agencies' Final Rule, published August 26, 2003 (68 FR 51332);
- Department of Education's Notice of Proposed Rulemaking (also includes amendments to Title IX regulations), published May 5, 2000 (65 FR 26464);
- Department of Education's Final Rule (also includes amendments to Title IX regulations), published November 13, 2000 (65 FR 68049); and
- Department of Health and Human Services' Notice of Proposed Rulemaking (also includes amendments to Title IX regulations), published October 26, 2000 (65 FR 64194)

SUBRECIPIENT shall comply with these requirements so that no person in the United States shall, on the grounds of race, color, sex or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which SUBRECIPIENT receives federal financial assistance, directly or indirectly, from the Department of Transportation, including the Federal Transit Administration. SUBRECIPIENT hereby gives assurance that it will promptly take any measures necessary to effectuate this Agreement. This assurance is required by Subsection 21.7(a)(1) of the Nondiscrimination Regulations. More specifically and without limiting the above general assurance, SUBRECIPIENT hereby gives the following specific assurances with respect to the Project(s):

1. SUBRECIPIENT shall insert the following notification in all solicitations for bids for work or material subject to the Nondiscrimination Regulations and made in connection with a project under 49 U.S.C. chapter 53 and, in adapted form, in all proposals for negotiated agreements:

CONTRACTOR, in accordance with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to 2000d-7 and Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation," issued pursuant to such Act, hereby notifies all bidders and proposers that it will affirmatively ensure that in regard to any contract or procurement entered into pursuant to this advertisement, disadvantaged business enterprises will be afforded full opportunity to submit bids and proposals in response to this invitation and will not be discriminated against on the grounds of race, color, sex, or national origin in consideration for an award.

2. If SUBRECIPIENT carries out a program of training under Section 5312 of Title 49, United States Code chapter 53, the assurance shall obligate SUBRECIPIENT to make selection of the trainee or fellow without regard to race, color, sex, or national origin.
3. Where SUBRECIPIENT receives federal financial assistance to carry out a program under Title 49, United States Code chapter 53, the assurance shall obligate SUBRECIPIENT to assign transit operators and to furnish transit operators without regard to race, color, sex, or national origin.
4. Where SUBRECIPIENT carries out a program under Title 49, United States Code chapter 53, routing, scheduling, quality of service, frequency of service, age and quality of vehicles assigned to routes, quality of stations serving different routes, and location of routes may not be determined on the basis of race, color, sex, or national origin.
5. This assurance obligates SUBRECIPIENT for the period during which federal financial assistance is extended to the Project(s).
6. SUBRECIPIENT shall provide for such methods of administration for the program as are found by PHOENIX to give reasonable guarantee that it, its contractors, subcontractors, transferees, successors-in-interest and other participants under such program will comply with all requirements imposed pursuant to 49 U.S.C. chapter 53, the Nondiscrimination Regulations, and this assurance.

EXHIBIT E, Page 2

7. SUBRECIPIENT agrees that PHOENIX has a right to seek judicial enforcement regarding any matter arising under 49 U.S.C. chapter 53, the Nondiscrimination Regulations, and this assurance.
- B. Compliance with FTA Regulations. During the performance of this Agreement, SUBRECIPIENT, for itself, its assignees and successors-in-interest agrees as follows:
1. SUBRECIPIENT shall comply with the Nondiscrimination Regulations, as they may be amended from time to time, which are incorporated by reference and made a part of this Agreement.
 2. With regard to the work performed by it during the Agreement, SUBRECIPIENT shall not discriminate on the grounds of race, color, sex, or national origin in the selection and retention of subcontractors, including procurement and leases of equipment.
 3. In all solicitations, either by competitive bidding or negotiation, made by SUBRECIPIENT for work to be performed under a subcontract—including procurement of materials or leases of equipment—each potential subcontractor or supplier shall be notified by SUBRECIPIENT of the subcontractor's obligations under this Agreement and the Nondiscrimination Regulations.
 4. SUBRECIPIENT shall provide all information and reports required by the Nondiscrimination Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by PHOENIX or FTA to be pertinent to ascertain compliance with such Nondiscrimination Regulations, orders, and instructions. Where any information required of SUBRECIPIENT is in the exclusive possession of another who fails or refuses to furnish this information, SUBRECIPIENT shall so certify to PHOENIX or FTA, as appropriate, and shall set forth what efforts it has made to obtain the information.
 5. If SUBRECIPIENT's fails to comply with the nondiscrimination provisions of this Agreement, then PHOENIX shall impose such contract sanctions as it or FTA may determine to be appropriate, including: (a) withholding of payments to SUBRECIPIENT under the grant award until SUBRECIPIENT complies; and (b) cancellation, termination, or suspension of this Agreement, in whole or in part.

EXHIBIT E, Page 3

6. SUBRECIPIENT shall include the FTA provisions included above in paragraphs 1 through 5 of **Exhibit E**, section B, in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Nondiscrimination Regulations or governing directives issued. SUBRECIPIENT shall take such action with respect to any subcontract or procurement as PHOENIX or FTA may direct as a means of enforcing such provisions, including sanctions for noncompliance. If SUBRECIPIENT becomes involved in, or is threatened by litigation with a subcontractor or supplier as a result of such direction, then SUBRECIPIENT may request that PHOENIX enter into such litigation to protect the interests of PHOENIX, and SUBRECIPIENT may request the United States to enter into such litigation to protect the interests of the United States.
7. SUBRECIPIENT hereby adopts the Title VI investigation and tracking procedure developed by PHOENIX. SUBRECIPIENT agrees that PHOENIX personnel shall conduct Title VI investigations. The determinations made by PHOENIX of Title VI complaints shall be binding upon SUBRECIPIENT. SUBRECIPIENT shall maintain a list of any active Title VI investigations conducted by any governmental entity, including PHOENIX, and shall maintain a Title VI complaint log of closed investigations for **three years**. SUBRECIPIENT shall provide information to the public concerning its Title VI obligations and apprise the public of protections offered by Title VI. The obligations of SUBRECIPIENT under this provision survive the termination or expiration of this Agreement.
8. SUBRECIPIENT avows that, where applicable, it is and will provide fair and equitable labor protective arrangements, as reflected in Section 5333(b) of Title 49 U.S. Code, as amended (formerly Section 13(c) of the Federal Transit Act of 1964, 49 U.S.C. 1609). SUBRECIPIENT shall fully cooperate with PHOENIX in meeting the legal requirements of the labor protective provisions of Section 5333(b) and the Labor Agreements and side letters currently in force and certified by the United States Department of Labor. Changes, including changes in service and any other changes that may adversely affect transit employees, shall be made only after due consideration of the impact of such changes on Section 5333(b) protections granted to employees.
9. SUBRECIPIENT shall comply with the following statutes and regulations, as applicable:
 - 18 U.S.C. 1001
 - Section 5301 of 49 U.S.C. chapter 53
 - Section 5309(i) of 49 U.S.C. chapter 53

EXHIBIT E, Page 4

- Section 5310 of 49 U.S.C. chapter 53, which provides—among other thing—for the planning and design of mass transportation facilities to meet the special needs of senior persons and persons with disabilities
- Section 5323(d) and (f) of 49 U.S.C. chapter 53
- Section 5326 of 49 U.S.C. chapter 53
- Section 5329 of 49 U.S.C. chapter 53
- Section 5332 of 49 U.S.C. chapter 53, which prohibits—among other things—discrimination on the basis of race, color, creed, national origin, sex, or age
- Section 5333 of 49 U.S.C. chapter 53, which requires compliance with applicable labor requirements
- Section 5337 of 49 U.S.C. chapter 53
- Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d, which prohibits—among other things—discrimination on the basis of race, color or national origin by recipients of federal financial assistance
- Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000e, which prohibits—among other things—discrimination in employment
- Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794, which prohibits—among other things—discrimination on the basis of disability
- 49 CFR Part 600 et seq. regulations promulgated by FTA
- 49 CFR Parts 21, 23, 25, 26 and 27 regulations promulgated by the Department of Transportation governing Title VI, minority business enterprise (DBE/women's business enterprise), relocation and land acquisition, and nondiscrimination based on disability, respectively
- 46 CFR Part 381 regulations promulgated by the Maritime Administration governing cargo preference requirements
- 36 CFR Part 800 regulations promulgated by the Advisory Council on Historic Preservation
- 31 CFR part 205 regulations promulgated by the Department of the Treasury governing letter of credit
- 40 CFR Part 15 regulations promulgated by the Environmental Protection Agency pertaining to administration of clean air and water pollution requirements
- 29 CFR Parts 5 and 215 regulations promulgated by the Department of Labor pertaining to construction labor and transit employee protections
- The Build America, Buy America (“**BABA**”) and Buy America requirements of Pub. L. 117-58, div. G, tit. IX, Sections 70911-70927, 49 U.S.C. 5323(j), and 49 CFR Part 661 pertaining to the purchase of iron, steel, manufactured goods, and rolling stock

EXHIBIT E, Page 5

EXHIBIT F

Required Local Provisions

1. Assignability; Successors and Assigns. This Agreement and any rights or obligations hereunder shall not be transferred or assigned, in whole or in part, by SUBRECIPIENT without the prior written consent of PHOENIX. Any attempt to assign without such prior written consent shall be void.
2. Employment and Organization Disclaimer. This Agreement is not intended to and will not constitute, create, give rise to, or otherwise recognize a joint venture, partnership, or formal business association or organization of any kind as existing between the PARTIES, and the rights and the obligations of the PARTIES shall be only those expressly set forth herein. Neither PARTY (nor any employee of either PARTY) is the agent of the other PARTY or otherwise authorized to act on behalf of the other PARTY for any purpose.
3. Entire Agreement; Modification (No Oral Modification). This Agreement and any Exhibits, Attachments, or Schedules attached hereto constitute the full and complete understanding and agreement of the PARTIES. This Agreement supersedes and replaces any and all previous representations, understandings, and agreements, written or oral, relating to its subject matter. There shall be no oral alteration or modification of this Agreement. This Agreement and its terms may not be modified or changed except in writing signed by both PARTIES.
4. Invalidity of Any Provisions. This Agreement shall remain in full force and effect even if one or more of its terms or provisions have been held to be invalid or unenforceable. Such a holding shall result in the offending term or provision being ineffective to the extent of its invalidity or unenforceability without invalidating the remaining terms and provisions hereof. This Agreement shall thereafter be construed as though the invalid or unenforceable term or provision were not contained herein.
5. Applicable Law and Litigation. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona. Any and all litigation between the PARTIES arising from this Agreement shall be litigated solely in the appropriate state court located in Maricopa County, Arizona.
6. Inspection and Audit. The provisions of A.R.S. Section 35-214 shall apply to this Agreement. PHOENIX shall perform the inspection and audit function specified therein.

7. Compliance with Laws and Permits. SUBRECIPIENT shall comply with all applicable laws, ordinances, regulations, and codes of federal, state and local governments. Further, SUBRECIPIENT shall be solely responsible for obtaining all approvals and permits necessary to perform the work called for under this Agreement.
8. Non-waiver. If PHOENIX fails or delays in exercising or enforcing any right, power, privilege, or remedy under this Agreement, such failure or delay shall not be deemed a waiver, release, or modification of the requirements—or any other terms or provisions—of this Agreement.
9. Contract Cancellation. The PARTIES acknowledge that this Agreement is subject to cancellation by PHOENIX, or cancellation by SUBRECIPIENT if it is a government entity, pursuant to the provisions of A.R.S. Section 38-511.
10. Legal Worker Requirements. PHOENIX is prohibited by A.R.S. Section 41-4401 from awarding a contract (agreement) to any SUBRECIPIENT who fails, or whose contractors fail, to comply with A.R.S. Section 23-214(A). Therefore, SUBRECIPIENT agrees that:
 - A. SUBRECIPIENT and each contractor it uses warrants their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with A.R.S. Section 23-214(A).
 - B. A breach of warranty under paragraph A will be deemed a material breach of the Agreement that is subject to penalties up to and including termination of the Agreement.
 - C. PHOENIX retains the legal right to inspect the papers of SUBRECIPIENT or any contractor employee who works on the Agreement to ensure that the SUBRECIPIENT or any contractor is complying with the warranty under paragraph A.

EXHIBIT F, Page 2

EXHIBIT G

Partial Insurance Requirements

MINIMUM SCOPE AND LIMITS OF INSURANCE: SUBRECIPIENT shall provide coverage as stated below:

Automobile Comprehensive and Collision coverage, at replacement value of the vehicle, naming the City of Phoenix as Loss Payee. Phoenix shall only recover up to the amount of federal participation in the vehicle purchase. SUBRECIPIENT shall be able to recover the remainder of monies over and above the federal participation for the vehicle's loss.

ADDITIONAL INSURANCE REQUIREMENTS: The policies shall include, or be endorsed to include, that the SUBRECIPIENT's insurance coverage shall be primary insurance and non-contributory with respect to PHOENIX's program of insurance/self-insurance.

NOTICE OF CANCELLATION: For each insurance policy required by the insurance provisions of this Agreement, the Recipient must provide to PHOENIX, within **two business days** of receipt, a notice if a policy is suspended, voided or cancelled for any reason. Such notice shall be emailed to PHOENIX at City of Phoenix Public Transit Department, Management Services Division, Grants Section, Email: section5310@phoenix.gov.

ACCEPTABILITY OF INSURERS: Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Arizona and with an "A.M. Best" rating of not less than B+ VI. PHOENIX in no way warrants that the above-required minimum insurer rating is sufficient to protect the SUBRECIPIENT from potential insurer insolvency.

VERIFICATION OF COVERAGE: SUBRECIPIENT shall furnish PHOENIX with certificates of insurance (ACORD form or equivalent approved by PHOENIX) as required by this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements are to be received and approved by PHOENIX before work commences. Each insurance policy required by this Agreement must be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of the Agreement. Failure to maintain the insurance policies as required by this Agreement or to provide evidence of renewal is a material breach of contract.

All certificates required by this Agreement shall be sent by email to City of Phoenix Public Transit Department, Management Services Division, Grants Section, Email:

section5310@phoenix.gov. PHOENIX's project/contract number and project description shall be noted on the certificate of insurance.

PHOENIX reserves the right to require complete, certified copies of all insurance policies required by this Agreement at any time. DO NOT SEND CERTIFICATES OF INSURANCE TO PHOENIX'S RISK MANAGEMENT DIVISION.

APPROVAL: Any modification or variation from the insurance requirements in this Agreement shall be made by the Law Department, whose decision shall be final. Such action will not require a formal amendment to this Agreement, but may be made by administrative action.

EXHIBIT G, Page 2

RESOLUTION # 2025-83

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA APPROVING A GRANT PASS THROUGH AGREEMENT WITH THE CITY OF PHOENIX FOR OPERATING ASSISTANCE FUNDING FOR WERIDE MICROTRANSIT, AMENDING THE FISCAL YEAR 2025 BUDGET BY MOVING BUDGET AUTHORITY OF \$114,500 FROM THE GENERAL FUND TO ESTABLISH PROJECT G65020 – FY25 5310 FTA Grant, AND AMENDING THE FISCAL YEAR 2025 CONTRACT AWARDING AUTHORITY LIST BY ESTABLISHING THE PROJECT.

WHEREAS, pursuant to Arizona Revised Statute §11-951, *et seq.*, the City of Surprise has the authority to enter into intergovernmental agreements (“IGA”) with other governmental entities for the purposes set forth within;

WHEREAS, the parties desire to enter into a Grant Pass-Thru Agreement in order to receive grant pass-through funding through the City of Phoenix for partial reimbursement for Surprise’s operation of the WeRIDE Microtransit program; and

WHEREAS, this Grant Pass-Thru Agreement is needed to apply for and receive partial reimbursement from the City of Phoenix for Surprise’s operation of the WeRIDE program;

WHEREAS, moving budget authority in the amount of \$114,500 from the General Fund to the Grant Project is necessary;

WHEREAS, the FY2025 budget, including the FY2025 Contract Awarding Authority List, was adopted by Council Resolution # 2024-94;

WHEREAS, this action will necessitate a budget amendment;

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

WHEREAS, the City of Surprise Procurement Code § 2-338(d) requires the authority of the Mayor and Council 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. The Grant Pass-Thru Agreement between the City of Surprise and the *City of Phoenix*, attached as Exhibit A, is approved.

Section 2. The Manager, or his designee, is hereby authorized to execute and submit all documents and other necessary or desirable instruments in connection with said agreement.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

EXHIBIT A

GRANT PASS-THRU AGREEMENT BETWEEN
THE CITY OF SURPRISE AND *CITY OF PHOENIX*

AGREEMENT NO. _____

GRANT PASS-THRU AGREEMENT

**BETWEEN
THE CITY OF PHOENIX
AND
CITY OF SURPRISE**

Subrecipient SAM.gov Identification No.: CNDLLN6WTTE3

Federal Award Identification Number (FAIN) No. AZ-2025-013-00

(49 U.S.C. Section 5310 Federal Transit Administration Funds)

This Grant Pass-Thru Agreement (**“Agreement”**) is made and entered into this _____ day of _____, 20____ (**“Effective Date”**), by and between the City of Phoenix (**“PHOENIX”**), a municipal corporation duly organized and existing under the laws of the State of Arizona, and City of Surprise (**“SUBRECIPIENT”**), a municipal corporation duly organized and existing under the laws of the State of Arizona. PHOENIX and SUBRECIPIENT are sometimes referred to collectively as **“PARTIES”** and individually as a **“PARTY.”**

RECITALS

- A. PHOENIX’s City Manager is authorized and empowered by the City Charter’s provisions to execute contracts.
- B. PHOENIX has statutory and charter authority to provide transit services and enter into agreements with other entities within the Phoenix Urban Area for providing transit services. See A.R.S. Section 11-951, et seq.; Phoenix City Charter Chapter 2, Section 2, Subsections (c), (i), and (l).
- C. As a political subdivision of the State of Arizona, PHOENIX may contract and enter into stipulations of any nature to do acts necessary and convenient for the exercise of its powers. The laws of the State of Arizona authorize municipalities to: (1) engage in any business or enterprise that may be engaged in by persons by virtue of a franchise from the municipal corporation (see A.R.S. Section 9-511(A)); (2) appropriate and spend public monies on activities that “will assist in the creation or retention of jobs or will otherwise improve or enhance the economic welfare of [its] inhabitants” (see A.R.S. Section 9-500.11); and (3) be vested with all the powers set forth in Title 9 for incorporated towns, in their respective charters, and in other provisions of law (see A.R.S. Section 9-499.01).
- D. SUBRECIPIENT has statutory authority to exercise all of the powers granted to municipal corporations and to cities by the Constitution and laws of the State of

Arizona, together with all of the implied powers necessary to carry into execution all the expressed powers granted therein and the power to enter into intergovernmental agreements with other governmental entities. See A.R.S. Section 11-951, et seq.

- E. Transit activities are one of the types of activities authorized pursuant to the aforementioned statutory and Charter authority and such powers do not conflict with any of the provisions of SUBRECIPIENT's authorizations.
- F. Section 5307 of chapter 53, title 49, United States Code (formerly the Federal Transit Act of 1964, as amended) makes financial aid available to government entities and public transportation operators engaging in the preservation, improvement, and operation of mass transit systems.
- G. Section 5310 of chapter 53, title 49, United States Code makes financial aid available to government entities, nonprofit organizations, and public transportation operators engaging in the delivery of mobility services to seniors and individuals with disabilities.
- H. PHOENIX successfully applied to the Federal Transit Administration ("**FTA**") for a grant of Section 5310 funds, which was awarded on the 13th day of May, 2025, as FAIN No. **AZ-2025-013-00** ("**Grant**").
- I. SUBRECIPIENT shall receive funds from said Grant and perform the project(s) ("**Project(s)**") described in **Exhibit A**, as attached to this Agreement and incorporated by reference.
- J. PHOENIX and SUBRECIPIENT have been authorized by their respective formal authorities to enter into this Agreement.

AGREEMENT

IT IS HEREBY AGREED, by and between the PARTIES, as follows:

1. **Agreement Term and Budget/Performance Periods.**

A. The Agreement's term is the time interval from the execution of this Agreement to its conclusion. The Agreement's term:

- begins on its Effective Date; and
- ends after all federal and PHOENIX requirements have been met and PHOENIX has closed out the Grant.

Funding for any uncompleted and unbilled Projects may be reassigned at the discretion of PHOENIX, as needed to close out the Grant. Grant close-out is the process by which all activities approved in a grant award have been

completed and/or the federal assistance awarded has been expended for eligible costs. PHOENIX maintains a “Master Grant Closeout Schedule” that provides the estimated grant close-out date based on the completion dates of each project within the grant. Within 90 days of final reimbursement, PHOENIX will begin the grant close-out process and prepare reports, including a narrative of completed projects and the subrecipient’s final reconciled budget, Federal Financial Report (“**FFR**”), and Milestone Progress Report (“**MPR**”). Each grant is considered closed when PHOENIX has completed and submitted the documents required for close-out and FTA has accepted these documents. A “Grant Closure Notice and Records Retention Requirement Letter” is prepared and distributed to each subrecipient in the grant award.

- B. The Agreement’s budget period is the time interval from the start date of a funded portion of the award to the end date of that funded portion, during which PHOENIX is authorized to expend the funds awarded. The Agreement’s budget period:

- Begins on the 1st day of October 2024; and
- Ends on the 31st day of December, 2026.

The Project(s) led by SUBRECIPIENT must be completed and reimbursement must be requested by the end of the Agreement’s budget period.

- C. The Agreement’s performance period is the time interval from the start of the initial federal award to the estimated end date of performance, which may include one or more funded portions or budget periods. The Agreement’s performance period:

- Begins on the 1st day of October 2024; and
- Ends on the 31st day of December, 2026.

2. Federal and Local Funding.

- A. The total federal funds allocated to SUBRECIPIENT under this Agreement shall not exceed **\$114,432**, as detailed in **Exhibit A**. No reimbursements shall be made unless all required reports, as described below, have been submitted.
- B. SUBRECIPIENT shall provide the required local match for the Project(s), and that local match is currently estimated to be **\$114,432**, as detailed in **Exhibit A**. SUBRECIPIENT shall be responsible for the full amount of any costs that exceed the awarded Project(s) amount, such as price increases and applicable taxes.

3. Reimbursement From Grant.

A. PHOENIX will reimburse SUBRECIPIENT for its share of federal funding allocated from the Grant for the purchase of items/services provided in the "Project Description" box of **Exhibit A**. SUBRECIPIENT shall comply with all requirements in 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," which are incorporated by reference. By signing this Agreement, SUBRECIPIENT certifies that its accounting systems meet the requirements of the grant program.

B. To receive reimbursement for any allowable and eligible indirect costs awarded by and charged to the Grant, SUBRECIPIENT shall charge, in accordance with the following selected option:

☐ A cost allocation plan/indirect cost rate approved by the SUBRECIPIENT's cognizant federal agency to be submitted by SUBRECIPIENT to PHOENIX on an annual basis. SUBRECIPIENT's current federally recognized cost share is:

___% for _____; and ___% for _____.

☐ A de minimis rate of 10% of modified total direct costs ("**MTDC**") in accordance with 2 CFR Part 200.414. Reimbursement shall not exceed the federal funds allocated to SUBRECIPIENT, unless approved in writing by PHOENIX. By signing this Agreement, SUBRECIPIENT certifies that it does not have federally-negotiated indirect cost rate (**FNICR**).

☒ N/A – not applicable because there are no allowable and eligible indirect costs to reimburse.

C. SUBRECIPIENT acknowledges that its applicable indirect cost rate for this Agreement was provided to PHOENIX in SUBRECIPIENT's Grant Application, which is incorporated by reference into this Agreement.

4. Application for Reimbursement.

A. SUBRECIPIENT shall submit an electronic copy of its application for reimbursement of the federal share to:

City of Phoenix Public Transit Department
Management Services Division, Grants Section
Email: Section5310@phoenix.gov

B. The cover letter must identify the PHOENIX contract number and the period for which the application is submitted.

- C. For any applicable reimbursements, SUBRECIPIENT shall submit its application with the reimbursement request form shown in **Exhibit B**, which is attached to this Agreement and incorporated by reference.
- D. The application for reimbursement must be accompanied by detailed backup documentation for all eligible expenses. At a minimum, the documentation shall include the following:
 - 1. A listing of all invoiced costs with vendors and payment dates;
 - 2. Copies of paid invoices received from vendors for purchases of supplies and services and corresponding proof of payment, such as cancelled checks or bank statements; and
 - 3. Such other documentation as PHOENIX or FTA may require, including any reports mandated by **Exhibit C**, which is attached to this Agreement and incorporated by reference.

5. SUBRECIPIENT Performance.

- A. SUBRECIPIENT shall complete the Project(s) for which the Grant's funds have been awarded in a proper and timely manner. SUBRECIPIENT is responsible for complying with all federal, state, and local requirements imposed under the Grant, including the requisites identified in **Exhibit D**, **Exhibit E**, and **Exhibit F**, which are attached to this Agreement and incorporated by reference.
- B. SUBRECIPIENT must comply with all of the terms and conditions set forth in the "FTA Master Grant Agreement" currently in effect and any subsequent revisions, which are publicly available at transit.dot.gov/funding/grantee-resources/sample-fta-agreements/fta-grant-agreements and incorporated into this Agreement by reference. SUBRECIPIENT must also comply with all conditions required for the Grant under the "Annual List of Certifications and Assurances for FTA Grants and Cooperative Agreements" currently in effect and any subsequent revisions, which are publicly available at transit.dot.gov/funding/grantee-resources/certifications-and-assurances/certifications-assurances and incorporated into this Agreement by reference.
- C. SUBRECIPIENT's failure to comply with all applicable requirements may result in the withholding of funds to SUBRECIPIENT under the Grant.

6. Insurance.

SUBRECIPIENT shall have adequate insurance to cover the Project(s) in the

event of damage or complete loss.

7. Indemnification.

Each PARTY (as “**Indemnitor**”) agrees to indemnify, defend, and hold harmless the other PARTY (as “**Indemnatee**”) from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney’s fees) (hereinafter collectively referred to as “**Claims**”) arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnatee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

8. Notice.

A. Any notice, consent, or other communication (“**Notice**”) required or permitted under this Agreement shall be in writing and either delivered in person, sent by email, deposited in the United States mail (postage prepaid, registered or certified mail, and return receipt requested), or deposited with any commercial air courier or express service addressed as follows:

If intended for SUBRECIPIENT:

Bob Wingenroth, City Manager
City of Surprise
16000 N Civic Center Parkway
Surprise, AZ 85374
Telephone: (623) 222-1023
Email: bob.wingenroth@surpriseaz.gov

If intended for PHOENIX:

Jesús E Sapien, Public Transit Director
City of Phoenix Public Transit Department
302 N. 1st Avenue, Suite 900
Phoenix, Arizona 85003
Telephone: (602) 495-0418
Email: jesus.sapien@phoenix.gov

with electronic copy to:

City of Phoenix Public Transit Department
Management Services Division, Grants Section
Email: Section5310@phoenix.gov

B. Notice shall be deemed received: (a) at the time it is personally served; (b) on

- the **day** it is sent by email; (c) on the **2nd business day** after its deposit with any commercial air courier or express service; or (d) on the **10th calendar day** after its deposit in the United States mail (postage prepaid, registered or certified mail, and return receipt requested). Any time period stated in a Notice shall be computed from the time the Notice is deemed received. Either PARTY may change its mailing address, email address, or the person to receive Notice by providing the other PARTY with a Notice of that change.
- C. Notice sent by email shall also be sent by regular mail to the recipient at the above address. This requirement for duplicate Notice is *not* intended to change the effective date of the original Notice sent by email.

9. Summary of Exhibits.

As noted above, the following exhibits are attached to this Agreement and incorporated by reference:

- Exhibit A** Federal Grant Pass-Thru Agreement Detail Summary
- Exhibit B** Federal Grant Reimbursement Form
- Exhibit C** Required Reports
- Exhibit D** Required Federal Provisions
- Exhibit E** Partial List of Applicable Laws
- Exhibit F** Required Local Provisions
- Exhibit G** **Partial Insurance Requirements**

The Section 5310 Phoenix-Mesa Urbanized Area Grant Handbook & Program Guidelines (available at azmag.gov/Committees/Technical-Committees/Elderly-and-Persons-with-Disabilities-Transportation-Committee) and Grant Application currently in effect, and any subsequent revisions, are also incorporated by reference.

The PARTIES executed this Agreement on the day and year first above written.

CITY OF PHOENIX

Jeffrey Barton, City Manager

By _____
Jesús E. Sapien
Public Transit Director

ATTEST:

City Clerk - PHOENIX

APPROVED AS TO FORM:

Julie M. Kriegh, City Attorney

Carolina Potts
Assistant Chief Counsel

APPROVED BY PHOENIX CITY COUNCIL BY FORMAL ACTION ON OCTOBER 2,
2024.

CITY OF SURPRISE

By _____

Printed Name: _____

Title: _____

APPROVED AS TO FORM:

Attorney for CITY OF SURPRISE

APPROVED BY _____ BY FORMAL ACTION

ON _____.

INTERGOVERNMENTAL AGREEMENT DETERMINATION

In accordance with the requirements of A.R.S. § 11-952(D), each of the undersigned attorneys acknowledge: (1) that they have reviewed the above Agreement on behalf of their respective clients; and (2) that, as to their respective clients only, each attorney has determined that this Agreement is in proper form and is within the powers and authority granted under the laws of the State of Arizona.

Attorney for PHOENIX

Attorney for SURPRISE

EXHIBIT A

Federal Grant Pass-Thru Agreement Detail Summary

FAIN NUMBER: AZ-2025-013-00					
CFDA NUMBER: 20.513					
GRANT RECIPIENT: CITY OF PHOENIX					
GRANT SUBRECIPIENT'S NAME: CITY OF SURPRISE					
GRANT SUBRECIPIENT'S ADDRESS: 16000 N Civic Center Parkway Surprise, AZ 85374					
GRANT SUBRECIPIENT'S SAM.GOV I.D. NUMBER: CNDLLN6WTTE3					
TOTAL ELIGIBLE PROJECT COST for federal grant purposes (TEPC):					\$228,864
• Federal Share of TEPC:					\$114,432
• Local Share/Match of TEPC:					\$114,432
PROJECT(S) DESCRIPTION:					
ALI Code:	Project(s) Description:	R&D? (yes/no)	Local:	Federal:	Total:
30.09.00	Operating Assistance - WeRide	No	\$114,432	\$114,432	\$228,864

EXHIBIT B

Federal Grant Reimbursement Form

FTA Grant Expenditure Reimbursement Request Application

The information provided will be used by the City of Phoenix Public Transit Department (“PTD”) to monitor SUBRECIPIENT expenditures for FTA-funded projects and disburse FTA funds for eligible costs. No further FTA funds may be disbursed unless this report is completed and submitted as required.

SUBRECIPIENT ORGANIZATION NAME AND ADDRESS	GRANT AGREEMENT NUMBER		REQUEST NO.
	REPORTING PERIOD (Dates)		
	FROM:		TO:
	TOTAL	LOCAL MATCH	FTA SHARE
TOTAL ELIGIBLE PROJECT COSTS	\$ -	\$ -	\$ -
TOTAL PREVIOUS PAYMENTS	\$ -	\$ -	\$ -
CURRENT REIMBURSEMENT REQUESTED	\$ -	\$ -	\$ -
REMAINING FUNDING	\$ -	\$ -	\$ -

REQUIRED SIGNATURES

This document must be signed by the SUBRECIPIENT's Transit Manager and Chief Financial Officer or their designated representative(s).

CERTIFICATION

We certify the financial expenditures submitted for reimbursement with this report, including supporting documentation, are eligible and allowable expenditures, have been incurred compliant with all applicable Federal laws and regulations, have not been previously requested, and have met all matching requirements. In addition, we understand that any discovery of a violation of a federal law or regulation, or any failure to follow applicable Federal directives, may result in withdrawal of federal participation.

SIGNATURE OF TRANSIT MANAGER OR DESIGNEE	DATE
TYPED OR PRINTED NAME AND TITLE	TELEPHONE
SIGNATURE OF CHIEF FINANCIAL OFFICER OR DESIGNEE	DATE
TYPED OR PRINTED NAME AND TITLE	TELEPHONE

Instructions

1. Keep a copy of all documents submitted.
2. All project records, including financial records, must be maintained for **three years** beyond the later of vehicle/asset disposal or final close-out of the Grant with FTA.

For PTD use only

Date request received:	Approved for funds availability (signature/date)
------------------------	--

EXHIBIT C

Required Reports

SUBRECIPIENT agrees to submit reports and statements or plans as now or hereafter required by PHOENIX or the FTA. Quarterly reports are due on or before the 15th of the month following the end of the quarter, i.e., October 15, January 15, April 15 and July 15; and annual reports are due ninety days (except NTD Report, which shall be due 120 days) after the end of the fiscal year (July 1 - June 30). Drug and Alcohol Reports are due January 31 for the previous calendar year.

REPORT	FREQUENCY	DESCRIPTION
DBE Reports	As required by PHOENIX	DBE participation, utilization, annual goal setting, progress, and information reports
Grant Status Report	Quarterly	Status of each project by grant number
NTD Report – Close Out Letter	Annually	Copy for information only
Fixed Assets Status Report	Annually	Inventory of all FTA-funded assets
Single Audit Report	Annually	Copy of federally required audit
Title VI Annual Report	Annually	Subrecipient to provide all Title VI complaints and related information annually
Lobbying Activities	As required pursuant to 31 U.S.C. 1352	Subrecipient to disclose any lobbying activities quarterly and submit Disclosure of Lobbying Activities LLL form pursuant to 31 U.S.C. 1352
Drug and Alcohol Reports	Annually	FTA drug and alcohol testing
Contract Change Orders Above \$100,000	Quarterly	Subrecipient to provide list of any federally-funded contract change orders for any amount \$100,000 or greater
Claims/Settlements	Quarterly	Subrecipient to provide list of any federally-funded projects with Claims/Settlements pending or closed within the quarter

Vehicle Record Inventory Form	Reimbursements with vehicles	Provide a vehicle record inventory form for each vehicle purchased with FTA funds
Capital Asset Purchase Form	Reimbursements with capital asset	Provide a capital asset purchase form for each capital asset purchased with FTA funds
Staff Time Documentation	Reimbursements with staff time	All reimbursements for staff time must include verification of all hours billed, including copies of all applicable timecards or other time reporting documentation
<u>5310 FTA Grants</u>		
Grant Performance Information	Annually or as required by FTA	Evaluation of Grant Accomplishments

The reports and required submissions listed above may be increased, revised, reorganized, deleted or changed as required by FTA guidelines. **All reports must be current before any FTA funds will be disbursed by PHOENIX.**

EXHIBIT C, Page 2

EXHIBIT D

Required Federal Provisions

1. SUBRECIPIENT shall permit the authorized representatives of PHOENIX, the United States Department of Transportation (“**USDOT**”), and the Controller General of the United States to inspect and audit all data, books, records, and reports relating to this Agreement and SUBRECIPIENT’s performance hereunder. PHOENIX’s audit shall be at SUBRECIPIENT’s sole cost and expense. All required records shall be maintained for a minimum of **three years** after the Grant has been formally closed, excluding assets, vehicles, or equipment. For assets, vehicles, or equipment that received federal funding in this Grant, all records must be kept for **three years** after the disposal date of the asset, which may extend well past the grant closure date. The obligations of SUBRECIPIENT under this provision survive the termination or expiration of this Agreement.
2. Both PARTIES warrant that no person has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee; and, further, that no member or delegate to Congress or City Council, or any employee of PHOENIX or SUBRECIPIENT, has any interest, financial or otherwise, in this Agreement.
3. SUBRECIPIENT shall fully comply with the Disadvantaged Business Enterprise (“**DBE**”) regulations of USDOT, 49 CFR Part 26. SUBRECIPIENT shall abide by all stipulations, regulations, and procedures set forth in PHOENIX’s FTA-approved DBE Program Plan. The Transit Civil Rights Officer of PHOENIX’s Public Transit Department and representative(s) of PHOENIX’s Equal Opportunity Department will meet annually with SUBRECIPIENT to cooperatively determine DBE participation for all FTA-assisted projects.
4. The PARTIES acknowledge that federal funds are being used for the work, services, and operations provided under this Agreement. In that regard, PHOENIX, as the designated grant recipient, is obligated to accept and comply with all of the terms and conditions set forth in the Federal Transit Administration (“**FTA**”) Master Grant Agreement. In order for SUBRECIPIENT to receive funding under this Agreement with PHOENIX, SUBRECIPIENT is required to similarly accept and comply with all such terms and conditions, and SUBRECIPIENT does hereby specifically agree to be bound thereby. A copy of the Master Grant Agreement and any subsequent revisions are publicly available at transit.dot.gov/funding/grantee-resources/sample-fta-agreements/fta-grant-agreements and incorporated into this Agreement by reference. SUBRECIPIENT is solely responsible for complying with all the terms and conditions of the Master Grant Agreement and any subsequent revisions.

5. In performing the services for which federal funding is provided under this Agreement, SUBRECIPIENT agrees to comply with all laws, rules, regulations, standards, orders, and directives applicable to: (a) this Agreement; (b) the services provided pursuant to this Agreement; and (c) PHOENIX, as the designated recipient of FTA funding. These laws, rules, regulations, standards, orders, and directives include federal, state, and local laws and those items set forth here in **Exhibit D** and below in **Exhibit E**.
6. SUBRECIPIENT shall fully comply with Equal Employment Opportunity (“**EEO**”) regulations of the USDOT Urban Mass Transportation Administration (“**UMTA**”) and FTA Circular 4704.1A. SUBRECIPIENT must implement all of the EEO Program elements and submit an EEO Program every four years *if* SUBRECIPIENT employs **100 or more** transit-related employees *and* requests or receives in the previous fiscal year: capital or operating assistance in excess of **\$1 million**; or planning assistance in excess of **\$250,000**. SUBRECIPIENT must prepare and maintain an abbreviated EEO Program *if* SUBRECIPIENT employs **50-99** transit related employees *and* requests or receives in the previous fiscal year: capital or operating assistance in excess of **\$1 million**; or planning assistance in excess of **\$250,000**.
7. Section 319 of Public Law 101-121 and 49 CFR Part 20 prohibit recipients of federal contracts from using appropriated funds for lobbying U.S. Federal Agencies or the United States Congress in connection with a specific covered federal action and requires all persons to disclose lobbying if they request or receive a covered federal action. By signing this agreement, SUBRECIPIENT certifies that:
 - A. SUBRECIPIENT shall require that the language of this section be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that SUBRECIPIENT shall certify and disclose accordingly.
 - B. No federally appropriated funds have been paid or will be paid, by or on behalf of SUBRECIPIENT, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the: (i) award of any federal contract; (ii) grant of any federal loan; (iii) provision of any federal grant; (iv) entrance into any cooperative agreement; and (v) extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

EXHIBIT D, Page 2

- C. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, SUBRECIPIENT shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - D. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than **\$10,000** and not more than **\$100,000** for each such failure.
- 8. SUBRECIPIENT understands and acknowledges the applicability of the Immigration Reform and Control Act of 1986 ("**IRCA**") and agrees to comply with the IRCA in the performance of this Agreement.
 - 9. If a current or prospective legal matter that may affect the Federal Government emerges, the SUBRECIPIENT must promptly notify PHOENIX, which must then promptly notify the FTA Chief Counsel and FTA Regional Counsel for Region 9. The SUBRECIPIENT must include a similar notification requirement in its Third-Party Agreements and must require each Third-Party Participant to include an equivalent provision in its subagreements at every tier, for any agreement that is a "covered transaction" according to 2 C.F.R. §§ 180.220 and 1200.220.
 - A. The types of legal matters that require notification include, but are not limited to, a major dispute, breach, default, litigation, or naming the Federal Government as a party to litigation or a legal disagreement in any forum for any reason.
 - B. Matters that may affect the Federal Government include, but are not limited to, the Federal Government's interests in the Award, the accompanying Underlying Agreement, and any Amendments thereto, or the Federal Government's administration or enforcement of federal laws, regulations, and requirements.

EXHIBIT D, Page 3

- C. The SUBRECIPIENT must promptly notify PHOENIX, which must then promptly notify the U.S. DOT Inspector General in addition to the FTA Chief Counsel or Regional Counsel for Region 9, if the SUBRECIPIENT has knowledge of potential fraud, waste, or abuse occurring on a Project receiving assistance from FTA. The notification provision applies if a person has or may have submitted a false claim under the False Claims Act, 31 U.S.C. § 3729, et seq., or has or may have committed a criminal or civil violation of law pertaining to such matters as fraud, conflict of interest, bid rigging, misappropriation or embezzlement, bribery, gratuity, or similar misconduct involving federal assistance. This responsibility occurs whether the Project is subject to this Agreement or another agreement between the Recipient and FTA, or an agreement involving a principal, officer, employee, agent, or Third-Party Participant of the SUBRECIPIENT. It also applies to subcontractors at any tier. Knowledge, as used in this paragraph, includes, but is not limited to, knowledge of a criminal or civil investigation by a federal, state, or local law enforcement or other investigative agency, a criminal indictment or civil complaint, or probable cause that could support a criminal indictment, or any other credible information in the possession of the SUBRECIPIENT. In this paragraph, “promptly” means to refer information without delay and without change. This notification provision applies to all divisions of the SUBRECIPIENT.
10. PHOENIX and SUBRECIPIENT are prohibited from obligating or expending loan or grant funds to: procure or obtain, extend or renew a contract to procure or obtain, or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in [Public Law 115-232](#), section 889, covered telecommunications equipment is:
- A. Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
- B. Video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities) for the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes.
- C. Telecommunications or video surveillance services provided by such entities or using such equipment.

EXHIBIT D, Page 4

- D. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

In implementing the prohibition under [Public Law 115-232](#), section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions, and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

EXHIBIT E

Partial List of Applicable Laws

A. Federal Codes. SUBRECIPIENT shall comply with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to U.S.C. 2000d-7 ("**Title VI**") and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964" ("**Nondiscrimination Regulations**") and other pertinent directives, including but not limited to:

- Department of Justice's Title VI Regulations (28 C.F.R. § 42.101 et seq.);
- Department of Justice's Title VI Coordination Regulations (28 C.F.R. § 42.401 et seq.);
- Department of Justice's Guidelines for the Enforcement of Title VI (28 C.F.R. § 50.3);
- Rulemaking actions to incorporate the Civil Rights Restoration Act's definitions of "program or activity" and "program" into regulations implementing Title VI, Section 504, and the Age Discrimination Act;
- Twenty-two agencies' Notice of Proposed Rulemaking, published December 6, 2000 (65 FR 76460);
- Twenty-two agencies' Final Rule, published August 26, 2003 (68 FR 51332);
- Department of Education's Notice of Proposed Rulemaking (also includes amendments to Title IX regulations), published May 5, 2000 (65 FR 26464);
- Department of Education's Final Rule (also includes amendments to Title IX regulations), published November 13, 2000 (65 FR 68049); and
- Department of Health and Human Services' Notice of Proposed Rulemaking (also includes amendments to Title IX regulations), published October 26, 2000 (65 FR 64194)

SUBRECIPIENT shall comply with these requirements so that no person in the United States shall, on the grounds of race, color, sex or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which SUBRECIPIENT receives federal financial assistance, directly or indirectly, from the Department of Transportation, including the Federal Transit Administration. SUBRECIPIENT hereby gives assurance that it will promptly take any measures necessary to effectuate this Agreement. This assurance is required by Subsection 21.7(a)(1) of the Nondiscrimination Regulations. More specifically and without limiting the above general assurance, SUBRECIPIENT hereby gives the following specific assurances with respect to the Project(s):

1. SUBRECIPIENT shall insert the following notification in all solicitations for bids for work or material subject to the Nondiscrimination Regulations and made in connection with a project under 49 U.S.C. chapter 53 and, in adapted form, in all proposals for negotiated agreements:

CONTRACTOR, in accordance with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d to 2000d-7 and Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation," issued pursuant to such Act, hereby notifies all bidders and proposers that it will affirmatively ensure that in regard to any contract or procurement entered into pursuant to this advertisement, disadvantaged business enterprises will be afforded full opportunity to submit bids and proposals in response to this invitation and will not be discriminated against on the grounds of race, color, sex, or national origin in consideration for an award.

2. If SUBRECIPIENT carries out a program of training under Section 5312 of Title 49, United States Code chapter 53, the assurance shall obligate SUBRECIPIENT to make selection of the trainee or fellow without regard to race, color, sex, or national origin.
3. Where SUBRECIPIENT receives federal financial assistance to carry out a program under Title 49, United States Code chapter 53, the assurance shall obligate SUBRECIPIENT to assign transit operators and to furnish transit operators without regard to race, color, sex, or national origin.
4. Where SUBRECIPIENT carries out a program under Title 49, United States Code chapter 53, routing, scheduling, quality of service, frequency of service, age and quality of vehicles assigned to routes, quality of stations serving different routes, and location of routes may not be determined on the basis of race, color, sex, or national origin.
5. This assurance obligates SUBRECIPIENT for the period during which federal financial assistance is extended to the Project(s).
6. SUBRECIPIENT shall provide for such methods of administration for the program as are found by PHOENIX to give reasonable guarantee that it, its contractors, subcontractors, transferees, successors-in-interest and other participants under such program will comply with all requirements imposed pursuant to 49 U.S.C. chapter 53, the Nondiscrimination Regulations, and this assurance.

EXHIBIT E, Page 2

7. SUBRECIPIENT agrees that PHOENIX has a right to seek judicial enforcement regarding any matter arising under 49 U.S.C. chapter 53, the Nondiscrimination Regulations, and this assurance.
- B. Compliance with FTA Regulations. During the performance of this Agreement, SUBRECIPIENT, for itself, its assignees and successors-in-interest agrees as follows:
1. SUBRECIPIENT shall comply with the Nondiscrimination Regulations, as they may be amended from time to time, which are incorporated by reference and made a part of this Agreement.
 2. With regard to the work performed by it during the Agreement, SUBRECIPIENT shall not discriminate on the grounds of race, color, sex, or national origin in the selection and retention of subcontractors, including procurement and leases of equipment.
 3. In all solicitations, either by competitive bidding or negotiation, made by SUBRECIPIENT for work to be performed under a subcontract—including procurement of materials or leases of equipment—each potential subcontractor or supplier shall be notified by SUBRECIPIENT of the subcontractor's obligations under this Agreement and the Nondiscrimination Regulations.
 4. SUBRECIPIENT shall provide all information and reports required by the Nondiscrimination Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by PHOENIX or FTA to be pertinent to ascertain compliance with such Nondiscrimination Regulations, orders, and instructions. Where any information required of SUBRECIPIENT is in the exclusive possession of another who fails or refuses to furnish this information, SUBRECIPIENT shall so certify to PHOENIX or FTA, as appropriate, and shall set forth what efforts it has made to obtain the information.
 5. If SUBRECIPIENT's fails to comply with the nondiscrimination provisions of this Agreement, then PHOENIX shall impose such contract sanctions as it or FTA may determine to be appropriate, including: (a) withholding of payments to SUBRECIPIENT under the grant award until SUBRECIPIENT complies; and (b) cancellation, termination, or suspension of this Agreement, in whole or in part.

EXHIBIT E, Page 3

6. SUBRECIPIENT shall include the FTA provisions included above in paragraphs 1 through 5 of **Exhibit E**, section B, in every subcontract, including procurement of materials and leases of equipment, unless exempt by the Nondiscrimination Regulations or governing directives issued. SUBRECIPIENT shall take such action with respect to any subcontract or procurement as PHOENIX or FTA may direct as a means of enforcing such provisions, including sanctions for noncompliance. If SUBRECIPIENT becomes involved in, or is threatened by litigation with a subcontractor or supplier as a result of such direction, then SUBRECIPIENT may request that PHOENIX enter into such litigation to protect the interests of PHOENIX, and SUBRECIPIENT may request the United States to enter into such litigation to protect the interests of the United States.
7. SUBRECIPIENT hereby adopts the Title VI investigation and tracking procedure developed by PHOENIX. SUBRECIPIENT agrees that PHOENIX personnel shall conduct Title VI investigations. The determinations made by PHOENIX of Title VI complaints shall be binding upon SUBRECIPIENT. SUBRECIPIENT shall maintain a list of any active Title VI investigations conducted by any governmental entity, including PHOENIX, and shall maintain a Title VI complaint log of closed investigations for **three years**. SUBRECIPIENT shall provide information to the public concerning its Title VI obligations and apprise the public of protections offered by Title VI. The obligations of SUBRECIPIENT under this provision survive the termination or expiration of this Agreement.
8. SUBRECIPIENT avows that, where applicable, it is and will provide fair and equitable labor protective arrangements, as reflected in Section 5333(b) of Title 49 U.S. Code, as amended (formerly Section 13(c) of the Federal Transit Act of 1964, 49 U.S.C. 1609). SUBRECIPIENT shall fully cooperate with PHOENIX in meeting the legal requirements of the labor protective provisions of Section 5333(b) and the Labor Agreements and side letters currently in force and certified by the United States Department of Labor. Changes, including changes in service and any other changes that may adversely affect transit employees, shall be made only after due consideration of the impact of such changes on Section 5333(b) protections granted to employees.
9. SUBRECIPIENT shall comply with the following statutes and regulations, as applicable:
 - 18 U.S.C. 1001
 - Section 5301 of 49 U.S.C. chapter 53
 - Section 5309(i) of 49 U.S.C. chapter 53

EXHIBIT E, Page 4

- Section 5310 of 49 U.S.C. chapter 53, which provides—among other thing—for the planning and design of mass transportation facilities to meet the special needs of senior persons and persons with disabilities
- Section 5323(d) and (f) of 49 U.S.C. chapter 53
- Section 5326 of 49 U.S.C. chapter 53
- Section 5329 of 49 U.S.C. chapter 53
- Section 5332 of 49 U.S.C. chapter 53, which prohibits—among other things—discrimination on the basis of race, color, creed, national origin, sex, or age
- Section 5333 of 49 U.S.C. chapter 53, which requires compliance with applicable labor requirements
- Section 5337 of 49 U.S.C. chapter 53
- Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d, which prohibits—among other things—discrimination on the basis of race, color or national origin by recipients of federal financial assistance
- Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000e, which prohibits—among other things—discrimination in employment
- Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794, which prohibits—among other things—discrimination on the basis of disability
- 49 CFR Part 600 et seq. regulations promulgated by FTA
- 49 CFR Parts 21, 23, 25, 26 and 27 regulations promulgated by the Department of Transportation governing Title VI, minority business enterprise (DBE/women's business enterprise), relocation and land acquisition, and nondiscrimination based on disability, respectively
- 46 CFR Part 381 regulations promulgated by the Maritime Administration governing cargo preference requirements
- 36 CFR Part 800 regulations promulgated by the Advisory Council on Historic Preservation
- 31 CFR part 205 regulations promulgated by the Department of the Treasury governing letter of credit
- 40 CFR Part 15 regulations promulgated by the Environmental Protection Agency pertaining to administration of clean air and water pollution requirements
- 29 CFR Parts 5 and 215 regulations promulgated by the Department of Labor pertaining to construction labor and transit employee protections
- The Build America, Buy America (“**BABA**”) and Buy America requirements of Pub. L. 117-58, div. G, tit. IX, Sections 70911-70927, 49 U.S.C. 5323(j), and 49 CFR Part 661 pertaining to the purchase of iron, steel, manufactured goods, and rolling stock

EXHIBIT E, Page 5

EXHIBIT F

Required Local Provisions

1. Assignability; Successors and Assigns. This Agreement and any rights or obligations hereunder shall not be transferred or assigned, in whole or in part, by SUBRECIPIENT without the prior written consent of PHOENIX. Any attempt to assign without such prior written consent shall be void.
2. Employment and Organization Disclaimer. This Agreement is not intended to and will not constitute, create, give rise to, or otherwise recognize a joint venture, partnership, or formal business association or organization of any kind as existing between the PARTIES, and the rights and the obligations of the PARTIES shall be only those expressly set forth herein. Neither PARTY (nor any employee of either PARTY) is the agent of the other PARTY or otherwise authorized to act on behalf of the other PARTY for any purpose.
3. Entire Agreement; Modification (No Oral Modification). This Agreement and any Exhibits, Attachments, or Schedules attached hereto constitute the full and complete understanding and agreement of the PARTIES. This Agreement supersedes and replaces any and all previous representations, understandings, and agreements, written or oral, relating to its subject matter. There shall be no oral alteration or modification of this Agreement. This Agreement and its terms may not be modified or changed except in writing signed by both PARTIES.
4. Invalidity of Any Provisions. This Agreement shall remain in full force and effect even if one or more of its terms or provisions have been held to be invalid or unenforceable. Such a holding shall result in the offending term or provision being ineffective to the extent of its invalidity or unenforceability without invalidating the remaining terms and provisions hereof. This Agreement shall thereafter be construed as though the invalid or unenforceable term or provision were not contained herein.
5. Applicable Law and Litigation. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona. Any and all litigation between the PARTIES arising from this Agreement shall be litigated solely in the appropriate state court located in Maricopa County, Arizona.
6. Inspection and Audit. The provisions of A.R.S. Section 35-214 shall apply to this Agreement. PHOENIX shall perform the inspection and audit function specified therein.

7. Compliance with Laws and Permits. SUBRECIPIENT shall comply with all applicable laws, ordinances, regulations, and codes of federal, state and local governments. Further, SUBRECIPIENT shall be solely responsible for obtaining all approvals and permits necessary to perform the work called for under this Agreement.
8. Non-waiver. If PHOENIX fails or delays in exercising or enforcing any right, power, privilege, or remedy under this Agreement, such failure or delay shall not be deemed a waiver, release, or modification of the requirements—or any other terms or provisions—of this Agreement.
9. Contract Cancellation. The PARTIES acknowledge that this Agreement is subject to cancellation by PHOENIX, or cancellation by SUBRECIPIENT if it is a government entity, pursuant to the provisions of A.R.S. Section 38-511.
10. Legal Worker Requirements. PHOENIX is prohibited by A.R.S. Section 41-4401 from awarding a contract (agreement) to any SUBRECIPIENT who fails, or whose contractors fail, to comply with A.R.S. Section 23-214(A). Therefore, SUBRECIPIENT agrees that:
 - A. SUBRECIPIENT and each contractor it uses warrants their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with A.R.S. Section 23-214(A).
 - B. A breach of warranty under paragraph A will be deemed a material breach of the Agreement that is subject to penalties up to and including termination of the Agreement.
 - C. PHOENIX retains the legal right to inspect the papers of SUBRECIPIENT or any contractor employee who works on the Agreement to ensure that the SUBRECIPIENT or any contractor is complying with the warranty under paragraph A.

EXHIBIT F, Page 2

EXHIBIT G

Partial Insurance Requirements

MINIMUM SCOPE AND LIMITS OF INSURANCE: SUBRECIPIENT shall provide coverage as stated below:

Automobile Comprehensive and Collision coverage, at replacement value of the vehicle, naming the City of Phoenix as Loss Payee. Phoenix shall only recover up to the amount of federal participation in the vehicle purchase. SUBRECIPIENT shall be able to recover the remainder of monies over and above the federal participation for the vehicle's loss.

ADDITIONAL INSURANCE REQUIREMENTS: The policies shall include, or be endorsed to include, that the SUBRECIPIENT's insurance coverage shall be primary insurance and non-contributory with respect to PHOENIX's program of insurance/self-insurance.

NOTICE OF CANCELLATION: For each insurance policy required by the insurance provisions of this Agreement, the Recipient must provide to PHOENIX, within **two business days** of receipt, a notice if a policy is suspended, voided or cancelled for any reason. Such notice shall be emailed to PHOENIX at City of Phoenix Public Transit Department, Management Services Division, Grants Section, Email: section5310@phoenix.gov.

ACCEPTABILITY OF INSURERS: Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Arizona and with an "A.M. Best" rating of not less than B+ VI. PHOENIX in no way warrants that the above-required minimum insurer rating is sufficient to protect the SUBRECIPIENT from potential insurer insolvency.

VERIFICATION OF COVERAGE: SUBRECIPIENT shall furnish PHOENIX with certificates of insurance (ACORD form or equivalent approved by PHOENIX) as required by this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements are to be received and approved by PHOENIX before work commences. Each insurance policy required by this Agreement must be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of the Agreement. Failure to maintain the insurance policies as required by this Agreement or to provide evidence of renewal is a material breach of contract.

All certificates required by this Agreement shall be sent by email to City of Phoenix Public Transit Department, Management Services Division, Grants Section, Email:

section5310@phoenix.gov. PHOENIX's project/contract number and project description shall be noted on the certificate of insurance.

PHOENIX reserves the right to require complete, certified copies of all insurance policies required by this Agreement at any time. DO NOT SEND CERTIFICATES OF INSURANCE TO PHOENIX'S RISK MANAGEMENT DIVISION.

APPROVAL: Any modification or variation from the insurance requirements in this Agreement shall be made by the Law Department, whose decision shall be final. Such action will not require a formal amendment to this Agreement, but may be made by administrative action.

RESOLUTION # 2025-83
Exhibit B

1. Appropriation - The allocation below represents a movement of budget authority in the amount of \$114,500 from the General Fund Contingency to establish Project G65020 - 5310 FTA Grant for WeRIDE Operations in the General Fund. This will move budget and expenses as a result of receiving the MAG 5310 FTA Grant for We Ride Operations. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
General Fund	Transportation	#G65020 FY25 5310 FTA Grant	E	-	114,500	114,500
General Fund	Transportation	#G65020 FY25 5310 FTA Grant	R	-	114,500	114,500
Contingency	General Operations	Contingency	E	80,820,900	(114,500)	80,706,400
Contingency	General Operations	Other	R	76,656,900	(114,500)	76,542,400

RESOLUTION # 2025-83
Exhibit C

1. Contract Awarding Authority List – The FY2025 Contract Awarding Authority List will be amended to include Project G65020 – FY25 5310 FTA Grant.

Reference #	Description	Current Amount	Increase/ (Decrease)	Amended Amount
25340	FY25 5310 FTA Grant – WeRIDE Operations	\$0	\$114,500	\$114,500



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025
Submitting Department: Water Resource
Management
Staff Recommendations:

Contact Person: Michael Boule, Director
District: Citywide

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

Consideration and action pertaining to approval of a Fiscal Year 2025 budget amendment moving budget in the amount of \$250,000 from Contingency in the Water Utility Capital Fund to Services in the Water Operations Fund, due to overages related to electricity; Resolution #2025-82.

Motion:

I move to Approve Resolution #2025-82.

Background:

The Water Resource Management Department is requesting a budget adjustment for Fiscal Year 2025 to address higher than anticipated electrical expenses. These increased costs are attributed to extended equipment run times, elevated temperatures, and ongoing growth within the water system. To cover the projected shortfall in the Water Operations Fund, the department proposes reallocating funds from contingency reserves within the Water Utility Capital Fund. This adjustment will ensure continued service reliability while addressing current operational demands.

Objective Analysis:

Increasing the budget authority for Services will eliminate any interruption in supplying water to our service areas.

Policy Compliant:

This action is consistent with the City's Budget Amendment Policies and Procedures.

Financial Impact:

This resolution will increase services one-time expense by \$250,000 in FY2025. Additional ongoing funding was requested for FY2026 through the yearly budget process.

Budget Impact:

The FY2025 revised budget includes an appropriation of \$1,663,000 in the Water Operations Fund for costs related to electricity. If approved, this item will amend the FY2025 adopted budget by moving \$250,000 Contingency within the Water Utility Capital Fund to Services within the Water Operations

Fund. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

FTE Impact:

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

ATTACHMENTS:

1. Resolution-Budget Amendment FY25_Final
-

RESOLUTION # 2025-82

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING THE FISCAL YEAR 2025 BUDGET BY MOVING BUDGET AUTHORITY OF \$250,000 FROM CONTINGENCY IN THE WATER UTILITY CAPITAL FUND TO SERVICES IN THE WATER OPERATIONS FUND, DUE TO OVERAGES RELATED TO ELECTRICITY.

WHEREAS, the FY2025 budget was adopted including funding for electricity in the amount of \$1,663,000 from the Water Operations Fund;

WHEREAS, it is necessary to move budget authority in the amount of \$250,000 from the Contingency in the Water Utility Capital Fund to Services in the Water Operations Fund;

WHEREAS, additional budget authority in the amount of \$250,000 is needed to cover costs related to electricity;

WHEREAS, the FY2025 budget was adopted by Council Resolution #2024-94 on June 4, 2024;

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, 2024 through June 30, 2025.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

RESOLUTION # 2025-82
Exhibit A

1. Appropriation- The exhibit below represents a movement of budget authority in the amount of \$250,000 from Contingency within the Water Utility Capital Fund to Services within the Water Operations Fund to establish a budget to cover overages related to electricity. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Water Utility Capital	General Operations	Contingency	E	1,816,100	(250,000)	1,566,100
Water Operations	Water Resource Management	Services	E	7,526,900	250,000	7,776,900
Expense Total				9,343,000	-	9,343,000



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Lloyd Abrams, Director -
Community Development

Submitting Department: Community Development District: District 1

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action on Resolution No. 2025-87, a Resolution of the Mayor and Council of the City of Surprise, Arizona to accept the Land Use License with the Maricopa County Municipal Water Conservation District Number One (MWD) for a Municipal Utility Crossing for the Beardsley Canal at Bell Pointe Blvd.

Motion:

I move to approve Resolution No. 2025-87

Background:

The City of Surprise has requested the Land Use License from Maricopa County Municipal Water Conservation District Number One (MWD) to accommodate the City of Surprise Bell Pointe Traffic Signal Intelligent Transportation System (ITS) for the Beardsley Canal and Fee Title Crossing.

Objective Analysis:

As part of the requirements for the City of Surprise Bell Pointe Traffic Signal Intelligent Transportation System (ITS) project, a crossing of the Beardsley Canal is required as depicted in exhibit "A" of the license agreement.

Policy Compliant:

This item is policy compliant.

Financial Impact:

The City of Surprise will pay a \$15,122.82 one-time License Application Fee to MWD upon the execution of this license.

Budget Impact:

There will be no budget impact as the MWD License will be paid with the existing Traffic Signal project budget, project P65400.

FTE Impact:

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

ATTACHMENTS:

1. Res 2025-87 - Traffic Signal Impr. _MWD License Agreement
 2. Bell Road at Bell Pointe Blvd Traffic Signal Improvement Agreement
 3. Bell_Bell Pointe Blvd MWD License Agreement - CC 06.17.25 Presentation
-

RESOLUTION # 2025-87

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING A LICENSE AGREEMENT BETWEEN THE CITY OF SURPRISE AND THE MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE FOR A MUNICIPAL UTILITY CROSSING FOR THE BEARDSLEY CANAL.

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

WHEREAS, the City of Surprise and the Maricopa County Municipal Water Conservation District Number One (“MWD”) have agreed upon a License Agreement to allow the City to occupy and use MWD’s lands for the municipal utility crossing of the Beardsley Canal, as more particularly described in Exhibit A attached hereto (the “License Agreement”);

WHEREAS, the City of Surprise will occupy and use MWD’s lands and property interests for the construction, installation, repair, reconstruction, modification, reinstallation, replacement, relocation, and removal, as well as the operation, maintenance, and use of four (4) 1.25” Intelligent Transportation System ITS conduits and cable, as more particularly described in Exhibit A; and

WHEREAS, upon full execution of the License Agreement, the City of Surprise will pay to MWD a one-time License Application Fee of Fifteen Thousand One Hundred Twenty Two Dollars and 82/100 (\$15,122.82).

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

Section 1. The License Agreement between the City of Surprise and the Maricopa County Municipal Water Conservation District Number One is hereby approved.

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

[SIGNATURES APPEAR ON FOLLOWING PAGE]

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Resolution approved as to form only:

Kristi Passarelli, City Clerk

Jeffery Murray, City Attorney

EXHIBIT A

License Agreement

WHEN RECORDED MAIL TO:

**Maricopa Water District
P.O. Box 900
Waddell, AZ 85355-0900**

MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE

**LICENSE TO USE MWD LANDS
MUNICIPAL UTILITY CROSSING OF THE BEARDSLEY CANAL**

**MWD License No. 25-014-033N2WBCM
Project No. 2022-077**

Page 1 of 8

MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE, an irrigation and water conservation district, a municipal corporation and a political subdivision of the State of Arizona ("**MWD**") hereby grants and **CITY OF SURPRISE**, a municipal corporation of the State of Arizona ("**Licensee**") hereby accepts a revocable, nonexclusive License to enter upon and use a portion of MWD's lands and property interests described herein, pursuant to the following terms and conditions:

1. Licensed Property

Licensee shall occupy and use, for the purposes stated herein, those lands and property interests of MWD which are described and delineated in **Exhibit "A"**, attached hereto and incorporated herein by reference ("**Licensed Property**").

2. Purpose

Licensee shall use the Licensed Property for the sole purpose of the construction, installation, repair, reconstruction, modification, reinstallation, replacement, relocation, and removal ("**Construction**") and the operation, maintenance, and use of four (4) 1.25" Intelligent Transportation System ITS conduits and cable ("**Communication Facilities**"), as described in the City of Surprise – Bell Road at Bell Pointe Blvd Traffic Signal Improvement Plans, prepared by Y2K Engineering, Drawing #2022-077, dated May 5, 2025, incorporated herein by reference ("**Communication Facilities**"). The **Communication Facilities** shall include any associated materials, improvements, facilities, fixtures, and appurtenances approved by MWD and placed on the Licensed Property by Licensee, its directors, officers, employees, or agents.

3. Compensation

3.1 Licensee shall pay MWD upon execution of this License, a one-time License Application Fee of **\$15,122.82**. MWD hereby waives any further fees that would otherwise be charged as consideration for the License, rights and privileges granted herein.

3.2 In addition to the fees set forth in Section 3.1 above, Licensee shall pay the total amount of any taxes, assessments, or other charges, if any, imposed or levied on MWD or the Licensed Property, as a result of this License or any activities or payments made under this License, by other governing bodies having jurisdiction.

4. Term

This License shall become effective upon the date of execution by MWD and shall continue in perpetuity, subject to the revocation and/or termination provisions of Section 5.

5. Termination of the License

5.1 Licensee may terminate this License upon not less than thirty (30) days' prior written notice to MWD; provided, however, the provisions of this Section shall survive the revocation and/or termination of this License.

5.2 If Licensee terminates this License, Licensee, at Licensee's discretion and expense, shall either abandon or remove the **Communication Facilities** unless the **Communication Facilities** are overhead facilities, in which case Licensee, at Licensee's expense, shall remove the **Communication Facilities**. In the event of an abandonment, Licensee shall provide MWD, and Blue Stake where applicable, written notice of such abandonment within twenty (20) days following the revocation and/or termination of this License. For the abandonment of the **Communication Facilities**, Licensee shall be responsible for pulling the wires and properly capping any conduits at the entry and exit points of the Licensed Property. In the event of a removal of the **Communication Facilities**, Licensee shall restore the Licensed Property to a condition acceptable to MWD.

5.3 If Licensee fails to comply with the material conditions set forth herein, MWD may, at its election and upon thirty (30) days' written notice of such failure of compliance to Licensee, revoke and/or terminate this License; provided, however, that where such failure to comply cannot reasonably be cured within the thirty (30) days notice period, if Licensee shall proceed promptly to cure the same with due diligence, the time for curing such failure to comply shall be extended for an additional sixty (60) days to complete such curing. If Licensee is nevertheless unable to cure its failure of compliance, Licensee shall remove, at Licensee's expense and within thirty (30) days thereafter, the **Communication Facilities** and shall restore the Licensed Property to a condition acceptable to MWD. If Licensee fails to remove the **Communication Facilities** within the time specified above, MWD or its authorized agents may remove the **Communication Facilities**.

5.4 If MWD removes the **Communication Facilities** pursuant to Section 5.3, Licensee shall reimburse MWD for the cost and expense of such removal, as conclusively determined by MWD, within ten (10) calendar days after MWD presents Licensee a statement of such cost and expense. Licensee hereby releases MWD from all claims of damages resulting to Licensee from such removal.

5.5 This License shall terminate and all rights granted hereunder shall revert to MWD in the event Licensee shall fail to commence actual or physical initial construction or installation of the **Communication Facilities** provided for herein within two (2) years of the date of this License or in the event Licensee at any time shall abandon the use of the **Communication Facilities** on the Licensed Property.

6. Nonexclusive Rights

This License is nonexclusive and no interest whatsoever in the Licensed Property, except as specifically expressed herein, shall pass to Licensee, its directors, officers, employees, or agents. MWD, its successors and assigns, shall retain at all times a prior and superior right of access and use of the Licensed Property to accomplish all of MWD's purposes and nothing in this License shall be construed to deny or lessen the powers and privileges granted MWD by the laws of the State of Arizona. Neither Licensee or its agents shall interfere with the use of the Licensed Property by MWD or the interest of any other individual or entity in the Licensed Property. Nothing herein shall preclude, interfere with, or prohibit MWD, its directors, officers, employees, agents, and licensees from controlling access to, entering upon, being upon, or using the Licensed Property for any purposes whatsoever, or prohibit MWD from permitting another entity to access or use the Licensed Property. MWD shall not be liable to Licensee for any damage to public or private property or installations located upon the Licensed Property.

7. Existing Easements and Licenses

This License is subject to all existing easements, licenses, and matters of record.

8. Insurance

8.1 Without limiting any liabilities or any other obligations of Licensee, Licensee, at Licensee's expense, shall obtain and maintain for the duration of this License, including any subsequent terms thereof, with forms and insurers acceptable to MWD, the minimum insurance coverages as follows:

(i) General Liability Insurance with policy limits of a minimum of two million dollars (\$2,000,000) as to each occurrence for Bodily Injury, Personal Injury and Property Damage and a General Aggregate of two million dollars (\$2,000,000). Such policy or policies shall list MWD, its directors, officers, employees, and agents as additional insureds.

(ii) Worker's Compensation insurance coverage with Employer's Liability insurance limits of not less than the statutory limits for any one occurrence.

(iii) Comprehensive automobile liability insurance with a combined single limit for bodily injury and property damage of a minimum of two million dollars (\$2,000,000) each occurrence with respect to Licensee's vehicles, whether owned, hired or non-owned, assigned to, or used for any purpose related to this License. Such policy or policies shall list MWD, its directors, officers, employees, and agents as additional insureds. In the event such insurance is not applicable to this License, as conclusively determined by MWD, such insurance requirement may be waived by MWD.

8.2 The policies required by Subsections 8.1 (i) and (iii) hereof shall stipulate that the insurance afforded for MWD, its directors, officers, employees, and agents shall be primary insurance and that any insurance carried by MWD, its directors, officers, employees, or agents shall be excess and not contributory insurance.

8.3 Licensee and its insurers providing the required coverages shall waive all rights of subrogation against MWD and its directors, officers, employees, and agents.

8.4 Upon the full execution of the License and prior to commencing any Construction on the Licensed Property, Licensee shall furnish MWD with Certificates of Insurance as evidence that policies providing the required coverages, conditions, and limits are in full force and effect. Such certificates shall provide that not less than thirty (30) days' advance notice of cancellation, revocation, termination, or alteration shall be sent directly to MWD.

8.5 Licensee shall require any contractors or subcontractors to comply with the provisions of Section 8 herein.

8.6 Upon MWD's receipt of satisfactory evidence of Licensee's financial ability to self-insure, Licensee shall have the option to self-insure the minimum limits set forth above in lieu of providing the insurance provided for under Section 8.1 herein.

9. Construction

9.1 Prior to Construction of the **Communication Facilities** on the Licensed Property, Licensee shall submit to MWD five (5) copies of a detailed design plan, including the location, design drawings, specifications or calculations ("**Design**"). The Design and Construction of the **Communication Facilities** are subject to MWD review and written approval. Notwithstanding the foregoing, MWD's approval of the Design or Construction pursuant to the provisions of this Section does not constitute a determination that such Design and Construction are adequate for Licensee's intended purpose or comply with applicable laws or industry standards.

9.2 The Design shall incorporate applicable MWD standards or specifications, including, but not limited to, burial depths, clearance requirements, and MWD vehicular access provisions. The Design shall prohibit the installation of junction boxes, manholes, landscaping or other obstructions that, in MWD's sole determination, would impede MWD operations and access or cause damage to MWD facilities.

9.3 Licensee's Construction, operation, maintenance, and use of the **Communication Facilities** shall be at Licensee's expense and shall not interfere with nor impede MWD's use of MWD existing or future water, power, communications or other facilities, on or adjacent to the Licensed Property. The Construction shall be scheduled and coordinated with MWD as follows:

(i) The Construction shall be scheduled and coordinated with the **MWD Project Engineer at (623/546-8266)**.

(ii) Licensee shall provide MWD with a 48-hour notice prior to commencement of Construction.

9.4 Licensee shall be qualified to perform, or shall contract with qualified parties to perform any Construction work and shall not construct or install any improvements or fixtures, other than those specifically addressed herein, within or upon the Licensed Property. Any Construction and/or modifications to the Licensed Property shall be completed and maintained in conformity with all applicable safety standards, regulations and the like, and specifically in a manner so as to avoid the creation of potentially dangerous conditions and harm to others.

9.5 Licensee shall contact Blue Stake prior to commencing Construction and shall be responsible for the location and probing of any and all utilities, structures and facilities on the Licensed Property, with the exception of any MWD facilities, which will be located by MWD.

9.6 Licensee shall provide adequate dust abatement for the Construction as determined by MWD. Licensee shall not use any form of inorganic material for dust abatement.

9.7 The Licensed Property shall be restored to a condition acceptable to MWD and all debris shall be removed immediately following the completion of any Construction.

9.8 Within thirty (30) days following the completion of any Construction, Licensee shall submit to MWD "as-built" drawings of the **Communication Facilities** with specific location dimensions and, as applicable, depths of burial.

9.9 Licensee is not the agent of MWD and has no authority to create a lien against MWD or the Licensed Property for materials or services furnished to Licensee. Licensee shall, immediately following the completion of any Construction and upon receipt of a request by MWD, provide MWD with lien waivers or other releases satisfactory to MWD to ensure that there are no mechanic's or materialmen's liens filed against the License Property.

9.10 Licensee shall pay MWD in accordance with the MWD Fee Schedule and as invoiced by MWD, all charges incurred by MWD to review, inspect and approve Licensee's Design and Construction.

9.11 If any repair, relocation or reconstruction of MWD's existing or future water, power, communication or other facilities, is deemed reasonably necessary by MWD because of the Construction, operation, maintenance or use of the **Communication Facilities**, such repair, relocation or reconstruction shall be accomplished by MWD at Licensee's expense.

9.12 If, in MWD's determination, modification or relocation of the **Communication Facilities** is necessary to accommodate the operational needs or plans of MWD, including, but not limited to, any major repair, modification, construction, or reconstruction of MWD's existing or future water, power, communication or other facilities, Licensee, at Licensee's expense, shall promptly modify or relocate the **Communication Facilities** upon reasonable notice from MWD. MWD shall not exercise its right to require modification or relocation of Licensee's facilities in an unreasonable or arbitrary manner.

10. Maintenance Of Licensed Property

Licensee, at Licensee's expense, shall maintain the Licensed Property and the **Communication Facilities** thereon in good, sanitary, and safe condition, as conclusively determined by MWD. Notwithstanding the foregoing, MWD has no obligation to inspect the Licensed Property or the **Communication Facilities**, nor to report the condition of same to Licensee or others.

11. Permits, Statutes, and Codes

Licensee shall comply with the applicable requirements of all statutes, acts, ordinances, regulations, codes, and standards of all legally constituted authorities with jurisdiction. Licensee shall obtain or cause to be obtained, at Licensee's expense, all permits, approvals, and authorizations required by Licensee's actions pursuant to this License.

12. MWD's Right to Inspect

12.1 MWD may enter any part of the Licensed Property at all reasonable times to make an inspection thereof. During any Construction by Licensee, MWD may inspect all trenching, backfilling, and other related items and require conformance with all requirements and specifications established by MWD. Said inspection, however, is not intended nor understood to be nor constitutes more than a determination that the specifications set forth herein have been complied with by Licensee and is not an approval or ratification by MWD of the quality or fitness of the **Communication Facilities**.

12.2 Licensee shall release MWD from liability for all damages arising out of any delay, whether reasonable or unreasonable, or foreseeable or unforeseeable, by MWD in permitting or inspecting any work on the Licensed Property. The provisions of this Section shall survive revocation and/or termination of this License.

13. Storage and Use of Regulated Products

Licensee shall not store or use any hazardous materials, fuels or other petroleum products, chemicals, herbicides, pesticides, fertilizers, paint or any other such regulated products on the Licensed Property without the prior written approval from MWD. In the event of a spill on the Licensed Property of any authorized or unauthorized materials or products by reason of or related to the exercise of the privileges herein granted to Licensee, Licensee shall immediately notify MWD and shall be responsible for the remediation of such spill and any costs associated therewith. Any remediation shall be performed in a timely manner in accordance with a plan approved by the appropriate governmental authority and reasonably acceptable to MWD.

14. Indemnification

Licensee shall indemnify and hold harmless MWD, its directors, officers, employees, and agents, for, from and against all claims, demands, suits and costs including, but not limited to, costs of defense, reasonable attorneys' fees, witness fees of any type, losses, damages, expenses and liabilities, whether direct or indirect, and whether to any person including, but not limited to, employees of MWD or Licensee, or to property, including natural resources, to which MWD, its directors, officers, employees, or agents may be put or subject to by reason of (i) any act or omission by Licensee, or any of its directors, officers, employees, agents, or invitees; (ii) Licensee's use or occupancy of the Licensed Property; or (iii) any failure on the part of Licensee, or any of its directors, officers, employees, or agents to fulfill its obligations hereunder except to the extent that any loss, damage, expense, and liability is attributable to the negligent or willful misconduct of MWD, its directors, officers, employees, and agents. The provisions of this Section shall survive revocation and/or termination of this License.

15. Assignment

This License shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto to the same extent and effect as the same are binding upon and inure to the benefit of the parties hereto. Licensee shall not assign this License or the rights and privileges herein, in whole or in part, without MWD's prior written consent, which shall not be unreasonably withheld or delayed and, absent such consent, any attempted assignment shall be void; provided, however, Licensee may assign or transfer this

License to a parent, subsidiary, or affiliate, or in connection with a corporate refinancing, upon written notice to MWD of such transfer, which contains an agreement in writing by such parent, subsidiary, or affiliate to abide by the terms and conditions of this License. Licensee shall make all requests for MWD's consent to an assignment, modification, or amendment of this License in writing and shall accompany each request with a non-refundable service charge of Two Hundred Fifty Dollars (\$250.00).

16. Service of Notice

16.1 All notices and demands required or permitted by this License shall be in writing and shall be deemed to have been given properly when (i) sent by certified mail (postage fully prepaid) or delivered personally or by overnight courier, to the respective address below or to such other address as may be furnished in writing by either party to the other pursuant to this Section; or (ii) transmitted by telefacsimile to the respective telefacsimile number below or to such other telefacsimile number as may be furnished in writing by either party to the other pursuant to this Section, and the appropriate answerback is received.

Notices to MWD:

**Attn: Property & Contracts Manager
Maricopa Water District
P.O. Box 900
Waddell, AZ 85355-0900**

Telephone No. (623) 546-8266

Notices to Licensee:

**Attn: Kevin Sartor
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374**

Telephone No. (623) 222-1000

16.2 All notices and demands shall be deemed effective upon delivery, if delivered personally or by overnight courier, or if transmitted by telefacsimile; or twenty-four (24) hours after deposit in the U. S. Mail, if by certified mail.

17. Waiver

No waiver by either party of any breach of any of the covenants or conditions of this License which are to be performed by the other party shall be construed as a waiver of any succeeding breach of the same or any other covenant or condition.

18. Attorneys' Fees Upon Default

If MWD or Licensee defaults in the timely performance of its obligations under this License, the party not in default shall be entitled to recover court costs and reasonable attorneys' fees, as determined by a court, in any suit or proceeding to enforce its rights under this License. The foregoing shall not in any way limit or restrict any right or remedy at law or equity which would otherwise be available to such party in default.

19. Force Majeure

If either party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this License, other than the obligation of Licensee to make payments of amounts due hereunder, then the obligations of both Licensee and MWD, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall so far as possible be remedied within a reasonable time. The term "force majeure" as employed in this License shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemies, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, interruptions by government not due to the fault of the parties, civil disturbances, explosions, or unforeseeable action or nonaction by governmental bodies in approving the applications for approvals or permits, or any material change in circumstances arising out of legislation, regulation, or litigation. Nothing in this Section shall require MWD or Licensee to settle a strike.

20. Entire Agreement; Changes After Execution

This License, including its specified addenda and exhibits, if any, constitutes the entire agreement between the parties, and any amendment thereto must be in writing, signed by both parties.

21. Water Damage

MWD shall not be liable for any loss sustained by Licensee, its officers, employees, agents, assigns, or invitees on the Licensed Property because of water damage from any source whatsoever including, but not limited to, flood, drainage, or run-off, irrespective of any prior knowledge by MWD of the possibility of such flood, drainage, or run-off, or any act, omission, or negligence of MWD, its directors, officers, employees, or agents arising from operation or maintenance of any canal or other work.

IN WITNESS WHEREOF, the parties hereto have executed this License this _____ day of _____, 2025.

APPROVED:

MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE, an irrigation and water conservation district, a municipal corporation and a political subdivision of the State of Arizona

By: _____

Christine Cain

Its: _____

Property & Contracts Manager

STATE OF ARIZONA)

) ss:

County of Maricopa)

On this 22nd day of May, 2025, before me, the undersigned Notary Public, personally appeared Christine Cain, known to me to be the Property & Contracts Manager of **MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE**, an irrigation and water conservation district, a municipal corporation and a political subdivision of the State of Arizona, and she, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Trena Messer

NOTARY PUBLIC

My Commission Expires:

Oct 19, 2025



TRENA MESSER
Notary Public - Arizona
Maricopa Co. / #613280
Expires 10/19/2025

LICENSEE ACCEPTANCE:

CITY OF SURPRISE, a municipal corporation of
the State of Arizona

By: _____
Kevin Sartor

Its: City Mayor

STATE OF ARIZONA)
) ss:
County of Maricopa)

On this _____ day of _____, 2025, before me, the undersigned
Notary Public, personally appeared Kevin Sartor, known to me to be the City Mayor of **CITY OF SURPRISE**,
a municipal corporation of the State of Arizona, and he, being duly authorized so to do, executed the
foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

NOTARY PUBLIC

My Commission Expires:

EXHIBIT "A"**DESCRIPTION****CITY OF SURPRISE-BELL POINTE TRAFFIC SIGNAL
INTELLIGENT TRANSPORTATION SYSTEM (ITS)
MWD BEARDSLEY CANAL & FEE TITLE CROSSING**

A portion of the Northwest Quarter of Section 3, Township 3 North, Range 2 West of the Gila and Salt River Meridian, City of Surprise, Maricopa County, Arizona described as follows:

COMMENCING at the North Quarter Corner of said Section 3 from which the Northwest Corner of said Section 3 lies North 89°42'09" West 2639.30 feet;

Thence along the north line of said Northwest Quarter North 89°42'09" West 825.37 feet;

Thence departing said line South 00°17'51" West 217.67 feet to a point on the west line of that real property as described in that Instrument entitled "MWD 139' Beardsley Canal Right-Of-Way and Canal Bk 14, Pg 25 Federal Grant #06629 Bk 24, Pg 3 Bk 584, Pg 18" records of said Maricopa County and the POINT OF BEGINNING;

Thence departing said line North 90°00'00" East 139.76 feet to the beginning of a tangent curve, concave northerly, having a radius of 64.65 feet;

Thence easterly along the arc of said curve through a central angle of 14°05'47" a distance of 15.91 feet to the beginning of a reverse curve, concave southerly, having a radius of 179.23 feet;

Thence easterly along the arc of said curve through a central angle of 07°59'57" a distance of 25.02 feet to the east line of that real property described as PARCEL No. 3, Docket 562, Pages 269 & 270, records of said County:

Thence along said east line South 18°18'58" West 6.61 feet to the beginning of a non-tangent curve, concave southerly, the center of which lies South 07°00'04" East 173.23 feet;

Thence westerly along the arc of said curve through a central angle of 07°05'43" a distance of 21.45 feet to beginning of a reverse curve, concave northerly, having a radius of 70.65 feet;

Thence westerly along the arc of said curve through a central angle of 14°05'47" a distance of 17.38 feet;

Thence South 90°00'00" West 141.74 feet to the aforesaid west line of that real property as described in that Instrument entitled "MWD 139' Beardsley Canal Right-Of-Way and Canal Bk 14, Pg 25 Federal Grant #06629 Bk 24, Pg 3 Bk 584, Pg 18" ;

Thence along said west line North 18°18'58" East 6.32 feet to the POINT OF BEGINNING.

Containing 1,084 square feet, more or less.

Attached is EXHIBIT "A" and by this reference is made a part hereof.
End of description

MWD APPROVED
Cmc 5/22/25



Bell Rd & Bell Pointe Blvd

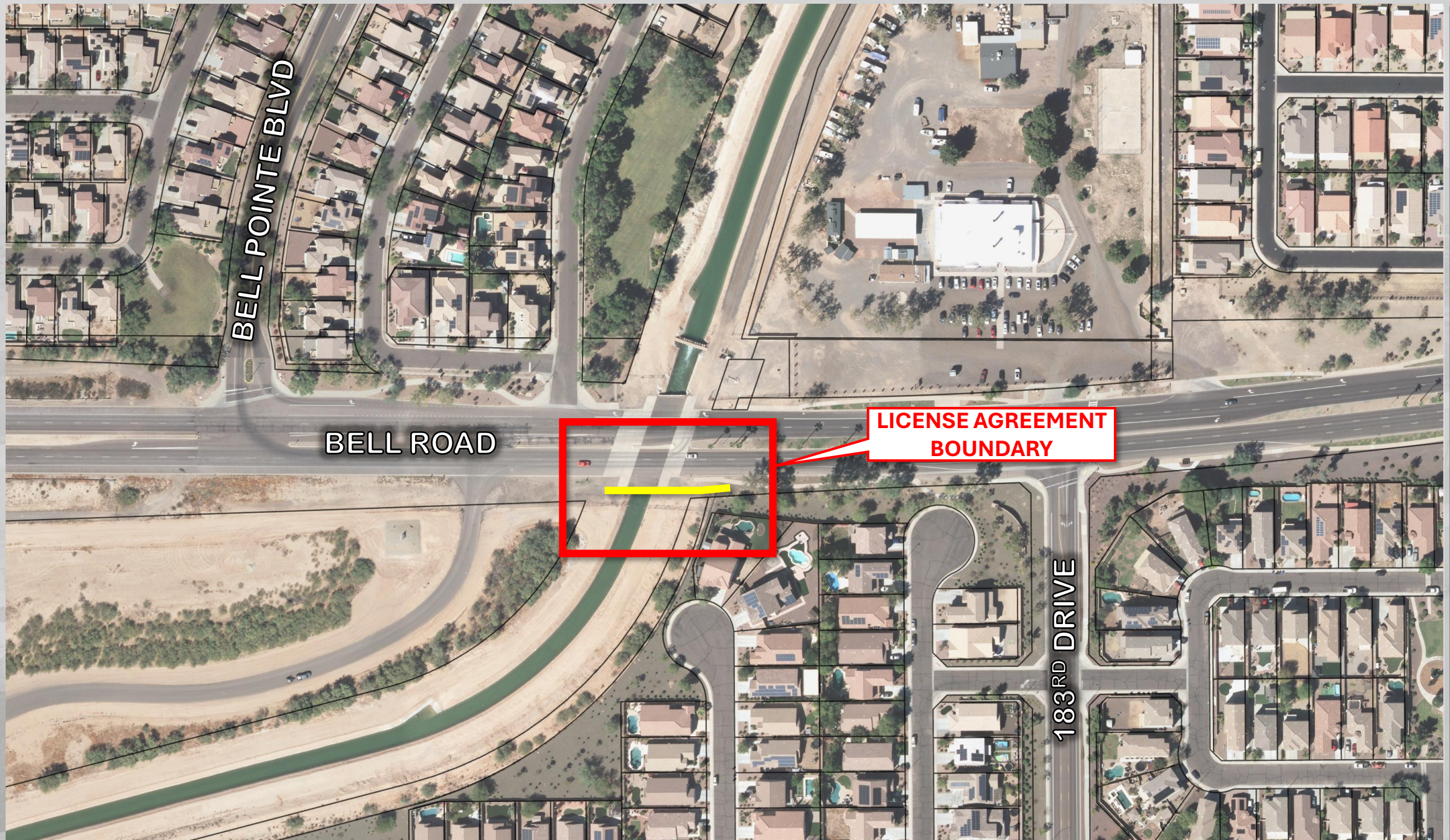
MWD License

City Council
June 17, 2025

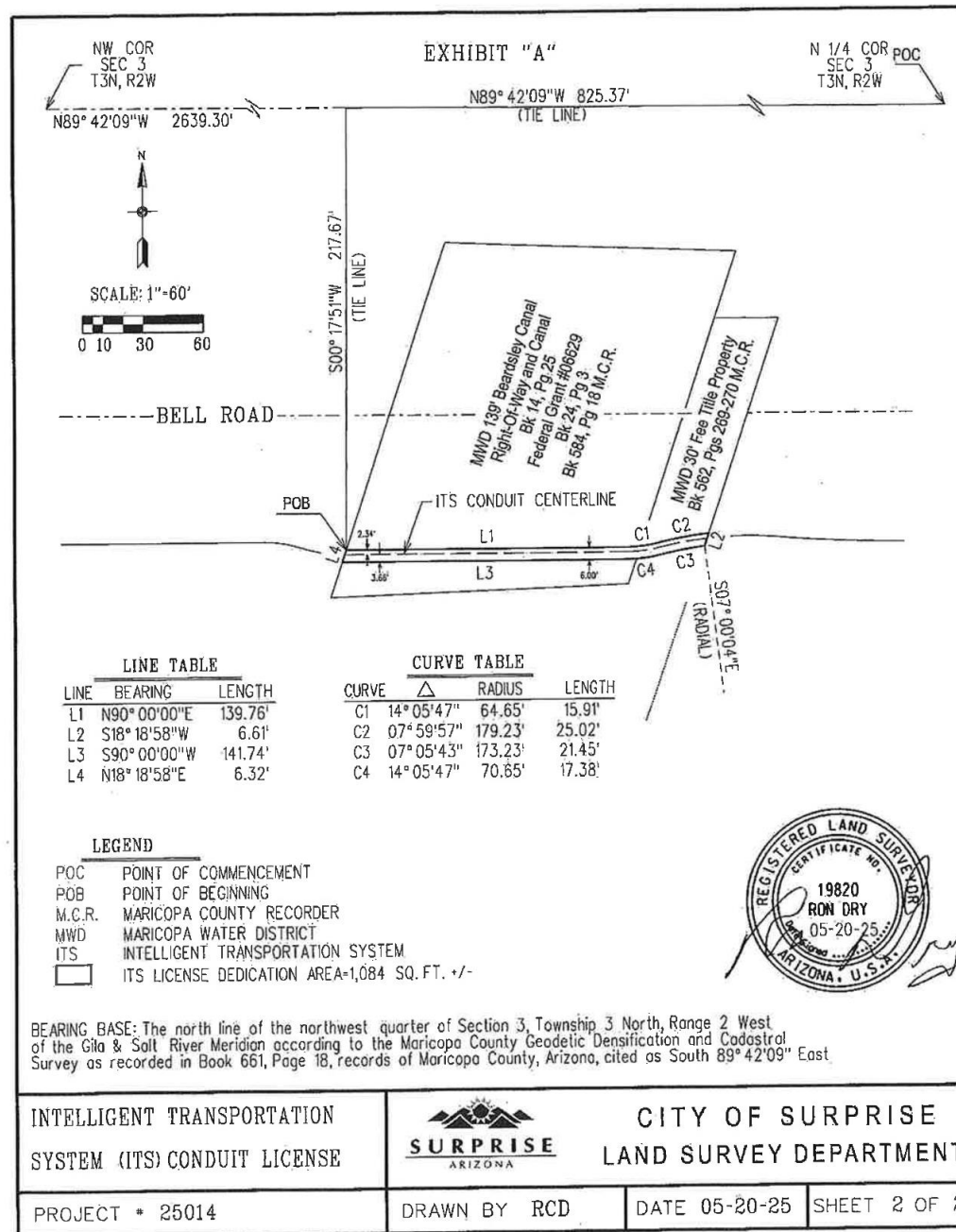


SURPRISE

ARIZONA



VICINITY MAP



Questions or Comments?

THANK YOU



SURPRISE
ARIZONA



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Lloyd Abrams, Director -
Community Development

Submitting Department: Community Development District: District 1

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action on Resolution No. 2025-88, a Resolution of the Mayor and Council of the City of Surprise, Arizona to accept the Land Use License with the Maricopa County Municipal Water Conservation District Number One (MWD) for a Municipal Utility Crossing for the Beardsley Canal at 163rd Avenue.

Motion:

I move to approve Resolution No. 2025-88

Background:

The City of Surprise has requested the Land Use License from Maricopa County Municipal Water Conservation District Number One (MWD) to accommodate the City of Surprise CIP 163rd Fiber Connection SR303L to 163rd Avenue.

Objective Analysis:

As part of the requirements for the City of Surprise CIP 163rd Fiber Connection SR303L to 163rd Avenue, a crossing of the Beardsley Canal is required as depicted in exhibit "A" of the license agreement.

Policy Compliant:

This item is policy compliant.

Financial Impact:

The City of Surprise will pay a \$15,122.82 one-time License Application Fee to MWD upon the execution of this license.

Budget Impact:

There will be no budget impact as the MWD License will be paid with the existing 163rd Avenue and 303 Fiber Installation Project budget, project P12030.

FTE Impact:

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

ATTACHMENTS:

1. Res 2025-88 163rd Fiber Optic Connect. _MWD License Agreement
 2. CIP 163rd Fiber Connection (FS24-1596) SR303L to 163rd Ave
 3. 163rd Ave MWD License Agreement - CC 06.17.25
-

RESOLUTION # 2025-88

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING A LICENSE AGREEMENT WITH THE MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE FOR A MUNICIPAL UTILITY CROSSING FOR THE BEARDSLEY CANAL.

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

WHEREAS, the City of Surprise and the Maricopa County Municipal Water Conservation District Number One ("MWD") have agreed upon a License Agreement to allow the City to use MWD's lands for the municipal utility crossing of the Beardsley Canal, as more particularly described in Exhibit A attached hereto (the "License Agreement");

WHEREAS, the City will occupy and use MWD's lands and property interests for the purpose of the construction, installation, repair, reconstruction, modification, reinstallation, replacement, relocation, and removal, as well as the operation, maintenance, and use of fiber optic cable in one (1) existing 1.25" conduit and one (1) new pull box, as more particularly described in Exhibit A; and

WHEREAS, upon full execution of the License Agreement, the City will pay to MWD a one-time License Application Fee of Fifteen Thousand One Hundred Twenty Two Dollars and 82/100 (\$15,122.82).

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

Section 1. The License Agreement between the City of Surprise and the Maricopa County Municipal Water Conservation District Number One is hereby approved.

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

[SIGNATURES APPEAR ON FOLLOWING PAGE]

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Resolution approved as to form only:

Kristi Passarelli, City Clerk

Jeffery Murray, City Attorney

EXHIBIT A

License Agreement

WHEN RECORDED MAIL TO:

Maricopa Water District
P.O. Box 900
Waddell, AZ 85355-0900

MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE

**LICENSE TO USE MWD LANDS
MUNICIPAL UTILITY CROSSING OF THE BEARDSLEY CANAL**

MWD License No. **25-015-134N2WBCM**
Project No. **P12030**

Page 1 of 8

MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE, an irrigation and water conservation district, a municipal corporation and a political subdivision of the State of Arizona ("**MWD**") hereby grants and **CITY OF SURPRISE**, a municipal corporation of the State of Arizona ("**Licensee**") hereby accepts a revocable, nonexclusive License to enter upon and use a portion of MWD's lands and property interests described herein, pursuant to the following terms and conditions:

1. Licensed Property

Licensee shall occupy and use, for the purposes stated herein, those lands and property interests of MWD which are described and delineated in **Exhibit "A"**, attached hereto and incorporated herein by reference ("**Licensed Property**").

2. Purpose

Licensee shall use the Licensed Property for the sole purpose of the construction, installation, repair, reconstruction, modification, reinstallation, replacement, relocation, and removal ("**Construction**") and the operation, maintenance, and use of fiber optic cable in one (1) existing 1.25" conduit and one (1) new pull box ("**Communication Facilities**"), as described in the City of Surprise CIP 163rd Avenue Fiber Connection – SR303L to 163rd Avenue Improvement Plans, prepared by Aztec Engineering, Drawing #P12030, dated March, 2025, incorporated herein by reference ("**Communication Facilities**"). The **Communication Facilities** shall include any associated materials, improvements, facilities, fixtures, and appurtenances approved by MWD and placed on the Licensed Property by Licensee, its directors, officers, employees, or agents.

3. Compensation

3.1 Licensee shall pay MWD upon execution of this License, a one-time License Application Fee of **\$15,122.82**. MWD hereby waives any further fees that would otherwise be charged as consideration for the License, rights and privileges granted herein.

3.2 In addition to the fees set forth in Section 3.1 above, Licensee shall pay the total amount of any taxes, assessments, or other charges, if any, imposed or levied on MWD or the Licensed Property, as a result of this License or any activities or payments made under this License, by other governing bodies having jurisdiction.

4. Term

This License shall become effective upon the date of execution by MWD and shall continue in perpetuity, subject to the revocation and/or termination provisions of Section 5.

5. Termination of the License

5.1 Licensee may terminate this License upon not less than thirty (30) days' prior written notice to MWD; provided, however, the provisions of this Section shall survive the revocation and/or termination of this License.

5.2 If Licensee terminates this License, Licensee, at Licensee's discretion and expense, shall either abandon or remove the **Communication Facilities** unless the **Communication Facilities** are overhead facilities, in which case Licensee, at Licensee's expense, shall remove the **Communication Facilities**. In the event of an abandonment, Licensee shall provide MWD, and Blue Stake where applicable, written notice of such abandonment within twenty (20) days following the revocation and/or termination of this License. For the abandonment of the **Communication Facilities**, Licensee shall be responsible for pulling the wires and properly capping any conduits at the entry and exit points of the Licensed Property. In the event of a removal of the **Communication Facilities**, Licensee shall restore the Licensed Property to a condition acceptable to MWD.

5.3 If Licensee fails to comply with the material conditions set forth herein, MWD may, at its election and upon thirty (30) days' written notice of such failure of compliance to Licensee, revoke and/or terminate this License; provided, however, that where such failure to comply cannot reasonably be cured within the thirty (30) days notice period, if Licensee shall proceed promptly to cure the same with due diligence, the time for curing such failure to comply shall be extended for an additional sixty (60) days to complete such curing. If Licensee is nevertheless unable to cure its failure of compliance, Licensee shall remove, at Licensee's expense and within thirty (30) days thereafter, the **Communication Facilities** and shall restore the Licensed Property to a condition acceptable to MWD. If Licensee fails to remove the **Communication Facilities** within the time specified above, MWD or its authorized agents may remove the **Communication Facilities**.

5.4 If MWD removes the **Communication Facilities** pursuant to Section 5.3, Licensee shall reimburse MWD for the cost and expense of such removal, as conclusively determined by MWD, within ten (10) calendar days after MWD presents Licensee a statement of such cost and expense. Licensee hereby releases MWD from all claims of damages resulting to Licensee from such removal.

5.5 This License shall terminate and all rights granted hereunder shall revert to MWD in the event Licensee shall fail to commence actual or physical initial construction or installation of the **Communication Facilities** provided for herein within two (2) years of the date of this License or in the event Licensee at any time shall abandon the use of the **Communication Facilities** on the Licensed Property.

6. Nonexclusive Rights

This License is nonexclusive and no interest whatsoever in the Licensed Property, except as specifically expressed herein, shall pass to Licensee, its directors, officers, employees, or agents. MWD, its successors and assigns, shall retain at all times a prior and superior right of access and use of the Licensed Property to accomplish all of MWD's purposes and nothing in this License shall be construed to deny or lessen the powers and privileges granted MWD by the laws of the State of Arizona. Neither Licensee or its agents shall interfere with the use of the Licensed Property by MWD or the interest of any other individual or entity in the Licensed Property. Nothing herein shall preclude, interfere with, or prohibit MWD, its directors, officers, employees, agents, and licensees from controlling access to, entering upon, being upon, or using the Licensed Property for any purposes whatsoever, or prohibit MWD from permitting another entity to access or use the Licensed Property. MWD shall not be liable to Licensee for any damage to public or private property or installations located upon the Licensed Property.

7. Existing Easements and Licenses

This License is subject to all existing easements, licenses, and matters of record.

8. Insurance

8.1 Without limiting any liabilities or any other obligations of Licensee, Licensee, at Licensee's expense, shall obtain and maintain for the duration of this License, including any subsequent terms thereof, with forms and insurers acceptable to MWD, the minimum insurance coverages as follows:

(i) General Liability Insurance with policy limits of a minimum of two million dollars (\$2,000,000) as to each occurrence for Bodily Injury, Personal Injury and Property Damage and a General Aggregate of two million dollars (\$2,000,000). Such policy or policies shall list MWD, its directors, officers, employees, and agents as additional insureds.

(ii) Worker's Compensation insurance coverage with Employer's Liability insurance limits of not less than the statutory limits for any one occurrence.

(iii) Comprehensive automobile liability insurance with a combined single limit for bodily injury and property damage of a minimum of two million dollars (\$2,000,000) each occurrence with respect to Licensee's vehicles, whether owned, hired or non-owned, assigned to, or used for any purpose related to this License. Such policy or policies shall list MWD, its directors, officers, employees, and agents as additional insureds. In the event such insurance is not applicable to this License, as conclusively determined by MWD, such insurance requirement may be waived by MWD.

8.2 The policies required by Subsections 8.1 (i) and (iii) hereof shall stipulate that the insurance afforded for MWD, its directors, officers, employees, and agents shall be primary insurance and that any insurance carried by MWD, its directors, officers, employees, or agents shall be excess and not contributory insurance.

8.3 Licensee and its insurers providing the required coverages shall waive all rights of subrogation against MWD and its directors, officers, employees, and agents.

8.4 Upon the full execution of the License and prior to commencing any Construction on the Licensed Property, Licensee shall furnish MWD with Certificates of Insurance as evidence that policies providing the required coverages, conditions, and limits are in full force and effect. Such certificates shall provide that not less than thirty (30) days' advance notice of cancellation, revocation, termination, or alteration shall be sent directly to MWD.

8.5 Licensee shall require any contractors or subcontractors to comply with the provisions of Section 8 herein.

8.6 Upon MWD's receipt of satisfactory evidence of Licensee's financial ability to self-insure, Licensee shall have the option to self-insure the minimum limits set forth above in lieu of providing the insurance provided for under Section 8.1 herein.

9. Construction

9.1 Prior to Construction of the **Communication Facilities** on the Licensed Property, Licensee shall submit to MWD five (5) copies of a detailed design plan, including the location, design drawings, specifications or calculations ("**Design**"). The Design and Construction of the **Communication Facilities** are subject to MWD review and written approval. Notwithstanding the foregoing, MWD's approval of the Design or Construction pursuant to the provisions of this Section does not constitute a determination that such Design and Construction are adequate for Licensee's intended purpose or comply with applicable laws or industry standards.

9.2 The Design shall incorporate applicable MWD standards or specifications, including, but not limited to, burial depths, clearance requirements, and MWD vehicular access provisions. The Design shall prohibit the installation of junction boxes, manholes, landscaping or other obstructions that, in MWD's sole determination, would impede MWD operations and access or cause damage to MWD facilities.

9.3 Licensee's Construction, operation, maintenance, and use of the **Communication Facilities** shall be at Licensee's expense and shall not interfere with nor impede MWD's use of MWD existing or future water, power, communications or other facilities, on or adjacent to the Licensed Property. The Construction shall be scheduled and coordinated with MWD as follows:

(i) The Construction shall be scheduled and coordinated with the **MWD Project Engineer** at (623/546-8266).

(ii) Licensee shall provide MWD with a 48-hour notice prior to commencement of Construction.

9.4 Licensee shall be qualified to perform, or shall contract with qualified parties to perform any Construction work and shall not construct or install any improvements or fixtures, other than those specifically addressed herein, within or upon the Licensed Property. Any Construction and/or modifications to the Licensed Property shall be completed and maintained in conformity with all applicable safety standards, regulations and the like, and specifically in a manner so as to avoid the creation of potentially dangerous conditions and harm to others.

9.5 Licensee shall contact Blue Stake prior to commencing Construction and shall be responsible for the location and probing of any and all utilities, structures and facilities on the Licensed Property, with the exception of any MWD facilities, which will be located by MWD.

9.6 Licensee shall provide adequate dust abatement for the Construction as determined by MWD. Licensee shall not use any form of inorganic material for dust abatement.

9.7 The Licensed Property shall be restored to a condition acceptable to MWD and all debris shall be removed immediately following the completion of any Construction.

9.8 Within thirty (30) days following the completion of any Construction, Licensee shall submit to MWD "as-built" drawings of the **Communication Facilities** with specific location dimensions and, as applicable, depths of burial.

9.9 Licensee is not the agent of MWD and has no authority to create a lien against MWD or the Licensed Property for materials or services furnished to Licensee. Licensee shall, immediately following the completion of any Construction and upon receipt of a request by MWD, provide MWD with lien waivers or other releases satisfactory to MWD to ensure that there are no mechanic's or materialmen's liens filed against the License Property.

9.10 Licensee shall pay MWD in accordance with the MWD Fee Schedule and as invoiced by MWD, all charges incurred by MWD to review, inspect and approve Licensee's Design and Construction.

9.11 If any repair, relocation or reconstruction of MWD's existing or future water, power, communication or other facilities, is deemed reasonably necessary by MWD because of the Construction, operation, maintenance or use of the **Communication Facilities**, such repair, relocation or reconstruction shall be accomplished by MWD at Licensee's expense.

9.12 If, in MWD's determination, modification or relocation of the **Communication Facilities** is necessary to accommodate the operational needs or plans of MWD, including, but not limited to, any major repair, modification, construction, or reconstruction of MWD's existing or future water, power, communication or other facilities, Licensee, at Licensee's expense, shall promptly modify or relocate the **Communication Facilities** upon reasonable notice from MWD. MWD shall not exercise its right to require modification or relocation of Licensee's facilities in an unreasonable or arbitrary manner.

10. Maintenance Of Licensed Property

Licensee, at Licensee's expense, shall maintain the Licensed Property and the **Communication Facilities** thereon in good, sanitary, and safe condition, as conclusively determined by MWD.

Notwithstanding the foregoing, MWD has no obligation to inspect the Licensed Property or the **Communication Facilities**, nor to report the condition of same to Licensee or others.

11. Permits, Statutes, and Codes

Licensee shall comply with the applicable requirements of all statutes, acts, ordinances, regulations, codes, and standards of all legally constituted authorities with jurisdiction. Licensee shall obtain or cause to be obtained, at Licensee's expense, all permits, approvals, and authorizations required by Licensee's actions pursuant to this License.

12. MWD's Right to Inspect

12.1 MWD may enter any part of the Licensed Property at all reasonable times to make an inspection thereof. During any Construction by Licensee, MWD may inspect all trenching, backfilling, and other related items and require conformance with all requirements and specifications established by MWD. Said inspection, however, is not intended nor understood to be nor constitutes more than a determination that the specifications set forth herein have been complied with by Licensee and is not an approval or ratification by MWD of the quality or fitness of the **Communication Facilities**.

12.2 Licensee shall release MWD from liability for all damages arising out of any delay, whether reasonable or unreasonable, or foreseeable or unforeseeable, by MWD in permitting or inspecting any work on the Licensed Property. The provisions of this Section shall survive revocation and/or termination of this License.

13. Storage and Use of Regulated Products

Licensee shall not store or use any hazardous materials, fuels or other petroleum products, chemicals, herbicides, pesticides, fertilizers, paint or any other such regulated products on the Licensed Property without the prior written approval from MWD. In the event of a spill on the Licensed Property of any authorized or unauthorized materials or products by reason of or related to the exercise of the privileges herein granted to Licensee, Licensee shall immediately notify MWD and shall be responsible for the remediation of such spill and any costs associated therewith. Any remediation shall be performed in a timely manner in accordance with a plan approved by the appropriate governmental authority and reasonably acceptable to MWD.

14. Indemnification

Licensee shall indemnify and hold harmless MWD, its directors, officers, employees, and agents, for, from and against all claims, demands, suits and costs including, but not limited to, costs of defense, reasonable attorneys' fees, witness fees of any type, losses, damages, expenses and liabilities, whether direct or indirect, and whether to any person including, but not limited to, employees of MWD or Licensee, or to property, including natural resources, to which MWD, its directors, officers, employees, or agents may be put or subject to by reason of (i) any act or omission by Licensee, or any of its directors, officers, employees, agents, or invitees; (ii) Licensee's use or occupancy of the Licensed Property; or (iii) any failure on the part of Licensee, or any of its directors, officers, employees, or agents to fulfill its obligations hereunder except to the extent that any loss, damage, expense, and liability is attributable to the negligent or willful misconduct of MWD, its directors, officers, employees, and agents. The provisions of this Section shall survive revocation and/or termination of this License.

15. Assignment

This License shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto to the same extent and effect as the same are binding upon and inure to the benefit of the parties hereto. Licensee shall not assign this License or the rights and privileges herein, in whole or in part, without MWD's prior written consent, which shall not be unreasonably withheld or delayed and, absent such consent, any attempted assignment shall be void; provided, however, Licensee may assign or transfer this License to a parent, subsidiary, or affiliate, or in connection with a corporate refinancing, upon written notice to MWD of such transfer, which contains an agreement in writing by such parent, subsidiary, or affiliate to abide by the terms and conditions of this License. Licensee shall make all requests for MWD's consent to

an assignment, modification, or amendment of this License in writing and shall accompany each request with a non-refundable service charge of Two Hundred Fifty Dollars (\$250.00).

16. Service of Notice

16.1 All notices and demands required or permitted by this License shall be in writing and shall be deemed to have been given properly when (i) sent by certified mail (postage fully prepaid) or delivered personally or by overnight courier, to the respective address below or to such other address as may be furnished in writing by either party to the other pursuant to this Section; or (ii) transmitted by telefacsimile to the respective telefacsimile number below or to such other telefacsimile number as may be furnished in writing by either party to the other pursuant to this Section, and the appropriate answerback is received.

Notices to MWD:

**Attn: Property & Contracts Manager
Maricopa Water District
P.O. Box 900
Waddell, AZ 85355-0900**

Notices to Licensee:

**Attn: Kevin Sartor
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374**

Telephone No. (623) 546-8266

Telephone No. (623) 222-1000

16.2 All notices and demands shall be deemed effective upon delivery, if delivered personally or by overnight courier, or if transmitted by telefacsimile; or twenty-four (24) hours after deposit in the U. S. Mail, if by certified mail.

17. Waiver

No waiver by either party of any breach of any of the covenants or conditions of this License which are to be performed by the other party shall be construed as a waiver of any succeeding breach of the same or any other covenant or condition.

18. Attorneys' Fees Upon Default

If MWD or Licensee defaults in the timely performance of its obligations under this License, the party not in default shall be entitled to recover court costs and reasonable attorneys' fees, as determined by a court, in any suit or proceeding to enforce its rights under this License. The foregoing shall not in any way limit or restrict any right or remedy at law or equity which would otherwise be available to such party in default.

19. Force Majeure

If either party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this License, other than the obligation of Licensee to make payments of amounts due hereunder, then the obligations of both Licensee and MWD, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall so far as possible be remedied within a reasonable time. The term "force majeure" as employed in this License shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemies, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, interruptions by government not due to the fault of the parties, civil disturbances, explosions, or unforeseeable action or nonaction by governmental bodies in approving the applications for approvals or permits, or any material change in circumstances arising out of legislation, regulation, or litigation. Nothing in this Section shall require MWD or Licensee to settle a strike.

20. Entire Agreement; Changes After Execution

This License, including its specified addenda and exhibits, if any, constitutes the entire agreement between the parties, and any amendment thereto must be in writing, signed by both parties.

21. Water Damage

MWD shall not be liable for any loss sustained by Licensee, its officers, employees, agents, assigns, or invitees on the Licensed Property because of water damage from any source whatsoever including, but not limited to, flood, drainage, or run-off, irrespective of any prior knowledge by MWD of the possibility of such flood, drainage, or run-off, or any act, omission, or negligence of MWD, its directors, officers, employees, or agents arising from operation or maintenance of any canal or other work.

IN WITNESS WHEREOF, the parties hereto have executed this License this _____ day of _____, 2025.

APPROVED:

MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE, an irrigation and water conservation district, a municipal corporation and a political subdivision of the State of Arizona

By: Christine Cain
Christine Cain

Its: Property & Contracts Manager

STATE OF ARIZONA)

County of Maricopa)

ss:

On this 14th day of May, 2025, before me, the undersigned Notary Public, personally appeared Christine Cain, known to me to be the Property & Contracts Manager of **MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE**, an irrigation and water conservation district, a municipal corporation and a political subdivision of the State of Arizona, and she, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Leslie Jarrell
NOTARY PUBLIC

My Commission Expires:

2/29/2028



LESLIE JARRELL
Notary Public - Arizona
Maricopa Co. / #663080
Expires 02/29/2028

LICENSEE ACCEPTANCE:

CITY OF SURPRISE, a municipal corporation of
the State of Arizona

By: _____
 Kevin Sartor

Its: City Mayor

STATE OF ARIZONA)
) **ss:**
County of Maricopa)

On this _____ day of _____, 2025, before me, the undersigned
Notary Public, personally appeared Kevin Sartor, known to me to be the City Mayor of **CITY OF SURPRISE**,
a municipal corporation of the State of Arizona, and he, being duly authorized so to do, executed the
foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

NOTARY PUBLIC

My Commission Expires:

EXHIBIT "A"**CITY OF SURPRISE-163RD FIBER CONNECTION
INTELLIGENT TRAFFIC SYSTEM (ITS)
MWD BEARDSLEY CANAL CROSSING**

A portion of the Beardsley Canal **RIGHT-OF-WAY** as recorded in Book 584, Page 19, records of Maricopa County, Arizona, being located in the Northeast Quarter of Section 13, Township 4 North, Range 2 West of the Gila and Salt River Meridian, City of Surprise, Maricopa County, Arizona described as follows:

COMMENCING at the Northeast Corner of said Section 13, from which the East Quarter Corner of said Section 13 lies South 00°10'14" West 2633.81 feet;

Thence along the east line of said Northwest Quarter South 00°10'14" West 1179.29 feet;

Thence departing said line North 89°49'46" West 2.24 feet to a point on the Southeast Right-of-Way line of said Beardsley Canal and the POINT OF BEGINNING, said point being on a non-tangent curve, concave southeasterly, the center of which lies South 45°31'41" East 1180.67 feet;

Thence southwesterly along said line and said curve through a central angle of 00°17'35" a distance of 6.04 feet;

Thence departing said line and said curve North 52°05'24" West 4.48 feet;

Thence South 41°52'02" West 160.21 feet;

Thence South 42°15'38" West 106.20 feet to a point on said Southeast Right-of-Way line;

Thence along said line South 42°55'26" West 33.77 feet to a point on the Northeast Right-of-Way line of Grand Avenue;

Thence along said line North 47°04'34" West 6.00 feet;

Thence departing said line North 42°55'26" East 33.73 feet;

Thence North 42°15'38" East 106.14 feet;

Thence North 41°52'02" East 159.77 feet;

Thence North 52°05'24" West 88.61 feet;

DESCRIPTION continued on page 2 of 3

DESCRIPTION continued from page 1 of 3

Thence North 47°49'37" West 40.45 feet to a point on the Northwest Right-of-Way line of said Beardsley Canal being a point on a non-tangent curve, concave southeasterly, the center of which lies South 46°21'08" East 1319.67 feet;

Thence northeasterly along said line and said curve through a central angle of 00°15'38" a distance of 6.00 feet;

Thence departing said line and said curve South 47°49'37" East 40.06 feet;

Thence South 52°05'24" East 99.56 feet to the POINT OF BEGINNING;

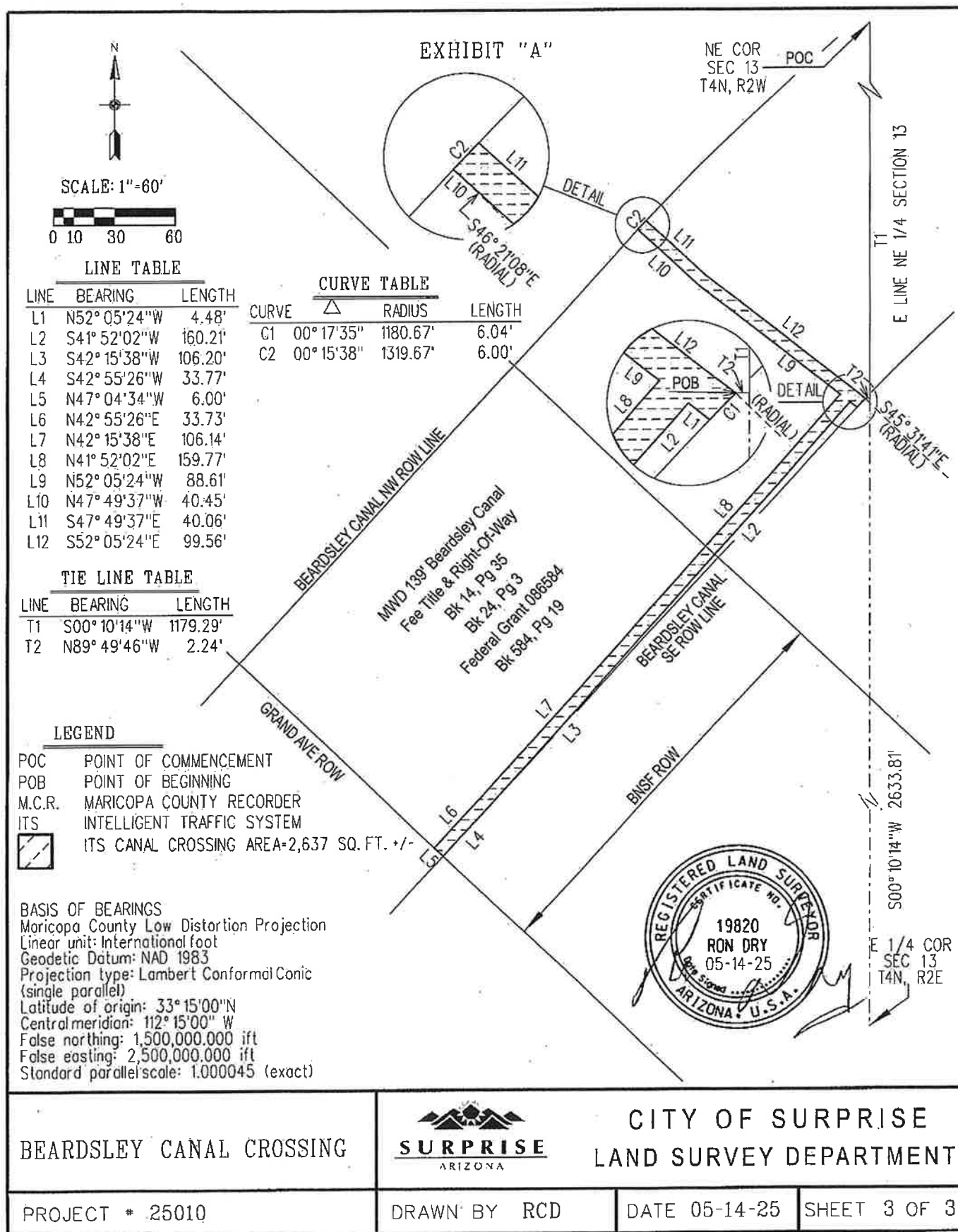
Containing 2,637 square feet, more or less.

Attached is Exhibit "A" and by this reference is made a part hereof.

End of description



MWD APPROVED
CC / 5/14/25
JA / 5/14/25



163rd Avenue

MWD License

City Council
June 17, 2025

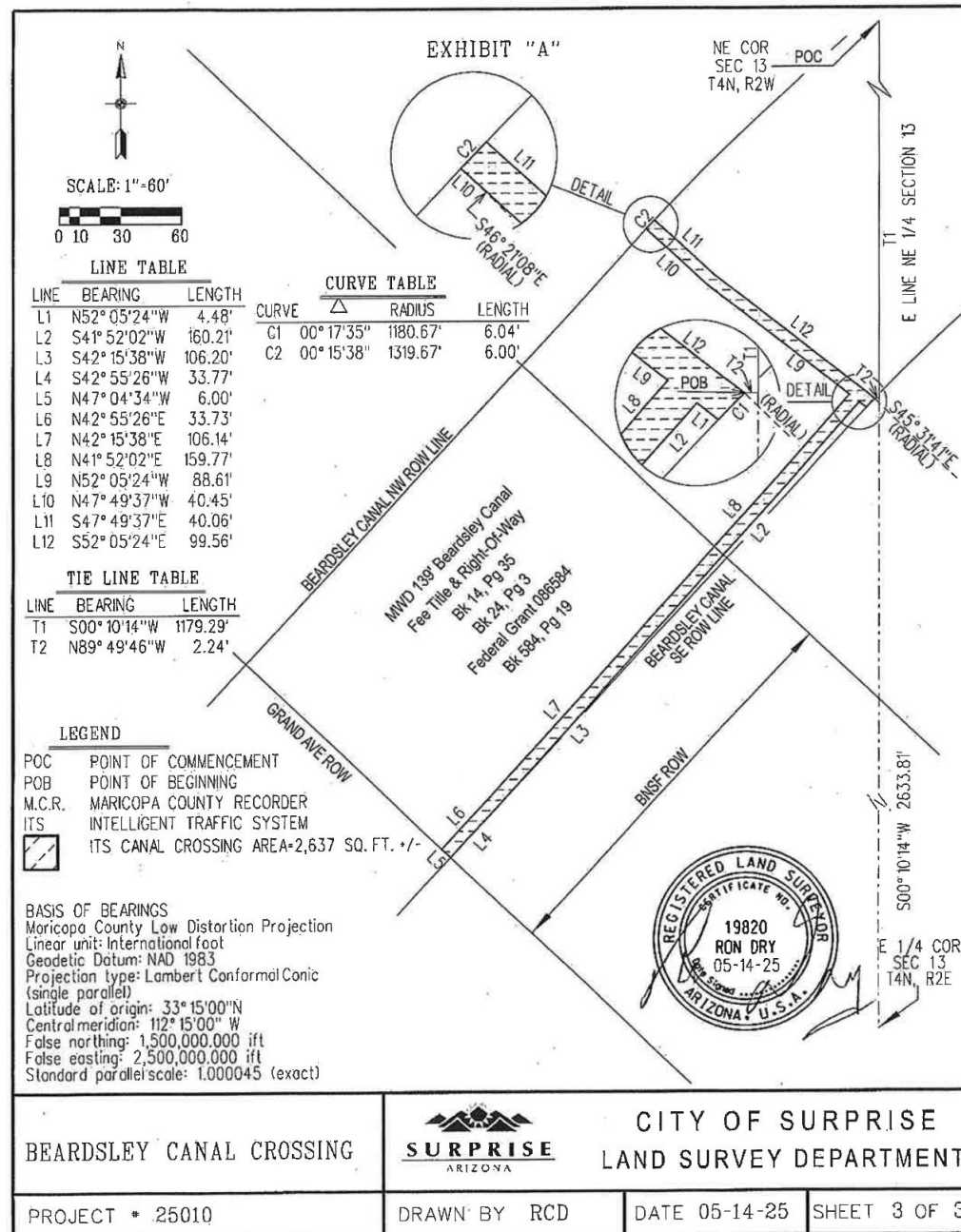


SURPRISE

ARIZONA



VICINITY MAP



Questions or Comments?

THANK YOU



SURPRISE
ARIZONA



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Charles Morin, Assistant Police Chief

Submitting Department: Police

District: Citywide

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to authorizing acceptance of a grant award from the Arizona Department of Administration for Next Gen 9-1-1, approving a Fiscal Year 2025 budget amendment moving budget in the amount of \$180,000, and amending the Fiscal Year 2025 Contract Awarding Authority list by creating #25123; Resolution #2025-85.

Motion:

I move to approve Resolution #2025-85.

Background:

The Arizona Department of Administration requires 9-1-1 planning to be done at the local level as referenced in the State of Arizona Administrative Code, Title 2, Chapter 1, Article 4 Emergency Telecommunications Services Revolving Fund. The State of Arizona Office of Grants and Federal Resources Arizona 9-1-1 Program Office announced the availability of funds for Fiscal Year 2025-2026 to Public Safety Answering Points (PSAP). The City of Surprise Police Department (SPD) applied and was awarded grant funding for the adoption and operation of the Next Generation 9-1-1 (NG9-1-1) system that supports the goals of Arizona's 9-1-1 program.

Objective Analysis:

Acceptance of this grant will allow SPD to update the infrastructure of the network along with the hardware and software to stay in line with the upgraded 9-1-1 system. SPD will be responsible for the administrative efforts required to monitor and record employee time spent in overseeing the grant and to submit regular financial and activity reports to the grantor.

Policy Compliant:

This action is consistent with City and Council Policy. The City regularly partners with other governmental entities when it is beneficial to do so.

Financial Impact:

Acceptance of this one-time grant will provide \$179,952 for monthly recurring costs, maintenance, and support for the operation of the Next Generation 9-1-1 (NG9-1-1) system that supports the goals of

Arizona's 9-1-1 program. There is no city-match requirement.

Budget Impact:

The FY2025 adopted budget did not include appropriations for revenue and expenses related to the Arizona Department of Administration grant award to the Police Department. Acceptance of this grant will require a movement of budget authority in the amount of \$180,000 from project G31450A to Project G31450B in the grants fund. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

FTE Impact:

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

ATTACHMENTS:

1. Res 2025-85 AZ Depart of Admin 911 Grant 052925accepted_Submitted060225
 2. Surprise FY26 Award Detail
 3. Surprise 9-1-1 FY26_Grant Agreement
-

RESOLUTION # 2025-85

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AUTHORIZING THE CITY TO ENTER INTO AN AGREEMENT WITH THE STATE OF ARIZONA DEPARTMENT OF ADMINISTRATION TO ACCEPT GRANT FUNDING FOR NEXT GENERATION 9-1-1 MONTHLY MAINTENANCE AND SUPPORT COSTS, AMENDING THE FISCAL YEAR 2025 BUDGET BY MOVING BUDGET AUTHORITY IN THE AMOUNT OF \$180,000 FROM PROJECT G31450A TO PROJECT G31450B IN THE GRANTS FUND AND AMENDING THE FISCAL YEAR 2025 CONTRACT AWARDING AUTHORITY LIST BY ADDING \$180,000 TO CAAL #25123.

WHEREAS, the State of Arizona Department of Administration has awarded the City of Surprise a grant for the adoption and operation of Next Generation 9-1-1 (NG9-1-1) services and applications, including monthly recurring costs for 9-1-1 equipment, network, maintenance, and hardware and software support.

WHEREAS, the City desires to accept the award and enter into the grant agreement;

WHEREAS, the FY2025 budget was adopted by Council Resolution #2024-94 on June 4, 2024;

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; and

WHEREAS, the City of Surprise Procurement Code §2-338 (d) requires the authority of the Mayor and Council 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* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2024, through June 30, 2025.

Section 2. That the statements and schedules attached as *Exhibit B* and incorporated by reference are adopted, amending the Fiscal Year 2025 Contract Awarding Authority List of the City of Surprise, Arizona for the fiscal year July 1, 2024, through June 30, 2025.

Section 3. The Grant Agreement between the City of Surprise and the Arizona Department of Administration attached as *Exhibit C* are 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 agreements.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

RESOLUTION # 2025-85
Exhibit A

1. Appropriation - The allocation below represents a movement of budget authority in the amount of \$180,000 from project G31450A to project G31450B in the Grants Fund. The FY2025 adopted budget did not include appropriations for revenue and expenses related to the Arizona Department of Administration grant award to the Police Department. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Grants	Police	#G31450B FY26 Arizona 9-1-1 Program	E	-	180,000	180,000
Grants	Police	#G31450B FY26 Arizona 9-1-1 Program	R	-	180,000	180,000
Grants	Police	#G31450A FY25 Arizona 9-1-1 Program	E	396,300	(180,000)	216,300
Grants	Police	#G31450A FY25 Arizona 9-1-1 Program	R	396,300	(180,000)	216,300
Expense Total				396,300	-	396,300
Revenue Total				396,300	-	396,300

RESOLUTION # 2025-85
Exhibit B

1. Contract Awarding Authority List – Council approved \$180,000 for the purpose of monthly maintenance and support for the AT&T Next Generation 9-1-1 system to be included on the Fiscal Year 2025 Contract Awarding Authority List.

Reference #	Description	Current Amount	Increase/ (Decrease)	Amended Amount
25123	G31450B FY26 Arizona 9-1-1 Program	\$0.00	\$180,000	\$180,000

RESOLUTION # 2025-85

Exhibit C

**GRANT AGREEMENT BETWEEN THE CITY OF SURPRISE AND ARIZONA
DEPARTMENT OF ADMINISTRATION**

Surprise
GRANT AWARD NOTIFICATION

Grant Title: [FY26 9-1-1 Grant]

Award Period:[7/1/2025] – [6/30/2026]

Date of Notification: [5/19/2025]

Agency Name: [Surprise Police Department]

Primary Contact: [Domela Finnessey, Police Dispatch Manager, 623-222-4323,
domela.finnessey@surpriseaz.gov]

Summary of Grant Request Review

Line Item Description	Requested Amount	Approved Amount	Status	Explanation
AT&T Monthly Expense	\$175,606.13	\$176,792.64	Approved	-
Total Rounded to Nearest 1000		\$177,000		

Total Funding Summary

Total Requested: \$175,606.13

Total Approved: \$176,792.64

Total Denied: -

Administrative Expense Award: \$2,952

Total Approved Award with Administrative Expense: \$179,952

Important Notes & Next Steps

Approved funds are subject to all terms outlined in the grant agreement. Reimbursement will follow established submission procedures.

Denied items are not eligible for reimbursement and cannot be purchased using grant funds.

Questions? Please contact:

Greg Denton
9-1-1 Program Administrator
480-280-7171
greg.denton@azdoa.gov

Jerel Frazier
9-1-1 Engagement Manager
602-625-8278
jerel.frazier@azdoa.gov

ARIZONA DEPARTMENT OF ADMINISTRATION
ARIZONA 9-1-1 PROGRAM
GRANT AGREEMENT

Grant Number: ADOA-AZ911-26-29

This Grant Agreement (“**Agreement**”) is between the City of Surprise, acting as System Administrator, (“**Grantee**”), participating and the State of Arizona, acting through the Arizona Department of Administration (“**ADOA**”), (sometimes, individually, a “**Party**,” or collectively, “**Parties**”).

AUTHORIZATION

1. A.R.S § 41-704 authorizes the Arizona Department of Administration to administer the emergency telecommunication services revolving fund in accordance with A.R.S. 11-951; 11-952 and 41-101.01.

BACKGROUND

2. The Arizona 9-1-1 Grant Program is designed to assist Public Safety Answering Points (PSAPs), in collaboration with regional and local jurisdictions, perform activities related to implementation and operation of their respective emergency telecommunication system.

PURPOSE OF THE AGREEMENT

3. Distribution of funding per A.R.S § 41-704, which establishes the administration of the emergency telecommunication services revolving fund.

TERM, EFFECTIVE DATE, AND Termination

4. Term and Effective Date: This Agreement will commence on July 1, 2025 and terminate on June 30, 2026. This agreement expires at the end of the award period unless prior written approval for an extension has been obtained by ADOA. A request for an extension must be received by ADOA, sixty (60) days prior to the end of the award period. ADOA in its sole discretion may approve an extension to further the goals and objectives of the program, and determine the length of any extension.

OBLIGATIONS OF THE PARTIES

5. Responsibilities of the Grantee:
 - 5.1. Grantee agrees that grant funds will be used in accordance with the approved application, applicable statutes, program rules, guidelines and special conditions. ADOA supports the use of these funds in accordance with the ARS § 41-704 for activities such as:
 - 5.1.1. Adoption and operation of Next Generation 9-1-1 (NG9-1-1) services and applications, including monthly recurring costs for 9-1-1 equipment, network, maintenance, and hardware and software support
 - 5.1.2. Facilitate the migration of the State’s PSAPs to the Next Generation of 9-1-1 capability
 - 5.1.3. Migration to an Emergency Services IP-enabled (ESINet) network
 - 5.1.4. Solutions that meet or exceed the National Emergency Number Association (NENA), Federal Communications Commission (FCC), international, and industry standards or requirements.
 - 5.1.5. The National Emergency Number Association (NENA) defines NG9-1-1 as: “An Internet Protocol (IP) based system comprised of managed Emergency Services IP networks (ESInets), functional elements (applications), and databases that replicate traditional E9-1-1 features and functions and provides additional capabilities. NG9-1-1 is designed to provide access to emergency services from all connected communications sources, and provide multimedia data capabilities for Public Safety Answering Points (PSAPs) and other emergency services organizations.”

- 5.2. Grantee agrees that the following activities will be reimbursed only through Administrative Cost and subject to the aggregate limitation on such costs:
- 5.2.1. Personnel. Costs associated with administrative oversight of managing local contracts and technical support. Costs associated with GIS coordinator, if it is an employee of the System Administrator's agency.
 - 5.2.2. Fringe Benefits. Employee related expenses associated with administrative oversight of managing local contracts and/or GIS coordinator.
 - 5.2.3. Travel. Travel requests for training, conferences, etc. related to System Administrator and/or GIS coordinator functions. Travel costs will only be reimbursed based on the State rate per diem identified in SAAM 50.
 - 5.2.4. Supplies. Costs associated with supplies related to System Administration functions.
 - 5.2.5. Other Costs. Training or education assistance related to System Administration and/or GIS coordinator functions.
- 5.3. Grantee agrees that it will submit financial and activity reports to ADOA in a format provided by ADOA, documenting the activities supported by these grant funds and providing an assessment of the impact of these activities which may include documentation of project milestones. In the event reports are not received on or before the indicated date(s), funding may be suspended until such time as delinquent report(s) are received.
- 5.4. Grantee understands that financial reports are required as an accounting of expenditures for either reimbursement or ADOA-approved payments. Reports are due pursuant to the schedule listed in this agreement.
- 5.5. Grantee agrees to pay vendors in a timely manner on behalf of the PSAPs in their jurisdictions. Late fees on invoices will not be reimbursed by ADOA.
- 5.6. The final request for reimbursement of grant funds must be received by ADOA no later than forty-five (45) days after the last day of the award period.
- 5.7. All goods and services must be received or have reasonable expectations thereof and placed in service by Grantee by the expiration of this award.
- 5.8. Grantee agrees to remit all unexpended grant funds to ADOA within thirty (30) days of written request received from ADOA.
- 5.9. Grantee agrees that all encumbered funds must be expended and that goods and services must be paid within forty-five (45) days of expiration of this award.
- 5.10. Grantee agrees to cooperate and participate with any and all assessments, evaluation efforts or information and data collection requests, and acknowledges that the State grantor agency has the right to obtain, reproduce, publish, or use data provided under this award in accordance with applicable statutes, rules, and guidelines.
- 5.11. Grantee understands that grant funds may not be released until Grantee is compliant with all requirements of grant agreement.

5.12. Required activity and financial reports are submitted according to the following schedule(s):

ACTIVITY REPORTS			
Report Due:		Due Date:	
GIS Data Submissions		Quarter 1 September 30, 2025	
		Quarter 2 December 31, 2025	
		Quarter 3 March 31st, 2026	
		Quarter 4 June 30th, 2026	
FINANCIAL REPORTS			
Report Period:	Due Date:	Report Period:	Due Date:
July 1 – July 31	August 30	January 1 – January 31	February 28
August 1 – August 31	September 30	February 1 – February 29	March 30
September 1 – September 30	October 30	March 1 – March 31	April 30
October 1 – October 31	November 30	April 1 – April 30	May 30
November 1 – November 30	December 30	May 1 – May 31	June 30
December 1 – December 31	January 30	June 1 – June 30	July 30

*More frequent reports may be required for GRANTEES who are considered high risk.

6. Responsibilities of the State:

6.1. It is agreed and understood that ADOA's total payment under this Agreement shall not exceed \$179,952 in state funds.

6.2. Once ADOA approves the financial reimbursement request, payment to the Grantee will be completed within 10 business days.

6.3.

APPROVED LINE ITEM PROGRAM BUDGET	
Personnel	\$0.00
Fringe Benefits	\$0.00
Travel	\$0.00
Equipment	\$0.00
Supplies	\$0.00
Contractual/Outside Services	\$177,000
Construction	\$0.00
Other Costs	\$2,952

Total	\$179,952
--------------	------------------

UNIFORM TERMS AND CONDITIONS

7. Grant Administration and Operation

- 7.1. Records. Under A.R.S. § 35-214 and § 35-215, the Grantee shall retain any and all Data and other “records” relating to the agreement's acquisition and performance for five (5) years after the completion of the award. All records shall be inspected and audited by the State at reasonable times. Upon request, the grantee shall produce a legible copy of any or all such records.
- 7.2. Non-Discrimination. The grantee shall comply with State Executive Orders Nos. 2023-01 and 2009-09 and any and all other applicable Federal and State laws, rules, and regulations, including the Americans with Disabilities Act.
- 7.3. Audit. Pursuant to A.R.S. § 35-214, at any time during the term of this agreement and five (5) years thereafter, the grantee’s books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the agreement.
- 7.4. Facilities Inspection and Materials Testing. The grantee agrees to permit access to its facilities and the grantee’s processes or services, at reasonable times for inspection of the facilities or Materials covered under this award as required under A.R.S. § 41-2547. The State shall also have the right to test, at its own cost, the Materials to be supplied under this award. Neither inspection of the grantees’ facilities nor Materials testing shall constitute final acceptance of the Materials or Services.
- 7.5. Advertising, Publishing, and Promotion of Award. The grantee shall not use, advertise, or promote information for commercial benefit concerning this award without the prior written approval of the Grants Administrator.

8. Federal Immigration and Nationality Act. The grantee shall comply with all federal, state, and local immigration laws and regulations relating to the immigration status of their employees during the award term. The State shall retain the right to perform random audits of grantee records or inspect papers of any employee to ensure compliance. Should the State determine that the grantee be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to: suspension of work, termination of the award for default, and suspension.

9. E-Verify Requirements. In accordance with A.R.S. § 41-4401, grantee warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23- 214, Subsection A.

10. Availability of Funds for the Current State Fiscal Year. Should the State Legislature enter back into session and reduce the appropriations, or for any reason, and these Materials or Services are not funded, the State may take any of the following actions:

- 10.1.1. Accept a decrease in the award offered to the grantee;
- 10.1.2. Cancel the award, or
- 10.1.3. Cancel the award and resolicit the requirements.

11. Personnel. Grantee warrants that its personnel will perform their duties under the agreement professionally, applying the requisite skills and knowledge, consistent with industry standards, and in accordance with the award's requirements. Grantee further warrants that its key personnel will maintain all certifications relevant to their work, and grantee shall provide individual evidence of certification to the State’s authorized representatives upon request.

12. False Statements. Grantee represents and warrants that all statements and information grantee prepared and submitted in response to the Solicitation or as part of the grantee documents are current, complete, true, and accurate. If the

Grants Administrator determines that the grantee submitted an application with a false statement or made material misrepresentations during the performance of the award, the Grants Administrator may determine that the grantee has materially breached the agreement and may void the submitted application and any resulting agreement.

13. Agreement Termination

- 13.1. Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this agreement within three (3) years after agreement execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the State is or becomes at any time while the agreement or an extension of the agreement is in effect an employee of or a consultant to any other party to this agreement with respect to the subject matter of the agreement. The cancellation shall be effective when the grantee receives written notice of the cancellation unless the notice specifies a later time. If the grantee is a political subdivision of the State, it may also cancel this award as provided in A.R.S. § 38-511.
- 13.2. Termination for Convenience. The State reserves the right to terminate the agreement, in whole or in part at any time when in the best interest of the State, without penalty or recourse. Upon receipt of the written notice, the grantee shall stop all work, as directed in the notice, notify all contractors of the effective date of the termination, and minimize all further costs to the State. The grantee shall be entitled to receive just and equitable compensation for work in progress, work completed, and Materials or Services accepted before the effective date of the termination. The cost principles and procedures provided in A.R.S. § 41-2543 and A.A.C. Title 2, Chapter 7, Article 7, shall apply.
14. Agreement Claims. All agreement claims or controversies under this agreement shall be resolved according to A.R.S. Title 41, Chapter 23, Article 9, and rules adopted thereunder.
15. Arbitration. The parties to this agreement agree to resolve all disputes arising out of or relating to this agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (A.R.S. Title 41).
16. This Agreement does not imply authority to perform any tasks or accept any responsibility not expressly stated in this Agreement.
17. This Agreement does not create a duty or responsibility unless the intention to do so is clearly and unambiguously stated in this Agreement. This Agreement shall not relieve the Parties of any obligation or responsibility imposed on it by law.
18. This Agreement contains the entire agreement of the Parties with respect to its subject matter. It supersedes all prior and contemporaneous agreements, understandings, and inducements, whether express or implied, oral or written.
19. Any change, modification, or extension of this Agreement must be submitted through ADOA's online grant management system, eCivis, and approved by ADOA.
20. This Agreement has been arrived at by negotiation and shall not be construed for or against any Party.
21. The failure of either Party to insist in any one or more instances upon the full and complete performance of any of the terms and provisions of this Agreement to be performed by the other Party or to take any action permitted by this Agreement shall not be construed as a waiver or relinquishment of the right to insist upon full and complete performance of the same or any other covenant or condition either in the past or in the future. The acceptance by either Party of sums less than may be due and owing at any time shall not be construed as an accord and satisfaction.
22. The substantive laws of Arizona (without reference to any choice of law principles) shall govern the interpretation, validity, performance and enforcement of this Agreement. The Parties further agree to cooperate in all ways reasonable and necessary to comply with the applicable statutes, including amending this Agreement as needed in the

future and making any refunds or payments that might be required to bring the Parties into full compliance with applicable law.

23. Nothing in this Agreement is intended to create any third-party beneficiary rights; and the State and the Grantee expressly state that this Agreement does not create any third-party rights of enforcement.
24. This Agreement may be executed in any number of counterparts, all such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original hereof.
25. If the last day of any time stated herein shall fall on a Saturday, Sunday, or legal holiday in the State of Arizona, then the duration of such time shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday, or legal holiday.
26. Except as expressly provided herein, no Party may delegate or assign its rights or responsibilities under this Agreement without prior written approval of the other Party and any purported assignment or delegation in violation of this provision shall be void.
27. The Parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes.
28. If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall be in full force and effect.
29. Any deviation or failure to comply with the purpose and/or conditions of this Agreement without prior approval may constitute sufficient reason for ADOA to terminate this Agreement, revoke the grant, require the return of all unspent funds, perform an audit of expended funds, and require the return of any previously spent funds which are deemed to have been spent in violation of the purpose or conditions of this grant.
30. All notices required or permitted under this Agreement shall be given in writing and addressed as follows:

A. If to the Arizona 9-1-1 Program:

Arizona Department of Administration
Arizona 9-1-1 Program
100 North 15th Avenue, Suite 302
Phoenix, AZ 85007
Attention: Arizona 9-1-1 Program

B. If to the GRANTEE:

City of Surprise
16000 N Civic Center Plaza
Surprise, AZ 85374
ATTENTION: Rey Sanchez

Arizona Department of Administration
Arizona 9-1-1 Program

**GRANT AGREEMENT CONTINUATION SHEET
SPECIAL CONDITION(S)**

1. GRANTEE must submit a current service plan to ADOA. If a service plan is incomplete, a letter requesting an extension with an estimated completion date must be submitted for approval before financial reimbursements are made.
2. GRANTEE must submit copies of executed Memorandum of Understandings (MOUs) between each System's PSAP and the System Administrator before financial reimbursements will be made.
3. The GRANTEE must notify ADOA within 10 days if it is unable to perform the function of System Administrator on behalf of PSAPs in their jurisdiction. Administrative funds may be reduced to the System Administrator if ADOA assumes responsibility for the duties under this agreement.
4. GRANTEE must enroll in automatic clearinghouse payments. Grantee must complete the "State of Arizona Substitute W-9 and ACH Vendor Authorization Forms & Instructions " document. Vendor account set-up and payment information can be found at: <https://gao.az.gov>.
5. GRANTEE agrees to share GIS data, at minimum, once per quarter (4) times per fiscal year upon request from ADOA, Arizona 9-1-1 Program, to support ongoing statewide initiatives. The data shared will not be distributed for commercial use and is pursuant to A.R.S. § 37-178.
6. GRANTEE agrees to allow ADOA to deploy a data analytics tool provided by the Arizona 9-1-1 Program and work with all PSAPs within their 9-1-1 System and the Arizona 9-1-1 Program during implementation.
7. GRANTEE agrees to work with all PSAPs within their 9-1-1 System and the Arizona 9-1-1 Program to implement text-to-9-1-1 service.

IN WITNESS WHEREOF, the parties have made and executed the Agreement the day and year first above written.
FOR GRANTEE:

_____	_____
Authorized Signatory	Date

Printed Name and Title

_____	_____
Additional signature(s) if required by political subdivision	Date

_____	_____
Printed Name and Title	Date

FOR ARIZONA DEPARTMENT OF ADMINISTRATION:

_____	_____
Arizona 9-1-1 Program	Date
Arizona Department of Administration	



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Charles Morin, Assistant Police Chief

Submitting Department: Police

District: Citywide

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to authorizing the modification to the Memorandum of Understanding with the U.S. Department of Justice, U.S. Marshals Service and approval of a Fiscal Year 2025 budget amendment reducing budget in the amount of \$2,000 for overtime expenses; Resolution #2025-89.

Motion:

I move to approve Resolution #2025-89.

Background:

Due to a shift in JLEO overtime allocation funding, based off overtime trends, the U.S. Department of Justice (DOJ) will reduce \$2,000 in overtime funding from the Surprise Police Department for its participation of one Surprise Police Officer in the Joint Law Enforcement Operations (JLEO) Task Force from October 24, 2024, to September 30, 2025.

Objective Analysis:

Acceptance of this reduction in funding will allow the U.S. Department of Justice (DOJ) to continue to provide reimbursement of overtime expenses for one Surprise Police Officer's participation in the activities of the JLEO task force.

Policy Compliant:

This action is consistent with City and Council Policy. The City regularly partners with other governmental entities when it is beneficial to do so.

Financial Impact:

Acceptance of this modification to the Memorandum of Understanding (MOU) will result in a one-time reduction of funding. This funding will be used solely for overtime expenses incurred as a result of participation in the JLEO Task Force. There is no city-match requirement.

Budget Impact:

The FY2025 adopted budget did not include appropriations for revenue and expenses related to the

FFY2025 U.S. Marshals JLEO modification. Acceptance of this modification to the MOU will require an amendment to the Fiscal Year 2025 budget by reducing budget authority in the amount of \$2,000 from project G31367 in the Grants Fund. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

FTE Impact:

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

ATTACHMENTS:

1. Resolution 2025-89 BA_Modification to MOU OT JLEO Reducing FY25 Grant Funds_FINAL
 2. JLEO modificationusm607a - Surprise
-

RESOLUTION # 2025-89

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA APPROVING A MODIFICATION TO THE MEMORANDUM OF UNDERSTANDING (MOU) WITH THE U.S. DEPARTMENT OF JUSTICE (DOJ) AMENDING THE FISCAL YEAR 2025 BUDGET BY REDUCING APPROPRIATIONS FROM \$10,000 TO \$8,000 FOR PROJECT G31367 WITHIN THE GRANTS FUND FOR RECEIPT OF REDUCED OVERTIME GRANT FUNDING FROM THE U.S DEPARTMENT OF JUSTICE MARSHALS SERVICE JOINT LAW ENFORCEMENT OPERATIONS (JLEO) TASK FORCE.

WHEREAS, the FY 2025 budget was adopted and included funding for City of Surprise Police Department general operations;

WHEREAS, the U.S. DOJ, U.S. Marshal's Service Fugitive Task Force ("Marshal's Service") is providing reduced overtime funding from \$10,000 to \$8,000 for the City of Surprise Officer;

WHEREAS, the FY2025 budget was adopted by Council Resolution #2024-94 on June 4, 2024;

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, 2024, through June 30, 2025.

Section 2. The City is hereby authorized to enter into a modified MOU to accept reduced overtime funding from \$10,000 to \$8,000 from the Marshals Office for the City of Surprise Police Department for an employee to assist the Marshals Office, 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.

[SIGNATURES ON FOLLOWING PAGE]

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

RESOLUTION # 2025-89**Exhibit A**

1. Appropriation - The allocation below represents a reduction of budget authority from \$10,000 to \$8,000 for project G31367 in the Grants fund due to a shift in U.S Department of Justice JLEO overtime allocation funding of expenses for an officer to participate in Task Force activities. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Grants	Police	#G31367 FFY25 JLEO	E	10,000	(2,000)	8,000
Grants	Police	#G31367 FFY25 JLEO	R	10,000	(2,000)	8,000
Contingency	General Operations	Contingency	E	80,820,900	2,000	80,822,900
Contingency	General Operations	Other	R	76,656,900	2,000	76,658,900
Expense Total				80,830,900	-	80,830,900
Revenue Total				76,666,900	-	76,666,900

RESOLUTION # 2025-89

Exhibit B

MEMORANDUM OF UNDERSTANDING

THE CITY OF SURPRISE AND U.S. DEPARTMENT OF JUSTICE (DOJ), U.S.
MARSHALS SERVICE

(BEGINS ON THE NEXT PAGE)

INSTRUCTIONS: See last page for detailed instructions.

SECTION 1: OBLIGATION

DOCUMENT CONTROL #: M-25-D08-O-000045

SECTION 2: PARTICIPATING AGENCIES

The United States Marshals Service will modify funding provided pursuant to the Memorandum of Understanding (MOU) in place between:

Surprise Police Department

and

District of Arizona (08)

All other terms and conditions of the MOU remain the same.

SECTION 3: APPROPRIATION DATA

FISCAL YEAR	ORGANIZATION	FUND	PROJECT	SOC / PURPOSE
2025	D08	AFF-B-OP	JLEOTFOT	25205 - TFO Overtime

Current Funded Amount: \$10,000.00

Adjusted Amount: (\$2,000.00)

Revised Amount: \$8,000.00

ADD MODIFICATION

SECTION 4: DESCRIPTION OF MODIFICATION

Adjustment of \$2,000.00 of JLEO funds to be removed for FY 25

SECTION 5: CONTACT INFORMATION

DISTRICT/RFTF CONTACT:

Name: Alicia Wynn
Phone: 602-824-7996
E-mail: alicia.wynn1@usdoj.gov

STATE/LOCAL CONTACT:

Name: Amanda Correia
Phone: 623-222-1848
E-mail: amanda.correia@surpriseaz.gov

SECTION 6: AUTHORIZATION

USMS Representative - Certification of Funds:

Signature: _____ Date: _____
Cassandra Hughes - SPSS

Chief Deputy or RFTF Commander - Obligation Approval:

Signature: _____ Date: _____
Thomas Smith - ACDUSM

Reimbursement of overtime work shall be consistent with the Fair Labor Standards Act. Annual overtime for each state or local law enforcement officer is capped at the equivalent of 25% of a GS-1811-12, Step 1, of the general pay scale for the RUS. Reimbursement for all types of qualified expenses shall be contingent upon availability of funds and the submission of a proper request for reimbursement which shall be submitted monthly or quarterly on a fiscal year basis, and which provides the names of the investigators who incurred overtime for the Task Force during the quarter; the number of overtime hours incurred, the hourly regular and overtime rates in effect for each investigator.

Departmental Representative - Acknowledgement:

Signature: _____ Date: _____
[Type Name and Title]

FORM USM-607A INSTRUCTIONS

The Joint Law Enforcement Operations Task Force Modification Document is designed to provide district and regional fugitive task forces with one standard form to record increases or decreases in funding for existing obligations. For new obligations, please refer to Form USM-607, Joint Law Enforcement Operations Task Force Obligation Document. Joint Law Enforcement Operations partnerships with state and local agencies exist under a reimbursable agreement detailed in the Memorandum of Understanding. The United States Marshals Service reserves the right to modify funding as needed and will provide notification of any changes to the JLEO participating agency.

SECTION 1: Obligation Number

- A. Enter UFMS Document Control number for the existing obligation to be modified.

SECTION 2: Participating Agencies

- A. BOX 1: Enter name of state or local JLEO participating agency.
- B. BOX 2: Use drop down menu to select appropriate USMS District/RFTF.

SECTION 3: Appropriation Data

- A. Insert valid appropriation data in the fields provided, using the original obligation document for reference.

SECTION 4: Description of Modification

- A. Enter a brief description of the reason or purpose for the modification. Space is limited to a maximum of 150 characters.
- B. If a more detailed description is necessary, please note "See attached" in the text field, type the full description of the modification into a new document and attach the additional page to this form. Be sure to note the obligation number on the attachment.

SECTION 5: Contact Information

- A. Enter District/RFTF contact information (Box 1) and State/Local contact information (Box 2).

SECTION 6: Authorization

- A. Certification of Funds: Signature will be applied by USMS District official or IOD representative (RFTF).
- B. Obligation Approval: Signature will be applied by District or RFTF representative.
- C. Acknowledgement: The JLEO participant can acknowledge receipt of the modification form in one of two ways:
 - 1. Sign the completed Form USM-607A and return to the issuing District/RFTF office.
 - 2. Send an email to the District/RFTF point of contact acknowledging that the agency has received and understood the USM-607A. The USMS POC will then print the e-mail and attach to the modification form in lieu of an agency signature.

When completed, the form will be returned to the District/RFTF office. Districts are responsible for modifying obligations in UFMS according to the USM-607A information. RFTF modifications will be forwarded to Headquarters IOD to be entered into UFMS.



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Charles Morin, Assistant Police Chief

Submitting Department: Police

District: Citywide

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to the acceptance of the FY2026 Dysart Unified School District No. 89 Intergovernmental Agreement; Resolution 2025-73.

Motion:

I move to approve Resolution 2025-73.

Background:

The Surprise Police Department (“SPD”) agrees to provide school resource officer (“SRO”) services to Dysart Unified School District No. 89 (the “District”). The City will provide SRO services at the three District High Schools, three District Middle Schools, and three selected District Elementary Schools within the City. The District has approved funding in the amount of \$870,108.83 to defray the total cost of the SRO salaries and benefits for a ten (10) month period.

Objective Analysis:

The City has officers who can provide SRO services to the District. This agreement allows SPD to partner with the District in their SRO servicing efforts.

Policy Compliant:

The City regularly partners with other governmental entities when it is beneficial to do so. This action is compliant with City and Council Policy.

Financial Impact:

This agreement will provide \$870,108.83 in revenue for FY2026 to be paid in monthly payments to offset salary and benefit costs associated with the services.

Budget Impact:

The FY2026 adopted budget includes appropriations for revenues and expenses related to this agreement, and therefore, a budget amendment is not required.

FTE Impact:

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

ATTACHMENTS:

1. 25.06.17 Res 2025-73 Surprise -DYSART SRO IGA Final
 2. Dysart - Surprise SRO IGA 25-26 final.06.02.25 (1)
 3. Exhibit A_Dysart IGA_SRO
-

RESOLUTION # 2025-73

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AUTHORIZING THE CITY TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT TO PROVIDE THE DYSART UNIFIED SCHOOL DISTRICT NO. 89 OF MARICOPA COUNTY, STATE OF ARIZONA WITH SCHOOL RESOURCE OFFICER SERVICES

WHEREAS, pursuant to Arizona Revised Statute §11-952, et seq., the City of Surprise has the authority to enter into intergovernmental agreements (IGA) with other governmental entities for the purposes set forth within;

WHEREAS, the Dysart Unified School District No. 89 is in need of School Resource Officer services;

WHEREAS, the City of Surprise has School Resource Officers who are capable of providing the services to the Dysart Unified School District No. 89;

WHEREAS, the City of Surprise is willing to make the School Resource Officers available to provide these services;

WHEREAS, the term of this IGA is July 28, 2025 through May 29, 2026; and

WHEREAS, the Dysart Unified School District No. 89 will pay up to \$870,108.83 to defray the cost of the Surprise Police SRO's salaries and benefits for a ten (10) month period.

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

Section 1. The Intergovernmental Agreement between the City of Surprise and the Dysart Unified School District No. 89, attached as Exhibit A, is approved.

Section 2. 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 agreements.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

RESOLUTION # 2025-73

Exhibit A

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF SURPRISE AND *THE DYSART UNIFIED SCHOOL DISTRICT NO. 89*

**INTERGOVERNMENTAL AGREEMENT
BETWEEN THE DYSART UNIFIED SCHOOL DISTRICT NO. 89
OF MARICOPA COUNTY AND
THE CITY OF SURPRISE, ARIZONA**

The City of Surprise ("City") and the Dysart Unified School District No. 89 ("District") enter into this Agreement for placement of certain School Resource Officer ("SROs") in the Dysart Unified School District High Schools, Middle Schools, and select Elementary Schools ("Agreement").

Background

- A. The parties are authorized to enter into this Agreement under Arizona Revised Statutes § 11-952. The District is authorized to enter into this Agreement under A.R.S. § 15-342. The City of Surprise is authorized to enter into this Agreement under A.R.S. § 41-2632, as well as other statutes and regulations and the ordinances of the City.
- B. The purpose of this Agreement is to endorse, support, and extend the existing alliance between the students, faculty, staff, and administrators of the Dysart Unified School District ("District"), individual schools and classrooms and the families they represent, with the City of Surprise Police Department.
- C. The District and the City desire to meet the goals and objectives of providing a safe school campus which include:

Goal 1: The school safety goals and expectations contribute to an orderly, purposeful atmosphere, which promotes the feeling of safety conducive to teaching and learning.

Objective 1: Staff feels that the school is safe, and administration supports and monitors the consistency of actions/strategies/policies that will improve or maintain that feeling of safety,

Objective 2: Students feel that the school is safe. They feel free from the threat of physical harm and verbal abuse. They feel they have an adult to go to with their safety concerns, and they feel their concerns are taken seriously and addressed.

Objective 3: Staff and students have a positive view of the School Resource Officer.

Goal 2: To provide students with safety and legal information that promotes a safe, orderly environment, and good citizenship.

- D. Expectations of the partnership include:
 - 1. Regular, open, and timely communication between all parties, to include SRO, school Principal, staff and teachers, District personnel, and Police Department supervisors.
 - 2. Reasonable levels of accommodation for and by all parties.
 - 3. Minimum commitment to school of one year by each SRO.

4. Availability of SRO at all times when students are on the campus unless precluded by
 - a. court appointment,
 - b. emergency within the Police Department or court system, or
 - c. non-school related responsibilities which prevent the SRO from providing regular SRO duties,

5. Availability of the SRO for 10 months per year. The City will strive to ensure that the officers assigned to the District as SROs will be available for duty at their assigned school forty (40) hours each week that the school is in session during the term of this agreement.

Agreement

The District and the City desire to work in cooperation with each other to further the safety goals and expectations of the Dysart Unified School District High Schools and Middle Schools and select Elementary campuses. The City, through this Agreement, will assign one school resource officer to Shadow Ridge High School, Valley Vista High School and Willow Canyon High School, Ashton Ranch Middle School, Cimarron Springs Middle School and Sonoran Heights Middle School, Asante Preparatory Academy, Kingswood Elementary, and Marley Park Elementary within the City of Surprise to perform the services listed herein. Therefore, in consideration of the mutual promises and undertaking contained herein, the parties agree as follows:

A. Duration of this Agreement shall be effective on approval of each party's governing board for a time period to commence on July 28, 2025 and conclude on May 29, 2026.

All entities shall accept the School Safety Program guidelines contained within the Arizona Department of Education School Safety Program Manual, revised July 2024.

The roles and responsibilities of all entities shall be accepted as established by the Arizona Department of Education School Safety Program guidelines contained in this School Safety Program Manual, revised July 2024.

B. Responsibilities of the District:

Duties of the Superintendent (or designee):

1. Prepare annual Intergovernmental Agreement, based on agreed-upon purpose, expectations, and responsibilities of the District and local Police Departments.
2. Serve as primary liaison between (a) SRO supervisors and the Police Departments, and (b) the participating schools.
3. Remit payment to the City within thirty (30) days of receipt of invoice from the City.
4. No District or site administrator shall interfere with the duties of the SRO as a sworn law enforcement officer.

Duties of the School Principal:

5. Support and communicate the school safety goals and expectations to all staff, students, and parents on the campus.
6. Guide the SRO, with guidance from Surprise PD, on protocol regarding which issues should be handled by school personnel and which require the involvement of the SRO.
7. Provide office space that provides privacy for the SRO to conduct confidential business and provide access to telephone, fax, computer and copier for the officer.
8. Develop a collaborative relationship with the SRO while allowing the officer to function independently and within legal parameters.
9. Be involved in the selection process of the school's SRO.
10. Review the school's EOP and staff expectations with the SRO.
11. Monitor safety data and meet with the SRO on a regular basis.
12. Remain responsible for any school policy violations.
13. Provide input to the SRO supervisor for an annual performance evaluation.
14. Request additional activities, depending on the officer's availability, as long as the activities do not overwhelm the officer, jeopardize their ability to meet the minimum requirements of the grant or go against the intent of the program.

Duties of the Classroom Teacher:

15. Support and communicate information about the school safety goals and expectations in the classroom and to students and parents.
16. Work through the building principal before involving the SRO in legal issues.

C. Responsibilities of the City of Surprise

1. Continue to provide an SRO at the three City of Surprise Dysart Unified High Schools (Shadow Ridge, Valley Vista and Willow Canyon), continue to provide an SRO at the three Dysart Unified Middle Schools within the City of Surprise (Ashton Ranch, Cimarron Springs, and Sonoran Heights) and provide an SRO at the following Elementary Schools within the City of Surprise: Asante Preparatory Academy, Kingswood Elementary, and Marley Park Elementary.
2. Participate in the development, review, and revision of the Intergovernmental Agreement.
3. Submit monthly invoices to the District.

4. There will be no late fees assessed on the billings.
5. The City will strive to ensure that the officer is participating in an approved activity 100% of the time that school is in session. However, according to the School Safety Manual, revised July 2024, the City will bill each month if the officer has spent at least 80% of the cumulative time that school is in session participating in on-campus approved activities. For example: if school is in session for 180 days during the school year, the SRO must be participating in an on-campus approved activity at least 144 days. A full day is defined as the officer working 4 or more hours on approved activities.
6. The City will bill each month 1/10th of the total amount of funding that the District has secured and budgeted for each school, provided that the SRO is participating in on-campus approved activities at least 80% of the cumulative time that school is in session. The total grant funded amount is less than the actual salary and benefit costs of the officers for the 10 month period, therefore the City is billing at a rate less than the actual cost of the officers.
7. Approved activities are defined as:
 - a. Time on campus, and
 - b. Time off campus related to the SRO program - specifically, attending mandatory SSP training, student home visits, off campus yet school related activities, briefings, picking up a department vehicle, and required training to maintain AZ Post License.
8. The City will provide a summary sheet with each month's invoicing that shows the officer's attendance according to City records as evidence that the officer has participated in on-campus approved activities at least 80% of the cumulative school year. The summary sheet will be in the form of the attached Exhibit A.

Duties of the SRO:

9. SRO shall fulfill their duties as a sworn law enforcement officer for the State of Arizona.
10. Complete activity log to track officer activities, LRE instruction hours and the time the officer is on and off campus.
11. SRO should serve as a law enforcement/public safety specialist to:
 - a. Assist the school administration to control order on the campus;
 - b. Intervene when conduct violates the law (in the case of a student, SRO should be backup to an arrest rather than the principal officer);
 - c. Work with school and district administrators to ensure timely and uniform reporting of criminal activities.
12. SRO should additionally:

- a. Work as a team with any SRO or Probation Officer (PO) on the same campus;
- b. Document presence on campus and advise the school principal or designee directly if:
 - I. absent from the campus for the day,
 - II. emergency within the Police Department or court system requires leaving the school campus during the day, or
 - III. non-school related responsibilities prevent regular SRO duties for any reason.
- c. Attend both staff and parent/community meetings as requested.
- d. Serve on the Safety Committee.
- e. Build a positive relationship with students, parents, and school staff.
- f. Serve as a positive role model by:
 - I. setting clear limits to students about acceptable and unacceptable behaviors and the rewards of the former,
 - II. setting an example by modeling how to handle stress, resolve conflicts, be a friend, etc.,
 - III. encouraging students to take responsibility for their actions, and
 - IV. showing respect for administrators, teachers and staff.

Duties of the SRO Supervisor:

- 13. Communicate regularly with site and district administration.
- 14. Contact the school principal and district liaison if the SRO will be replaced and initiate the hiring procedure for a new officer.
- 15. Meet with school Principal - if necessary to review SRO performance.
- 16. Review and update qualifications for SRO.
- 17. Provide SRO candidates to Principal and District for interviews and input regarding hiring and other placement decisions.
- 18. Replace SRO upon the recommendation of the Principal and District.
- 19. Work with the Superintendent or designee to communicate any concerns or problems on behalf of an SRO.

D. Termination:

1. Either party may terminate this Agreement if funds for the program become unavailable.
2. Either party may terminate this Agreement, for convenience or cause, upon five (5) working days prior written notice to the other party. Notices shall be provided as directed by the "Notice" provision of this Agreement set forth below.

E. Both parties shall be responsible for their own acts or admissions.

F. Both parties hereto will be acting in their individual governmental capacities and not as agents, employees, or partners with each other. The employees, agents, or subcontractors of one party shall not be deemed or construed to be the employees or agents of the other party.

G. District shall pay the City an amount not to exceed \$870,108.83 to defray the total cost of the SRO officers for a ten (10) month period. District shall remit payment to the City within thirty (30) days of receipt of invoice from the City.

H. The City and the District will expend funds only for the purposes and uses specified in the approved plan and budget. Funds shall not be used to pay City or District administrative costs for services associated with the receipt of those funds including, but not limited to, accounting, payroll, data processing, purchasing, personnel, overtime pay and building use.

I. Each party shall maintain adequate commercial general liability insurance and worker's compensation insurance as required by law.

Conflict of Interest Cancellation. As required by A.R.S. § 38-511, the parties acknowledge and agree that either party may, within three years after its execution, cancel this contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of either party is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.

Entire Agreement. This Agreement contains the entire understanding of the parties hereto. There are no representations or other provisions other than those contained herein, and any amendment or modification of this Agreement shall be made only in writing and signed by the parties to this Agreement.

Severability. The parties agree that should any part of this Agreement be held to be invalid or void, the remainder of the Agreement shall remain in full force and effect and shall be binding on the parties.

Governing Law. This Agreement shall be construed under the laws of the State of Arizona and shall incorporate by reference all laws governing the intergovernmental agency agreements and mandatory contract provisions of state agencies required by statute or executive order.

No Israel Boycott. The Parties agree that they are not currently engaged in, and agree that for the duration of the Agreement they will not engage in, a boycott of Israel, as that term is defined in A.R.S. §35-393.

Dispute Resolution. In the event a dispute for any reason arises and pursuant to A.R.S. § 15-154(F), the parties shall meet and discuss within three (3) business days. Any dispute not resolved by mutual agreement of the parties shall be decided in accordance with the applicable Arizona laws, including, if there is a dispute which is the subject of mandatory arbitration provisions of A.R.S. § 12- 133, the parties shall submit the matter to binding arbitration in compliance with A.R.S. § 12-1518.

Notices. All notices, requests for payment, or other correspondence between the parties regarding this Agreement shall be mailed or delivered to the respective parties at the following address:

District: John Croteau, Superintendent
Dysart Unified School District 15802 N. Parkview Place
Surprise, AZ 85374
623.876.7000

City: Attn: Chief of Police, City of Surprise
14250 W. Statler Plaza
Surprise, AZ 85374
623.222.4000

Attn: City Manager, City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374
623.222.1100

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth below.

Dysart Unified School District

Dr. John Croteau
Superintendent

Date

City of Surprise

Representative

Date

INTERGOVERNMENTAL DETERMINATION

In accordance with A.R.S. § 11-952, the foregoing Agreement has been reviewed by the undersigned attorneys who have determined that said Agreement is in proper form and is within the powers and authority granted to the public body represented by their respective attorneys.

This ____ day of _____, 2025

This ____ day of _____, 2025

Attorney for District

Attorney for City of Surprise

Exhibit A – Summary Sheet

Dysart Unified School District
SRO Program Billings
FY2025/2026

Exhibit A

											Total	Grant Budget	Grant Budget Remaining
Sonoran Heights Middle School													
Monthly Cost: \$15,589.67													
Officer #1	August	September	October	November	December	January	February	March	April	May			
SRO Working Days	22	20	11	15	15	18	19	16	16	15			
Days School In-Session	22	20	18	15	15	18	19	16	21	16			
% SRO Days by Month	100%	100%	61%	100%	100%	100%	100%	100%	76%	94%			
Cumulative SRO Working Days	22	42	53	68	83	101	120	136	152	167			
Cumulative In-Session Days	22	42	60	75	90	108	127	143	164	180			
% SRO Days Cumulative	100%	100%	88%	91%	92%	94%	94%	95%	93%	93%			
Total per school per month	\$ 15,589.67	\$ 15,589.67	\$ 15,589.67	\$ 15,589.67	\$ 15,589.67	\$ 15,589.67	\$ 15,589.67	\$ 15,589.67	\$ 15,589.67	\$ 15,589.70	\$ 155,896.73	155,896.73	\$ -
Asante Prep Academy													
Monthly Cost: \$15,520.06													
Officer #2	August	September	October	November	December	January	February	March	April	May			
SRO Working Days	19	19	16	14	14	17	17	14	16	15			
Days School In-Session	22	20	18	15	15	18	19	16	21	16			
% SRO Days by Month	86%	95%	89%	93%	93%	94%	89%	88%	76%	94%			
Cumulative SRO Working Days	19	38	54	68	82	99	116	130	146	161			
Cumulative In-Session Days	22	42	60	75	90	108	127	143	164	180			
% SRO Days Cumulative	86%	90%	90%	91%	91%	92%	91%	91%	89%	89%			
Total per school per month	\$ 15,520.06	\$ 15,520.06	\$ 15,520.06	\$ 15,520.06	\$ 15,520.06	\$ 15,520.06	\$ 15,520.06	\$ 15,520.06	\$ 15,520.06	\$ 15,520.03	\$ 155,200.57	155,200.57	\$ -
Cimarron Springs Middle School													
Monthly Cost: \$13,156.62													
Officer #3	August	September	October	November	December	January	February	March	April	May			
SRO Working Days	17	20	16	13	14	17	19	13	16	15			
Days School In-Session	22	20	18	15	15	18	19	16	21	16			
% SRO Days by Month	77%	100%	89%	87%	93%	94%	100%	81%	76%	94%			
Cumulative SRO Working Days	17	37	53	66	80	97	116	129	145	160			
Cumulative In-Session Days	22	42	60	75	90	108	127	143	164	180			
% SRO Days Cumulative	77%	88%	88%	88%	89%	90%	91%	90%	88%	89%			
Total per school per month	\$ 13,156.62	\$ 13,156.62	\$ 13,156.62	\$ 13,156.62	\$ 13,156.62	\$ 13,156.62	\$ 13,156.62	\$ 13,156.62	\$ 13,156.62	\$ 13,156.65	\$ 131,566.23	131,566.23	\$ -

Dysart Unified School District
SRO Program Billings
FY2025/2026

											Grant Budget		
											Total	Grant Budget	Remaining
Ashton Ranch Middle School													
Monthly Cost: \$13,755.95													
Officer #4	August	September	October	November	December	January	February	March	April	May			
SRO Working Days	21	20	18	15	15	18	19	16	16	15			
Days School In-Session	22	20	18	15	15	18	19	16	21	16			
% SRO Days by Month	95%	100%	100%	100%	100%	100%	100%	100%	76%	94%			
Cumulative SRO Working Days	21	41	59	74	89	107	126	142	158	173			
Cumulative In-Session Days	22	42	60	75	90	108	127	143	164	180			
% SRO Days Cumulative	95%	98%	98%	99%	99%	99%	99%	99%	96%	96%			
Total per school per month	\$ 13,755.95	\$ 13,755.95	\$ 13,755.95	\$ 13,755.95	\$ 13,755.95	\$ 13,755.95	\$ 13,755.95	\$ 13,755.95	\$ 13,755.95	\$ 13,755.98	\$ 137,559.53	137,559.53	\$ -
Marley Park Elementary													
Monthly Cost: \$13,802.10													
Officer #5	August	September	October	November	December	January	February	March	April	May			
SRO Working Days	20	20	13	13	15	17	17	15	16	15			
Days School In-Session	22	20	18	15	15	18	19	16	21	16			
% SRO Days by Month	91%	100%	72%	87%	100%	94%	89%	94%	76%	94%			
Cumulative SRO Working Days	20	40	53	66	81	98	115	130	146	161			
Cumulative In-Session Days	22	42	60	75	90	108	127	143	164	180			
% SRO Days Cumulative	91%	95%	88%	88%	90%	91%	91%	91%	89%	89%			
Total per school per month	\$ 13,802.10	\$ 13,802.10	\$ 13,802.10	\$ 13,802.10	\$ 13,802.10	\$ 13,802.10	\$ 13,802.10	\$ 13,802.10	\$ 13,802.10	\$ 13,802.10	\$ 138,021.00	138,021.00	\$ -
Kingswood Elementary													
Monthly Cost: \$15,186.48													
Officer #6	August	September	October	November	December	January	February	March	April	May			
SRO Working Days	22	19	16	13	15	18	18	14	16	15			
Days School In-Session	22	20	18	15	15	18	19	16	21	16			
% SRO Days by Month	100%	95%	89%	87%	100%	100%	95%	88%	76%	94%			
Cumulative SRO Working Days	22	41	57	70	85	103	121	135	151	166			
Cumulative In-Session Days	22	42	60	75	90	108	127	143	164	180			
% SRO Days Cumulative	100%	98%	95%	93%	94%	95%	95%	94%	92%	92%			
Total per school per month	\$ 15,186.48	\$ 15,186.48	\$ 15,186.48	\$ 15,186.48	\$ 15,186.48	\$ 15,186.48	\$ 15,186.48	\$ 15,186.48	\$ 15,186.48	\$ 15,186.45	\$ 151,864.77	151,864.77	\$ -
Total billed per month all schools	\$ 87,010.88	\$ 87,010.88	\$ 87,010.88	\$ 87,010.88	\$ 87,010.88	\$ 87,010.88	\$ 87,010.88	\$ 87,010.88	\$ 87,010.88	\$ 87,010.91	\$ 870,108.83	870,108.83	\$ -

Note: Grant requires that officers spend 80% of their cumulative time for the entire school year supporting the SRO program



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Charles Morin, Assistant Police Chief

Submitting Department: Police

District: Citywide

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to the acceptance of the FY2026 Nadaburg Unified School District No. 81 Intergovernmental Agreement For SRO; Resolution 2025-81.

Motion:

I move to approve Resolution 2025-81.

Background:

The Surprise Police Department (“SPD”) agrees to provide school resource officer (“SRO”) services to Nadaburg Unified School District No. 81 (the “District”). The City of Surprise will provide SRO services at Desert Oasis Elementary School within the City. The District has approved funding in the amount of \$147,747 to defray the total cost of the SRO salaries and benefits for an eleven (11) month period.

Objective Analysis:

The City of Surprise has officers who can provide SRO services to the District. This agreement allows SPD to partner with the District in their SRO servicing efforts.

Policy Compliant:

The City regularly partners with other governmental entities when it is beneficial to do so. This action is compliant with City and Council Policy.

Financial Impact:

This agreement will provide \$147,747 in revenue for FY2026 to be paid in monthly payments to offset salary and benefit costs associated with the services.

Budget Impact:

The FY2026 adopted budget includes appropriations for expenses related to this agreement, and therefore, a budget amendment is not required.

FTE Impact:

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

ATTACHMENTS:

1. 25.06.17 Res 2025-81 Surprise -Nadaburg Unified SRO IGA Final
 2. Nadaburg - Surprise SRO IGA 25-26 final.06.02.25
 3. Exhibit A_Nadaburg IGA_SRO
-

RESOLUTION # 2025-81

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AUTHORIZING THE CITY TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT TO PROVIDE THE NADABURG UNIFIED SCHOOL DISTRICT NO. 81 OF MARICOPA COUNTY, STATE OF ARIZONA WITH SCHOOL RESOURCE OFFICER SERVICES

WHEREAS, pursuant to Arizona Revised Statute §11-952, et seq., the City of Surprise has the authority to enter into intergovernmental agreements (IGA) with other governmental entities for the purposes set forth within;

WHEREAS, the Nadaburg Unified School District No. 81 is in need of School Resource Officer services;

WHEREAS, the City of Surprise has School Resource Officers who are capable of providing the services to the Nadaburg Unified School District No. 81;

WHEREAS, the City of Surprise is willing to make the School Resource Officers available to provide these services;

WHEREAS, the term of this IGA is August 01, 2025, through June 30, 2026; and

WHEREAS, the Nadaburg Unified School District No. 81 will pay up to \$147,747 to defray the cost of the Surprise Police SROs' salaries and benefits for an eleven (11) month period.

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

Section 1. The Intergovernmental Agreement between the City of Surprise and the Nadaburg Unified School District No. 81, attached as Exhibit A, is approved.

Section 2. 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 agreements.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

RESOLUTION # 2025-81

Exhibit A

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF SURPRISE AND *THE NADABURG UNIFIED SCHOOL DISTRICT NO.*
81

**INTERGOVERNMENTAL AGREEMENT
BETWEEN THE NADABURG UNIFIED SCHOOL DISTRICT NO. 81
OF MARICOPA COUNTY AND
THE CITY OF SURPRISE, ARIZONA**

The City of Surprise ("City") and the Nadaburg Unified School District No. 81 ("District") enter into this Agreement for placement of certain School Resource Officers ("SROs") in the Desert Oasis Elementary School in the Nadaburg Unified School District ("Agreement").

Background

- A. The parties are authorized to enter into this Agreement under Arizona Revised Statutes § 11-952. The District is authorized to enter into this Agreement under A.R.S. § 15-342. The City of Surprise is authorized to enter into this Agreement under A.R.S. § 41-2632, as well as other statutes and regulations and the ordinances of the City.
- B. The purpose of this Agreement is to endorse, support, and extend the existing alliance between the students, faculty, staff, and administrators of the District, individual schools and classrooms and the families they represent, with the City of Surprise Police Department.
- C. The District and the City desire to meet the goals and objectives of providing a safe school campus which include:

Goal 1: The school safety goals and expectations contribute to an orderly, purposeful atmosphere, which promotes the feeling of safety conducive to teaching and learning.

Objective 1: Staff feels that the school is safe, and administration supports and monitors the consistency of actions/strategies/policies that will improve or maintain that feeling of safety.

Objective 2: Students feel that the school is safe. They feel free from the threat of physical harm and verbal abuse. They feel they have an adult to go to with their safety concerns, and they feel their concerns are taken seriously and addressed.

Objective 3: Staff and students have a positive view of the School Resource Officer.

Goal 2: To provide students with safety and legal information that promotes a safe, orderly environment, and good citizenship.

- D. Expectations of the partnership include:
 - 1. Regular, open, and timely communication between all parties, to include SRO, school Principal, staff and teachers, District personnel, and Police Department supervisors.
 - 2. Reasonable levels of accommodation for and by all parties.
 - 3. Minimum commitment to school of one year by each SRO.
 - 4. Availability of SRO at all times when students are on the campus unless precluded by:

- a. court appointment,
- b. emergency within the Police Department or court system, or
- c. non-school related responsibilities which prevent the SRO from providing regular SRO duties.

5. Availability of the SRO for 11 months per year. The City will strive to ensure that the officers assigned to the District as SROs will be available for duty at their assigned school forty (40) hours each week that the school is in session during the term of this agreement.

Agreement

The District and the City desire to work in cooperation with each other to further the safety goals and expectations of the Nadaburg Unified School District. The City, through this Agreement, will assign one school resource officer to Desert Oasis Elementary School within the City of Surprise to perform the services listed herein. Therefore, in consideration of the mutual promises and undertaking contained herein, the parties agree as follows:

A. Duration of this Agreement shall be effective on approval of each party's governing board or council for a time period to commence on August 1, 2025 and conclude on June 30, 2026.

All entities shall accept the School Safety Program guidelines contained within the Arizona Department of Education School Safety Program Manual, revised July 2024.

The roles and responsibilities of all entities shall be accepted as established by the Arizona Department of Education School Safety Program guidelines contained in this School Safety Program Manual, revised July 2024.

B. Responsibilities of the District:

Duties of the Superintendent (or designee):

1. Prepare annual Intergovernmental Agreement, based on agreed-upon purpose, expectations, and responsibilities of the District and local Police Departments.
2. Serve as primary liaison between (a) SRO supervisors and the Police Departments, and (b) the participating schools.
3. Remit payment to the City within thirty (30) days of receipt of invoice from the City.
4. No District or site administrator shall interfere with the duties of the SRO as a sworn law enforcement officer.

Duties of the School Principal:

5. Support and communicate the school safety goals and expectations to all staff, students, and parents on the campus.

6. Guide the SRO, with guidance from Surprise PD, on protocol regarding which issues should be handled by school personnel and which require the involvement of the SRO.
7. Provide office space that provides privacy for the SRO to conduct confidential business and provide access to telephone, fax, computer and copier for the officer.
8. Develop a collaborative relationship with the SRO while allowing the officer to function independently and within legal parameters.
9. Be involved in the selection process of the school's SRO,
10. Review the school's EOP and staff expectations with the SRO.
11. Monitor safety data and meet with the SRO on a regular basis.
12. Remain responsible for any school policy violations.
13. Provide input to the SRO supervisor for an annual performance evaluation.
14. Request additional activities, including attendance at special after-school activities, depending on the officer's availability, as long as the activities do not overwhelm the officer, jeopardize their ability to meet the minimum requirements of the grant, or go against the intent of the program.

Duties of the Classroom Teacher:

15. Support and communicate information about the school safety goals and expectations in the classroom to students and parents.
16. Work through the building principal before involving the SRO in legal issues.

C. Responsibilities of the City of Surprise

1. Continue to provide an SRO at the Desert Oasis Elementary School.
2. Participate in the development, review, and revision of the Intergovernmental Agreement.
3. Submit monthly invoices to the District for Desert Oasis Elementary School.
4. There will be no late fees assessed on the billings.
5. The City will strive to ensure that the officer is participating in an approved activity 100% of the time that school is in session. However, according to the School Safety Manual, revised July 2024, the City will bill each month if the officer has spent at least 80% of the cumulative time that school is in session participating in on-campus approved activities. For example: if school is in session for 180 days during the school year, the SRO must be participating in an

on-campus approved activity at least 144 days. A full day is defined as the officer working 4 or more hours on approved activities.

6. The City will bill each month 1/11th of the total amount of funding that the District has secured and budgeted for each school, provided that the SRO is participating in on-campus approved activities at least 80% of the cumulative time that school is in session. The total grant funded amount is less than the actual salary and benefit costs of the officers for the 11-month period, therefore the City is billing at a rate less than the actual cost of the officers.
7. Approved activities are defined as:
 - a. Time on campus; and
 - b. Time off campus related to the SRO program - specifically, attending mandatory SSP training, student home visits, off campus yet school-related activities, briefings, picking up a department vehicle, and required training to maintain AZ Post License.
8. The City will provide a summary sheet with each month's invoicing that shows the officer's attendance according to City records as evidence that the officer has participated in on-campus approved activities at least 80% of the cumulative school year. The summary sheet will be in the form of the attached Exhibit A.

Duties of the SRO:

9. SRO shall fulfill their duties as a sworn law enforcement officer for the State of Arizona.
10. Complete activity log to track officer activities, LRE instruction hours, and the time the officer in on and off campus.
11. SRO should serve as a law enforcement/public safety specialist to:
 - a. Assist the school administration to control order on the campus;
 - b. Intervene when conduct violates the law (in the case of a student, SRO should be backup to an arrest rather than the principal officer); and
 - c. Work with school and District administrators to ensure timely and uniform reporting of criminal activities.
12. SRO should additionally:
 - a. Work as a team with any SRO or Probation Officer (PO) on the same campus.
 - b. Document presence on campus and advise the school principal or designee directly if:

- I. absent from the campus for the day;
 - II. emergency within the Police Department or court system requires leaving the school campus during the day; or
 - III. non-school related responsibilities prevent regular SRO duties for any reason.
 - c. Attend both staff and parent/community meetings as requested.
 - d. Serve on the Safety Committee.
 - e. Build a positive relationship with students, parents, and school staff.
 - f. Serve as a positive role model by:
 - I. setting clear limits to students about acceptable and unacceptable behaviors and the rewards of the former;
 - II. setting an example by modeling how to handle stress, resolve conflicts, be a friend, etc.;
 - III. encouraging students to take responsibility for their actions; and
 - IV. showing respect for administrators, teachers and staff.
13. An SRO assigned to the School Safety Program shall have additional duties when school is not in session that may include any of the following activities as mutually agreed upon in writing by the parties through an amendment to this Agreement:
- a. Plan school security improvements.
 - b. Prepare law-related educational (LRE) lessons.
 - c. Develop collaborations with community resources, identifying services offered that could benefit students.
 - d. Conduct school safety assessments.
 - e. Work with the school safety team to review and update the school safety plan and conduct school-wide exercises to test the plan.
 - f. Plan in-service training.
 - g. Collaborate with school administration to analyze criminal incident reports and disciplinary records as a means of identifying patterns and developing strategies to address problems.
 - h. Work with community-based and youth recreational and leadership development activities that complement and reinforce the School Safety Program.
 - i. Attend training opportunities.

Duties of the SRO Supervisor:

- 14. Communicate regularly with site and District administration.

15. Contact the school principal and District liaison if the SRO will be replaced and initiate the hiring procedure for a new officer.
16. Meet with school Principal - if necessary to review SRO performance.
17. Review and update qualifications for SRO.
18. Provide SRO candidates to Principal and District for interviews and input regarding hiring and other placement decisions.
19. Replace SRO upon the recommendation of the Principal and District.
20. Work with the Superintendent or designee to communicate any concerns or problems on behalf of an SRO.

D. Termination

1. Either party may terminate this Agreement if funds for the program become unavailable.
2. Either party may terminate this Agreement, for convenience or cause, upon five (5) working days prior written notice to the other party. The notice shall be given by mail to the person(s) identified in the Notices paragraph below.

- E. Both parties shall be responsible for their own acts or admissions.
- F. Both parties hereto will be acting in their individual governmental capacities and not as agents, employees, or partners with each other. The employees, agents, or subcontractors of one party shall not be deemed or construed to be the employees or agents of the other party.
- G. District shall pay the City an amount not to exceed \$147,747.00 to defray the total cost of the SRO officers for an eleven (11) month period. District shall remit payment to the City within thirty (30) days of receipt of invoice from the City.
- H. The City and the District will expend funds only for the purposes and uses specified in the approved plan and budget. Funds shall not be used to pay City or District administrative costs for services associated with the receipt of those funds including, but not limited to, accounting, payroll, data processing, purchasing, personnel, overtime pay and building use.
- I. Each party shall provide the other party with proof of insurance coverage or a certificate of self-insurance equal to at least:

General aggregate \$3,000,000

Each Occurrence Limit \$1,000,000

Workers compensation as required by law. An employee of either party shall be deemed to be an "employee" of both public agencies while performing pursuant to the Agreement solely for purposes of A.R.S. §23-1022 and the Arizona Workers' Compensation laws. The

primary employer shall be solely liable for any workers' compensation benefits, which may accrue. Each party shall post a notice pursuant to the provisions of A.R.S. §23-1022 in substantially the following form:

"All employees are hereby further notified that they may be required to work under the jurisdiction or control or within the jurisdictional boundaries of another public agency pursuant to an intergovernmental agreement or contract, and under such circumstances they are deemed by the laws of Arizona to be employees of both public agencies for the purposes of worker's compensation."

Conflict of Interest Cancellation. As required by A.R.S. § 38-511, the parties acknowledge and agree that either party may, within three years after its execution, cancel this contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of either party is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.

Entire Agreement. This Agreement contains the entire understanding of the parties hereto. There are no representations or other provisions other than those contained herein, and any amendment or modification of this Agreement shall be made only in writing and signed by the parties to this Agreement.

Severability. The parties agree that should any part of this Agreement be held to be invalid or void, the remainder of the Agreement shall remain in full force and effect and shall be binding on the parties.

Governing Law. This Agreement shall be construed under the laws of the State of Arizona and shall incorporate by reference all laws governing the intergovernmental agency agreements and mandatory contract provisions of state agencies required by statute or executive order.

No Israel Boycott. The Parties agree that they are not currently engaged in, and agree that for the duration of the Agreement they will not engage in, a boycott of Israel, as that term is defined in A.R.S. §35-393.

Dispute Resolution. In the event a dispute for any reason arises and pursuant to A.R.S. § 15-154(F), the parties shall meet and discuss within three (3) business days. Any dispute not resolved by mutual agreement of the parties shall be decided in accordance with the applicable Arizona laws, including, if there is a dispute, which is the subject of mandatory arbitration provisions of A.R.S. § 12- 133, the parties shall submit the matter to binding arbitration in compliance with A.R.S. § 12-1518.

Notices. All notices, requests for payment, or other correspondence between the parties regarding this Agreement shall be mailed or delivered to the respective parties at the following address:

District: Dr. Aspasia Angelou, Superintendent
Nadaburg Unified School District
32919 Center Street
Wittman, AZ 85361
623.250.7746

City: Attn: Chief of Police, City of Surprise
 14250 W. Statler Plaza
 Surprise, AZ 85374
 623.222.4000

Attn: City Manager, City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374
623.222.1100

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth below.

Nadaburg Unified School District

Dr. Aspasia Angelou
Superintendent

Date

City of Surprise

Representative

Date

INTERGOVERNMENTAL DETERMINATION

In accordance with A.R.S. § 11-952, the foregoing Agreement has been reviewed by the undersigned attorneys who have determined that said Agreement is in proper form and is within the powers and authority granted to the public body represented by their respective attorneys.

This ____ day of _____, 2025

This ____ day of _____, 2025

Attorney for District

Attorney for City of Surprise

Exhibit A

Nadaburg Unified School District
SRO Program Billings
FY2025/2026

Exhibit A

												Grant Budget	
												Total	Grant Budget Remaining
Desert Oasis													
Monthly Cost: \$13,431.54													
Officer #1	August	September	October	November	December	January	February	March	April	May	June		
SRO Working Days	22	20	11	15	15	18	19	16	16	15	14		
Days School In-Session	22	20	18	15	15	18	19	16	21	16	16		
% SRO Days by Month	100%	100%	61%	100%	100%	100%	100%	100%	76%	94%	88%		
Cumulative SRO Working Days	22	42	53	68	83	101	120	136	152	167	181		
Cumulative In-Session Days	22	42	60	75	90	108	127	143	164	180	196		
% SRO Days Cumulative	100%	100%	88%	91%	92%	94%	94%	95%	93%	93%	92%		
Total per school per month	\$ 13,431.54	\$ 13,431.54	\$ 13,431.54	\$ 13,431.54	\$ 13,431.54	\$ 13,431.54	\$ 13,431.54	\$ 13,431.54	\$ 13,431.54	\$ 13,431.54	\$ 13,431.60	\$ 147,747.00	147,747.00 \$ -



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: District 4

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

Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 315342, requested by Jared Michael Repinski, for Best Western Plus Surprise Phoenix - NW for Series 07 Liquor License. Best Western Plus Surprise Phoenix - NW is located at 13337 W Grand Ave, Surprise, AZ 85374.

Motion:

I move to recommend approval of application No. 315342 to the Arizona Department of Liquor Licenses and Control.

Background:

The City has received an application for a new Series 7 liquor license for Best Western Plus Surprise Phoenix - NW is located at 13337 W Grand Ave, Surprise, AZ 85374. The City Clerk's Office has posted the appropriate notice as required by law. No written arguments in favor of or opposed to the issuance of the license have been received by the Clerk's Office within the twenty days after the date of posting the notice.

The application has also been disseminated to the Community Development Department, Finance Department, Surprise Police Department, and Surprise Fire and Medical Department for review. Those departments have submitted memoranda which are attached to this item.

Objective Analysis:

Pursuant to state law, the City Council shall enter an order recommending approval or disapproval within sixty days after the filing of the application and shall file a certified copy of the order with the director. If the City Council recommends approval of the license a hearing before the state Liquor License Board is not required unless the director, the board or any aggrieved party requests a hearing on the grounds that the public convenience and the best interest of the community will not be substantially served if a license is issued. If the recommendation is for disapproval, a statement of the specific reasons containing a summary of the testimony or other evidence supporting the recommendation for disapproval shall be attached to the order and the state Liquor License Board will hold a hearing.

Policy Compliant:

The Liquor License process is controlled by state law. The steps taken by the City Clerk's Office and this public hearing comply with, and fulfill the City's legal obligation under, applicable state law.

Financial Impact:

None

Budget Impact:

None

FTE Impact:

None

ATTACHMENTS:

1. Best Western #315432 Map 1
 2. CD - Best Western # 315432
 3. Finance - Best Western Plus Surprise Phoenix - 13337 W Grand Ave
 4. Fire - 13337 W Grande Ave Best Western Liquor License
 5. PD - Best Western 13337 W Grand
 6. PD - Best Western - Addendum 13337 W Grand
-

Best Western #315432

C-3
ZONING

PAD
Crossroads at
Surprise

C-3
ZONING

7- ELEVEN

C-3
ZONING

I-1
Light
Industrial

PAD
West Point
Towne Center

Site

C-3
ZONING



COMMUNITY DEVELOPMENT DEPARTMENT

Date: November 26, 2024
To: Charles Vasquez, Deputy City Clerk
From: Lloyd Abrams, Community Development Director
Daniel Johnson, Zoning Specialist
Re: Liquor License Application for:

AGENT, Jared Michael Repinski
Best Western #315342
13337 W Grand Avenue
Surprise, Arizona 85374

New Series 07 (NEW APPLICATION – BEER & WINE BAR) – Application # 315342

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

1. Target #1335 (Series 10) – 13731 W Bell Rd
2. Red Lobster #6288 (Series 12) – 13709 W Bell Rd
3. Olive Garden Italian Restaurant #1627 (Series 12) – 13379 W Grand Ave
4. Octane Lounge (Series 6) – 13420 W Bell Rd (Expired)
5. 7-ELEVEN (Series 10) 13130 W Bell Rd

The immediate area is comprised of commercial establishments, residential, and senior living. The property is zoned PAD & C-2 which is consistent with the proposed use.

Commercial and residential growth is expected to remain static in this area.

If managed properly, the effects of granting this liquor license on surrounding residences will be minimal. This license will have little to no effect 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: 11/13/2024

To: Kristi Passarelli, City Clerk

Charles Vasquez, Deputy City Clerk

From: Courtnee Chavez, Business Compliance Specialist

RE: Liquor License Application – BEST WESTERN PLUS SURPRISE - 13337 W GRAND AVE

Business License Status:

- ☐ Application link emailed on .
- ☒ License # 1019212 , current and valid for 12/31/25 .
- ☐ Applied for license but is still pending and waiting on customer to provide additional information or documents.

BUSINESS LICENSE

CITY OF SURPRISE

16000 N. Civic Center Plaza
Surprise, AZ 85374-7470

Business Name: Best Western Plus Surprise Phoenix Nw
Business Location: 13337 W Grand Ave Surprise, Az 85374-4070

Description: HOTEL/MOTEL



Grand Hospitality Llc
Amandeep K Dhillon
Best Western Plus Surprise Phoenix Nw
13337 W Grand Ave
Surprise, Az 85374-4070

BUSINESS LICENSE NUMBER: 1019212
Effective Date: 01/01/2024
Expiration Date: 12/31/2024

TO BE POSTED IN A CONSPICUOUS PLACE

NOT TRANSFERABLE

BUSINESS LICENSE

CITY OF SURPRISE

16000 N. Civic Center Plaza
Surprise, AZ 85374-7470

Business Name: Best Western Plus Surprise Phoenix Nw
Business Location: 13337 W Grand Ave Surprise, Az 85374-4070

Description: HOTEL/MOTEL

SURPRISE
ARIZONA

Grand Hospitality Llc
Amandeep K Dhillon
Best Western Plus Surprise Phoenix Nw
13337 W Grand Ave
Surprise, Az 85374-4070

BUSINESS LICENSE NUMBER: 1019212
Effective Date: 01/01/2025
Expiration Date: 12/31/2025

TO BE POSTED IN A CONSPICUOUS PLACE

NOT TRANSFERABLE



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



May 12, 2025

To: Charles Vasquez, Deputy City Clerk

From: Keith Tanner, Fire Marshal

Subject: Liquor License Application

Applicant: Best Western Surprise
13337 W Grand Ave
Surprise, AZ 85374

The Surprise Fire-Medical Department recently conducted a fire inspection at the above referenced location within the last 12 months to ensure compliance with the applicable fire codes within the tenant space and building. There are no known fire code violations at this time.

Therefore fire has no comment on the application at this time.

If you have any questions feel free to contact me.

Keith Tanner
Keith Tanner, Fire Marshal
Fire Prevention Division
Surprise Fire-Medical Department

SURPRISE POLICE DEPARTMENT
LIQUOR LICENSE APPLICATION REVIEW

REFERENCE:

DATE: December 9, 2024

NEW LICENSE/LLC
SERIES 07 Beer & Wine Bar –
Application #315342

APPLICANT:

Best Western Plus Surprise Phoenix - NW

13337 W Grand Avenue
Surprise, Arizona 85374

FINDINGS:

- 1) *Evidence concerning the nature of the proposed business, its potential market and its likely customers.*
Best Western Plus Surprise is a hotel currently in Surprise. There is no on-site restaurant or bar. The hotel will be used primarily for out-of-town guests and the requested liquor will be sold only to guests of the hotel.
- 2) *Effect of vehicular traffic in close proximity.*
There should not be a changing effect on traffic at this location if a license is granted at this location.
- 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 least 20 days before the hearing.*
This location has had a large amount of police contacts over the past five years. The total amount of calls for service at this location over the past five years is 291 incidents. Of these calls, there have been 45 incident reports. There have also been 11 incidents that resulted in physical arrests, resulting from six drug incidents, 2 incidents involving domestic violence related, 2 counts of trespassing, and one incident for an unwanted guest. There was also an on-site criminal cite and release arrest for criminal trespassing. I have attached a listing of the written incident reports as well as a list of the physical arrest incidents. The written incident reports are denoted by a clearance code, #6 and the physical in custody arrests are denoted by a clearance code, #1.

Best Western Plus Surprise Phoenix - NW

13337 W Grand Avenue
Surprise, Arizona 85374

Inc. No.	Reported	Nature	Address	Locn	Clr
200104182	11:40:48 01/17/20	THEFT	13337 W GRAND AV; COMFORT	WPTC	6
200305821	20:08:49 03/27/20	FOUND PROPERTY	13337 W GRAND AV; US 60, S	WPTC	6
200400951	11:59:12 04/05/20	THEFT	13337 W GRAND AV; COMFORT	WPTC	6
200404566	08:53:12 04/22/20	THEFT	13337 W GRAND AV; COMFORT	WPTC	6
200504602	19:52:49 05/21/20	SHOPLIFTING	13337 W GRAND AV; US 60; B	WPTC	6
200505290	21:50:48 05/24/20	BURGLARY	13337 W GRAND AV; BEST WES	WPTC	6
200506107	02:31:38 05/28/20	DEAD BODY	13337 W GRAND AV; US 60, S	WPTC	6
200605854	17:15:59 06/28/20	WELFARE CHECK	13337 W GRAND AV; US 60, S	WPTC	6
200606263	12:40:42 06/30/20	BURGLARY	13337 W GRAND AV; US 60, S	WPTC	6
200703149	22:37:10 07/14/20	WARRANT ARREST	13337 W GRAND AV; US 60, S	WPTC	6
200800076	09:43:50 08/01/20	CITIZEN ASSIST	13337 W GRAND AV; US 60; B	WPTC	6
200801778	03:29:41 08/09/20	CRIMINAL DAMAGE	13337 W GRAND AV; US 60; B	WPTC	6
200804208	14:02:10 08/19/20	SUSPICIOUS ACTI	13337 W GRAND AV; US 60, S	WPTC	6
200804441	14:26:53 08/20/20	THEFT	13337 W GRAND AV; US 60, S	WPTC	6
201206605	09:03:03 12/31/20	THEFT	13337 W GRAND AV; US 60, S	WPTC	6
210305504	17:08:46 03/25/21	RUNAWAY JUVENIL	13337 W GRAND AV; US 60, S	WPTC	6
210505551	16:46:13 05/26/21	INDECENT EXPOSE	13337 W GRAND AV; US 60, S	WPTC	6
210902355	06:04:11 09/11/21	STOLEN VEHICLE	13337 W GRAND AV; US 60, S	WPTC	6
210902776	11:27:41 09/13/21	ACCIDENT, PP/HR	13337 W GRAND AV; US 60, S	WPTC	6
211103218	10:37:27 11/16/21	FOUND PROPERTY	13337 W GRAND AV; US 60; B	WPTC	6
211104249	07:43:18 11/21/21	FOUND PROPERTY	13337 W GRAND AV; US 60; B	WPTC	6
211201045	09:18:32 12/06/21	THEFT	13337 W GRAND AV; US 60; B	WPTC	6
220200324	12:19:02 02/02/22	FRAUD	13337 W GRAND AV; US 60, S	WPTC	6
220301219	22:22:52 03/06/22	BURGLARY	13337 W GRAND AV; US 60, S	WPTC	6
220404126	15:12:18 04/21/22	CRIMINAL DAMAGE	13337 W GRAND AV; US 60; BE	WPTC	6
220503912	18:49:16 05/18/22	THEFT	13337 W GRAND AV; BEST WES	WPTC	6
220600114	12:26:49 06/01/22	FOUND PROPERTY	13337 W GRAND AV; US 60, S	WPTC	6
220801433	19:08:08 08/06/22	FIRE VEHICLE	13337 W GRAND AV; US 60, S	WPTC	6
220901933	15:19:50 09/09/22	THEFT	13337 W GRAND AV; BEST WES	WPTC	6
221001621	08:56:47 10/10/22	THEFT	13337 W GRAND AV; BEST WES	WPTC	6
221105540	09:28:38 11/30/22	CRIMINAL DAMAGE	13337 W GRAND AV; US 60, S	WPTC	6
221204098	09:00:45 12/22/22	DRUGS	13337 W GRAND AV; BEST WES	WPTC	6
230100917	07:34:18 01/06/23	CIVIL MATTER	13337 W GRAND AV; US 60, S	WPTC	6
230603545	13:33:36 06/18/23	TRESPASSING	13337 W GRAND AV; BEST WES	SUMK	6
230905962	20:14:13 09/28/23	ASSAULT	13337 W GRAND AV; BEST WES	SUMK	6
240101279	07:56:25 01/07/24	CRIMINAL DAMAGE	13337 W GRAND AV; BEST WES	22	6
240303703	09:45:51 03/20/24	SEX OFFENSE	13337 W GRAND AV; BEST WES	SUMK	6
240705026	12:33:45 07/17/24	THEFT	13337 W GRAND AV; US 60, S	22	6
240705053	12:33:45 07/17/24	FRAUD	13337 W GRAND AV; US 60, S	22	6
240705925	11:47:47 07/29/24	WELFARE CHECK	13337 W GRAND AV; BEST WES	22	6
240800437	13:50:29 08/02/24	DEAD BODY	13337 W GRAND AV; BEST WES	22	6
240805683	08:30:42 08/27/24	BURGLARY	13337 W GRAND AV; BEST WES	22	6
240806393	09:20:24 08/30/24	THEFT	13337 W GRAND AV; BEST WES	22	6
240806544	23:30:22 08/30/24	DRUGS	13337 W GRAND AV; US 60, S	22	6
241200422	05:44:07 12/03/24	DOMESTIC	13337 W GRAND AV; ROOM #20	22	6

Total Incidents for This Report: 45

Report Includes:

All dates greater than `00:00:00 12/09/19`
 All location codes
 All cities
 All addresses matching `13337 W Grand\*`
 All agencies
 All offenses observed

Best Western Plus Surprise Phoenix - NW
 13337 W Grand Avenue
 Surprise, Arizona 85374

12/09/24 Surprise Police Department 1005
18:42 Law Incident Addr. History Report, by Date Reported Page: 1

Inc. No.	Reported	Nature	Address	Loctn	Clr
200405482	16:32:40 04/26/20	DRUGS	13337 W GRAND AV; COMFORT	WPTC	1
200500387	20:00:36 05/02/20	DOMESTIC	13337 W GRAND AV; US 60; C	WPTC	1
200600569	12:38:54 06/03/20	TRESPASSING	13337 W GRAND AV; US 60; B	WPTC	1
200805868	09:07:45 08/27/20	UNWANTED GUEST	13337 W GRAND AV; US 60, S	WPTC	1
210302932	12:06:36 03/14/21	DRUGS	13337 W GRAND AV; US 60, S	WPTC	1
210501027	20:11:36 05/05/21	DOMESTIC	13337 W GRAND AV; #314, SU	WPTC	1
210502087	19:12:19 05/10/21	DRUGS	13337 W GRAND AV; US 60; B	WPTC	1
210901329	19:00:39 09/06/21	DRUGS	13337 W GRAND AV; US 60; B	WPTC	1
230602030	03:37:19 06/11/23	DRUGS	13337 W GRAND AV; US 60, S	22	1
240600566	17:21:00 06/03/24	TRESPASSING	13337 W GRAND AV; BEST WES	22	1
240703632	12:33:45 07/17/24	DRUGS	13337 W GRAND AVE, SURPRIS	22	1

Total Incidents for This Report: 11

Report Includes:

All dates greater than `00:00:00 12/09/19`
All location codes
All cities
All addresses matching `13337 W Grand\*`
All agencies
All offenses observed
All offenses reported
All offense codes
All nature of incidents
All clearance codes matching `1`
All circumstance codes

*** End of Report /tmp/rpttgbZ9v-rplwiahrl_9 ***

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

According to the agent for this application, the front desk is requesting to sell the beer and wine from the front desk during normal AZ Liquor hours, which is until 2 AM. There is a Carl's Jr. fast food restaurant near by that closes by midnight and an auto parts store that closes at approximately 10 PM. Best Western shares space in a retail plaza with the businesses as well as several other retail stores that close by approximately 9 PM.

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

A series 07 license for is appropriate for this type of establishment, but I'm unsure of the request due to the large number of incidents at this location.

Respectfully submitted by Officer Chris Tovar #2059

Best Western Plus Surprise Phoenix - NW

13337 W Grand Avenue
Surprise, Arizona 85374

S U R P R I S E P O L I C E D E P A R T M E N T
L I Q U O R L I C E N S E A P P L I C A T I O N R E V I E W

REFERENCE:

DATE: May 7, 2025

ADDENDUM to Application Review on Dec 9th, 2024

NEW LICENSE/LLC

SERIES 07 Beer & Wine Bar –

Application #315342 from

APPLICANT:

Best Western Plus Surprise Phoenix - NW

13337 W Grand Avenue

Surprise, Arizona 85374

FINDINGS:

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

Best Western Plus Surprise is a hotel currently in Surprise. There is no on-site restaurant or bar. The hotel will be used primarily for out-of-town guests and the requested liquor will be sold only to guests of the hotel. The liquor will be stored and locked on premises.

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

There should not be a changing effect on traffic at this location if a license is granted at this location.

- 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 least 20 days before the hearing.***

This addendum is for the number of incidents at this location since our last report, dated December 9th, 2024, until today's date, May 7th, 2025. During this time, there have been 13 reported incidents. There was a domestic related incident reported by one guest against her boyfriend, who was the other guest in her room. The boyfriend left before the officer's arrival. There were two unwanted guest calls called by staff against the same homeless person loitering in the parking lot. A guest reported their vehicle had been stolen from the hotel parking lot. There was a welfare check on an elderly guest called in by an out-of-town family member. There was one reported assault incident, which resulted in the arrest of a homeless man who assaulted multiple employees in the parking lot. There was also a theft of property from a truck bed in the hotel parking lot. The other few calls were checks and disputes called in by employees, including a call where three occupants/non-guests of a vehicle were seen loitering in hotel parking lot, resulting in them being trespassed.

Best Western Plus Surprise Phoenix - NW

13337 W Grand Avenue

Surprise, Arizona 85374

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

According to the agent for this application, the front desk is requesting to sell the beer and wine from the front desk during normal AZ Liquor hours, which is until 2 AM. There is a Carl's Jr. fast food restaurant near by that closes by midnight and an auto parts store that closes at approximately 10 PM. Best Western shares space in a retail plaza with the businesses as well as several other retail stores that close by approximately 9 PM.

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

A series 07 license is appropriate for this type of establishment. After the Surprise City Council denied the request for this liquor application, due to the amount of police incidents at this location, Best Western ownership filed an appeal with the Arizona Liquor Board (ALB). During the appeal meeting, Surprise Police and Surprise City Legal met with ownership and the ALB, and all parties agreed that it may be best for Surprise Police to have future discussions with ownership, regarding the concerns of the number of calls for service, to try and find solutions to the concerns.

Members of the Surprise Police Department later met with ownership representatives from Best Western as agreed. During the discussion, it was decided that the Surprise Police would do an on-site security survey of the hotel and property with staff along with discussing some crime prevention tips and techniques. Ownership and representatives were very receptive to this survey and the crime prevention tips and agreed to apply the suggestions offered by the Surprise Police Department. Please see attached the security survey for any questions and details.

Respectfully submitted by Officer Chris Tovar #2059

Best Western Plus Surprise Phoenix - NW
13337 W Grand Avenue
Surprise, Arizona 85374



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: District 3

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

Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 346604, requested by Amber Letish Postel, for Towneplace Suites and Fairfield Inn & Suites for Series 11 Liquor License. Towneplace Suites and Fairfield Inn & Suites is located at 13430 N 163rd Dr, Surprise, AZ 85388.

Motion:

I move to recommend approval of application No. 346604 to the Arizona Department of Liquor Licenses and Control.

Background:

The City has received an application for a new Series 11 liquor license for Towneplace Suites and Fairfield Inn & Suites located at 13430 N 163rd Dr, Surprise, AZ 85388. The City Clerk's Office has posted the appropriate notice as required by law. No written arguments in favor of or opposed to the issuance of the license have been received by the Clerk's Office within the twenty days after the date of posting the notice.

The application has also been disseminated to the Community Development Department, Finance Department, Surprise Police Department, and Surprise Fire and Medical Department for review. Those departments have submitted memoranda which are attached to this item.

Objective Analysis:

Pursuant to state law, the City Council shall enter an order recommending approval or disapproval within sixty days after the filing of the application and shall file a certified copy of the order with the director. If the City Council recommends approval of the license a hearing before the state Liquor License Board is not required unless the director, the board or any aggrieved party requests a hearing on the grounds that the public convenience and the best interest of the community will not be substantially served if a license is issued. If the recommendation is for disapproval, a statement of the specific reasons containing a summary of the testimony or other evidence supporting the recommendation for disapproval shall be attached to the order and the state Liquor License Board will hold a hearing.

Policy Compliant:

The Liquor License process is controlled by state law. The steps taken by the City Clerk’s Office and this public hearing comply with, and fulfill the City’s legal obligation under, applicable state law.

Financial Impact:

None

Budget Impact:

None

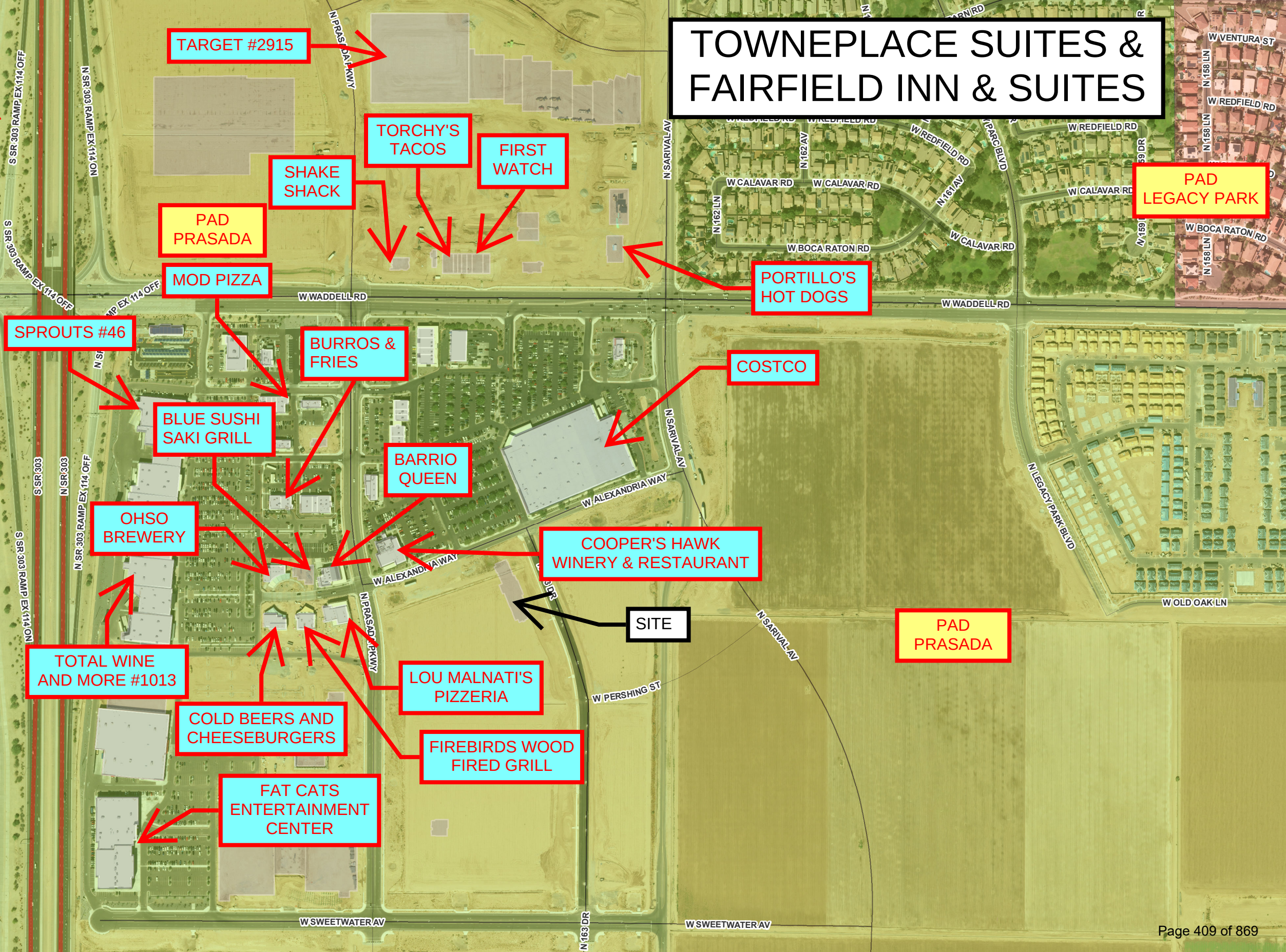
FTE Impact:

None

ATTACHMENTS:

1. TOWNEPLACE SUITES & FAIRFIELD INN & SUITES MAP
 2. PD - Towneplace Suites & Fairfield Inn & Suites - June 2025
 3. CD - TOWNEPLACE SUITES & FAIRFIELD INN & SUITES REPORT
 4. FINANCE 05.28.2025_TOWNEPLACE SUITES FAIRFIELD INN SUITES-13430 N 163rd Dr
 5. FIRE_REPORT_TOWNEPLACE SUITES
-

TOWNEPLACE SUITES & FAIRFIELD INN & SUITES



TARGET #2915

TORCHY'S TACOS

FIRST WATCH

SHAKE SHACK

PAD PRASADA

MOD PIZZA

PORTILLO'S HOT DOGS

PAD LEGACY PARK

SPROUTS #46

BURROS & FRIES

COSTCO

BLUE SUSHI SAKI GRILL

BARRIO QUEEN

COOPER'S HAWK WINERY & RESTAURANT

OH SO BREWERY

SITE

PAD PRASADA

TOTAL WINE AND MORE #1013

LOU MALNATI'S PIZZERIA

COLD BEERS AND CHEESEBURGERS

FIREBIRDS WOOD FIRED GRILL

FAT CATS ENTERTAINMENT CENTER

S U R P R I S E P O L I C E D E P A R T M E N T
L I Q U O R L I C E N S E A P P L I C A T I O N R E V I E W

REFERENCE:

DATE: June 11, 2025

Application Number – 346604
Series #11 – New License

APPLICANT:

Towneplace Suites & Fairfield Inn & Suites
13430 N 163rd Drive
Surprise, Arizona 85388

FINDINGS:

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

Towneplace Suites & Fairfield Inn & Suites is currently finishing up with construction and will be a hotel for regular short time stays, along with availability for longer extended stays. There is a lounge inside, which has seating for 72 patrons, with 22 of those in the bar area. Beer, wine, mixed drinks and soda will be available for sale to go along with the appetizer and “bar light meals”. Potential market should mainly be the hotel guests.

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

The addition of the liquor license should not have to great effect on traffic in the area, due to the new roads for the new infrastructure in the area. There is adequate ingress/egress for the hotel with these new roads.

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.***

N/A. New construction.

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

Towneplace is a 24/7 operation, and the hours of the lounge will be from 5 PM to 10 PM. There will also be beer and wine available in the small market which will require payment at front desk, where they will maintain legal hours of operation for liquor sales. There are no other immediate businesses at this location, although there are several established restaurants with series 12 licenses approximately one to two blocks north of the hotel. They all have regular evening business hours.

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

A series 11 license is appropriate and applicable for Townplace Suites, per state guidelines for hotels.

Submitted by Officer Chris Tovar #2059



COMMUNITY DEVELOPMENT DEPARTMENT

Date: June 3, 2025
To: Kristi Passarelli, City Clerk
From: Lloyd Abrams, Community Development Director
James Stewart, Zoning Specialist
Re: Liquor License Application for:

**Agent, Amber Letish Postel
Townplace suites & Fairfield Inn &
Suites
13430 N. 163 Dr.
Surprise, Arizona 85388**

Series 11 (New Application - Hotel)- Application # 346604

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

1. Costco Wholesale #1375 (Series 09) – 16385 W. Waddell Rd.
2. Cooper's Hawk Winery & Restaurant (Series 12) – 16470 W. Alexandria Wy.
3. Lou Malnati's Pizzeria (Series 12) – 13382 N. Prasada Pkwy.
4. Firebirds Wood Fired Grill (Series 12) – 13388 N. Prasada Pkwy.
5. Cold Beers and Cheeseburgers (Series 12) – 13400 N. Prasada Pkwy.
6. Fat Cats Entertainment Center (Series 6) – 13100 N. Prasada Pkwy.
7. Barrio Queen (Series 12) – 13434 N. Prasada Pkwy.
8. Blue Sushi Sake Grill (Series 12) – 13442 N. Prasada Pkwy.
9. Ohso Brewery Series 12) – 13448 N. Prasada Pkwy.
10. Total Wine and More #1013 (Series 9) – 13440 N. Prasada Pkwy.
11. Burros & Fries (Series 12) – 13544 N. Prasada Pkwy. #101
12. Sprouts Farmers Market # 46 (Series 10) – 13650 N. Prasada Pkwy.
13. MOD Pizza (Series 12) – 13668 N. Prasada Pkwy. # 100
14. Shake Shack #1517 (Series 12) – 16470 W. Waddell Rd.
15. Torch's Tacos (Series 12) – 16430 W. Waddell Rd.
16. First Watch #1052 (Series 12) – 16430 W. Waddell Rd.
17. Target #2915 (Series 10) – 14101 N. Prasada Pkwy.
18. Portillo's Hot Dogs (Series 12) – 16320 W. Waddell Rd.

The immediate area is comprised of commercial zoning. The property is zoned PAD, Prasad (Commercial) which is consistent with the proposed use.

Commercial and residential growth is expected.

If managed properly, the effects of granting this liquor license on surrounding residences will be minimal. This license will have little to no effect 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: 05/28/2025

To: Kristi Passarelli, City Clerk

Charles Vasquez, Deputy City Clerk

From: Stephanie Cheshire-Bus Compliance Specialist

RE: Liquor License Application – TOWNEPLACE SUITES & FAIRFIELD INN & SUITES

Business License Status:

- ☐ Application link emailed on .
- ☒ License # 1025979 , current and valid for 12/2025 .
- ☐ Applied for license but is still pending and waiting on customer to provide additional information or documents.



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



May 27, 2025

To: Charles Vasquez, Deputy City Clerk

From: Keith Tanner, Fire Marshal

Subject: Liquor License Application

Applicant: Towneplace Suites & Fairfield Inn
13430 N 163rd Dr
Surprise, AZ 85388

The Surprise Fire-Medical Department has been involved with the pre-construction / plan review process at the above referenced location within the last few months to ensure compliance with the applicable fire codes within the tenant space and building. Since construction work is still ongoing, there are no known fire code violations. Therefore, fire has no comment on the application at this time.

If you have any questions feel free to contact me.

Keith Tanner
Keith Tanner, Fire Marshal
Fire Prevention Division
Surprise Fire-Medical Department



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: District 5

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

Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 348765, requested by Mario Angelo Rana, for Osteria Mia for Series 12 Liquor License. Osteria Mia is located at 16853 N 145th Ave, Surprise, AZ 85374.

Motion:

I move to recommend approval of application No. 346604 to the Arizona Department of Liquor Licenses and Control.

Background:

The City has received an application for a new Series 11 liquor license for Towneplace Suites and Fairfield Inn & Suites located at 13430 N 163rd Dr, Surprise, AZ 85388. The City Clerk's Office has posted the appropriate notice as required by law. No written arguments in favor of or opposed to the issuance of the license have been received by the Clerk's Office within the twenty days after the date of posting the notice.

The application has also been disseminated to the Community Development Department, Finance Department, Surprise Police Department, and Surprise Fire and Medical Department for review. Those departments have submitted memoranda which are attached to this item.

Objective Analysis:

Pursuant to state law, the City Council shall enter an order recommending approval or disapproval within sixty days after the filing of the application and shall file a certified copy of the order with the director. If the City Council recommends approval of the license a hearing before the state Liquor License Board is not required unless the director, the board or any aggrieved party requests a hearing on the grounds that the public convenience and the best interest of the community will not be substantially served if a license is issued. If the recommendation is for disapproval, a statement of the specific reasons containing a summary of the testimony or other evidence supporting the recommendation for disapproval shall be attached to the order and the state Liquor License Board will hold a hearing.

Policy Compliant:

The Liquor License process is controlled by state law. The steps taken by the City Clerk's Office and

this public hearing comply with, and fulfill the City's legal obligation under, applicable state law.

Financial Impact:

None

Budget Impact:

None

FTE Impact:

None

ATTACHMENTS:

1. PD - Osteria Mia
 2. CD_REPORT_OSTERIA MIA
 3. FINANCE_REPORT_OSTERIA MIA
 4. FIRE_REPORT_OSTERIA MIA
 5. MAP_OSTERIA MIA ITALIAN RESTAURANT - 16853 N 145 Ave #155
-

S U R P R I S E P O L I C E D E P A R T M E N T
L I Q U O R L I C E N S E A P P L I C A T I O N R E V I E W

REFERENCE:

DATE: June 11, 2025

Application Number – 348735
Series #12 – New License

APPLICANT:

Osteria Mia
16853 N. 145th Ave #155
Surprise, Arizona 85388

FINDINGS:

- 1) ***Evidence concerning the nature of the proposed business, its potential market and its likely customers.***
Osteria Mia is looking to open as a brand-new full-service restaurant specializing in Italian cuisine. There is seating for 149 people inside the restaurant, with 17 of those seats in bar area. There is no live entertainment planned, and the restaurant will have two 65” televisions inside. The potential market for Osteria should be patrons of all ages from Surprise and surrounding communities.
- 2) ***Effect of vehicular traffic in close proximity.***
The addition of the restaurant and liquor license should not have too great of an impact on traffic in the area. There are adequate ingresses/egresses for the restaurant inside this brand-new plaza.
- 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 least 20 days before the hearing.***
N/A. New construction.
- 4) ***Comparison of hours of operation of the proposed premises to the existing businesses in close proximity.***
The hours of operation should be like the other existing restaurant in north Phoenix, which is open every day, except Monday with the latest closing time of 10 PM on Friday and Saturday nights. There are some other new eateries just opening or soon to be opened, including a Pita Kitchen which recently requested a series 12 license as well. No other businesses in the area in this still under construction plaza appear to be open past 10 PM.
- 5) ***Appropriateness of series license requested.***
A series 12 license is appropriate and applicable for Osteria Mia, per state guidelines for restaurants.

Submitted by Officer Chris Tovar #2059



COMMUNITY DEVELOPMENT DEPARTMENT

Date: May 29, 2025
To: Kristi Passarelli, City Clerk
From: Lloyd Abrams, Community Development Director
James Stewart, Zoning Specialist
Re: Liquor License Application for:

AGENT, Mario Angelo Rana
Osteria Mia
16853 N. 145th Ave, STE 155
Surprise, Arizona 85374

NEW SERIES 12 (New Application – Restaurant) – Application # 348735

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

1. Kimble's Kitchen (Series 12) – 17300 N. Sun Village Parkway #D
2. Sun Village Community Center (Series BYO) – 17300 N. Sun Village Parkway Suite. A
3. Pei Wei Fresh Kitchen (Series 12) – 14155 W. Bell Rd. #113
4. Over Easy (Series 12) – 14345 W. Bell Rd. #102 (Not Shown)
5. Residence Inn By Marriott (Series 7) – 16418 N. Bullard Ave.
6. Hilton Garden Inn Surprise (Series 11) – 16601 N. Stadium Way (Not Shown)
7. Pita Kitchen (Series 12) – 16853 N. 145 Ave. (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 increase.

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: 05/28/2025

To: Kristi Passarelli, City Clerk

Charles Vasquez, Deputy City Clerk

From: Stephanie Cheshire-Bus Compliance Specialist

RE: Liquor License Application – Osteria Mia-16853 N 145th Ave Ste 155

Business License Status:

- ☒ Application link emailed on 5/28/25 .
- ☐ License # , current and valid for .
- ☐ Applied for license but is still pending and waiting on customer to provide additional information or documents.



Finance Department
Revenue Division
16000 N. Civic Center Plaza
Surprise, AZ 85374-7470
Business.license@surpriseaz.gov

05/28/2025

OSTERIA MIA

16853 N 145TH AVE, STE 155

SURPRISE, AZ 85374

Re: Business License Requirement

To Whom It May Concern:

The Revenue Division has received notification that a liquor license application has been received on behalf of your company.

The City of Surprise requires that all businesses located within the City of Surprise have a City of Surprise business license prior to the start of their operations. Please be sure to apply for your business license at least 3 weeks prior to the opening of your business.

You can apply online at <https://primeweb.surpriseaz.gov/> . City of Surprise Business License applications and supplemental forms are available online at <https://www.surpriseaz.gov/407/Business-License-Application-Supplementa>. License Fees will be billed upon approval of your license application.

For additional information, please visit the City of Surprise website at www.surpriseaz.gov.

If you have any questions, please email our office at business.license@surpriseaz.gov .

Respectfully,
Revenue Division



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



May 27, 2025

To: Charles Vasquez, Deputy City Clerk

From: Keith Tanner, Fire Marshal

Subject: Liquor License Application

Applicant: Osteria Mia
16853 N 145th Ave, Ste 155
Surprise, AZ 85374

The Surprise Fire-Medical Department has been involved with the pre-construction / plan review process at the above referenced location within the last few months to ensure compliance with the applicable fire codes within the tenant space and building. Since construction work is still ongoing, there are no known fire code violations. Therefore, fire has no comment on the application at this time.

If you have any questions feel free to contact me.

Keith Tanner
Keith Tanner, Fire Marshal
Fire Prevention Division
Surprise Fire-Medical Department

OSTERIA MIA

PAD
KINGSWOOD
PARK/SUN VILLAGE

PITA KITCHEN

PAD
ORCHARDS

SITE

OVER EASY
SURPRISE

HILTON
GARDEN INN
SURPRISE

PAD
SURPRISE
CENTER



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025 Contact Person: Christina Sexton
Submitting Department: Community Development District: District 1
Staff Recommendations:

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

Consideration and action pertaining to a Rezone of approximately 295 gross acres from Rural Residential (RR) to Residential Low Density (R-1) and Residential High Density (R-3), on four (4) parcels generally located north of the northwest corner of 251st Avenue and Beardsley Road. FS23-0350.

Motion:

I move to approve/Deny Ordinance #2025-13.

Background:

RVi Planning + Landscape Architecture, the applicant, on behalf of Old Westbury Land & Cattle Co., LLC, the owner, requests a rezone of approximately 295 gross acres from Rural Residential (RR) to Residential Low Density (R-1) and Residential High Density (R-3), to accommodate future development, on four (4) parcels generally located north of the northwest corner of 251st Avenue and Beardsley Road.

Objective Analysis:

The request to rezone to Residential Low Density (R-1) and Residential High Density (R-3), as outlined and detailed in the rezone document, is consistent with the Land Development Ordinance and advances the goals and policies of the General Plan 2040.

Policy Compliant:

The requested rezone, as outlined and detailed in the rezone document, is consistent with the Land Development Ordinance and advances the goals and policies of the General Plan 2040.

Financial Impact:

While this item does not have an immediate or direct financial impact, ongoing development activity in the City will inevitably have a future financial impact as additional resources are needed to provide city services.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

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

ATTACHMENTS:

1. 00- FS23-0350 Surprise 295 - Rezone - Staff Report
 2. 01 - FS23-0350 Surprise 295 Rezone - Vicinity Map
 3. 02 - FS23-0350 Surprise 295 Rezone - Existing Zoning Map
 4. 03 - FS23-0350 Surprise 295 Rezone - Proposed Zoning Map
 5. 04 - FS23-0350 Surprise 295 Rezone - Narrative Document
 6. 05 - FS23-0350 Surprise 295 Rezone - Citizen Participation Plan
 7. 06-FS23-0350 Surprise 295 Rezone - Affidavit of Posting
 8. 07-FS23-0350 Surprise 295 Rezone - Luke AFB Letter
 9. 08 - FS23-0350 Surprise 295 - Rezone - Ordinance
 10. 09 - FS23-0350 Surprise 295 - Rezone - PZ Recommendation
 11. FS23-0350 Surprise 295 Rezone - PowerPoint
-

REZONE

REPORT TO THE CITY COUNCIL

Case: **FS23-0350**

Project Name: Surprise 295 - Rezone

Council District: 1 - Acacia

Planning Commission

Date: May 15, 2025

City Council Date: **June 17, 2025**

Planner: Chris Sexton, Senior Planner

Owner: Old Westbury Land & Cattle Co., LLC

Applicant: Mark Reddie with RVi Planning + Landscape Architecture

Request: Rezone from Rural Residential (RR) to Residential Low Density (R-1) and Residential High Density (R-3)

Site Location: Generally located north of the northwest corner of 251st Avenue and Beardsley Road

Site Size: Approximately 295 gross acres

Density: Residential Low Density - 3.5 DU/Ac
Residential High Density - 11.9 DU/Ac

General Plan

Conformance: The proposal is consistent with the Surprise General Plan 2040.

Support/Opposition: None known.

Commission Recommendation:

The Planning and Zoning Commission recommended **approval** of case FS23-0350 to the Mayor and City Council, subject to the added stipulation:

- a. The R-3 development, if approved be developed either concurrently or after any development on the R-1 portion of the lot.

Project Description:

RVi Planning + Landscape Architecture, the applicant, on behalf of Old Westbury Land & Cattle Co., LLC, the owner, requests a rezone of approximately 295 gross acres from Rural Residential (RR) to Residential Low Density (R-1) and Residential High Density (R-3), to accommodate future development, on four (4) parcels generally located north of the northwest corner of 251st Avenue and Beardsley Road.

Background:

June 8, 1989: Two parcels (APNs: 503-83-022J & 503-82-001B) were annexed into the City of Surprise under Ordinance 89-05.

September 22, 2022: Staff met with the applicant to discuss the project during a regularly scheduled Concept Review meeting under CR22-1026.

April 25, 2023: The applicant filed a request for a rezone from RR to R-1 and R-3 under FS23-0350, the subject case.

August 10, 2023: The applicant held a neighborhood outreach meeting to discuss the project.

March 4, 2025: City Council approved the annexation of two (2) 55-foot wide parcels (APNs: 503-82-001A & 503-83-022H).

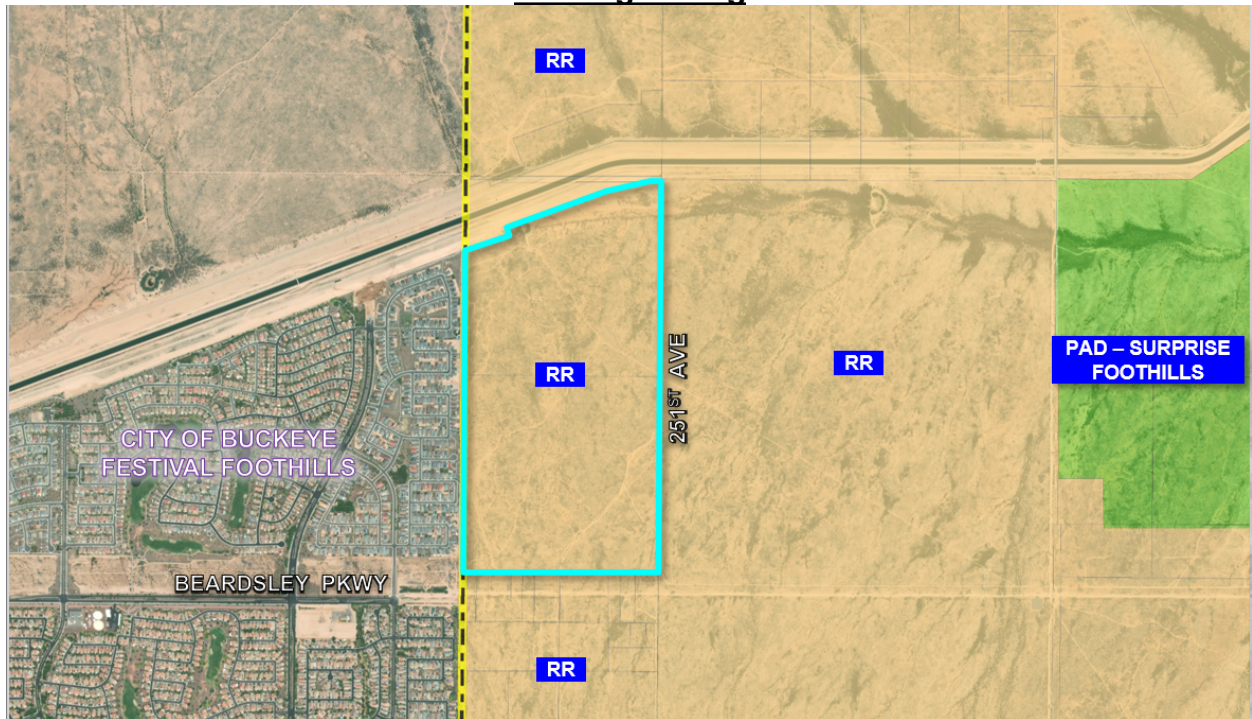
May 15, 2025: Planning and Zoning Commission recommended approval of the proposed rezone subject to a stipulation.

Analysis and Discussion:

The subject properties, which encompass approximately 295 gross acres, are currently zoned Rural Residential (RR). The applicant requests to rezone approximately 272 acres to Residential Low Density (R-1) and 23 acres of Residential High Density (R-3) to accommodate a combination of future single-family and multi-family developments.

The existing and proposed zonings are shown below.

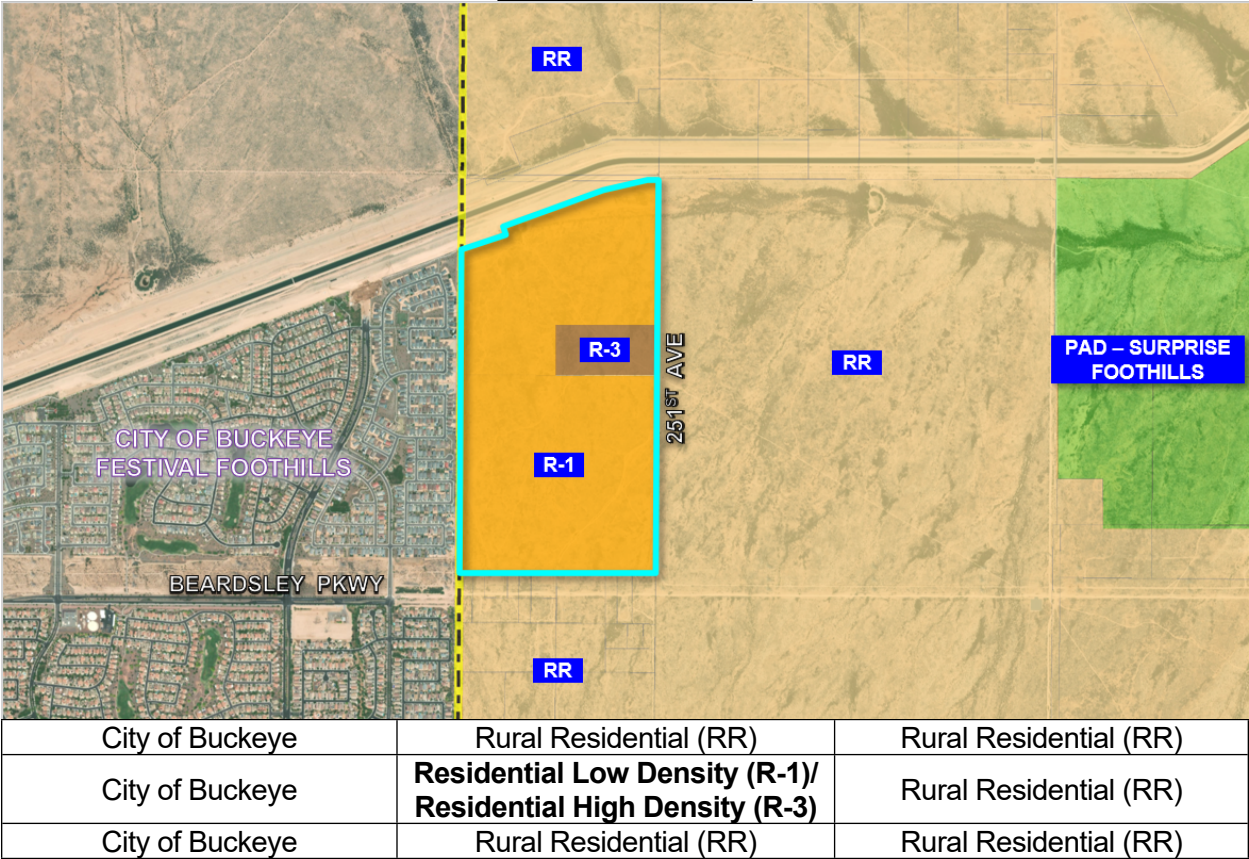
Existing Zoning

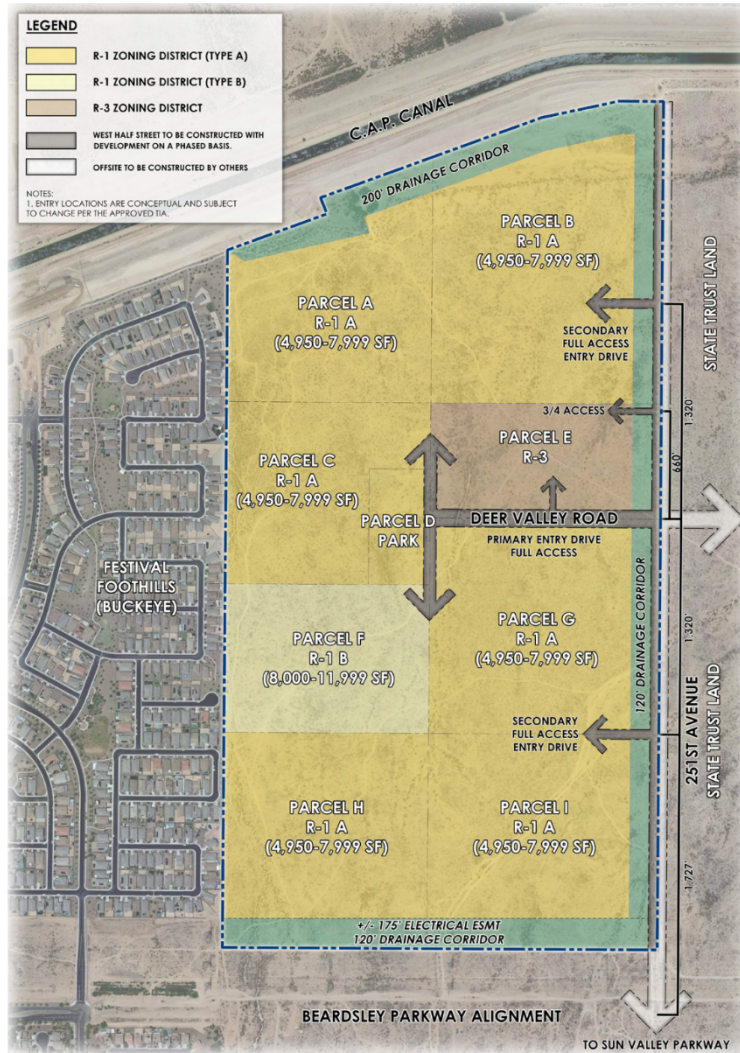


City of Buckeye	Rural Residential (RR)	Rural Residential (RR)
City of Buckeye	Rural Residential (RR)	Rural Residential (RR)
City of Buckeye	Rural Residential (RR)	Rural Residential (RR)

76
77

Proposed Zoning





Development Plan:

The applicant is requesting a rezone for a combination of single-family and multi-family with a majority of the site being rezoned to R-1. The site layout and zoning categories proposed are influenced by the future roadway network and existing drainage conditions. The proposed R-3 portion of the project is located in the mid-easterly section of the project located near an arterial road.

Landscape buffers will be provided along each specific zoning district and along adjacent roadways in compliance with the LDO.

Development Standards:

The applicant is not requesting a deviation from the development standards of the LDO, PEDS, or City Code to facilitate the rezone. Furthermore, future development within the subject property will adhere to the applicable development standards of the R-1 and R-3 zoning districts.

Open Space & Amenities:

Utilizing the information known at this time, the applicant provided the conceptual open space plan (see below) to depict where open space and amenities may develop within the subject site. The future developments that locate here will be subject to the requirements of the LDO, PEDS, and the General Plan 2040 with regards to open space minimums, landscaping, buffering, and amenities. These elements will be reviewed in detail at the time of preliminary plats and site plans.



Roadways:

The subject site is bounded by CAP Canal to the north, future 251st Avenue alignment to the east, future Beardsley Road alignment to the south, and the City of Buckeye development to the west. The development must provide two points of vehicular access. The primary access will be via 251st Avenue from Sun Valley Parkway. For the required secondary access, City staff may exercise discretion in selecting one of the following three options:

1. **Desert Vista Boulevard Connection:** Extend a local roadway from the proposed development eastward to Beardsley Road, creating a connection between 251st Avenue and Desert Vista Boulevard. This extension would provide access into the City of Buckeye.
2. **Beardsley Road Extension:** Extend a local roadway directly from the development site to Beardsley Road. Beardsley Road would then provide east-west connectivity, extending west into the City of Buckeye and east to 251st Avenue.
3. **Deer Valley Road Connection:** Construct a segment of Deer Valley Road from 251st Avenue to approximately 600 feet east of 243rd Avenue. This connection would align with the existing termination point of Deer Valley Road within the Surprise Foothills development, facilitating an eastern link.

Improvements to the roadways will occur as development occurs, in addition to the internal circulation of this area.

Utility and Services Table:

Electric:	APS
Water:	City of Surprise
Wastewater:	City of Surprise
Refuse:	City of Surprise
Natural Gas:	Southwest Gas
Schools:	Wickenburg School District

Conformance with Adopted Plans:

The Surprise General Plan 2040 shows the subject property as lying within the Neighborhood Character Area, which supports residential development of up to 8 DU/Ac or more, provided appropriate transitions are made between the various Neighborhood types included within the character area. As such, the proposed rezone demonstrates consistency with this land use category.

Reviewing Agencies:

In addition to the standard City reviewing agencies, Maricopa Water District and Luke AFB were included in the routing of this request. These agencies indicated no objections to the request.

Citizen Outreach:

The applicant held a neighborhood outreach meeting on August 10, 2023, that was properly advertised per the requirements of the LDO. The meeting took place in-person at Willow Canyon High School. During this meeting, residents from the vicinity expressed their concerns regarding access, infrastructure, development standards, and more. See the attached Citizen Participation Report for a detailed summary of the meeting.

152 **Summary:**

153 The proposed Rezone from Rural Residential (RR) to Residential Low Density (R-1) and
154 Residential High Density (R-3) is consistent with the Surprise General Plan 2040 and will be
155 developed under the provisions of the LDO. At the May 15, 2025, Planning and Zoning
156 Commission, the Commission added a stipulation that the R-3 development, if approved, be
157 developed either concurrently or after development on the R-1 portion.

158
159 **Findings:**

- 160 • The proposed rezone is consistent with the Surprise General Plan 2040.
- 161 • The proposed rezone is consistent with the City of Surprise.
- 162 • The reviewing agencies have indicated no objections to the request.

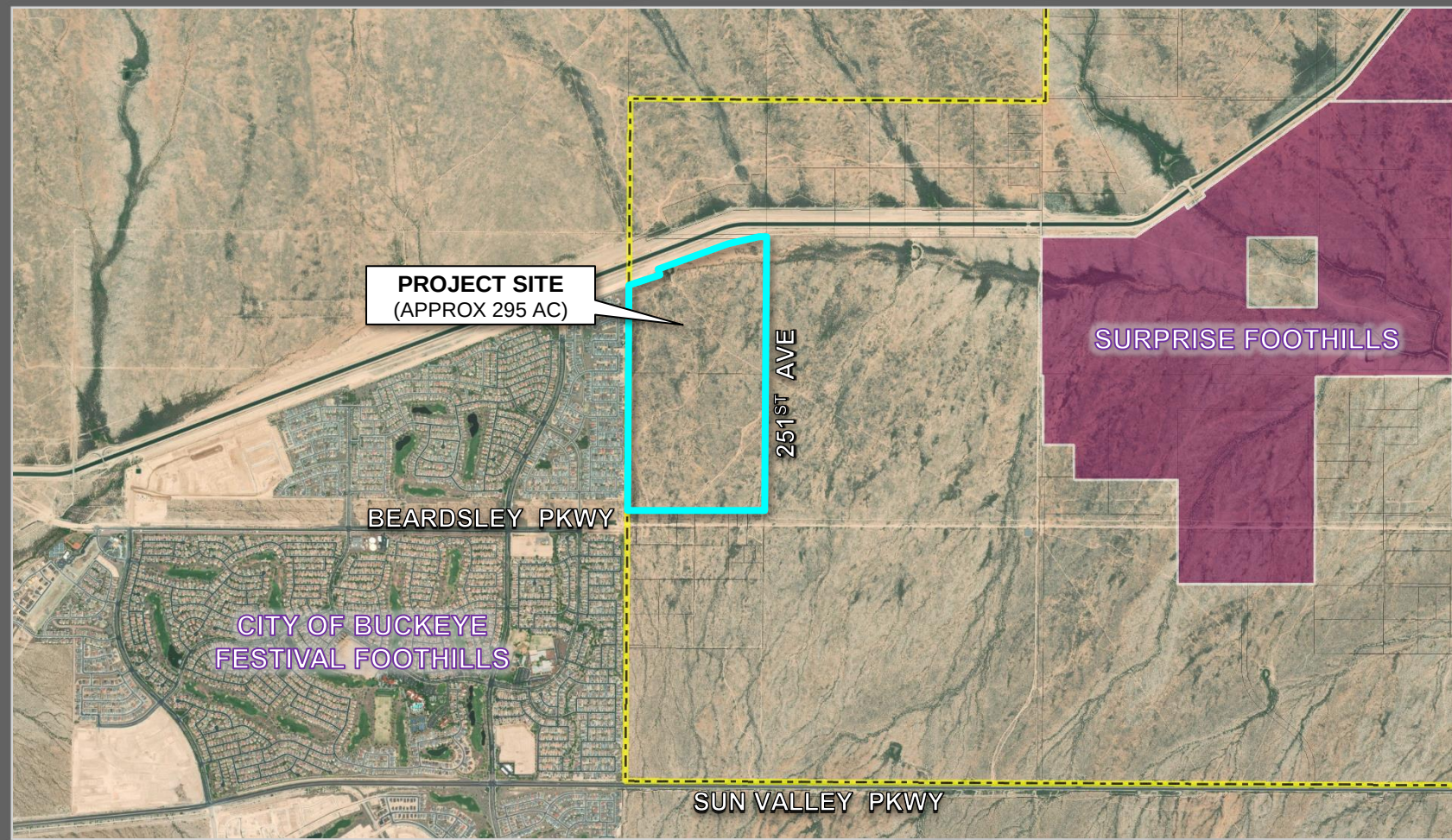
163
164 **Commission Recommendation:**

165 Based on the findings noted above, the Commission moved to recommend **approval** of case
166 FS23-0350 to the Mayor and City Council subject to stipulation 'a' as follows:

- 167
168 a. The R-3 development, if approved, shall be developed either concurrently or after
169 development on the R-1 portion of the lot.

170
171 **Attachments:**

172 00 Staff Report
173 01 Vicinity Map
174 02 Existing Zoning Map
175 03 Proposed Zoning Map
176 04 Rezone Narrative Document
177 05 Citizen Outreach Report - REDACTED
178 06 Affidavit of Site Posting
179 07 Luke AFB Letter
180 08 Ordinance 2025-13
181 09 P&Z Recommendation
182 PPT
183



PROJECT SITE
(APPROX 295 AC)

251ST AVE

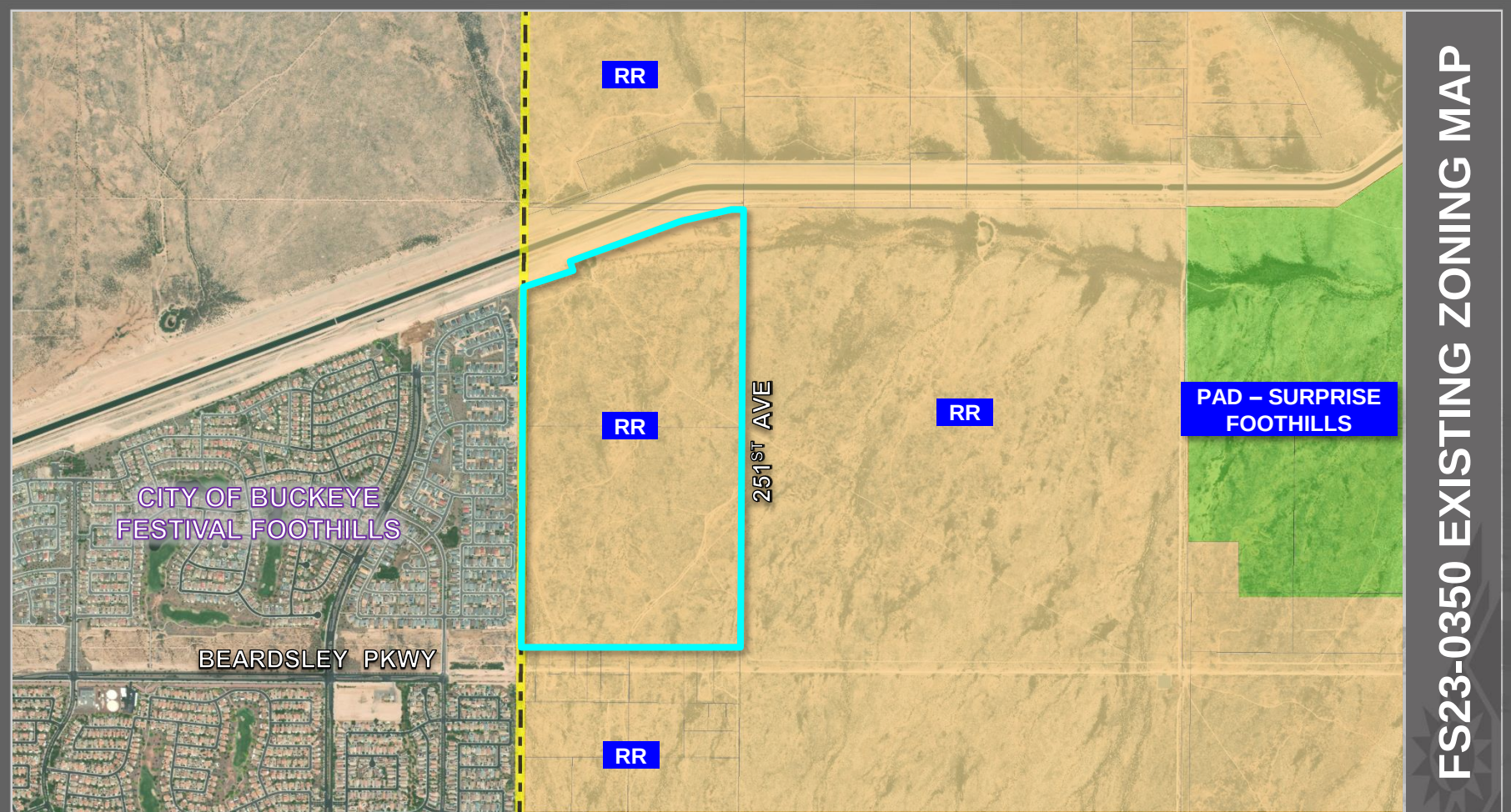
BEARDSLEY PKWY

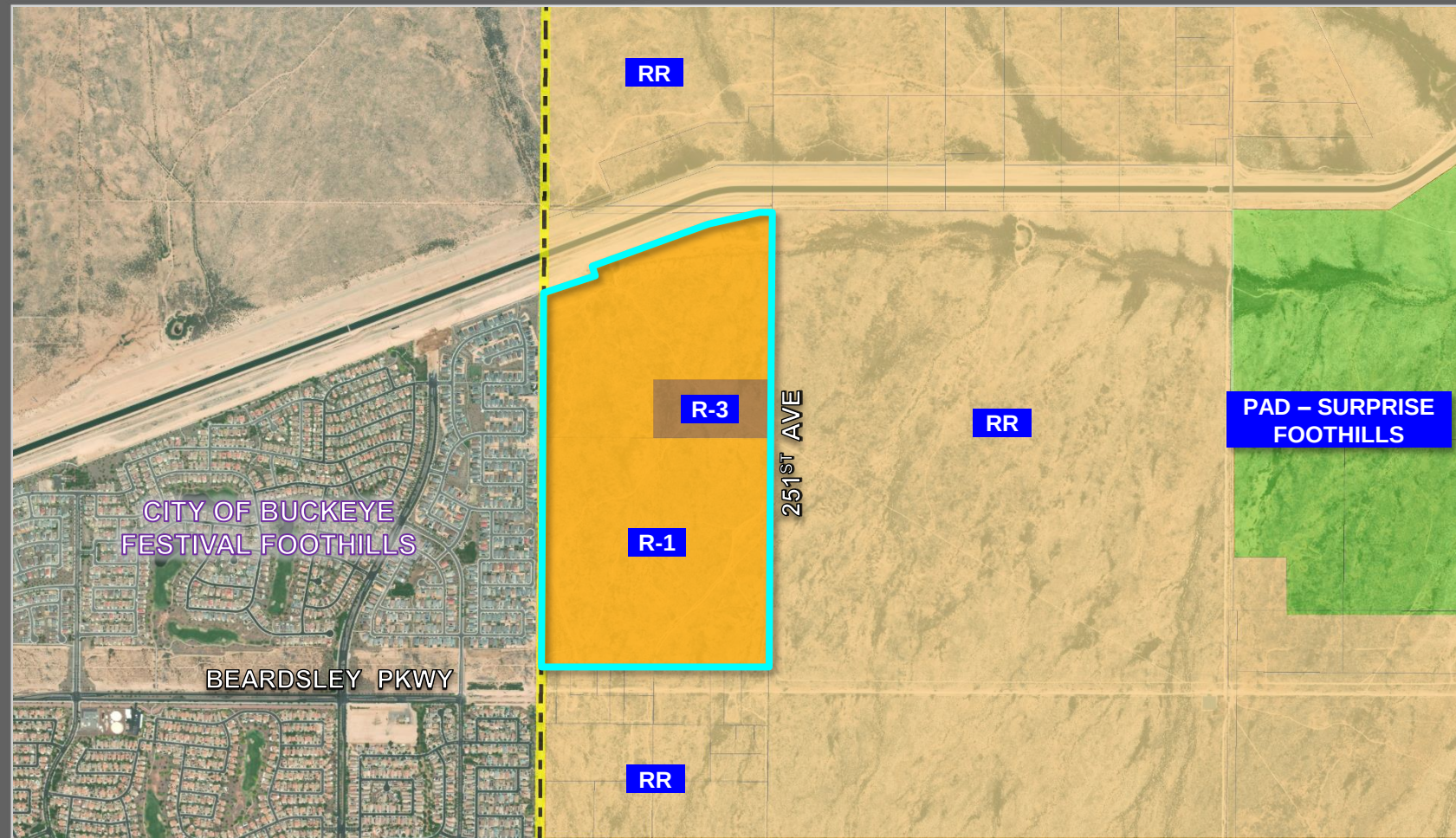
CITY OF BUCKEYE
FESTIVAL FOOTHILLS

SURPRISE FOOTHILLS

SUN VALLEY PKWY

FS23-0350 VICINITY MAP





SURPRISE 295

REZONING NARRATIVE

Site Analysis | Proposed Zoning and Conceptual Land Use Plan | Regulatory Development Standards

CASE: FS23-0350

FINAL SUBMITTAL: SEPTEMBER, 2023



PRESENTED BY:



APPLICANT TEAM

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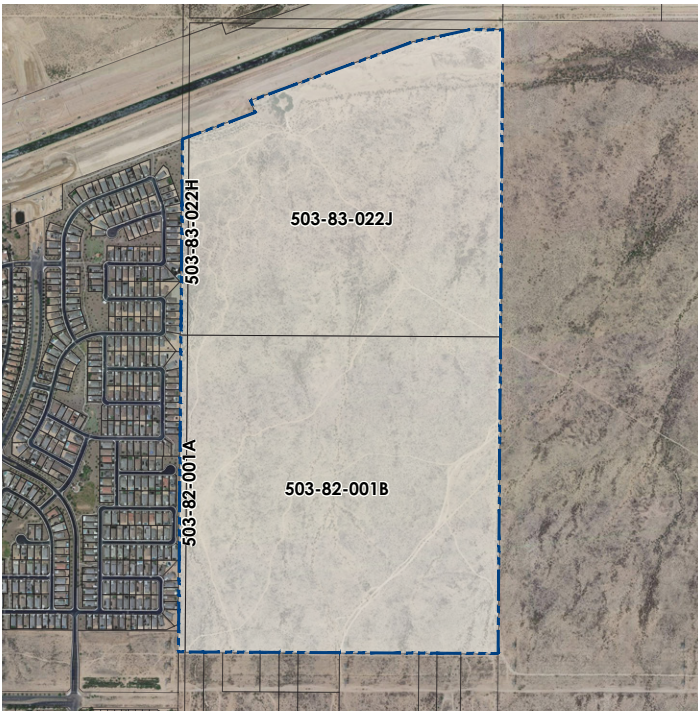
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TABLE OF CONTENTS

1. PROJECT INTRODUCTION	1
2. SITE ANALYSIS	1
Site Location.....	1
General Plan Land Use and Zoning Designations	2
Existing Pre-Development Conditions	2
3. PROPOSED DEVELOPMENT PLAN	3
Conceptual Development and Open Space Plan	3
Zoning Base Districts.....	4
Residential – Single Family	5
Residential – Multi-Family.....	5
Proposed Regional Transportation Improvements	5
Utilities & Services.....	6
Environmental Inventory Plan.....	7
4. REGULATORY DEVELOPMENT STANDARDS.....	7
Residential Low Density (R-1)	7
Residential High Density (R-3)	7
General Development Standards	8
5. CONCLUSION.....	8
 Exhibit 1 Regional Vicinity Map	9
Exhibit 2 General Plan Land Use Map.....	10
Exhibit 3 Existing Zoning Map.....	11
Exhibit 4 Proposed Zoning Map	12
Exhibit 5 Conceptual Development Plan	13
Exhibit 6 Conceptual Open Space Plan	14
Exhibit 7 Regional Transportation Plan	15

1. PROJECT INTRODUCTION

RVi Planning + Landscape Architecture, on behalf of The Hampton Group, is pleased to submit this rezoning application for Surprise 295 (Subject Site) to change the existing zoning from Rural Residential (RR) to a combination of single-family and multi-family residential zoning districts on multiple parcels comprising approximately 295 gross acres, located just north of the northwest corner of the future Beardsley Parkway and 251st Avenue alignments. The APNs associated with this request are 503-83-022J, 503-82-001B, 503-83-022H, and 503-82-001A.



Assessor Parcel Map

This rezoning narrative will provide the framework for future development of the Subject Site. In the following sections, additional information will be provided as it relates to the following items:

- Site Analysis
- Proposed Development Plan
- Regulatory Development Standards

The proposed development complies with the 2035 General Plan and does not include deviations to the land use and regulatory development provisions outlined in the Surprise Land Development Ordinance (LDO) and Planning and Engineering Design Standards (PEDS) Manual.

2. SITE ANALYSIS

Site Location

The Property's western edge shares a municipal boundary with the City of Buckeye and the Festival Foothills Planned Community, a portion of the 10,000+ acre Festival Ranch Community Master Plan, with lot sizes ranging from 5,175-7,800 SF. See **Exhibit 1: Regional Vicinity Map**. Properties located north, south and east of the subject site are within the City of Surprise jurisdictional boundary but are currently vacant/undeveloped. The property immediately east of the site is State Land. There are many properties starting one mile east of the Subject Site that are planned and entitled with development plans in various stages of review, approval and construction, including Surprise Foothills, Surprise 320, Buena Vista Ranch, Rancho Vista, and Mesquite Mountain Ranch. See **Table 1: Existing and Surrounding Land Uses** below.

TABLE 1: EXISTING AND SURROUNDING LAND USES

LOCATION	GENERAL PLAN	EXISTING ZONING	LAND USE
Site	Neighborhoods	Rural Residential (RR)	Vacant
North	Neighborhoods	Rural Residential (RR)	CAP Canal, Vacant
South	Neighborhoods	Rural Residential (RR)	Vacant
West	Master Planned Community (Buckeye)	Planned Community (Buckeye)	Festival Foothills
East	Neighborhoods	Rural Residential (RR)	Vacant

General Plan Land Use and Zoning Designations

The City of Surprise 2035 Land Use Map designates the Subject Site as Neighborhood Character Area with the underlying development type as Suburban Neighborhoods. The Suburban Neighborhoods category (2-8 du/ac) is meant to represent the transition area between rural settings and urban environments. These neighborhoods reflect the most common pattern of development in the City and where Surprise's future population growth will be concentrated. Suburban Neighborhoods include predominantly medium-density residential housing types. The proposed development plan shall comply with the Aesthetics and Built Form as prescribed in the General Plan which includes the following elements:

- Residential building setbacks from the front property line should vary to create a more interesting and attractive streetscape.
- Residential buildings should de-emphasize front load garages by providing a mix of garage orientations including, side or angle entry, rear load with alley access, or front load with a set back from the primary living space.
- The placement of non-residential buildings should be pushed close to the primary roadway, and parking areas should be encouraged to the sides and/or rear of buildings.
- New subdivisions should be connected to existing adjacent developments, or provide stub streets to future development areas, to allow for strong internal pedestrian, bicycle, and automobile connectivity. Cul-de-sacs should only be reserved for use when physical site constraints are present.
- All major residential development shall include active and passive open space areas designed, located, and oriented to provide high pedestrian accessibility within and around the development, and buffer between less developed and more urban developed areas. The design and placement of public off-street pedestrian trail connections to adjacent development is highly encouraged.

- A traditional grid pattern street network is encouraged. Streets with curvilinear design are also encouraged where local topography and protection of natural features warrant such design.
- The incorporation of "complete streets" should be utilized to enable safe, attractive, and comfortable travel for all users, including automobiles, pedestrians, bicyclists, and transit.

All surrounding developments within the City of Surprise are zoned either Rural Residential or PAD. The nature of the surrounding area is reserved for residential and neighborhood commercial development which is consistent with the proposed rezoning for the Subject Site. See **Exhibit 2: General Plan Land Use Map** and **Exhibit 3: Existing Zoning Map**.

Existing Pre-Development Conditions

The site is relatively flat and contains multiple washes running south to northeast throughout with no major defined wash corridors extending through the property. Portions of the site are within a designated floodplain, and a network of drainage channels is being considered to route the off-site drainage flows around the perimeters of the property to remove the property from the floodplain. A solution for stormwater management is currently being studied to evaluate the requirements that may include 404, LOMR, and Floodplain Use Permits. The Subject Site is currently vacant and does not have built roadways or infrastructure to serve the site.

Drainage: The site area falls within a region that is currently being studied by the Maricopa County Flood Control District (MCFCD), more specifically within the Whitman ADMS (Area Drainage Master Study) area, and is partially within another active study known as the Sun Valley ADMS. The Whitman ADMS contains ongoing hydrologic analyses of the area but has not yet undergone hydraulic delineation of the washes, floodways and floodplains therein.

Based on current records for Maricopa County, as well as the current FEMA FIRM Map (#04013C1190L effective 10/16/2013 and 04013C1180M effective 11/4/2015), the property falls within floodplain Zone Shaded 'X' as well as Zone 'A'. "Area of Minimal Flood Hazard."

Special Flood Hazard Zone “A” is defined as: “Special Flood Hazard Areas (SFHAs) subject to inundation by the 1% annual chance flood, no base flood elevations determined.”

According to FEMA there is only a zone A floodplain located on the southern and eastern portions of the site. In addition to this floodplain limit, the MCFCD is also showing a floodway Zone AAFF on the western portion of the site. This floodway is effective for MCFCD but not approved by FEMA.

The 100-year return period design flow was approximated to be $Q_{100}=1,500$ cfs for the FEMA Zone A floodplain, and $Q_{100}=400$ cfs for the westerly floodway area. At the northwest corner of the project site, the westerly floodway combines with offsite flow of $Q_{100}=900$ cfs and flows east along the northern boundary of the site with a total of $Q_{100}=1,300$ cfs. This information is better represented in Exhibit 3.

The FLO2D model used for the white tanks mountain will be used as the base and updated using the latest version of FLO2D. This update may modify the existing condition results, and needs to be discussed with MCFCD. The impacts to the wash on the north side of the property will be done using either the FLO2D model or the HEC2 model, updated to the latest version of HEC-RAS.

School Districts: The Subject Site is in the Wickenburg Unified #9 School District. The closest public elementary school within this district is the Festival Foothills Elementary School located at 26252 W Desert Vista Blvd, Buckeye, Arizona, 85396 and is less than one mile from the Subject Site. The closest middle school is the Vulture Peak Middle School, located at 920 S Vulture Mine Rd, Wickenburg, AZ 85390. The closest high school is Wickenburg High School, located in Wickenburg at 1090 South Vulture Mine Road with Dysart Unified School District as an option.

Water and Sewer Service: Surprise 295 is located within Special Planning Area 3 (SPA-3) in the City of Surprise, Arizona. SPA-3 is generally located north of Bell Road, west of Beardsley Canal, south of Grand Avenue and Central Arizona Project Aqueduct, east of 259th Avenue and encompasses approximately 59 square miles.

Electricity: APS is the service provider in the area. There is no existing service for this site, although APS has approved two new sub-station locations to help serve the northwest Surprise area. The closest sub-station is located approximately four (4) miles west of the property. These improvements are planned to be built as development occurs in this area. An additional substation is under construction on the east side of 227th Avenue directly north of the wash that intersects Mesquite Mountain Ranch

There is an existing WAPA utility easement totaling approximately 175-feet in width oriented in an east/west direction through the southern portion of the Subject Site. These power line easements house existing 500 KV power lines.

Existing Roads, ROW and Utilities: The Subject Site is located just north of the northwest corner of the future Beardsley Parkway and 251st Avenue alignments. Currently no partially or fully improved roadway network exists adjacent to the Subject Site except for Sun Valley Parkway, which is currently a four-lane divided roadway with access limited to median breaks at approximately one-mile intervals, and the portion of Beardsley Parkway going through Festival Foothills to the west. All other roadways in the study area are unimproved and without full right-of-way dedication necessary for development according to the Surprise 2035 General Plan's roadway classification map. There is no existing ROW near the Subject Site.

3. PROPOSED DEVELOPMENT PLAN

In accordance with the Surprise LDO, the proposed project seeks to establish residential zoning districts throughout the site to be consistent with the LDO. No deviations are proposed as part of this application and all development will follow the LDO and PEDS Manual as prescribed.

Conceptual Development and Open Space Plan

The Subject Site is laid out in consideration with the natural drainage constraints and roadway network proposed throughout the site. The multi-family parcel is located near the major roadway corridors to provide an appropriate balance and transition to the remainder of the residential development

throughout the site. Landscape buffers will be provided along the boundaries of each specific zoning district and along adjacent roadways in compliance with the LDO. In addition to the primary entry located at the Deer Valley Road and 251st Avenue intersection, two full access entryways will be provided with 1/4 mile spacing along 251st Avenue. It is also anticipated that the proposed R-3 parcel will include a restricted secondary access point along 251st Avenue. The conceptual location of these future intersections are depicted on **Exhibit 5: Conceptual Development Plan**.

The Subject Site should include numerous opportunities for active and passive recreation through open space, drainage corridors, developed parks, and trails throughout the community. These will be incorporated and detailed further during the preliminary and final plat process as development occurs. The open space program will likely include one central community park that is approximately six acres and will be located at the terminus of Deer Valley Road. The community and neighborhood parks are envisioned to be tied together by open space corridors providing a distinguishing usable open space area that serves the entire development. Several smaller local parks/active open space areas that are integrated into each neighborhood and generally within a 1/4 to 1/2 mile walking distance to all residents within the community will also be provided. Neighborhood parks will include a combination of passive and active amenity types that may include shaded seating areas, limited turf areas, dog parks, sport courts, ramadas, bbqs, tot lots, and walking paths.

The remaining multi-family parcel will include a combination of usable open spaces and private amenities. Pedestrian connections to the collection of parks and usable open spaces will be evaluated in future phases of development. See **Exhibit 6: Conceptual Open Space Plan** which shows the proposed locations of usable open space.

All required minimum open space requirements will be met and all design and development elements will be in accordance with the Surprise LDO and PEDS requirements as prescribed, which includes a minimum of 20% open space for the overall development despite the differing lot categories provided. The articles within the PEDS shall apply where applicable, based on the specific zoning and land use, and will govern the general site design and development, open space design, circulation design, landscape, and streetscape design, building form and architecture of a development in addition to other elements as required within the LDO.

Three trail types are proposed for the development, including a Regional Path, Community path, and Local Paths. The Regional Path is a 12' concrete path located along the northern perimeter of the property adjacent to the CAP Canal. This will provide future regional trail connections to the east and west of the property. The Community Path is a 10' concrete path running north/south through the site, connecting from the Regional Path to the various residential parcels and the neighborhood park within the development. The Local Paths are 6' concrete paths and will provide additional connectivity within the individual subdivisions to the Community Path. All three trail types are visually represented on Exhibit 6, Conceptual Open Space Plan.

Zoning Base Districts

There are two zoning districts proposed for the property that will be in conformance with the General Plan and LDO for the property. These districts include R-1 single family residential and R-3 multi-family residential. Detailed descriptions of each of these districts are provided below and defined in Table 3. See **Exhibit 4: Proposed Zoning Map** and **Exhibit 5: Conceptual Development Plan**.

This development proposes an estimated unit count of 1,185 with an overall gross density of 4.0 du/ac; though the overall unit count and density will be regulated by the LDO in accordance with the R-1 and R-3 zoning district requirements. This falls within the Suburban Neighborhood category's allowed density range of 2.0 to 8.0. See **Table 2: Proposed Zoning Districts**.

TABLE 2: PROPOSED ZONING DISTRICTS					
PARCEL	ZONING DISTRICT	GROSS ACRES	LAND USE %	ESTIMATED NET DENSITY	ESTIMATED UNIT COUNT
1	R-1	272.8	92	3.5 DU/AC	945
2	R-3	22.8	8	11.9 DU/AC	240
TOTAL	-	295.6	100	-	1,185

Notes:

- Density and unit count is estimated across each Zoning District and may be exceeded on a parcel to parcel basis, as permitted within each district.
- Net density calculations do not include areas of the property identified for perimeter roadways.

Residential – Single Family

The Residential Low Density (R-1) zoning district provides areas for single-family homes on varying lot sizes and a mix of densities with schools, parks, and other public services necessary for suburban residential neighborhoods. The proposed zoning will allow for the following lot categories:

- A (suburban 4,950-7,999 sf lot area)
- B (suburban 8,000-11,999 sf lot area)

These categories are compatible with the Suburban land use character as outlined in the 2035 General Plan and the LDO. The project proposes approximately 273 acres of low density residential uses throughout the site. The Subject Site is anticipated to have multiple lot types which may include but are not limited to 48' x 115' (5,520 square feet), 53'x120' (6,360 square feet), 58' x 120' (6,960 square feet) and 65' x 125' (8,125 square feet). The estimated proposed unit count allowed within the R-1 zoning district parcels is 945 (3.5 du/ net ac). The actual density per each of the seven development parcels may vary and will be determined during the preliminary and final platting of the property.

Residential – Multi-Family

The R-3 zoning district reflects the Urban Development Type and is allowed in the Neighborhood Character area in accordance with the General Plan. Multi-family residential shall have a minimum of four dwelling units per lot and a net residential density of more than eight dwelling units per acre. The minimum lot size for R-3 zoning is one acre. The Subject Site will permit a variety of uses including but not limited to build-to-rent, duplexes, and multi-story assisted living facilities. This development parcel is intentionally located centrally along the east edge of

the site north of the Deer Valley Road alignment, to place these higher density uses adjacent to a future arterial roadway and provide buffer to existing single family residential uses located west of the subject property. The project proposes approximately 23 acres of multi-family residential uses as shown by the proposed zoning map, built-in accordance with the character areas outlined in the 2035 General Plan and the LDO.

Proposed Regional Transportation Improvements

In discussion with the City of Surprise and in conformance with the City's 2035 General Plan, the following is a summary of the regional roadways within or adjacent to the Subject Site. See **Exhibit 7: Proposed Regional Transportation Plan**.

Deer Valley Road: The City of Surprise Roadway Plan shows Deer Valley Road extending to the Site from the east, but will terminate at 251st Avenue as it enters the property and will not extend into the City of Buckeye due to the Festival Foothills project blocking future access. Through the development of neighboring projects, it has been determined that Deer Valley Parkway will veer off the existing alignment immediately west of 227th Avenue and run diagonally through Surprise Foothills, and Deer Valley Road will continue as a minor arterial with 110-feet of total right-of-way west of 231st Avenue. Festival Foothills was built with lots backing the entire western edge of the Subject Site, with no available connection points to their internal street network. Due to this, Deer Valley Road will terminate within the Subject Site. As this road serves as the main access to this development, the developer will be required to obtain an access easement from the state land department to extend Deer Valley east from 243rd Avenue.

TABLE 3: ROADWAY CLASSIFICATION		
ROADWAY	ROADWAY CLASSIFICATION	PROPOSED ROW
Deer Valley Road	Minor Arterial	110'
251st Avenue	Minor Arterial	110'

Note: Where the project perimeter is adjacent to the roadway alignments, only half street dedications will be provided. Final determination and details of roadway improvements shall be consistent with the approved TIA.

251st Avenue: 251st is designated as a minor arterial with 110-feet of total ROW (55-feet west half street), connecting south from Sun Valley Parkway and running along the eastern boundary of the property.

In summary, the proposed regional transportation network follows the 2035 General Plan Street Transportation Map and as provided above and in **Table 3: Roadway Classification**. All roads immediately adjacent to and within the project will be designed and constructed per City of Surprise standard cross sections at the time of preliminary plat review.

Utilities & Services

Drainage: The proposed drainage solution consists of a rock trapezoidal perimeter channel. The channel conveys the floodway combined with the offsite floodplain at southerly portion of the site.

To create the largest dry area possible for potential development, both offsites flows entering the south property line are collected in one channel and routed to the east and north along the south and east property line respectively.

Water & Sewer: Both the water and sewer for the project will be served by the City of Surprise. Due to the remote nature of the subject property, significant offsite infrastructure will be required to physically provide the services necessary. Based on available records and through discussions with City staff, it was determined that the nearest water campus is WSF-3, which is located roughly 2-miles due east of the project along the north side of the W. Deer Valley Road alignment. This campus is being developed in part with the Surprise Foothill subdivision and will be expanded as needed to serve the area. It is anticipated that a new 24" water main will be installed

beneath the Deer Valley Road extension to connect the project to the City water system and will be the primary supply for water service at the project site. The project interior distribution network is expected to be made up of 6" – 24" main sizes to support the demands. Water supply to serve the project will be determined as the project continues due to varying needs and new projects in the vicinity. Due to the uncertainty of demand conditions in the future, the extent of water campus expansion or production well additions are currently unknown.

Based on a meeting with City of Surprise Water Resources Department staff on August 17, 2023, several specific requests were made as it pertains to continued development requirements for this project. Those additional requirements are identified as follows: the project is required to initiate discussions with the City of Buckeye to try and get a valve-controlled interconnect between Surprise and Buckeye water systems (for emergency purposes only), the project will be required to make two or more connections to the offsite public portion of the water main for redundancy, a 150'x150' future well site will need to be provided within the subdivision, a transmission main connecting the well site to WSF-3 will be added to the offsite infrastructure, and the City wishes to establish groundwater recharge basins with projects adjacent to the CAP Canal, where feasible. With respect to the Buckeye/ Surprise interconnect and the desire for recharge basins, these are currently only requests by staff and will require further investigation and negotiations with outside sources to determine feasibility and viability for the future.

The nearest sewer treatment facility is SPA3-WRF, which is located approximately 9-miles southeast of the project. The City has indicated that there is currently no sewer main extended in the vicinity, so the project will need to provide offsite improvements along Deer Valley Road to connect the subdivision to the treatment plant. At this time, it is anticipated that an offsite collection main will be constructed ahead of this project and consist of 24" – 48" sewer mains that are expected to extend to near the WSF-3 water campus to serve Surprise Foothills. With this, the project is currently only anticipating a need to extend approximately 2-miles of sewer main to physically serve the project. The onsite collection

system is projected to include 6" – 18" sewer mains. Treatment capacity at the plant is provided on a first come, first served basis, and will likely be established as a phased approach which will be dependent on other improvements and projects in the area when final design is being prepared.

Both water and sewer systems being connected to were constructed by private developers and have been/will be turned over to the City ultimately (if not so already). It is known that the developers of the infrastructure have provisions in place to sell and allocate openly available capacities for water and sewer demands in the area. Discussions have been initiated with the controlling parties to determine and acquire the necessary assurances for water and sewer service for the subject project.

It should be noted that both the water and sewer extensions along the Deer Valley Road alignment cross State Trust Land and will require the transfer or acquisition of land for public R/W along the proposed route.

Refuse: The Subject Site and surrounding areas are currently vacant with no existing refuse collection service. However, as the property is entirely within the City of Surprise jurisdictional limits, Surprise will provide refuse collection service once development occurs.

Fire & Police: The City of Surprise will provide fire and police protection service to the property. The closest existing fire station is Fire Station #2, located approximately 14 miles from the property at Union Hills and Grand Avenue, but a new fire station is proposed as part of the Surprise Foothills development two miles to the east. The closest police station is located at 13063 West Bell Road at Dysart Road, approximately 15 miles from the property.

Environmental Inventory Plan

An Environmental Inventory Plan will be provided in the Preliminary Plat stage to identify the extent of environmentally sensitive features present on the site that are to be protected.

4. REGULATORY DEVELOPMENT STANDARDS

This section contains the land use and regulatory development provisions to implement the Subject Site in accordance with the Surprise LDO and PEDS manual. These provisions constitute the primary tool for use by the City and the Developer to ensure that Subject Site develops in conformance with this document. Furthermore, this section includes information relating to the required development standards as prescribed by the base zoning districts outlined above including permitted uses, setbacks, heights, coverage, and general standards. All development within the project area shall conform to all City of Surprise Codes, Policies, and Regulations.

Residential Low Density (R-1)

The (R-1) zoning district reflects the Suburban Development Type and is allowed in the Neighborhood Character area in accordance with the General Plan with a maximum of one (1) dwelling unit per lot of record. The development of the Subject Site will vary but is anticipated to include multiple lot categories as defined by the LDO.

Development Standards: Table 106-2c within the Surprise LDO identifies the required development standards for the Residential Low Density (R-1) zoning district. All development shall follow as prescribed by the LDO.

Permitted Uses: Permitted uses shall conform to Table 106-1c and Table 106-1d within the Surprise LDO.

Residential High Density (R-3)

The (R-3) zoning district reflects the Urban Development Type and is allowed in the Neighborhood Character area in accordance with the General Plan. Multi-family residential shall have a minimum of four dwelling units per lot and a net residential density of more than eight (8) dwelling units per acre. The minimum lot size for parcels within the R-3 zoning district is one (1) acre.

Development Standards: Table 106-2e within the Surprise LDO identifies the required development standards for the Residential High Density (R-3) zoning district. All multi-family parcels designated on the proposed zoning map and as described above shall follow the LDO as prescribed.

Permitted Uses : Permitted uses shall conform to Table 106-1c and Table 106-1d within the Surprise LDO.

General Development Standards

All general development standards within the Surprise LDO will shall govern the Subject Site, including the City of Surprise Planning and Engineering Design Standards (PEDS), as referenced in Chapter 107, Article 1. The Articles within the PEDS shall apply where applicable, based on the specific zoning and land use, and will govern the general site design and development, open space design, circulation design, landscape, and streetscape design, and building form and architecture of a development in addition to those listed within the LDO.

5. CONCLUSION

The proposed rezoning application seeks to encourage future development consistent with the City's 2035 General Plan, current market demands for the area, and surrounding developments. The project team has coordinated with City staff regarding the regional transportation system in a rapidly growing area of the City of Surprise. The proposed development plan and zoning is designed to offer a broad mix of housing types appropriate for the area with a range of densities permitted within the neighborhoods land use designation. The proposed project evaluated all the existing and proposed conditions of the site and surround area to ensure compatibility while establishing a well thought out land use plan within this growing area of Surprise.

EXHIBIT 1 | REGIONAL VICINITY MAP

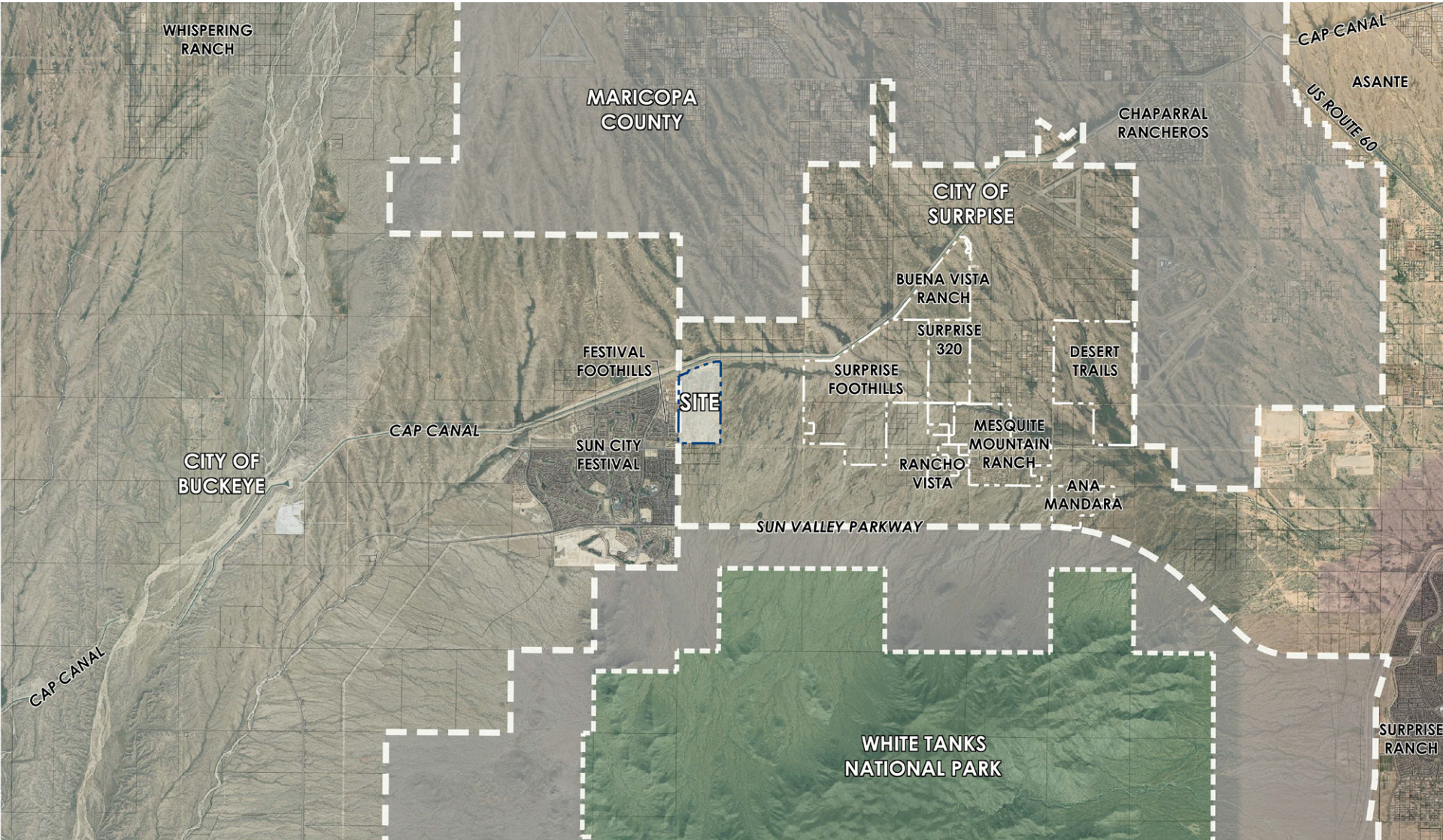


EXHIBIT 2 | GENERAL PLAN LAND USE MAP

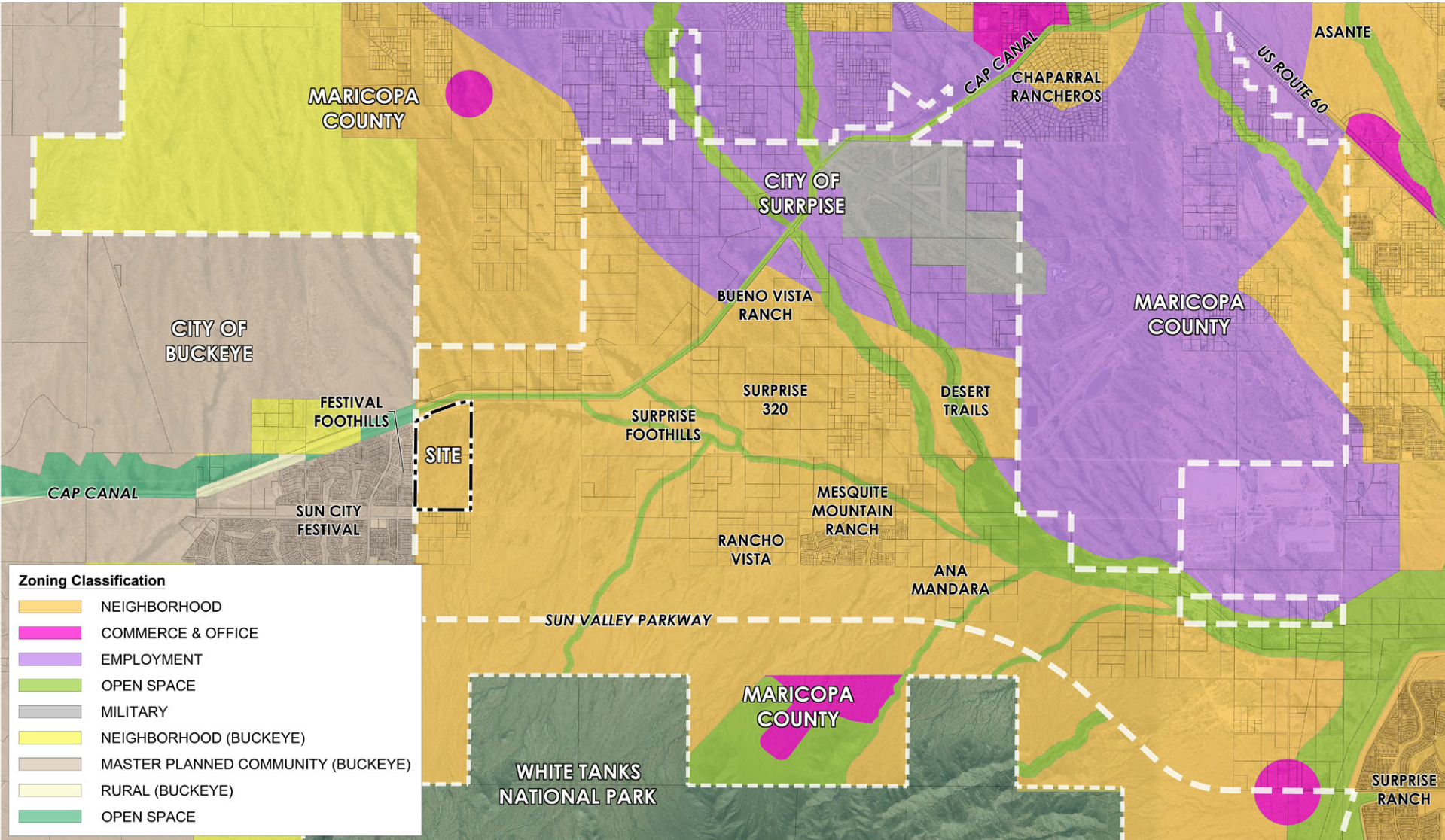


EXHIBIT 3 | EXISTING ZONING MAP

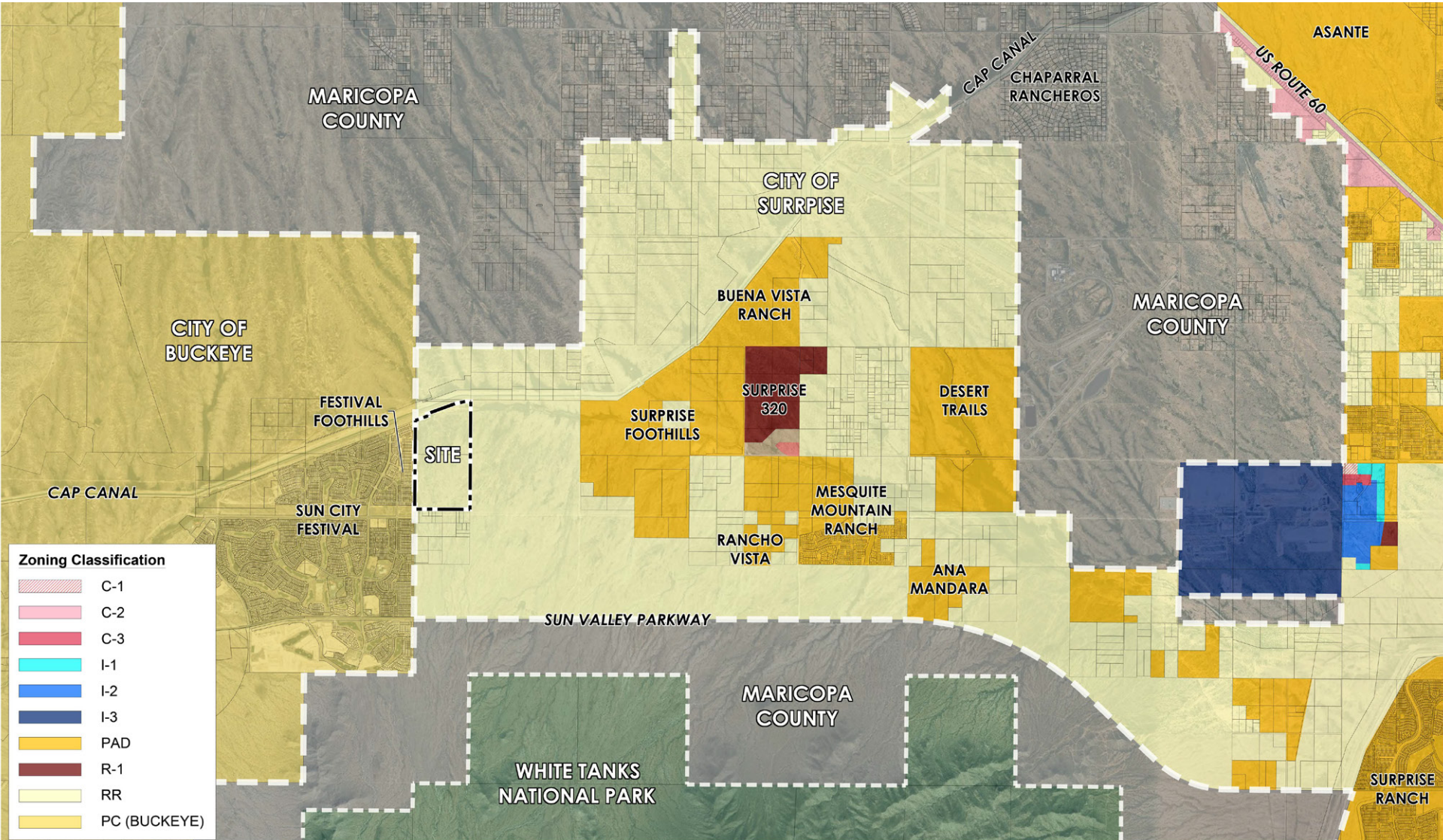


EXHIBIT 4 | PROPOSED ZONING MAP

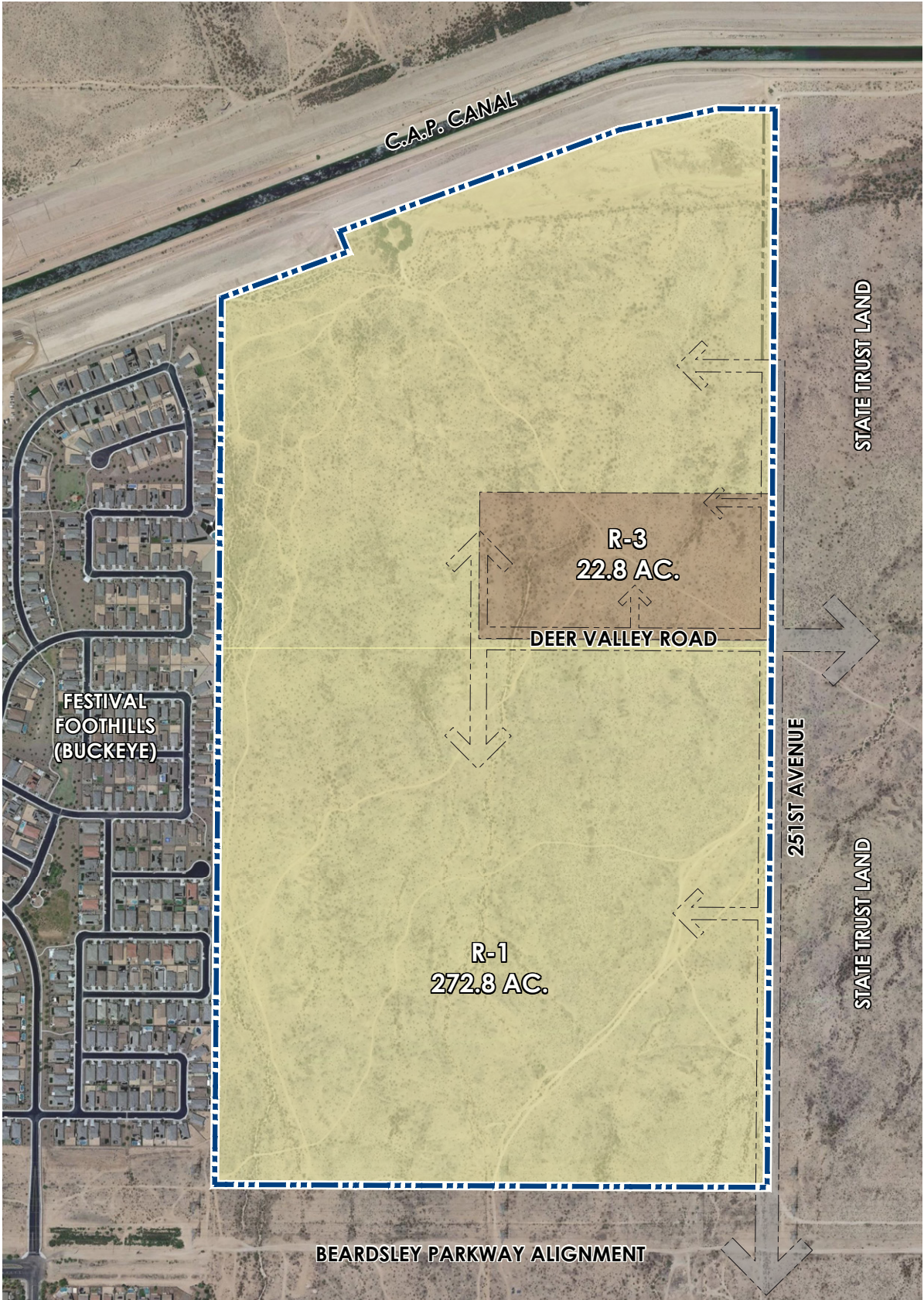
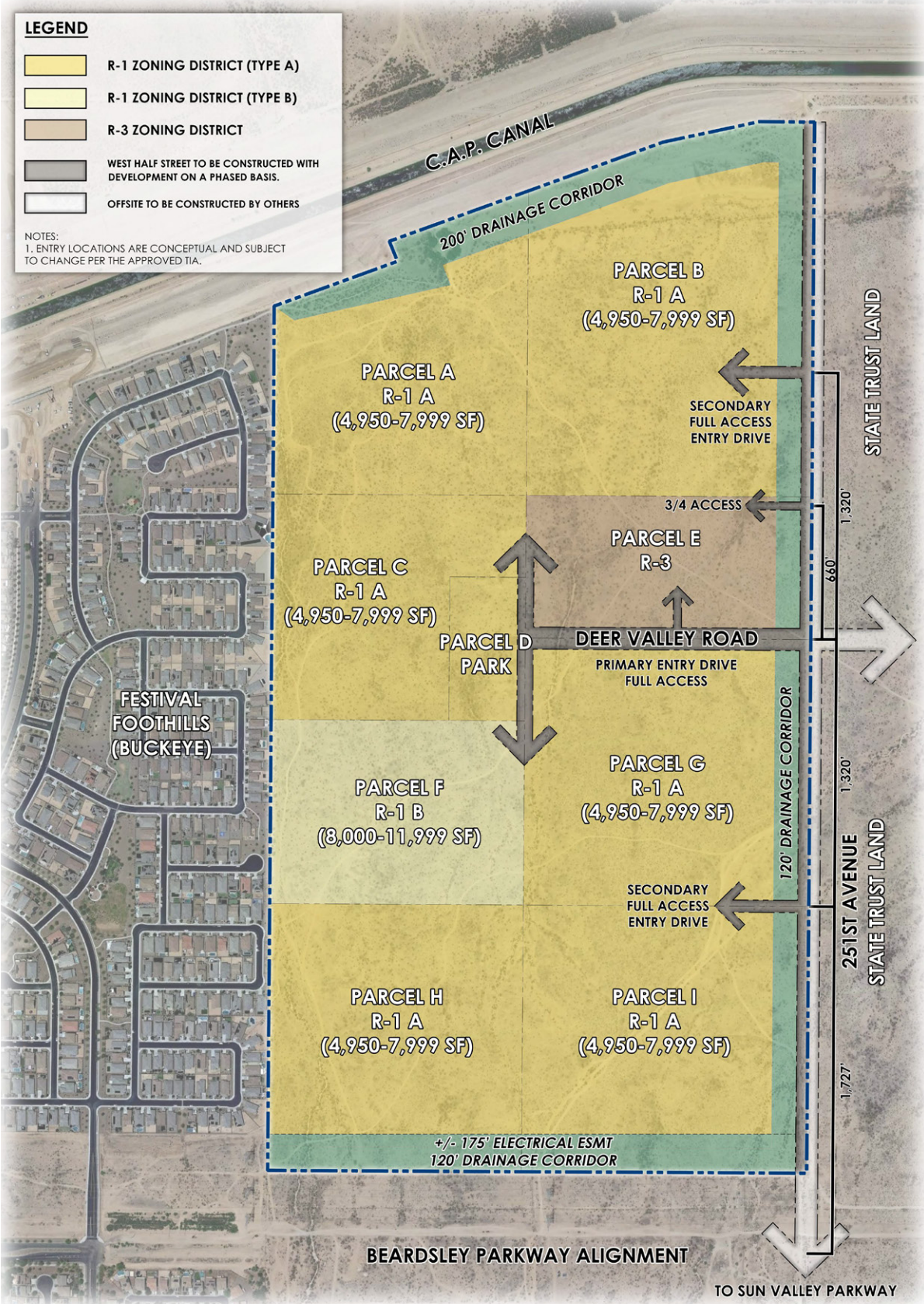


EXHIBIT 5 | CONCEPTUAL DEVELOPMENT PLAN



NTS

EXHIBIT 6 | CONCEPTUAL OPEN SPACE PLAN

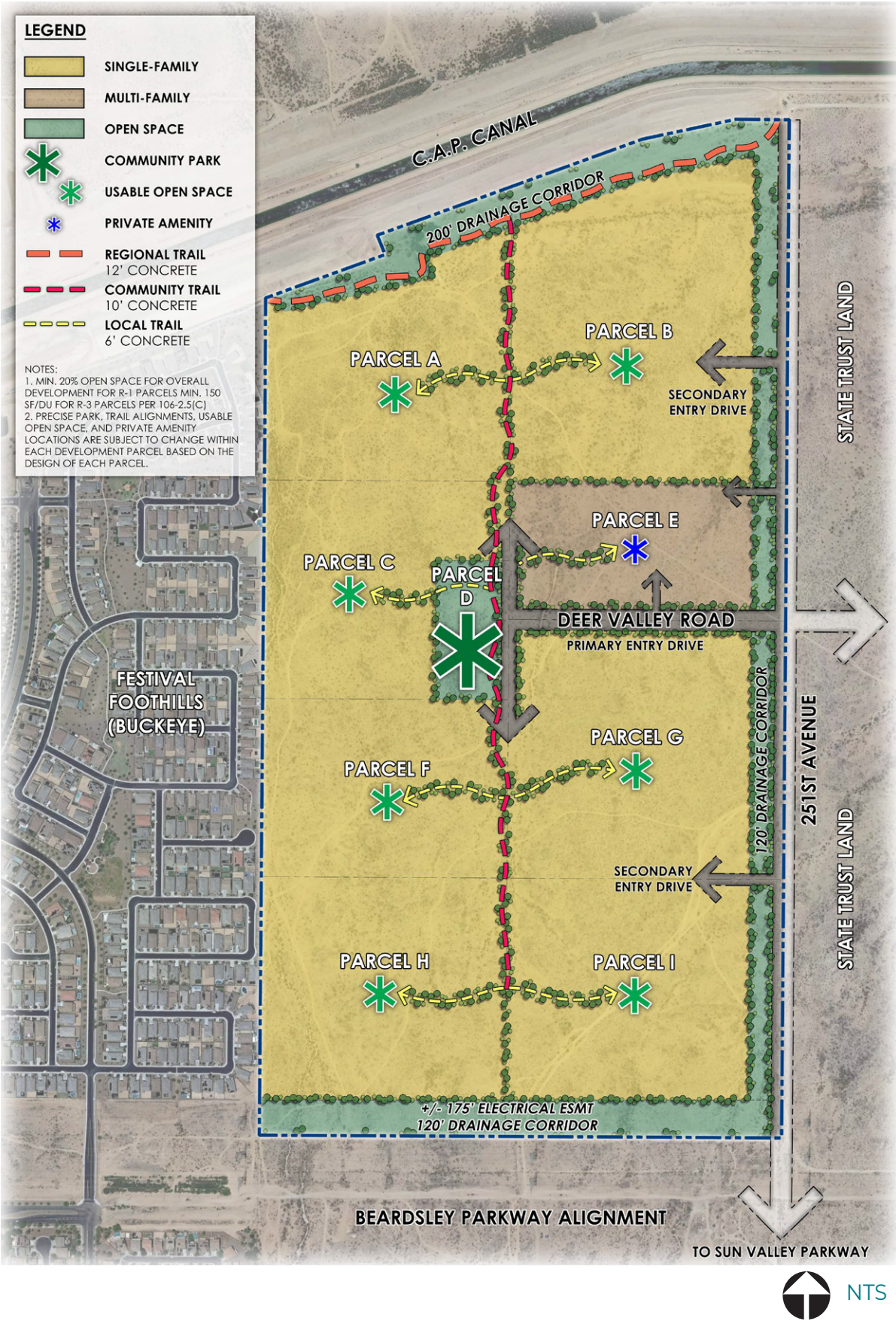
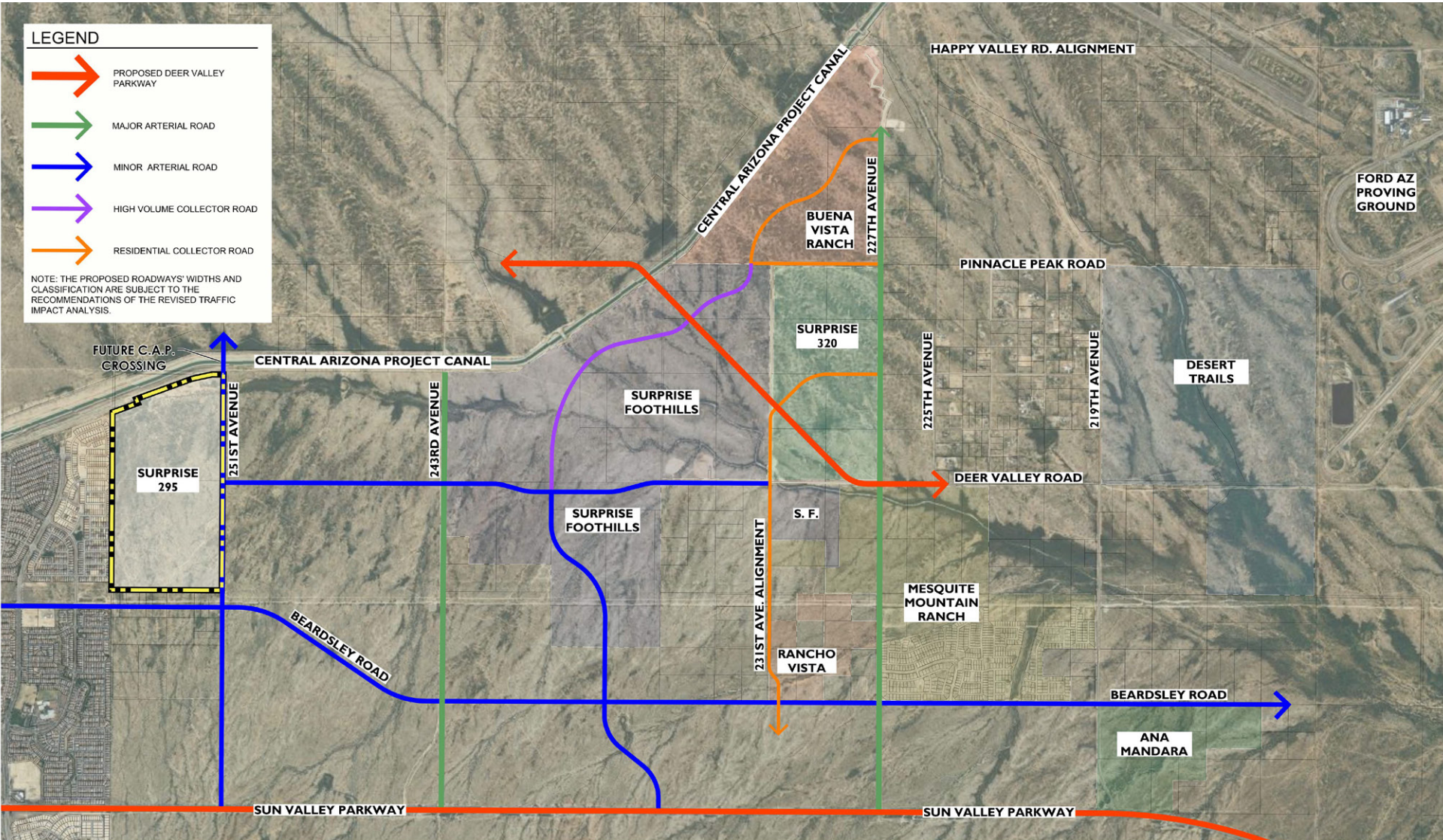
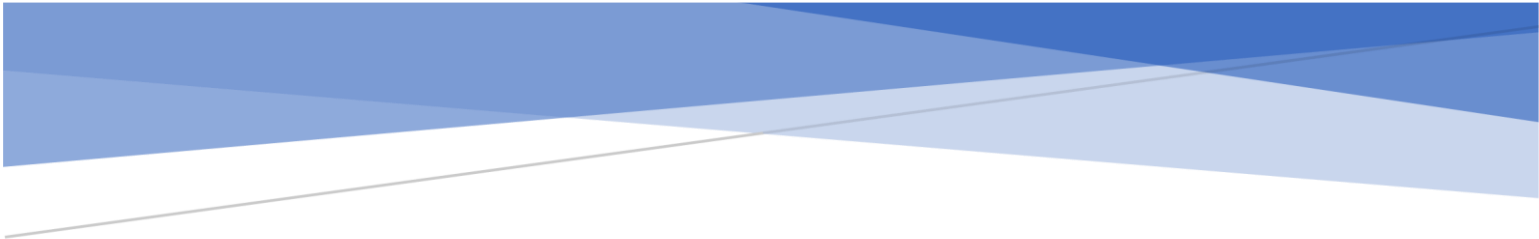


EXHIBIT 7 | REGIONAL TRANSPORTATION PLAN





CITIZEN PARTICIPATION PLAN

Surprise 295 Rezoning

Surprise, AZ
August, 2023
FS23-0350



Introduction

Every Type 3 development application (which includes rezoning applications) in the City of Surprise requires a neighborhood meeting. As such, these applications also require a Citizen Participation Report designed to detail the results of the citizen participation effort prior to the notice of public hearing. The following sections document the public outreach as it relates to the Surprise 295, case number FS23-0350.

Public Outreach

One neighborhood meeting was held for this project on August 10, 2023 in accordance with City LDO requirements. Notices for the neighborhood meeting were mailed to residents and neighborhood associations fifteen (15) days prior by City staff in accordance with the LDO. The meeting details have been included below.

Location: Willow Canyon High School – Collaborative Commons
17901 W Lundberg St.
Surprise, AZ 85388

Date and Time: Thursday August 10, 2023 – 6:00 PM

Additionally, the following exhibits are included as part of the Citizen Participation Report:

- Sign-in sheet as **Exhibit A: Neighborhood Meeting Sign in Sheet**
- Citizen Comment Cards as **Exhibit B: Comment Cards**
- Site posting affidavit and photos as **Exhibit C: Sign Posting Affidavit & Photos**
- Exhibits presented at the Meeting as **Exhibit D: Meeting Presentation Exhibits**

Summary of Neighborhood Outreach Efforts

The neighborhood meeting was held at a public place in general vicinity of the subject site in compliance with the recommendations of City staff. The applicant conducted the meeting in an open house fashion for the first fifteen minutes, allowing the residents to view the project boards up close and ask questions. Around 6:15 the applicant gave a brief presentation, giving an overview of the project and explanations for all of the boards on display. Upon conclusion of the formal presentation, the applicant answered questions from the attendees. The following section highlights the questions asked and the responses from the applicant.

Meeting Documentation

The meeting began at 6:00 PM. There were 13 people in attendance. The following section includes the list of questions that were asked, and the responses given by the applicant and The City.

Where is access coming from for this site?

Response: Access will be provided from 251st Avenue at Sun Valley Parkway. Additional access will come from an extension of Deer Valley Road through the adjacent State Land, and south to Sun Valley Parkway on Foothills Parkway through the Surprise Foothills Development.

Where will the new resident's children be going to school?

Response: A school is planned as part of the Surprise Foothills development, and the long-term plan is for new residents of this area to be attending that school. The site is within the Wickenburg Unified School District.

What is the project timeline?

Response: We anticipate completing the zoning by the end of the year or early 2024. If the zoning is approved, we will begin marketing the project to builders, and anticipate construction could commence in early to mid-2025, based on market conditions.

Will there be any roadway connections to the existing Festival Foothills development?

Response: We are not planning any specifically, but Lloyd Abrams, Planning Director reminded citizens that Surprise and Buckeye are in a joint emergency response agreement and at the time of platting, there could be some necessary emergency access connections from a public safety standpoint, but that would be determined later.

Who will the service providers be for things like internet?

Response: City will provide water, sewer, fire and police services. APS will provide power. We have not reached out to internet service providers yet, but many are available via the wireless services so there will likely be various options for residents.

Who is building 251st Avenue?

Response: The developer for the project will be required to build the west half-street of 251st Avenue based on requirements of an approved traffic report on a phased basis. Necessary ROW will need to be acquired from the State Land Department for portions of the roadway.

Does the Trilby wash cross the property? How will you the developer be protecting it?

Response: The Trilby wash does not cross the property, but small tributaries may be within the development. All off-site flows will be channelized along the southern, northern and eastern boundaries of the property and release at the northeast portion of the property to its historical flow locations.

What is the difference between lot categories A and B?

Response: Within the City of Surprise LDO, each residential zoning district has distinct lot categories related to lot size. The majority of the subject site is to be zoned R-1, and we are preliminary showing both lot category A (4,950-7,999 SF) and category B (8,000-11,999 SF).

Will the homes be solar accessible?

Response: Most likely, but that is up to the home builder(s) developing the property.

Can we restrict the homes on the western edge to 1-story?

Response: We are proposing R-1 zoning per the City of Surprise Land Development Ordinance which does allow up to 2-stories and we are not proposing to modify any standards, so this would

be something that would need to be negotiated with an end user/builder, but not something we plan to restrict through zoning.

Can we restrict the R-3 development to 1 and 2-story development?

Response: Our intent is 1-2 story multi-family development, but R-3 does allow 3-stories and we are not restricting that with rezoning at this time. The R-3 zoning is ¼ mile away from the Festival Foothills property, so there is a large buffer between their properties and the proposed R-3 parcel.

Other general concerns:

Some residents requested that we e-mail the graphic exhibits we presented, and we provided those materials as requested.

Ongoing Coordination

Throughout the processing of the rezoning application, the development team will engage with all interested parties to provide up to date information and tracking to the schedule public hearings, as needed. To date, no additional phone calls or email conversations have occurred as it relates to either application.

Exhibit A: Sign-In Sheets from May 25th Neighborhood Meeting

Project: Surprise 295 - Neighborhood Meeting

Location: Willow Canyon High School – Collaborative Commons
17901 W Lundberg St.
Surprise, AZ 85388

Date and Time: Thursday August 10th, 2023 – 6:00 PM

NEIGHBORHOOD MEETING SIGN-IN SHEET

NAME	ADDRESS	PHONE	EMAIL
JAMES SCHMUKI			
Eddy Edens			
Brad Miner			
David Hinson			
Brian Wade			
Debra Burt			
STEVE & PEGGY ARNESON			
Nadine Soto/Stephanie Teale			

Project: Surprise 295 - Neighborhood Meeting

Location: Willow Canyon High School – Collaborative Commons
17901 W Lundberg St.
Surprise, AZ 85388

Date and Time: **Thursday August 10th, 2023 – 6:00 PM**

NEIGHBORHOOD MEETING SIGN-IN SHEET

NAME	ADDRESS	PHONE	EMAIL
Thomas Ansell			
Mary Ansell			

Exhibit B: Comment Cards

COMMENT CARD

Surprise 295
Neighborhood Meeting – August 10th, 2023

Brian Groude

Name

Street Address

Email Address

Phone Number

COMMENTS / CONCERNS:

Concern of 2 story Homes Along Border of Festival
If possible ONLY 1 story Along that Border



COMMENT CARD

Surprise 295
Neighborhood Meeting – August 10th, 2023

Mary Ansell

Name

Street Address

Email Address

Phone Number

COMMENTS / CONCERNS:

16 Send Everything

COMMENT CARD

Surprise 295

Neighborhood Meeting – August 10th, 2023

Nadine Soto

[REDACTED]

Name

Street Address

[REDACTED]

[REDACTED]

Email Address

Phone Number

COMMENTS / CONCERNS:

Pulte home area we are in was only single level homes. Two stories or at a different area. It would be nice if ~~the~~ other developer would adhere to same guidelines of single level homes. Would hate to move again.

COMMENT CARD

Surprise 295
Neighborhood Meeting – August 10th, 2023

JAMES SCHMUKI

Name

Street Address

Email Address

Phone Number

COMMENTS / CONCERNS:

R1 APPROVE R3 DENSITY & HEIGHT ON EASTSIDE OF PROPERTY
WATER & SEWER CONNECTIONS ?
ACCESS

COMMENT CARD

Surprise 295

Neighborhood Meeting – August 10th, 2023

Brad Miner

[REDACTED]

Name

Street Address

[REDACTED]

Email Address

Phone Number

COMMENTS / CONCERNS:

I would request no connection between the communities. I live on a cul de sac and I do not want it to become a thru street

Exhibit C: Sign Posting Affidavit and Photos

AFFIDAVIT OF POSTING

Application No: FS23-0350
Applicant Name: RVi Planning & Landscape
Architecture
Location: SWC 251st ave & Deer Valley (alignments)
Date Site Posted: 7/24/2023

In order to assist in providing adequate notice to interested parties, the applicant for any *type of public hearing* in the City of Surprise shall erect two (2) signs giving notice of the *date, time and place* of the scheduled hearings. These signs must be erected not less than **fifteen (15) days prior** to the date of the first hearing. The signs shall also include the nature of the request as contained on the formal zoning application. The size and format of this sign shall meet requirements established by the Planning and Zoning Department (see page 2).

Such notice shall be clearly legible and placed at a prominent location on the site – Generally adjacent and perpendicular to the public right-of-way. It shall be the *responsibility of the applicant* to erect and to maintain the sign on the subject property and to maintain the hearing information on the sign until final disposition of the case.

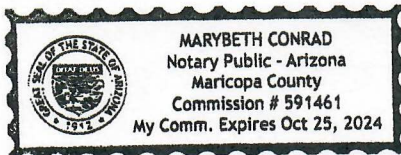
It shall also be the *responsibility of the applicant* to remove the signs within one week after the final disposition of the case.

I confirm that the site has been posted as required above, for the case noted above. A picture of the site posting, and photos of any subsequent changes/updates made to the sign, have also been submitted.

Meghan Liggett
Applicant/Representative Signature

7/24/2023
Date

This instrument was acknowledged before me on 7/24/2023, by Meghan Liggett. I witness whereof I hereunto set my hand and official seal.



Marybeth Conrad
Notary Public
10-25-24
My commission expires

*Return completed and notarized **affidavit** and all relevant **photos** to the Planning and Zoning Department at least fifteen (15) days **prior** to the scheduled meeting(s).*

Notice of Public Hearing

City of Surprise

Neighborhood Meeting

Date: August 10th, 2023
Time: 6:00 P.M.
Location: Willow Canyon High School
Collaborative Commons
17901 W Lundberg St.
Surprise, AZ 85388

Planning & Zoning

Date: TBD
Time: 6:00 P.M.
Location: Council Chambers
16000 Civic Center Plaza
Surprise, AZ 85374

City Council

Date: TBD
Time: 6:00 P.M.
Location: Council Chambers
16000 Civic Center Plaza
Surprise, AZ 85374

Case Number: FS23-0350

PROJECT DESCRIPTION: A rezoning application for Surprise 295 to change the existing zoning from Rural Residential (RR) to a combination of R-1 single-family and R-3 multi-family residential zoning districts on multiple parcels comprising approximately 295 gross acres.

For more information, call: 623-222-3011 www.surpriseaz.gov

VICINITY MAP



Jul 24, 2023 02:25PM

21101 N 259th Ave

Maricopa County

Notice of Public Hearing City of Surprise

Neighborhood Meeting

Date: August 10th, 2023

Time: 6:00 P.M.

Location: Willow Canyon High School
Collaborative Commons
17901 W Lundberg St.
Surprise, AZ 85388

Planning & Zoning

Date: TBD

Time: 6:00 P.M.

Location: Council Chambers
16000 Civic Center Plaza
Surprise, AZ 85374

City Council

Date: TBD

Time: 6:00 P.M.

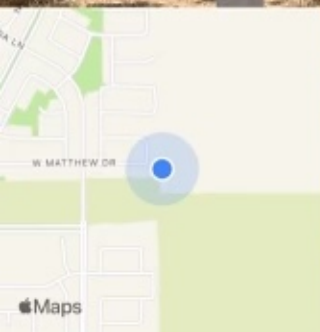
Location: Council Chambers
16000 Civic Center Plaza
Surprise, AZ 85374

Case Number: FS23-0350

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Jul 24, 2023 02:25PM

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Surprise, AZ 85374

City Council

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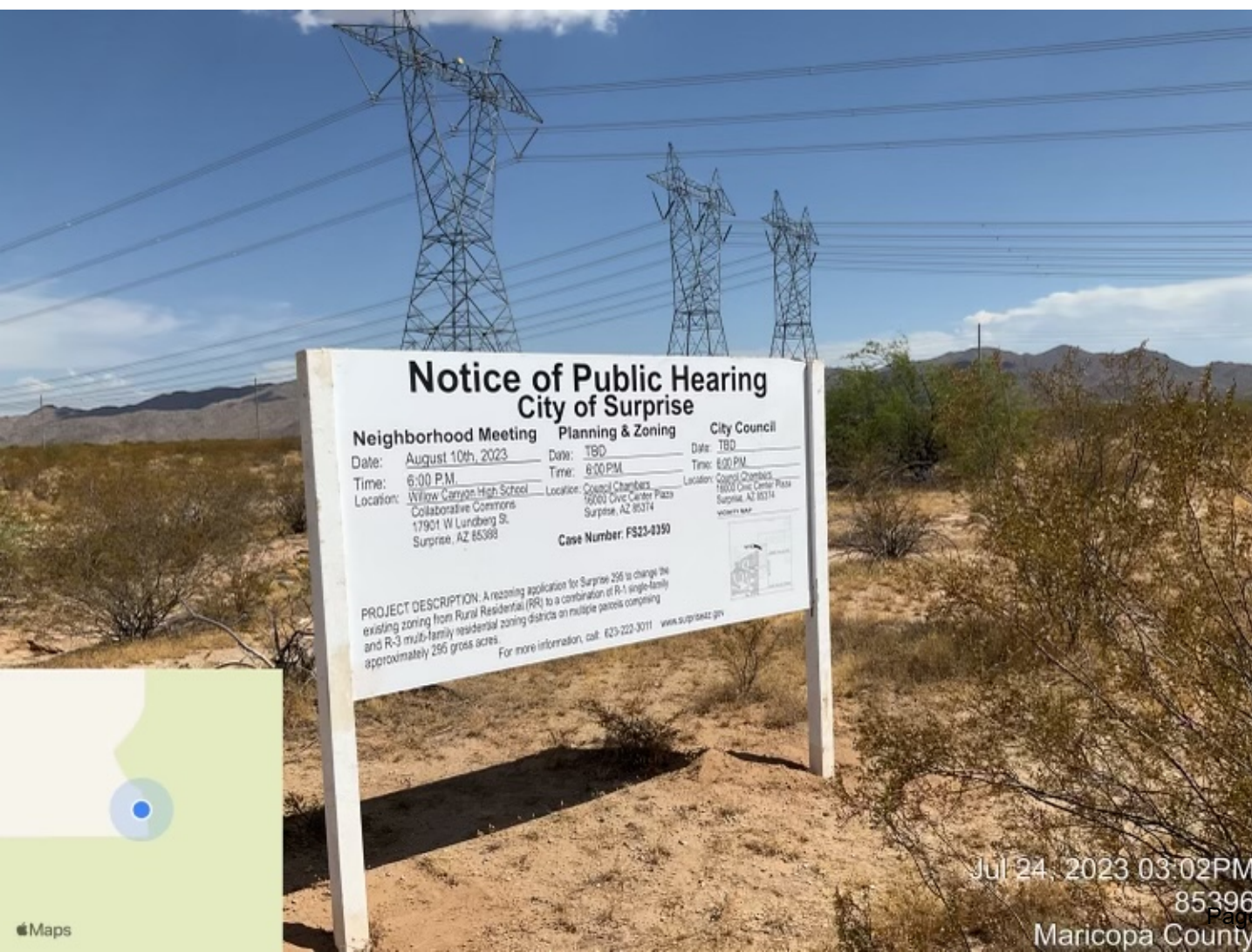


For more information, call: 623-222-3011 www.surpriseaz.gov

Jul 24, 2023 03:02PM

85396

Maricopa County

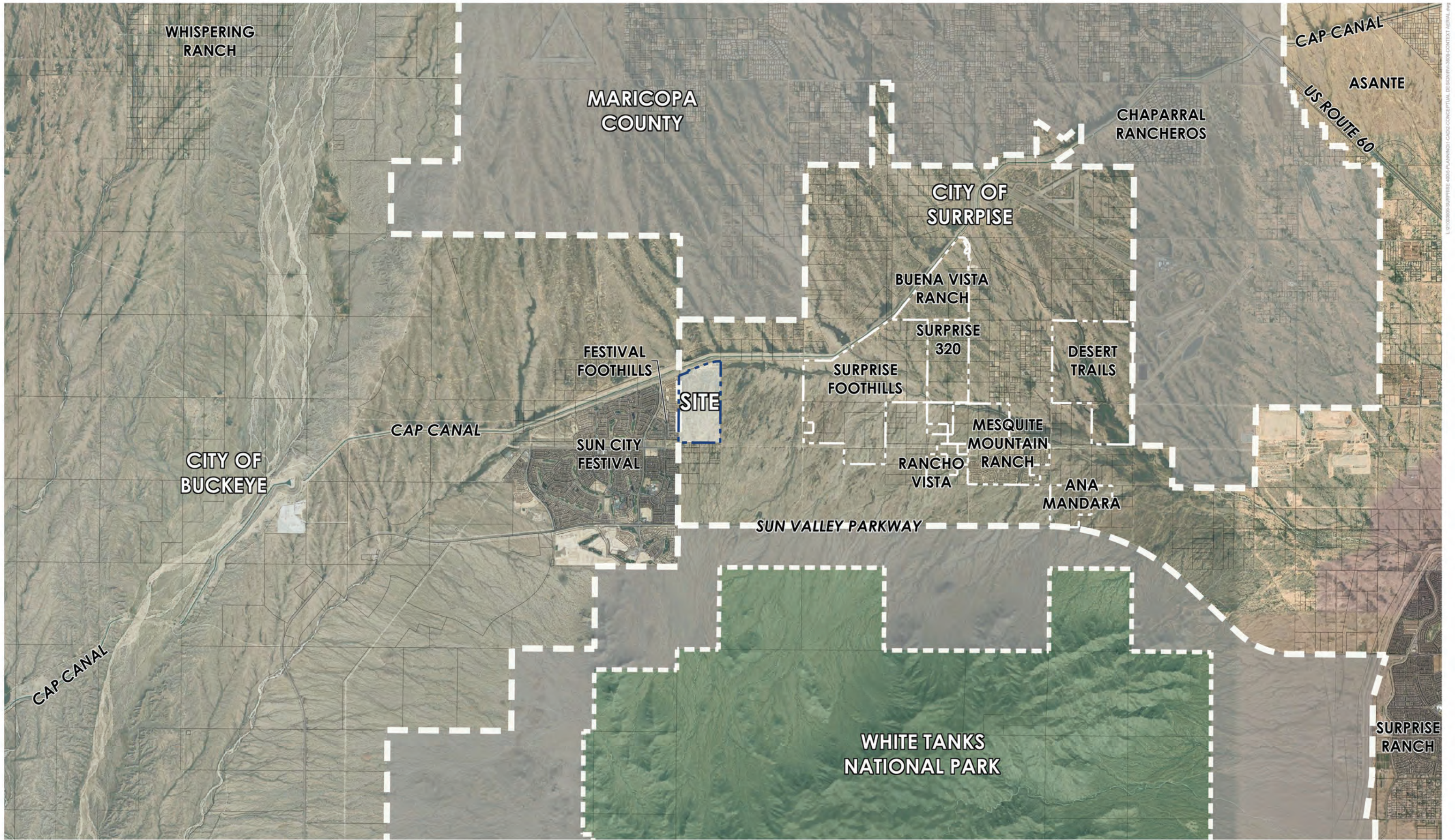


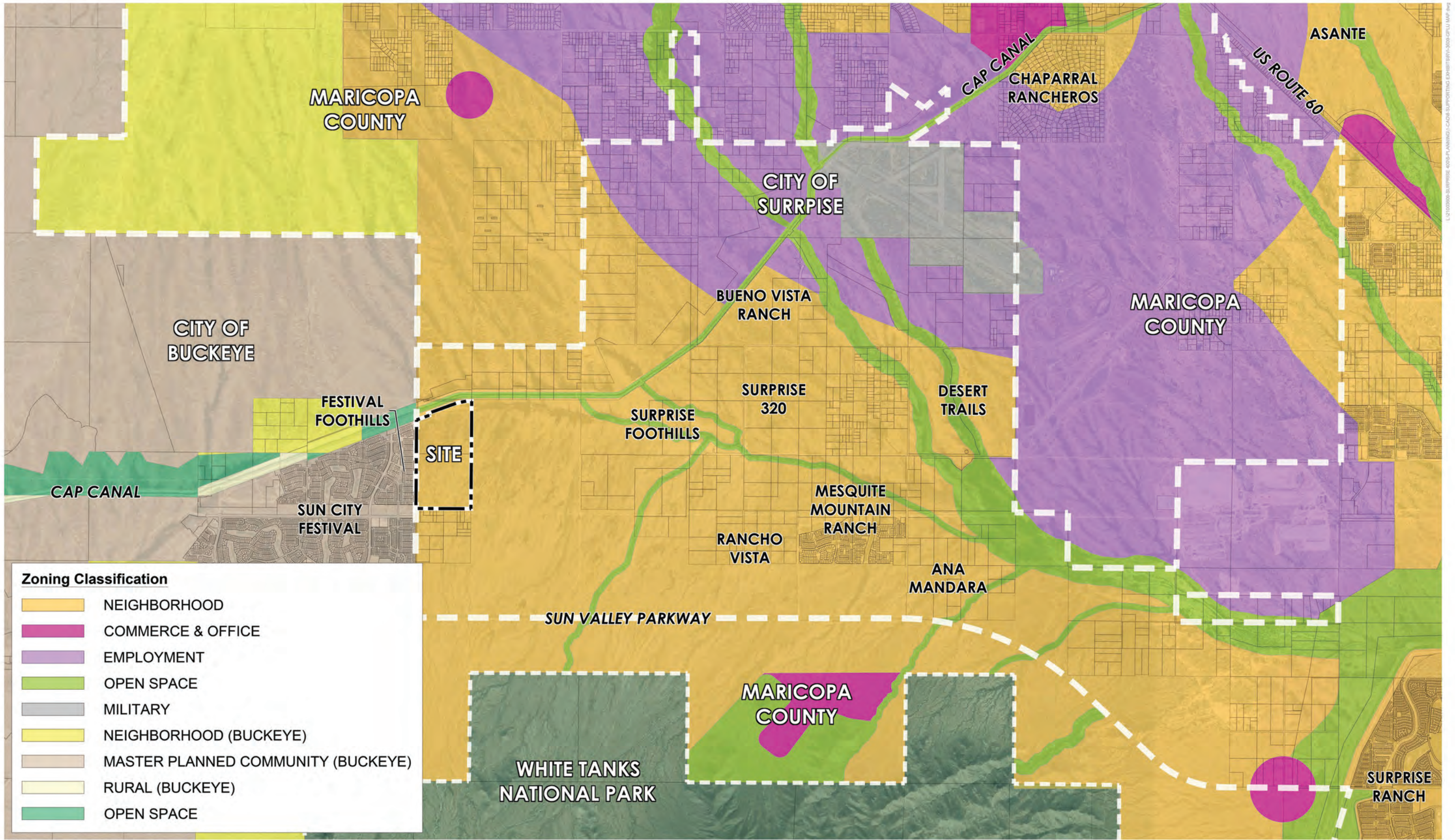
Jul 24, 2023 03:02PM

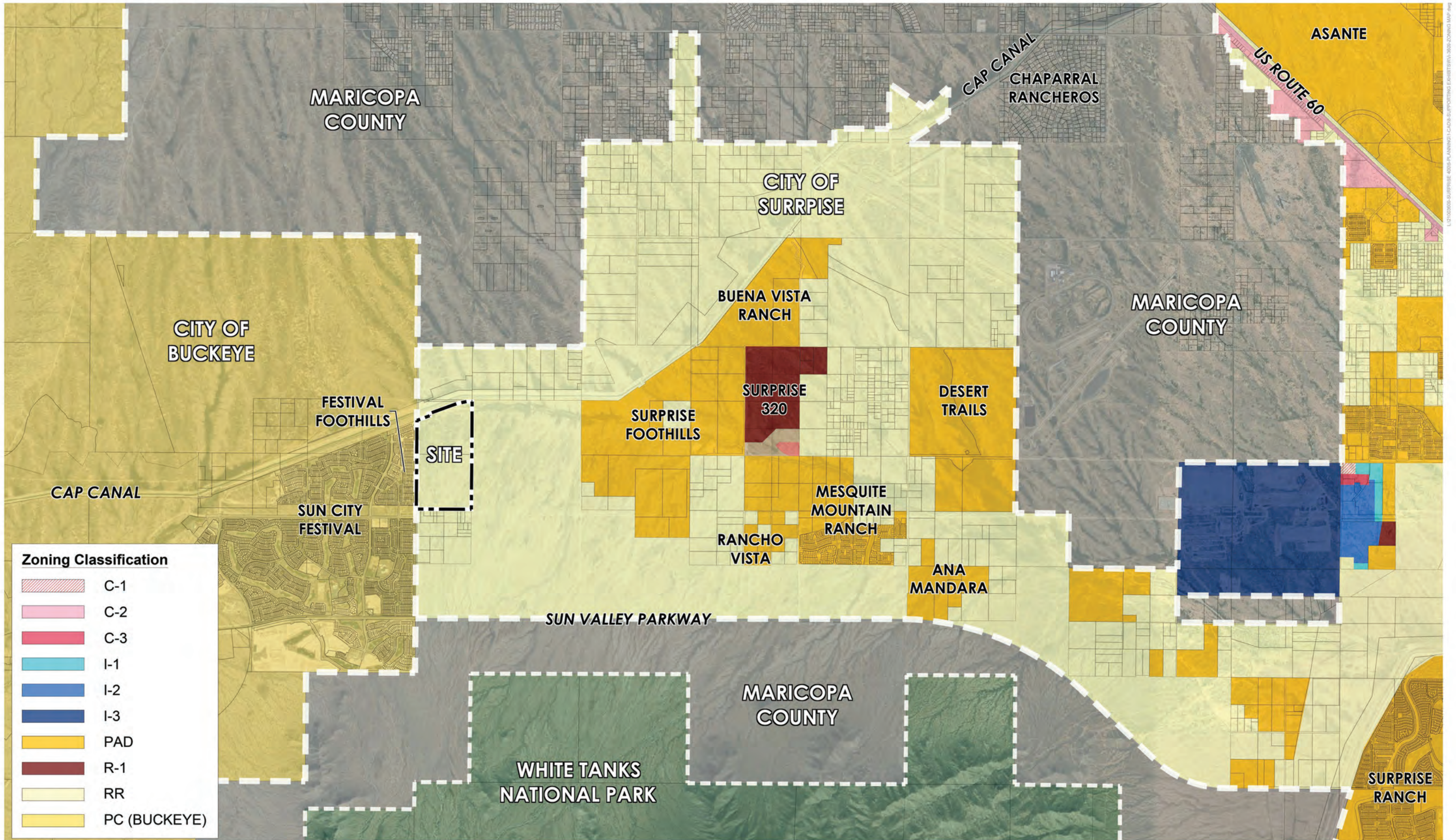
85396

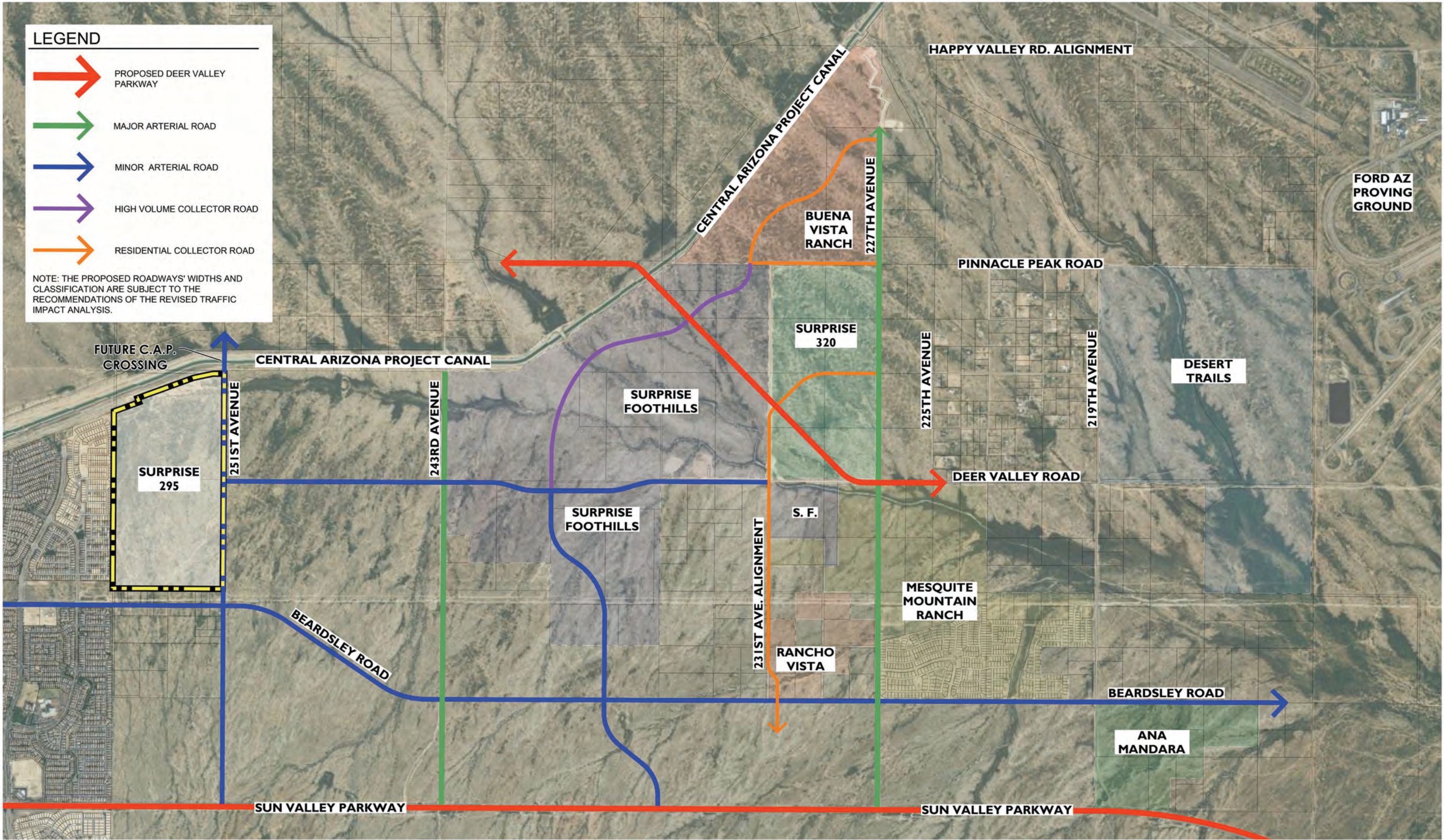
Maricopa County

Exhibit D: Meeting Presentation Exhibits









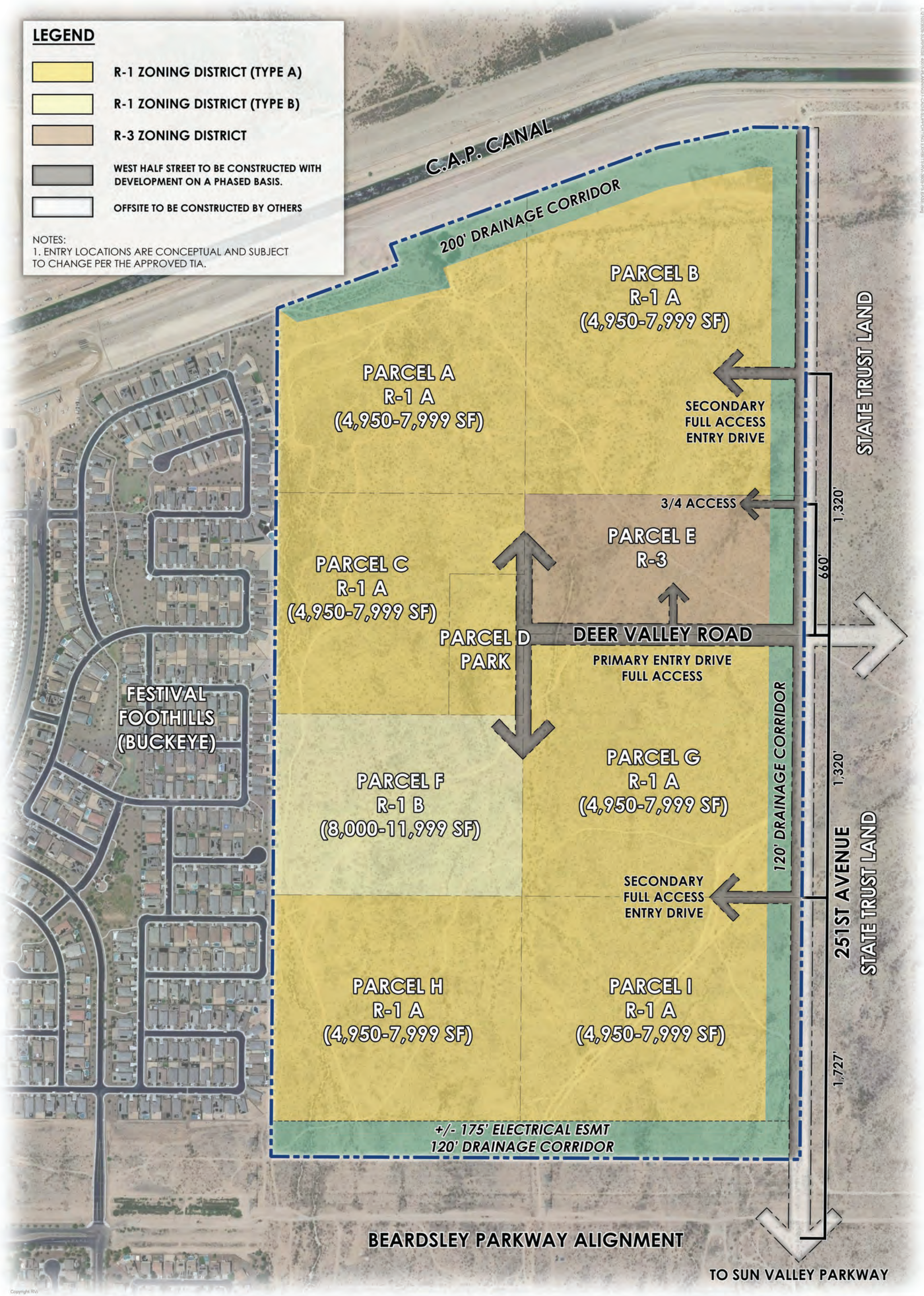


Copyright RVI

LEGEND

- R-1 ZONING DISTRICT (TYPE A)
- R-1 ZONING DISTRICT (TYPE B)
- R-3 ZONING DISTRICT
- WEST HALF STREET TO BE CONSTRUCTED WITH DEVELOPMENT ON A PHASED BASIS.
- OFFSITE TO BE CONSTRUCTED BY OTHERS

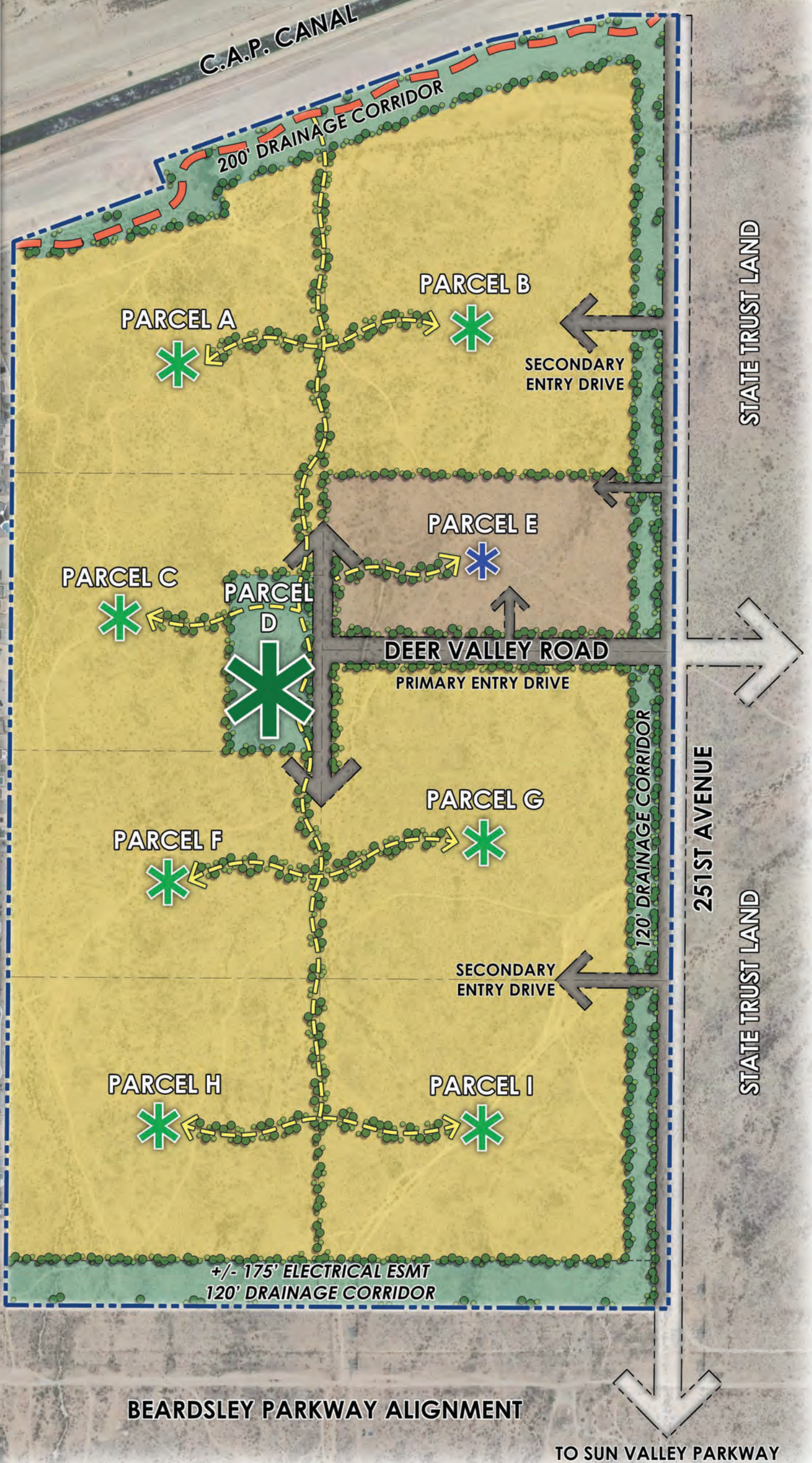
NOTES:
1. ENTRY LOCATIONS ARE CONCEPTUAL AND SUBJECT TO CHANGE PER THE APPROVED TIA.



LEGEND

- SINGLE-FAMILY
- MULTI-FAMILY
- OPEN SPACE
- COMMUNITY PARK
- USABLE OPEN SPACE
- PRIVATE AMENITY
- REGIONAL TRAIL
- LOCAL TRAIL (APPROX. ALIGNMENT)

NOTES:
1. MIN. 20% OPEN SPACE FOR OVERALL DEVELOPMENT FOR R-1 PARCELS MIN. 150 SF/DU FOR R-3 PARCELS PER 106-2.5(C)
2. PRECISE PARK, USABLE OPEN SPACE, AND PRIVATE AMENITY LOCATIONS ARE SUBJECT TO CHANGE WITHIN EACH DEVELOPMENT PARCEL BASED ON THE DESIGN OF EACH PARCEL.



AFFIDAVIT OF POSTING

Application No: FS23-0350

Applicant Name: RVI Planning

Location: SWC 251st ave & Deer Valley (alignments)

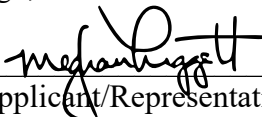
Date Site Posted: 04/30/25

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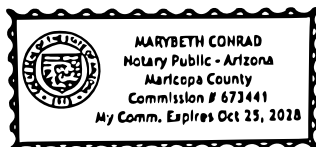
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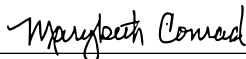
It shall also be the *responsibility of the applicant* to remove the signs within one week after the final disposition of the case.

I confirm that the site has been posted as required above, for the case noted above. A picture of the site posting, and photos of any subsequent changes/updates made to the sign, have also been submitted.

 April 30, 2025
Applicant/Representative Signature Date

This instrument was acknowledged before me on 04/30/25, by Meghan Liggett. I witness whereof I hereunto set my hand and official seal.




Notary Public
10-25-28
My commission expires

*Return completed and notarized **affidavit** and all relevant **photos** to the Planning and Zoning Department at least fifteen (15) days **prior to** the scheduled meeting(s).*

Notice of Public Hearing

City of Surprise

Neighborhood Meeting

Date: August 10th, 2023

Time: 6:00 P.M.

Location: Willow Canyon High School
Collaborative Commons
17901 W Lundberg St.
Surprise, AZ 85388

Planning & Zoning

Date: May 15, 2025

Time: 6:00 P.M.

Location: Council Chambers
16000 Civic Center Plaza
Surprise, AZ 85374

City Council

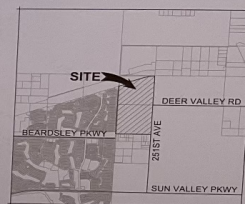
Date: June 17, 2025

Time: 6:00 P.M.

Location: Council Chambers
16000 Civic Center Plaza
Surprise, AZ 85374

Case Number: FS23-0350

VICINITY MAP



PROJECT DESCRIPTION: A rezoning application for Surprise 295 to change the existing zoning from Rural Residential (RR) to a combination of R-1 single-family and R-3 multi-family residential zoning districts on multiple parcels comprising approximately 295 gross acres.

For more information, call: 623-222-3011 www.surpriseaz.gov

April 30, 2025 at 10:17 AM
+33.675746,-112.608311
21101 N 259th Ave
Surprise AZ 85396
United States

Notice of Public Hearing

City of Surprise

Neighborhood Meeting

Date: August 10th, 2023

Time: 6:00 P.M.

Location: Willow Canyon High School
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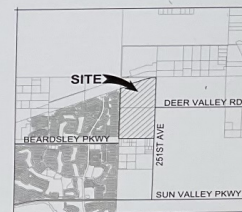
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April 30, 2025 at 10:17 AM
+33.675746,-112.608311
21101 N 259th Ave
Surprise AZ 85396
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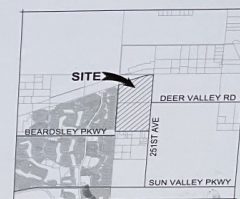
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VICINITY MAP



April 30, 2025 at 10:32 AM
+33.675971,-112.599820
North 251st Avenue
Surprise AZ 85396
United States

Notice of Public Hearing

City of Surprise

Neighborhood Meeting

Date: August 10th, 2023

Time: 6:00 P.M.

Location: Willow Canyon High School
Collaborative Commons
17901 W Lundberg St.
Surprise, AZ 85388

Planning & Zoning

Date: May 15, 2025

Time: 6:00 P.M.

Location: Council Chambers
16000 Civic Center Plaza
Surprise, AZ 85374

City Council

Date: June 17, 2025

Time: 6:00 P.M.

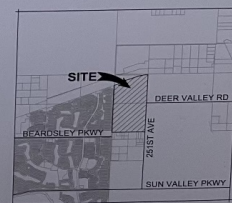
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VICINITY MAP



April 30, 2025 at 10:33 AM
+33.675971, -112.599820
North 251st Avenue
Surprise AZ 85396
United States

Christina Sexton

From: RAHN, JENNIFER L CIV USAF AETC 56 FW/CVE <jennifer.rahm@us.af.mil>
Sent: Wednesday, April 26, 2023 12:24 PM
To: Tierney Farago
Cc: JAMES, MARK C CIV USAF AETC 56 FW/CVE; 56 FW/CIT Community Initiative
Subject: RE: FS23-0350 Surprise 295 New Digital Submittal 04.25.23

Importance: High

*****The e-mail below is from an external source. Please do not open attachments or click links from an unknown or suspicious origin.*****

Good afternoon Ms. Farago,

Thank you for the opportunity to provide comments on the rezoning proposal for Surprise 295. The site sits on approximately 295 acres of vacant land located at Deer Valley Road west of 251st Avenue in Surprise AZ. The proposal is to rezone the acreage from Rural Residential to Single-Family and Multi-Family residential zoning. The site falls approximately 3.2 miles outside the Luke AFB AUX-1 2004 JLUS 65 Ldn, "high noise or accident potential zone" as defined by A.R.S. § 28-8461 and is within 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/ac from the 65 Ldn to 1/2 mile, a maximum of 4 du/ac from 1/2 to 1 mile, and a maximum of 6 du/ac from 1 to 3 miles.

The project, as described, should not have a negative impact on Luke AFB flight operations due to the fact that it is outside the GDC. However, Luke AFB reserves the right to review/comment on final plans submitted to Surprise. The site is located within the "territory in the vicinity of a military airport," it will be subjected to approximately 170 over flights a day. If this development is approved, we recommend a strong notification program on the part of the applicant is to inform future occupant(s) about Luke AFB operations.

V/r,

Jenn Rahn

Senior Planner, Community Initiatives Team
56th Fighter Wing
Luke AFB AZ 85309
Office: 623-856-9981
DSN: 896-9981

From: Tierney Farago <Tierney.Farago@surpriseaz.gov>

Sent: Tuesday, April 25, 2023 3:28 PM

To: 56 FW/CIT Community Initiative <56FW.CIT.CommunityInitiative@us.af.mil>; Afshin Ahouraiyan (Flood Control District of Maricopa County) <Afshin.Ahouraiyan@Maricopa.Gov>; Alex Garza (Maricopa Assoc of Governments) <AGarza@azmag.gov>; Aspasia Angelou (Nadaburg School District) <aangelou@nadaburgsd.org>; Chris Cain (Maricopa Water District) <chrisc@mwdaz.com>; Darren Gerard <Darren.Gerard@maricopa.gov>; Debbie Trasancos (Maricopa Water District) <debbiet@mwdaz.com>; Ernest (USPS) <Ernest.L.James@usps.gov>; Eva Pierce

ORDINANCE # 2025-13

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING A REZONE FROM RURAL RESIDENTIAL (RR) TO RESIDENTIAL LOW DENSITY (R-1) AND RESIDENTIAL HIGH DENSITY (R-3), GENERALLY LOCATED NORTH OF THE NORTHWEST CORNER OF 251ST AVENUE AND BEARDSLEY ROAD

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

WHEREAS, the subject site is generally located north of the northwest corner of 251st Avenue and Beardsley Road;

WHEREAS, the subject site is approximately 295 acres and is currently zoned Rural Residential (RR);

WHEREAS, the proposed use of the subject site requires modification of the applicable zoning regulations;

WHEREAS, the proposed rezone to Residential Low Density (R-1) and Residential High Density (R-3), satisfies the requirements set forth in Sections 106-2.3 and 106-2.5 of the Surprise Municipal Code;

WHEREAS, this Rezone is in harmony with the purposes and intent of the zoning ordinance and the Surprise General Plan; and

WHEREAS, on May 15, 2025, the Planning and Zoning Commission recommended approval of the subject rezoning request.

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

Section 1. Rezoning. The parcel legally described in **Exhibit A** and depicted on **Exhibit B**, known as "Surprise 295," is rezoned from Rural Residential (RR) to Residential Low Density (R-1) and Residential High Density (R-3) subject to the following stipulations:

- a. Development and use of the site shall be in compliance with Resolution 2025-35, Surprise 295 Development Agreement.
- b. Development and use of the site shall be consistent with the rezone narrative entitled "Surprise 295" and September 2023.
- c. The R-3 development, if approved, shall be developed either concurrently or after any development on the R-1 portion of the lot.

- d. Non-compliance with the stipulations of this case will be treated as a violation in accordance with the applicable provisions of the Surprise Municipal Code.

Section 2. *Amendment of Zoning Map.* The City of Surprise zoning map is herewith amended to reflect the change in districts referred to in Section 1 above.

Section 3. *Codification.* This Ordinance is not of a general nature and shall not be 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 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.

PASSED AND ADOPTED this _____ day of _____ 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, Acting City Attorney

EXHIBIT A

Legal Description

**LEGAL DESCRIPTION
ZONING EXHIBIT (R-1)
SURPRISE 295
CITY OF SURPRISE,
COUNTY OF MARICOPA, ARIZONA**

LOCATED WITHIN A PORTION SECTIONS 18 AND 19, TOWNSHIP 4 NORTH, RANGE 3 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, CITY OF SURPRISE, MARICOPA COUNTY, ARIZONA.

MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A FOUND GENERAL LAND OFFICE MONUMENT, ACCEPTED AS THE EAST QUARTER CORNER OF SECTION 19, TOWNSHIP 4 NORTH, RANGE 3 WEST FROM WHICH A FOUND 2-INCH ALUMINUM CAP STAMPED MARICOPA COUNTY S18, S17, S19, S20 2002 RLS 21782 , ACCEPTED AS THE NORTHEAST CORNER OF SECTION 19, TOWNSHIP 4 NORTH, RANGE 3 WEST THEREOF BEARS N00°27'15"E A DISTANCE OF 2638.55 FEET;

THENCE, N89°41'51"W A DISTANCE OF 2663.53 FEET;

THENCE, N00°26'05"E A DISTANCE OF 2640.94 FEET;

THENCE, N00°24'59"E A DISTANCE OF 1632.69 FEET;

THENCE, N69°28'10"E A DISTANCE OF 650.27 FEET;

THENCE, N20°31'58"W A DISTANCE OF 99.98 FEET;

THENCE, N69°28'10"E A DISTANCE OF 1436.34 FEET;

THENCE, N77°42'16"E A DISTANCE OF 588.23 FEET;

THENCE, S89°34'24"E A DISTANCE OF 177.19 FEET;

THENCE, S00°24'22"W A DISTANCE OF 1893.55 FEET;

THENCE, N89°38'46"W A DISTANCE OF 1412.00 FEET;

THENCE, S00°24'22"W A DISTANCE OF 705.00 FEET;

THENCE, S89°38'46"E A DISTANCE OF 1412.00 FEET;

THENCE, S00°27'15"W A DISTANCE OF 2638.55 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS A COMPUTED AREA OF 11,915,453 SQUARE FEET OR 273.54 ACRES, MORE OR LESS AND IS SUBJECT TO ANY EASEMENTS, RESTRICTIONS, OR RIGHTS OF WAY OF RECORD OR OTHERWISE.

THE DESCRIPTION SHOWN HEREON IS NOT TO BE USED TO VIOLATE ANY SUBDIVISION REGULATIONS OF THE STATE, COUNTY AND/OR MUNICIPALITY OR ANY OTHER LAND DIVISION RESTRICTIONS.

PREPARED BY:
ATWELL, LLC
4700 E. SOUTHERN AVENUE
MESA, ARIZONA 85206
PROJECT NO. 21003646
DATE JULY 13TH, 2023



LEGAL DESCRIPTION
ZONING EXHIBIT (R-3)
SURPRISE 295
CITY OF SURPRISE,
COUNTY OF MARICOPA, ARIZONA

LOCATED WITHIN A PORTION SECTIONS 18 AND 19, TOWNSHIP 4 NORTH, RANGE 3 WEST, OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, CITY OF SURPRISE, MARICOPA COUNTY, ARIZONA.

MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A FOUND 2-INCH ALUMINUM CAP STAMPED MARICOPA COUNTY S18, S17, S19, S20
2002 RLS 21782, ACCEPTED AS THE NORTHEAST CORNER OF SECTION 19, TOWNSHIP 4 NORTH, RANGE
3 WEST FROM WHICH A FOUND GENERAL LAND OFFICE MONUMENT , ACCEPTED AS THE EAST
QUARTER CORNER OF SECTION 19, TOWNSHIP 4 NORTH, RANGE 3 WEST THEREOF BEARS
S00°27'15"W A DISTANCE OF 2638.55 FEET;

THENCE, N89°38'46"W A DISTANCE OF 1412.00 FEET;

THENCE, N00°24'22"E A DISTANCE OF 705.00 FEET;

THENCE, S89°38'46"E A DISTANCE OF 1412.00 FEET;

THENCE, S00°24'22"W A DISTANCE OF 705.00 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL CONTAINS A COMPUTED AREA OF 995,460 SQUARE FEET OR 22.85
ACRES, MORE OR LESS AND IS SUBJECT TO ANY EASEMENTS, RESTRICTIONS, OR RIGHTS OF WAY OF
RECORD OR OTHERWISE.

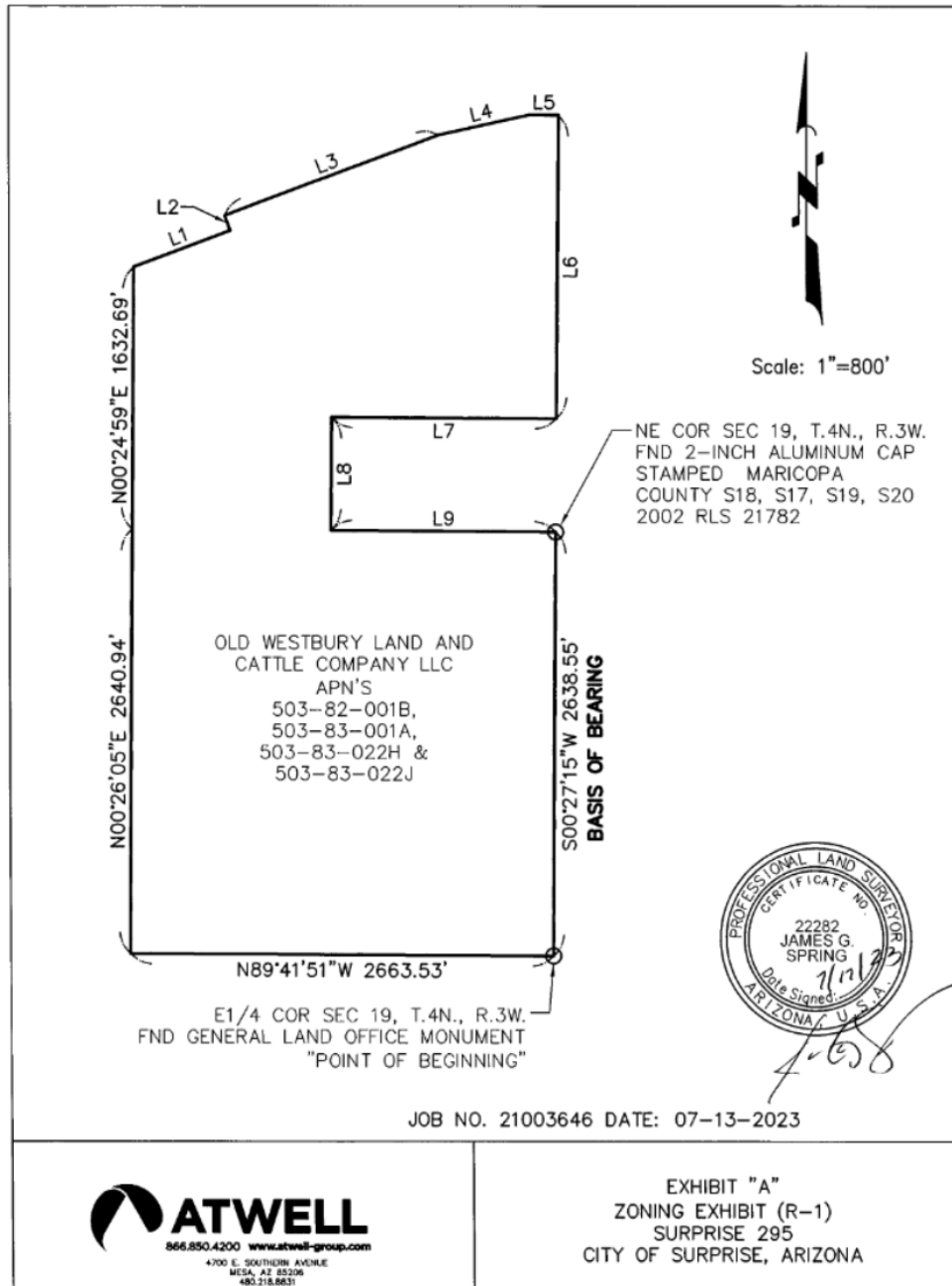
THE DESCRIPTION SHOWN HEREON IS NOT TO BE USED TO VIOLATE ANY SUBDIVISION REGULATIONS
OF THE STATE, COUNTY AND/OR MUNICIPALITY OR ANY OTHER LAND DIVISION RESTRICTIONS.

PREPARED BY:
ATWELL, LLC
4700 E. SOUTHERN AVENUE
MESA, ARIZONA 85206
PROJECT NO. 21003646
DATE JULY 13TH, 2023



EXHIBIT B

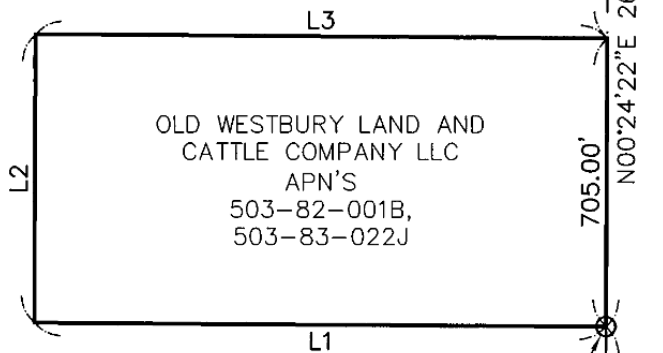
Depiction



Ordinance No. 2025-13
RFLS # 10061
Rev 12/24

E1/4 COR SEC 18, T.4N., R.3W.
 NOTHING FOUND, NOTHING SET,
 CALCULATED POSITION

LINE TABLE		
LINE #	DIRECTION	LENGTH
L1	N89°38'46"W	1412.00'
L2	N00°24'22"E	705.00'
L3	S89°38'46"E	1412.00'



NE COR SEC 19, T.4N., R.3W.
 FND 2-INCH ALUMINUM CAP
 STAMPED MARICOPA COUNTY S18,
 S17, S19, S20 2002 RLS 21782
 "POINT OF BEGINNING"

BASIS OF BEARING

E1/4 COR SEC 19, T.4N., R.3W.
 FND GENERAL LAND OFFICE MONUMENT



Scale: 1"=400'

JOB NO. 21003646 DATE: 07-13-2023



EXHIBIT "A"
 ZONING EXHIBIT (R-3)
 SURPRISE 295
 CITY OF SURPRISE, ARIZONA

K:\21003646 - HAMPTON SURPRISE\DWG\SURVEY\ZONING EXHIBIT\ZONING EXHIBIT 2\21003646 SURPRISE 295 ZONING EXHIBIT
 2.DWG SAVE DATE: 7/14/2023 5:41 AM PLOT DATE: 7/14/2023 5:42 AM

Rev 12/24



COMMUNITY DEVELOPMENT
Planning Division
16000 N. Civic Center Plaza
Surprise, AZ 85374
Phone: 623-222-3154

Planning and Zoning Commission Recommendation
FS23-0350

On May 15, 2025 the Planning and Zoning Commission recommended that City Council approve the rezone case known as “Surprise 295 Rezone” Case# FS23-0350. The Commission discussed the following:

- Remote location
- Development Agreement
- Cost associated with constructing roads
- Transportation of students to Wickenburg or Dysart schools
- Amenity package
- R-3 location in the overall development
- Clarification as to why R-3 is included in the development
- Timing of the R-3 development in comparison to the R-1 development

The motions were as follows:

Commissioner Holland made a motion to add a stipulation that the R-3 development, if approved, be developed either concurrently or after any development on the R-1 portion. Vice Chair Chapman seconded the motion. Motion passed with 6 votes in favor.

Chair Holland made a motion recommend approval of the Surprise 295 Rezone, case FS23-0350, to the City Council. Vice Chair Chapman seconded the motion. Motion passed with 6 votes in favor.

FS23-0350

Surprise 295

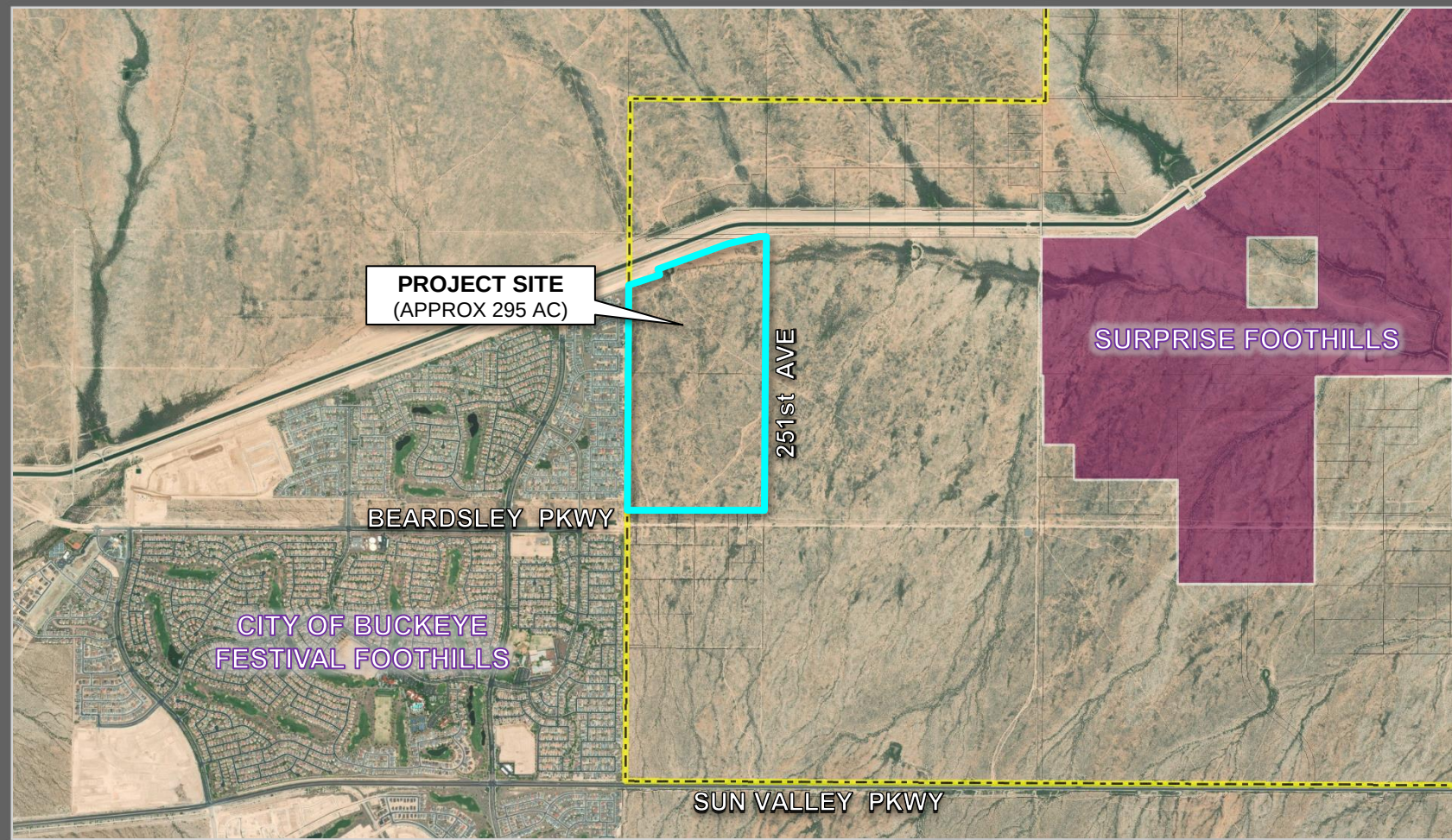
Rezone

City Council
June 17, 2025



SURPRISE

Page 495 of 869



PROJECT SITE
(APPROX 295 AC)

251st AVE

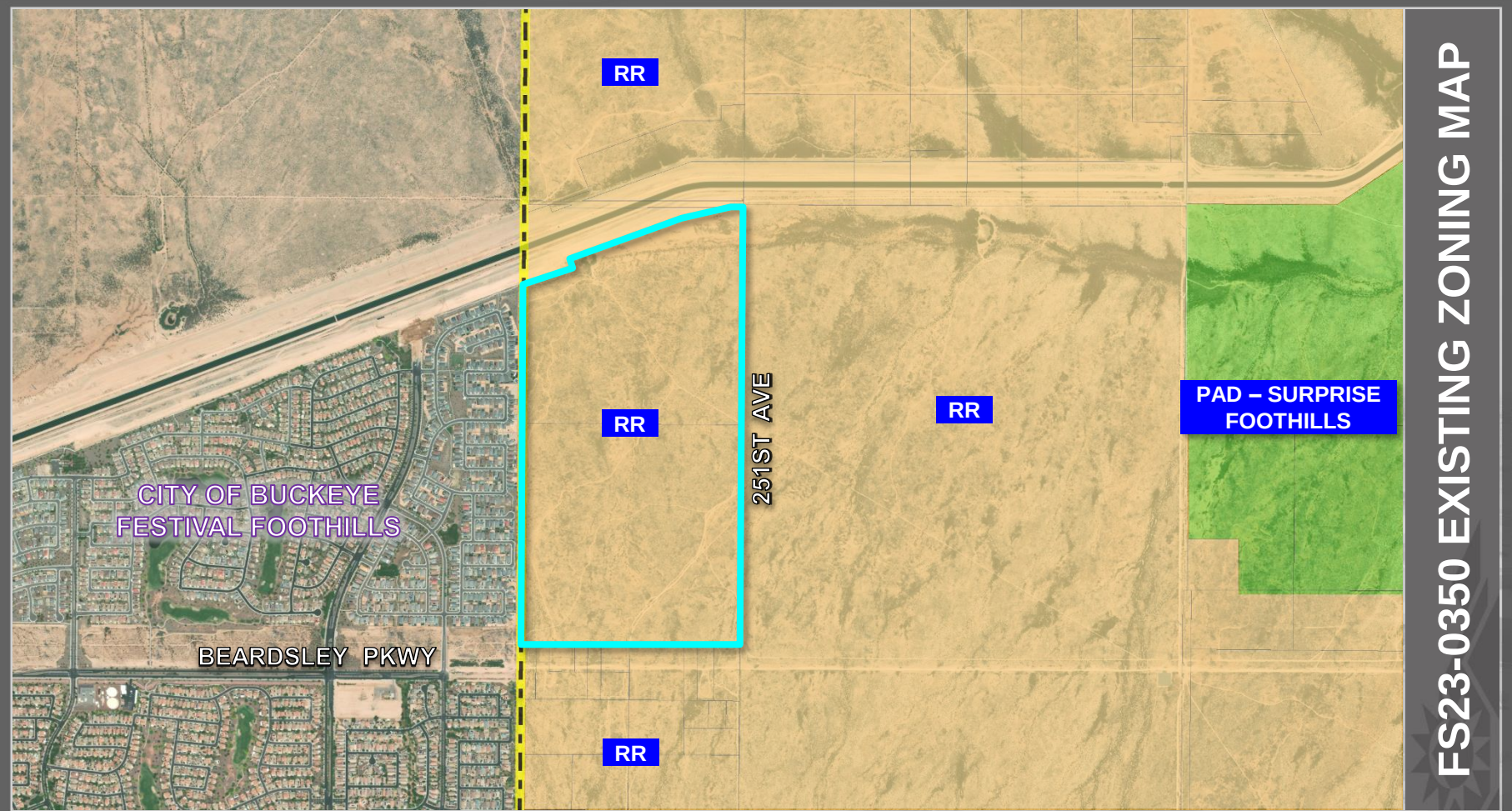
SURPRISE FOOTHILLS

CITY OF BUCKEYE
FESTIVAL FOOTHILLS

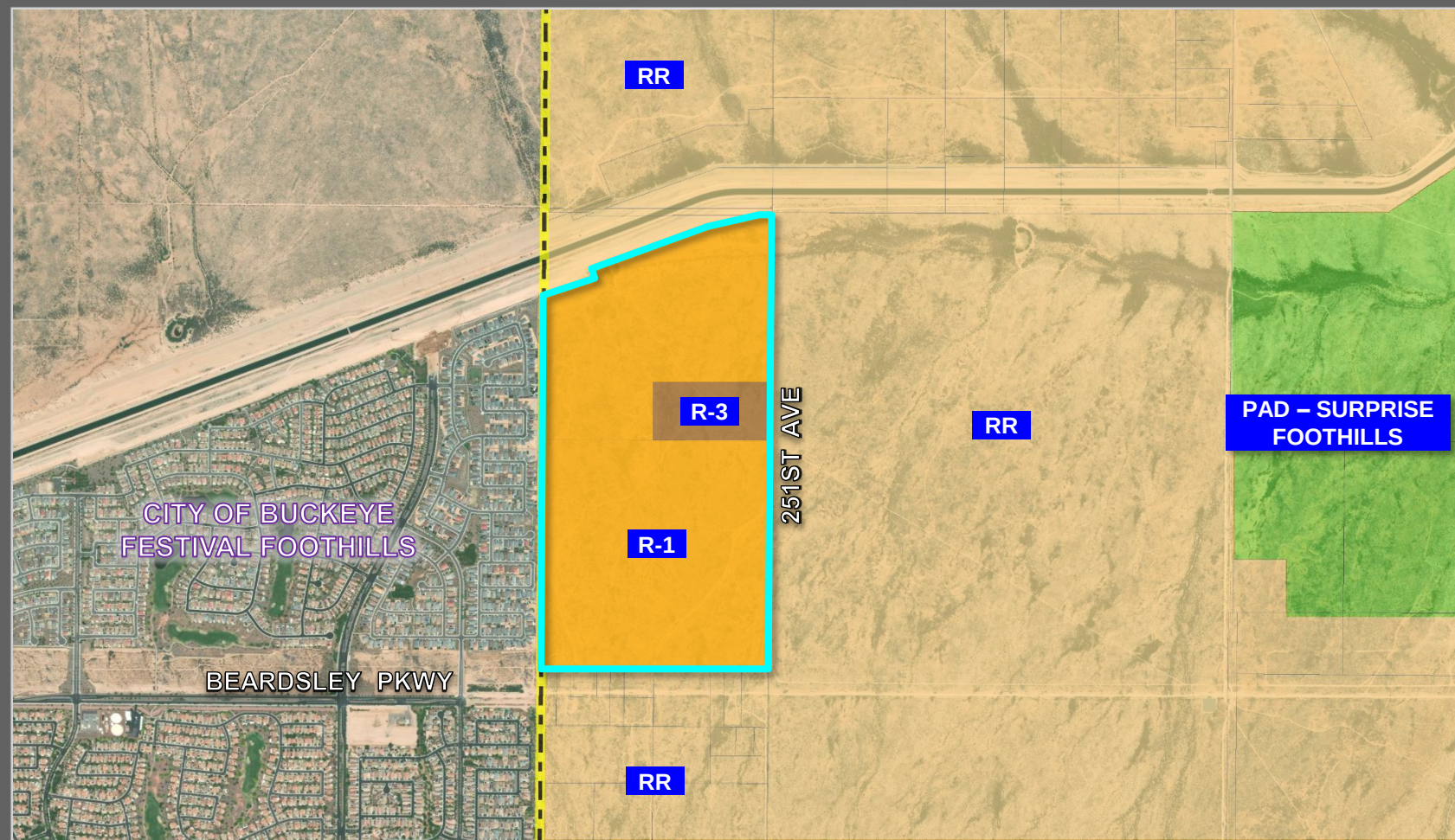
BEARDSLEY PKWY

SUN VALLEY PKWY

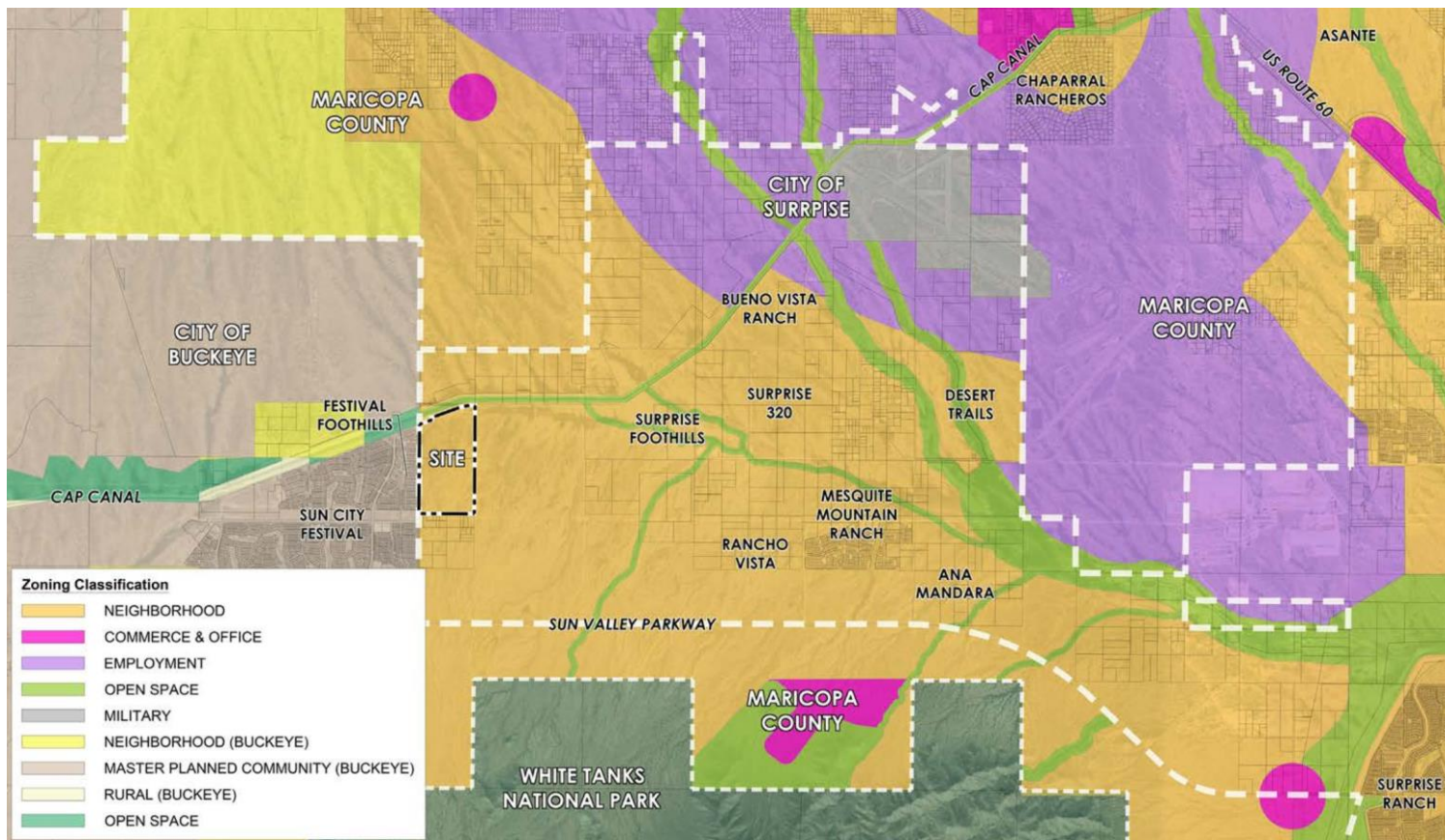
FS23-0350 VICINITY MAP



FS23-0350 EXISTING ZONING MAP



FS23-0350 PROPOSED ZONING MAP

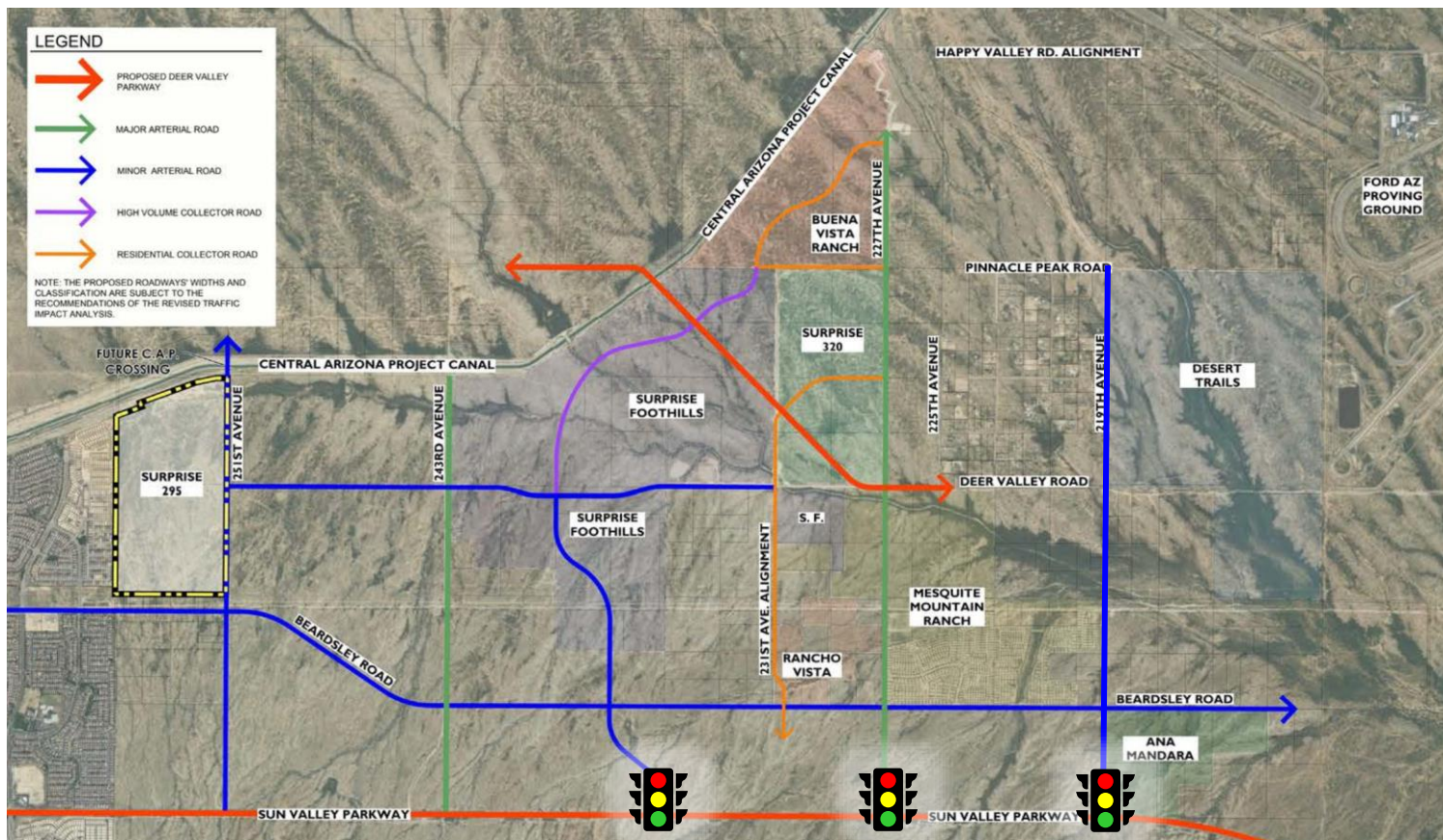




CONCEPTUAL LOTTING PLAN



CONCEPTUAL OPEN SPACE



OUTREACH

- Citizen Participation Meeting - August 10, 2023
 - 13 attendees
- Site Posting, 300' Mailers, & Newspaper Publishing's
- Concerns: access, infrastructure, development standards

RECOMMENDATION

On May 15, 2025, the Planning and Zoning Commission recommended approval to the Mayor and City Council, subject to stipulation 'a'.

Questions or Comments?

THANK YOU



SURPRISE



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Trever Fleetham, PLANNER
SENIOR

Submitting Department: Community Development District: District 1

Staff Recommendations:

Consent: No

Regular: No

Public Hearing: Yes

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to a rezone of approximately 2.39 gross acres from Rural Residential (RR) to Community Commercial (C-2), for a site generally located on the northeast corner of 163rd Avenue and Jomax Road. Case #FS24-0762.

Motion:

I move to approve/deny Ordinance #2025-12.

Background:

Brennan Ray with Ray Law Firm proposes to rezone approximately 2.39 gross acres from RR to C-2 to allow for the development of a Circle K convenience store and fuel station. The site is located on the northeast corner of 163rd Avenue and Jomax Road.

Objective Analysis:

The request to rezone to C-2 will accommodate the desired future development, the existing parcel size, and permit uses consistent with the adjacent development.

Policy Compliant:

The requested rezone, as outlined and detailed in the rezone document, is consistent with the Land Development Ordinance and advances the goals and policies of the General Plan.

Financial Impact:

While this item does not have an immediate or direct financial impact, ongoing development activity in the city will inevitably have a future financial impact as additional resources are needed to provide city services.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

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

ATTACHMENTS:

1. 00-FS24-0762 Circle K 163rd & Jomax Rezone - Staff Report
 2. 01 – FS24-0762 Circle K 163rd & Jomax - Vicinity Map
 3. 02 – FS24-0762 Circle K 163rd & Jomax - Zoning Map
 4. 03 – FS24-0762 Circle K 163rd & Jomax - Proposed Zoning Map
 5. 04 – FS24-0762 Circle K 163rd & Jomax - Rezone Narrative
 6. 05 – FS24-0762 Circle K 163rd & Jomax - Luke AFB Comments
 7. 06 – FS24-0762 Circle K 163rd & Jomax - Citizen Outreach Report
 8. 07 – FS24-0762 Circle K 163rd & Jomax - Affidavit of Site Posting
 9. 08 - FS24-0762 Circle K - Ordinance
 10. 09 - FS24-0762 Circle K 163rd & Jomax - Opposition & Support
 11. 10 - FS24-0762 Circle K at 163rd Ave and Jomax Rd - P&Z Recommendation
 12. FS24-0762 Circle K 163rd & Jomax Rezone - Presentation
-

REZONE

REPORT TO THE CITY COUNCIL

Case: FS24-0762

Project Name: Circle K 163rd Ave and Jomax Rd Rezone

Council District: 1 - Acacia

Meeting Date: June 17, 2025

Planner: Leslie Carnie

Owner: Langley Partners Investments, LLC

Applicant: Brennan Ray of Ray Law Firm

Request: A rezone of approximately 2.39 gross acres from Rural Residential (RR) to Community Commercial (C-2). Case #FS24-0762

Site Location: Generally located on the northeast corner of 163rd Ave. and Jomax Rd.

Site Size: 2.39 Gross Acres (approx.)

General Plan Conformance: The proposal is consistent with the Surprise General Plan 2040.

Commission Recommendation: The Planning and Zoning Commission recommended Approval of case FS24-1195 to the City Council, subject to stipulations 'a' and 'b'.

Project Description:

Brennan Ray with Ray Law Firm proposes to rezone approximately 2.39 gross acres from Rural Residential (RR) to Community Commercial (C-2) to allow for the development of a Circle K convenience store and fuel station. The site is located on the northeast corner of 163rd Avenue and Jomax Road.

Background:

November 03, 1988: The subject parcels were annexed into the City under Ordinance 88-24.

January 11, 2023: A Concept Review meeting for the subject case was held under case CR23-0051.

June 14, 2024: The applicant filed a request for a Rezone and Site Plan under case FS24-0762, the subject case.

June 05, 2025: Planning and Zoning Commission recommended Approval of the subject rezone

Analysis and Discussion:

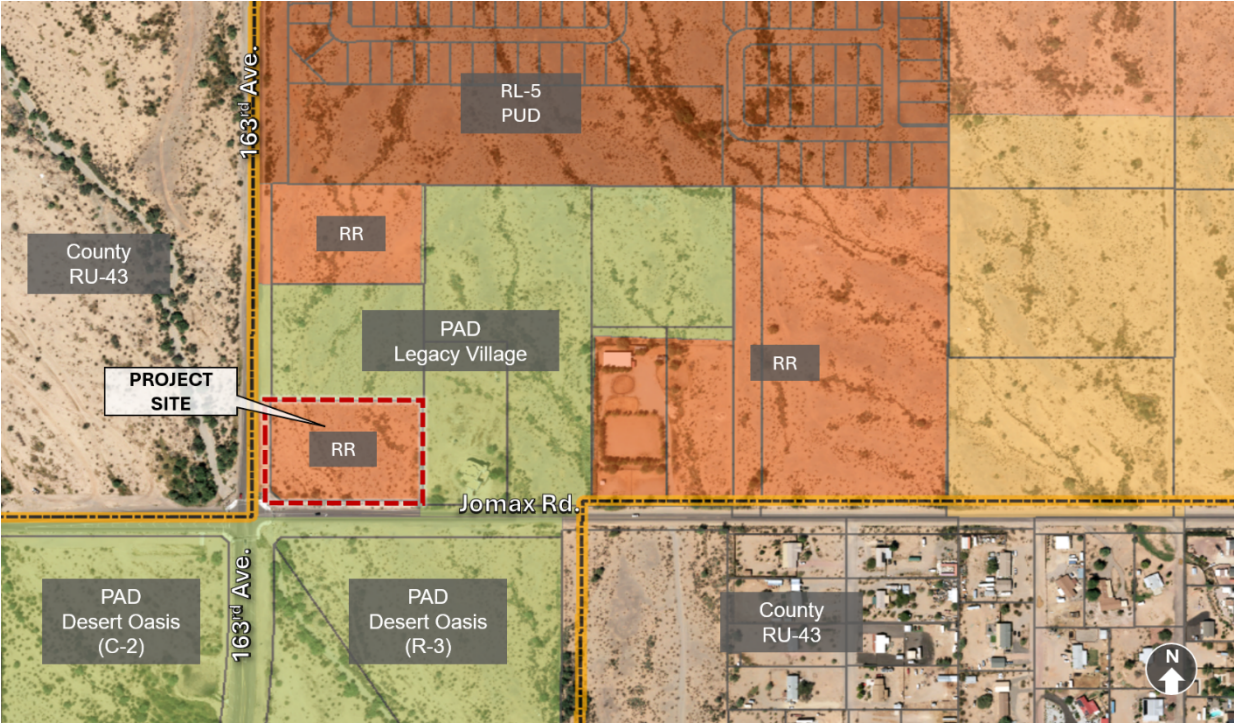
The applicant requests the rezone of a vacant parcel located on the northeast corner 163rd Avenue and Jomax Road. A rezone from RR to C-2 will allow for the development of a Circle K convenience store and fuel station. A Site Plan review is running concurrently with this rezone application under the same case number. For conceptual purposes the proposed Landscape Plan is shown below.

Access to the site is provided via 163rd Avenue and Jomax Road. The driveway on the westerly side of the parcel provides right-in, right-out access to 163rd Avenue and the southern driveway provides right-in, right-out access to Jomax Road. A Traffic Impact Analysis has been reviewed as a part of this application.



Existing Zoning

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74

Proposed Zoning



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Development Standards:

The development of the project site is subject to review and approval of a comprehensive Site Plan review, in which the site design, architecture, parking, setbacks, and landscaping will be reviewed in accordance with the requirements prescribed by the City's LDO requirements and the adopted Planning and Engineering Design Standards (PEDS). The tables below reflect the current LDO development standards for the C-2 zoning district.

Table 106-6a—Commercial Zoning Districts

	C-2
Minimum <i>lot</i> area (sf)	18,000
Min. <i>setback</i> to arterial <i>ROW</i>	35 ^{5, 6}
Min. <i>setback</i> to collector and local <i>ROW</i> (ft)	20 ^{5, 6}
Min. <i>setback adjacent</i> to residential <i>zoning</i> (ft)	30 ^{5, 6}
Min. <i>setback adjacent</i> to non-residential <i>zoning</i> (ft)	15 ^{5, 6}
Max. bldg. <i>height</i> (ft)	40 ²
Max. size per <i>use/tenant</i> (sf) ³	45,000
Max size per <i>commerce center</i> (ac) ⁴	20
Notes: 2. The <i>height</i> of any <i>structure</i> , or portions thereof, shall not exceed 30 feet in <i>height</i> measured at the <i>setback</i> line when <i>adjacent</i> to rural residential (RR), residential low density (R-1), and residential medium density (R-2) <i>zoning</i> . The <i>height</i> increases at a ratio of one foot vertical for every one foot horizontal as measured relative to the property line to a maximum <i>height</i> equal to the <i>zoning district</i> . 5. Projects designed as <i>commerce center</i> will comply with overall development standards regarding perimeter <i>setbacks</i> from <i>abutting</i> developments. 6. <i>Pad sites</i> within a <i>commerce center</i> may have reduced <i>setbacks</i> along boundaries internal to the master <i>site plan</i> if the whole development complies with parking and landscaping regulations. Approval by the community development director or designee is required.	

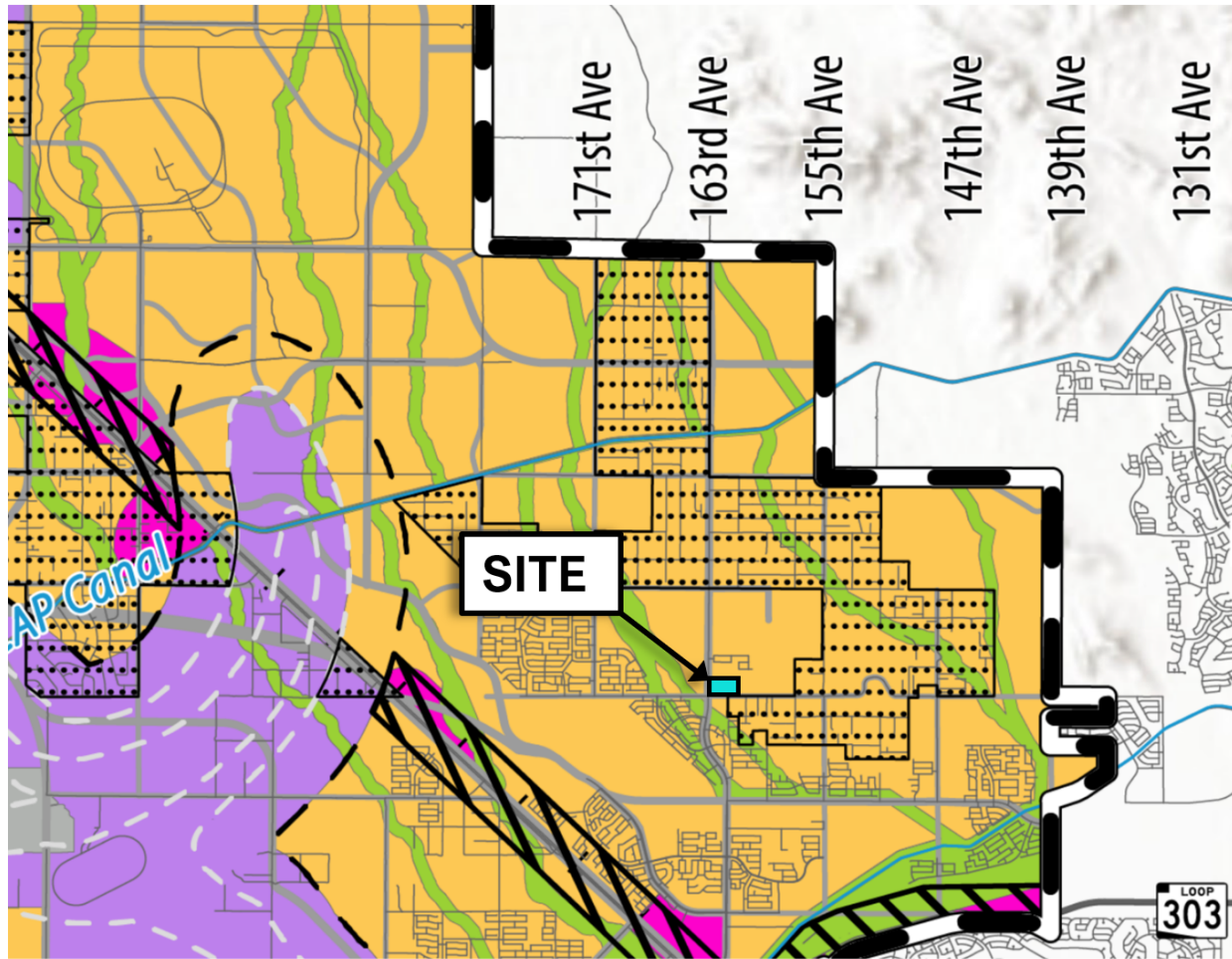
Utility and Services Table:

Electric:	APS
Water:	CITY OF SURPRISE
School District	NO SCHOOL DISTRICT

Conformance with Adopted Plans:

The proposed rezone was reviewed against the goals, policies, recommendations, and guidelines of the City of Surprise General Plan 2040. The proposed rezone is consistent with the General Plan in some of the following ways:

The site is designated Neighborhood Character Area, which supports the development of locally orientated commercial uses. The proposed development will provide neighborhood scale retail that is strategically located at the intersection of two arterial corridors.



Reviewing Agencies:

In addition to the standard City internal reviewing departments and Luke Air Force Base, the Maricopa Water District, and ADOT were included in the routing of this request. None of the reviewing agencies indicated any concerns over the request.

Citizen Outreach:

An outreach meeting was held on October 29, 2024, at the Asante Preparatory Academy. Nine (9) residents were in attendance, as well as city staff. Some residents expressed concerns regarding traffic, crime, noise, light pollution and the potential for a gas leak. A summary of this meeting can be found in the attached Citizen Outreach Report.

Summary:

Staff believes the proposed rezone is consistent with the manner and intent of the Surprise Municipal Code. If approved, the site will be allowed to be developed in accordance with the requirements of the City of Surprise C-2 zoning district.

116 **Findings:**

- 117 • The proposed rezone is consistent with the Surprise General Plan 2040.
- 118 • The proposed rezone demonstrates compliance with the criteria set forth in the
- 119 Surprise Municipal Code.
- 120 • The reviewing agencies have indicated no objections to the request.
- 121

122 **Staff's Recommendation:**

123 Based on the findings noted above, on June 05, 2025, the Planning and Zoning Commission

124 recommended Approval of case FS24-0762 to the City Council, subject to stipulations 'a' and

125 'b' as outlined below:

126

- 127 a. Development and use of the site shall be consistent with the Rezone Narrative
- 128 entitled "Circle K NEC Jomax Road & 163rd Avenue", prepared by Ray Law Firm,
- 129 and received May 11, 2025.
- 130 b. Non-compliance with the stipulations of approval of this case will be treated as a
- 131 violation in accordance with the applicable provisions of the Surprise Municipal
- 132 Code.
- 133

134 However, should the Council wish to **deny** the request, the Council should make its own

135 findings and base its decision on those alternative findings.

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141 **Attachments:**

142 01 Vicinity Map

143 02 Existing Zoning Map

144 03 Proposed Zoning Map

145 04 Rezone Narrative

146 05 Luke AFB comments

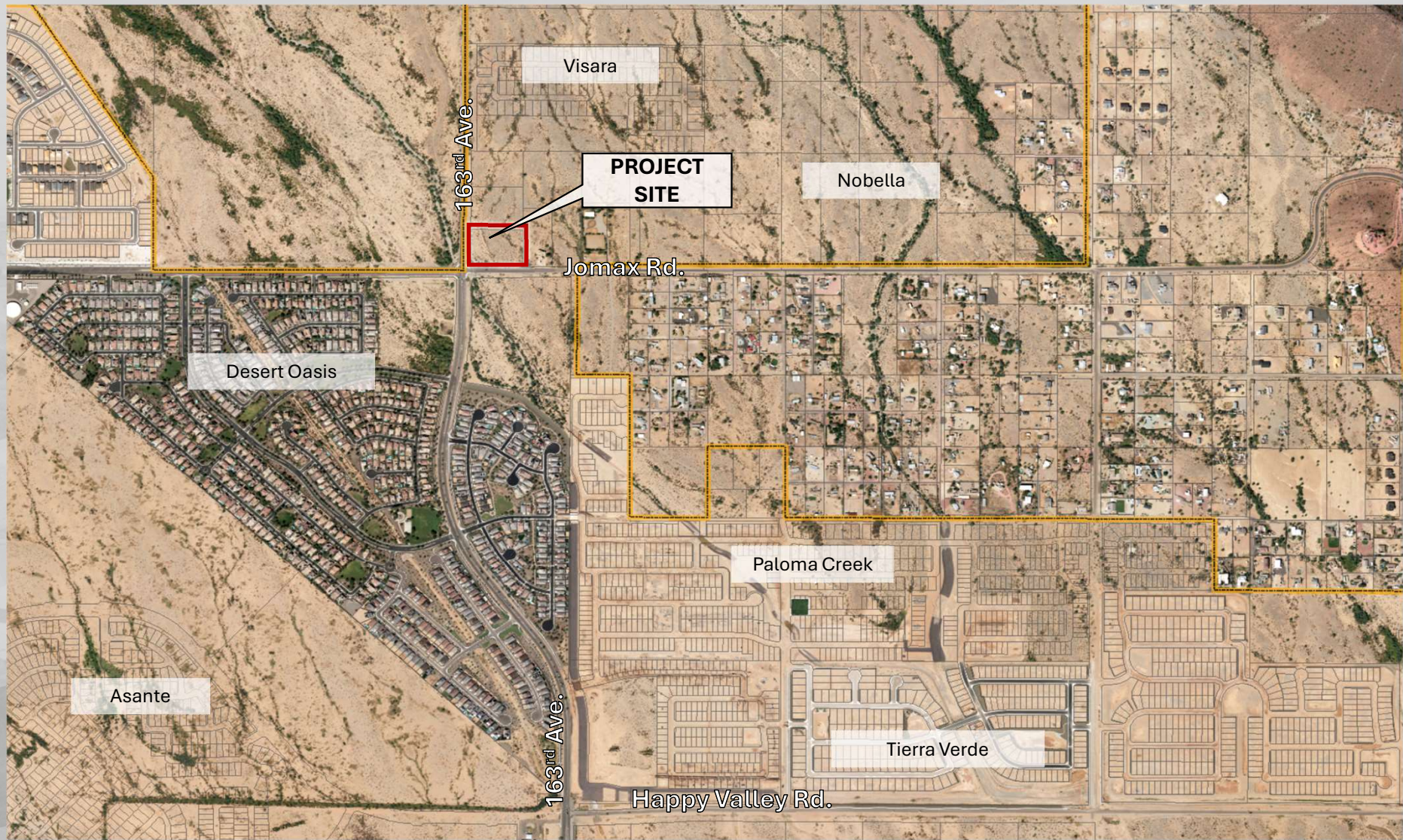
147 06 Citizen Outreach Report

148 07 Affidavit of Site Posting

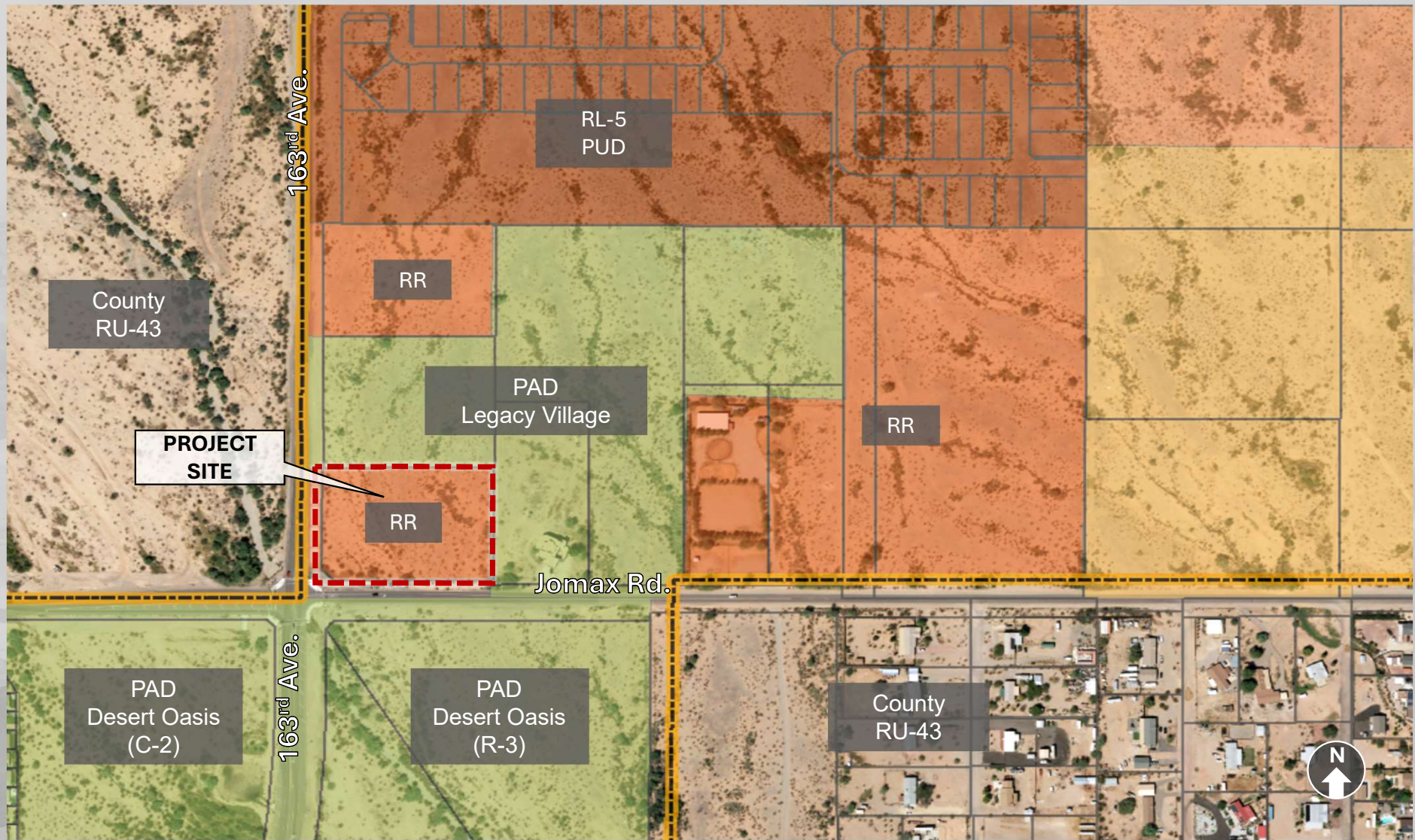
149 08 Ordinance

150 09 Opposition & Support

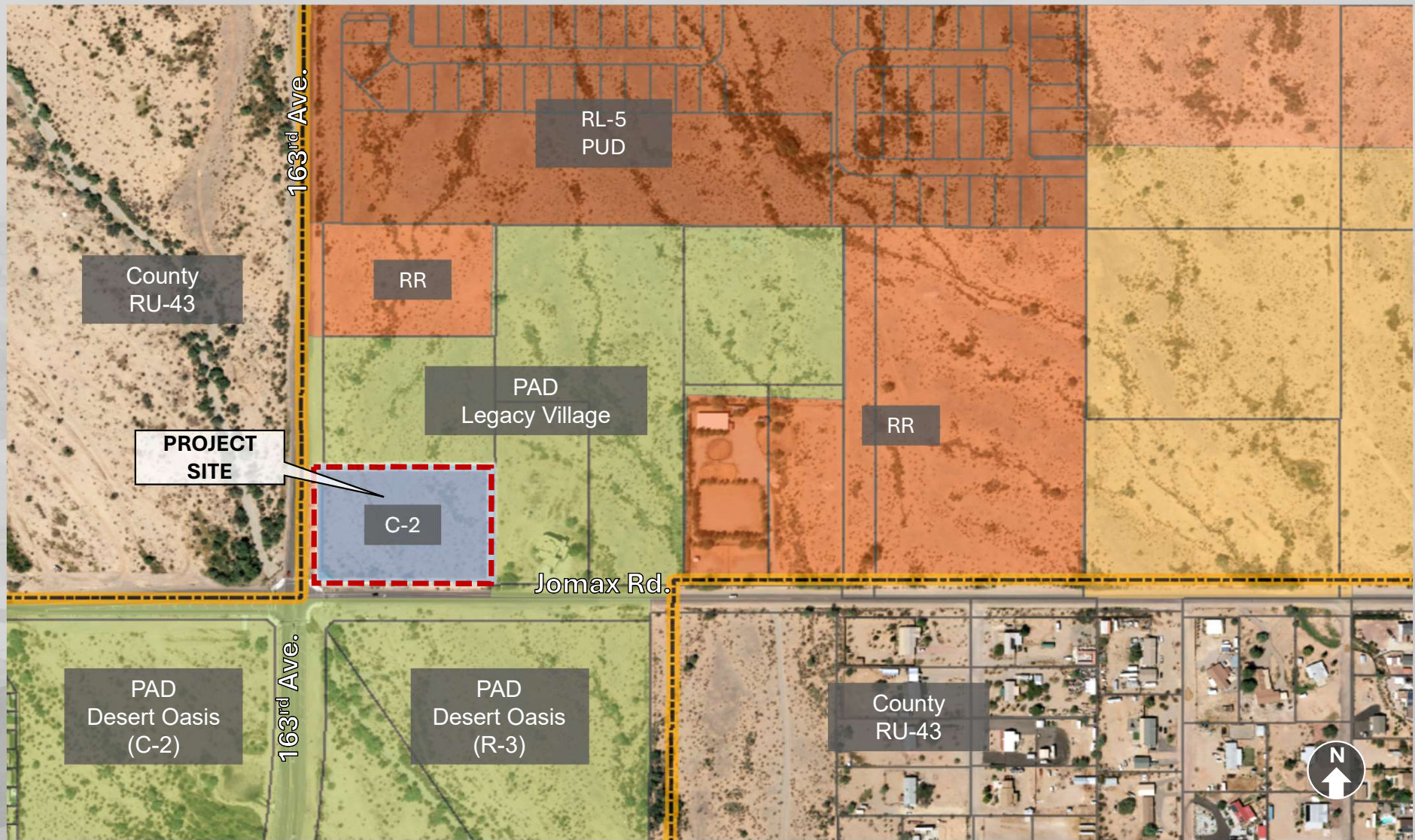
151 PPT



VICINITY MAP



ZONING MAP



PROPOSED ZONING MAP

Rezone Narrative

Circle K

NEC Jomax Road & 163rd Avenue

Case No: FS24-0762

Submitted: June 19, 2024
Updated: November 22, 2024
Updated: April 9 2025
Updated: May 11, 2025

TABLE OF CONTENTS

I.	Introduction and Request.....	1
II.	Site, Surrounding Area, and Existing Zoning.....	1
III.	Proposed Development	1
A.	Site Layout and Architecture	1
B.	Landscaping.....	2
C.	Parking and Circulation	2
IV.	Conclusion	2
V.	Project Team	2

Exhibit No.	Description
1	Aerial
2	Site Plan
3	Exterior Elevations
4	Material Board
5	Canopy Elevations
6	Landscape Plan
7	General Plan Land Use Map
8	Existing Zoning Map
9	Proposed Zoning Map
10	Legal Description

I. INTRODUCTION AND REQUEST

Circle K Stores, Inc. (“Circle K”) is seeking to develop approximately 2.39 gross acres located at the northeast corner of Jomax Road and 163rd Avenue (the “Site”) in the City of Surprise (the “City”) as a full-service Circle K convenience store with gasoline services. See **Exhibit 1, Aerial**. Circle K requests the Site be rezoned from the existing Rural Residential (RR) zoning to Community Commercial (C-2). Additionally, Circle K is concurrently seeking administrative site plan approval for the proposed development plans on this vacant and underutilized site. See **Exhibit 2, Site Plan**. Circle K is excited about the prospect of this new location that will bring jobs, goods, and services to the area.

These requests are consistent with the General Plan and with good planning principles of locating commercial development at the intersection of two arterial roads (163rd Avenue and Jomax Road). The current Rural Residential zoning is not appropriate for this hard corner. Rather, this designation is better suited north and east of the Site, such as the future Legacy Village residential development that will be north of the Site. A convenience store with gasoline services is not located within the immediate area. This Circle K will be a convenient place for those who live and work in the area to get convenience goods and fuel. This Circle K will also be well-designed with architecture that is fitting for the area.

II. SITE, SURROUNDING AREA, AND EXISTING ZONING

The Site is designated as “Neighborhood” on the General Plan. This request is consistent with the Neighborhood designation, which supports locally oriented commercial uses. Circle K’s proposed neighborhood-oriented use is suitable for the area and compatible with the surrounding uses. Surrounding uses and designations are as follows:

- North: vacant land zoned PAD/CC
- East: vacant land zoned PAD/CC
- South: vacant land (across Jomax Road) zoned PAD/LDR
- West: vacant land in Maricopa County’s jurisdiction

The proposed development complies with the General Plan and is supported by the General Plan’s goals of economic vitality, enhancing the jobs to housing balance, and supporting well-maintained and attractive commercial properties. This proposed development will make good use of a vacant Site, and will provide jobs, tax dollars to the City and State, and goods and services in an appropriate location that will benefit the community.

III. PROPOSED DEVELOPMENT

A. *Site Layout and Architecture*

Circle K’s proposed development is designed as a quality development that will create employment opportunities and will be appropriate for the area. The Site has been designed with generous building and landscape setbacks to buffer the Site. Over 70 feet of setback is planned adjacent to Jomax Road and over 35 feet of setback is proposed adjacent to 163rd Avenue. These large setbacks will allow for ample landscaping and will enhance the Site. The proposed architectural design is fitting with southwest architecture and reflects a design that is respectful of the Arizona desert climate. The size and scale of the building and fuel canopy are broken up

through well-planned design and the use of a variety of materials. **See Exhibit 3, Exterior Elevations.** The Site is planned to consist of an approximately 5,200-square-foot convenience store with gasoline services. The store is proposed to be approximately 30 feet in height and features a variety of colors and materials to create visual interest. **See Exhibit 4, Material Board.** The store predominately features stucco-look blocks and stone in neutral shades—as opposed to corporate colors—to fit in with the area. Dark bronze framed windows will create further visual interest and variety.

The fuel canopy is proposed to have a height of approximately 18 feet. The fuel canopy has been designed to complement the design of the store and is proposed to contain similar architectural elements as the building to create a sense of harmony and cohesiveness on the Site. **See Exhibit 5, Canopy Elevations.**

B. Landscaping

The overall landscape theme incorporates low water use, and regionally appropriate plant materials that are suitable for the Sonoran Desert to create an attractive presence. **See Exhibit 6, Landscape Plan.** The design and materials create a sense of place within the Site, while adding a fresh approach to a timeless desert environment for the surrounding communities. The street frontages of Jomax Road and 163rd Avenue will have large landscape setbacks to create an attractive frontage for customers and passers-by. Landscape islands are provided to break up rows of parking spaces, reduce heat island effect, and provide shading. This proposed Circle K will be amply and attractively landscaped and will meet all City landscaping requirements.

C. Parking and Circulation

Efficient site layout and ample parking are important to Circle K to enhance the customer experience. Twenty parking spaces are provided, where only seventeen are required. The Site has convenient access on both Jomax Road and 163rd Avenue to promote efficient circulation.

IV. CONCLUSION

Circle K's proposed development is an appropriate development for the Site and area, providing, jobs, tax dollars, and goods and services. Circle K looks forward to the opportunity to further invest in Surprise. We request your approval.

V. PROJECT TEAM

Developer:	Circle K Stores Attn: Ryan Mojahed/Lauren Pacini 1130 W. Warner Road Tempe, Arizona 85284
Engineering:	Helix Engineering Attn: Steve Bauser 3240 E. Union Hills Drive, Suite 113 Phoenix, Arizona 85050
Zoning:	Ray Law Firm Attn: M. Brennan Ray 2325 E. Camelback Rd., Suite 400 Phoenix, Arizona 85016 Phone: (602) 558-9934 Email: bray@raylawaz.com

Exhibit 1

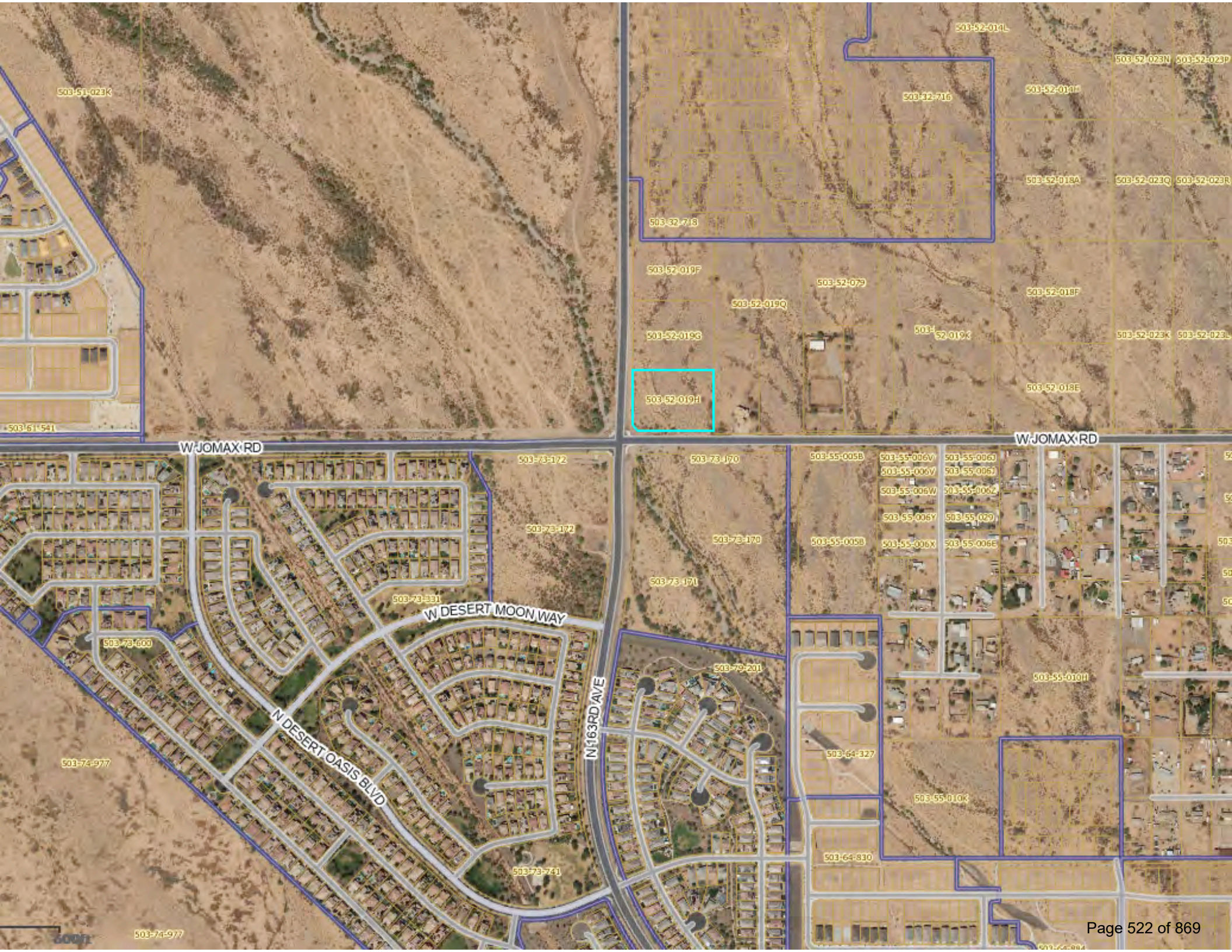


Exhibit 2

PROJECT DESCRIPTION

THIS SUBMITTAL CONTAINS INFORMATION FOR A BUILD-TO-SUIT 5200 SF
CONVENIENCE STORE WITH A 3936 SF FUEL CANOPY AND ASSOCIATED SITE WORK
NEAR THE NEC OF JOMAX AND 163RD AVE IN SURPRISE, ARIZONA

SITE DATA

PARCEL NUMBER	503-52-019H
SITE AREA	104,108 S.F. = 2.39 ACRES (NET) (AFTER DEDICATIONS)
ZONING	RR (EXISTING) C-2 (PROPOSED)
BUILDING FOOTPRINT SQUARE FOOTAGE	CONVENIENCE STORE=5200SF FUEL CANOPY=3936 SF
BUILDING HEIGHT	30' EXISTING (40' ALLOWABLE)
FRONT SETBACK (ATERIAL) (REQUIRED)	35'
FRONT SETBACK (ACTUAL)	37' (WEST), 72.5' (SOUTH)
REAR SETBACK (REQUIRED)	15'
REAR SETBACK (ACTUAL)	15' (NORTH)
SIDE SETBACK (REQUIRED)	15'
SIDE SETBACK (ACTUAL)	79.3' (EAST)
PARKING REQUIRED:	1 SPACE FOR EACH 300 SF 5200 UNITS / 300 = 17 SPACES
PARKING PROVIDED:	20 SPACES (19 STANDARD + 1 ADA)

SITE KEY NOTES

1. DRIVE ENTRANCE
2. SCREEN WALL
3. SURFACE BASIN
4. REFUSE ENCLOSURE AND GATES
5. 6" CURB
6. ADA PARKING STALL
7. 5' MIN SIDEWALK
8. FUEL CANOPY
9. RELOCATE OVERHEAD POWER UNDERGROUND
10. CITY CIP PROJECT (WIDEN INTERSECTIONS AND EXTEND CULVERT)
11. DECEL LANE
12. CONTINUOUS DECEL LANE
13. RISER ROOM
14. UNDERGROUND FUEL TANKS
15. APS GROUND TRANSFORMER
16. STORM DRAIN PIPE
17. SCUPPER

ELIX ENGINEERING, LLC
240 E. UNION HILLS DR #113
HOENIX AZ 85050
OFFICE: 602-788-2616
www.hxeng.com

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[illegible]

PROFESSIONAL SEAL:

PROFESSIONAL IN CHARGE:
STEVEN BOWSER, PE
PROJECT MANAGER:
STEVEN BOWSER, PE
QUALITY CONTROL:
JAE
DRAWN BY:
JAE
DATE ISSUED:
6-24

PROJECT NAME:
SEC JOMAX / 163RD
SURPRISE, AZ
5XXX



CIRCLE K STORES INC.

PROJECT NUMBER:
772

SHEET TITLE:

SITE PLAN

SHEET NUMBER: _____

CSP6.0W

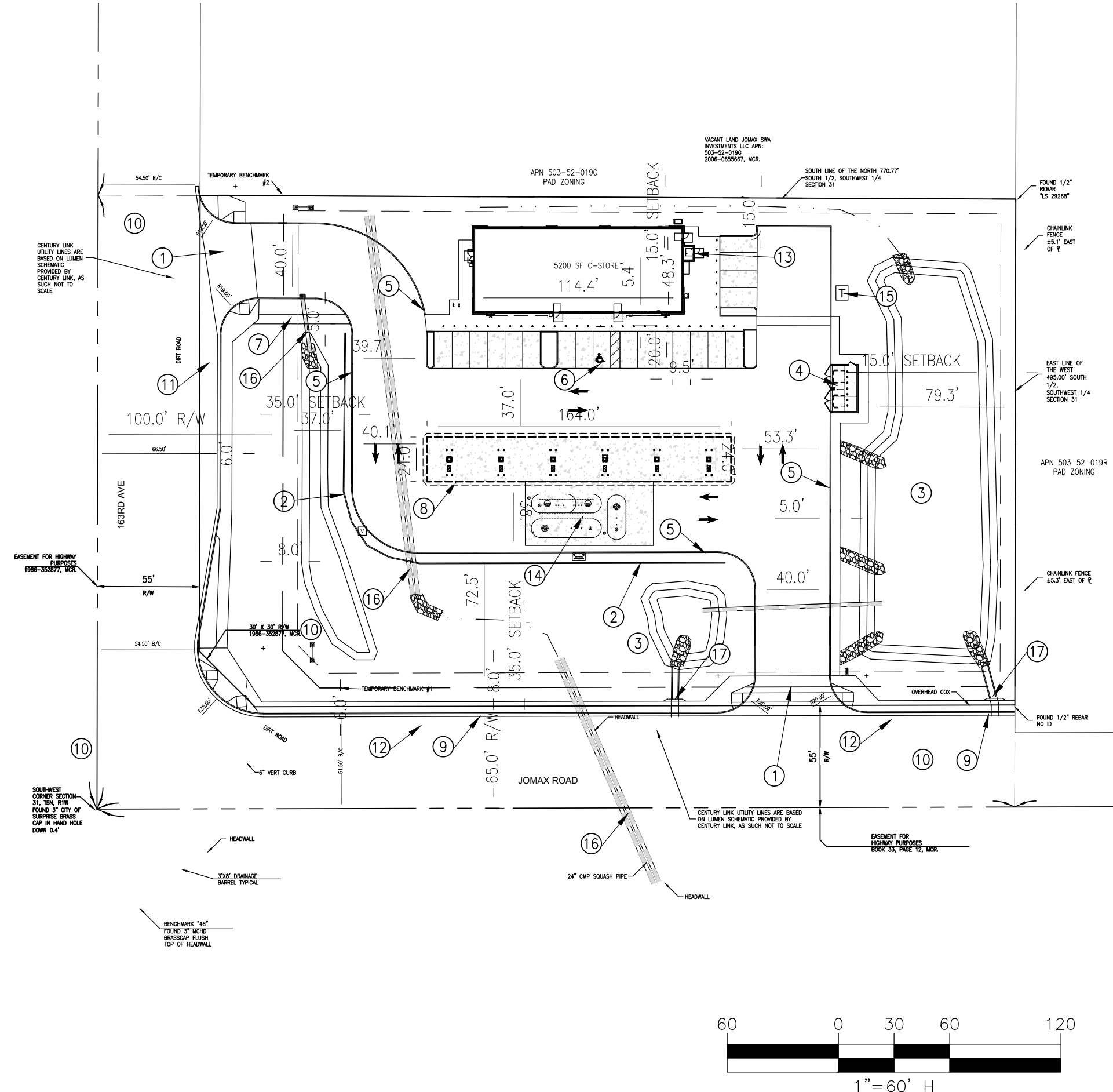
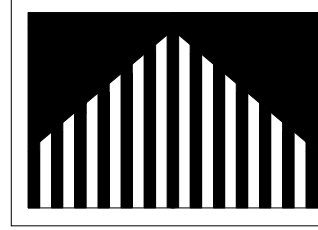


Exhibit 3



Castles
Design
Group

A Professional Corporation
3801 Kirby Dr., Suite 600
Houston, Texas 77098
tel: 713 664 7974
fax: 713 664 9756

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QUALITY CONTROL

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PROJECT NAME

CIRCLE K
STORES, INC.

2703386

163RD AVE. AND JOMAX RD.
SURPRISE, ARIZONA 85387
MARICOPA COUNTY

PROTOCOL # R3.4 04/19/23

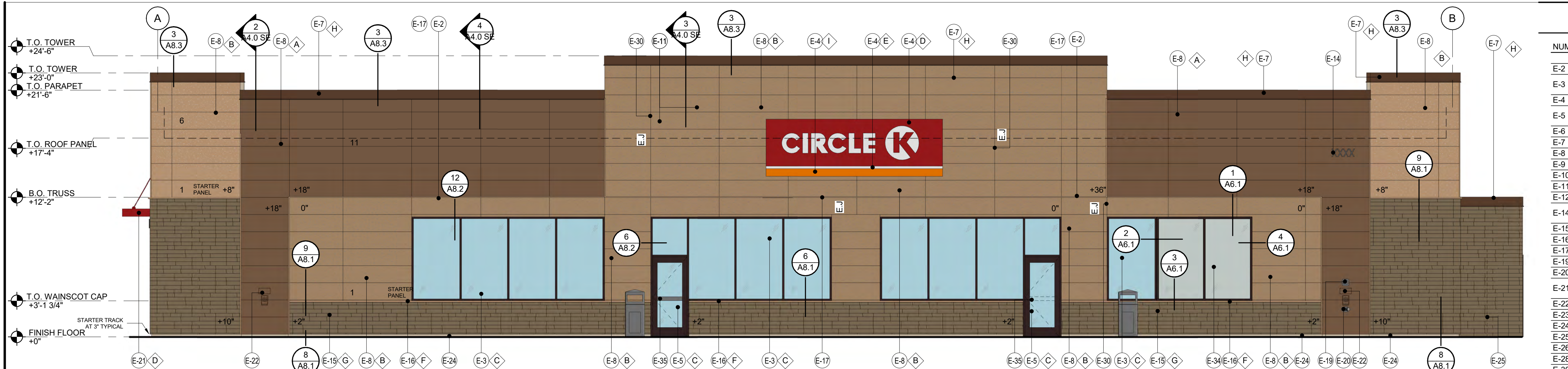


CIRCLE K STORE

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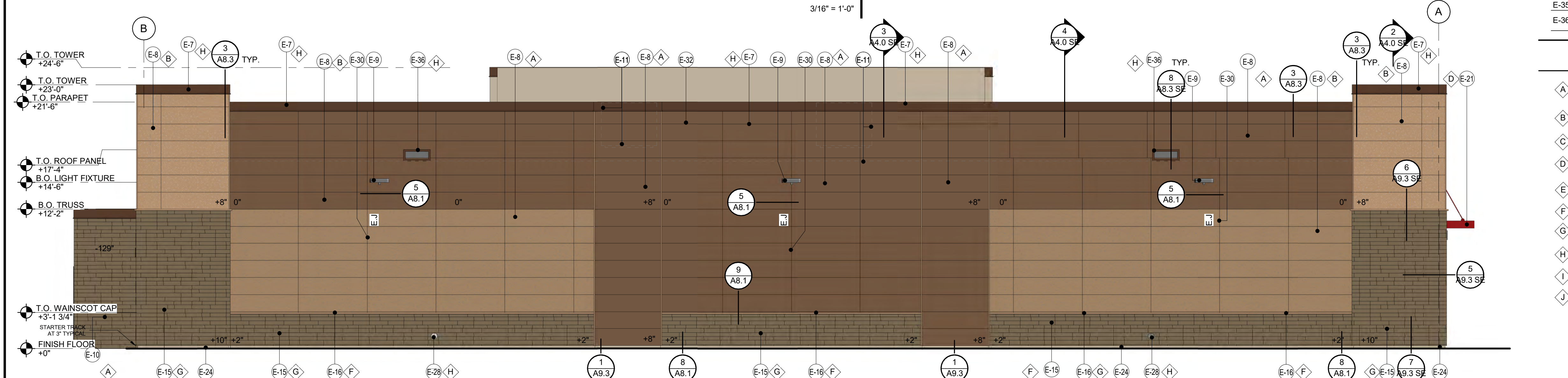
EXTERIOR
ELEVATIONS

A2.1 SE



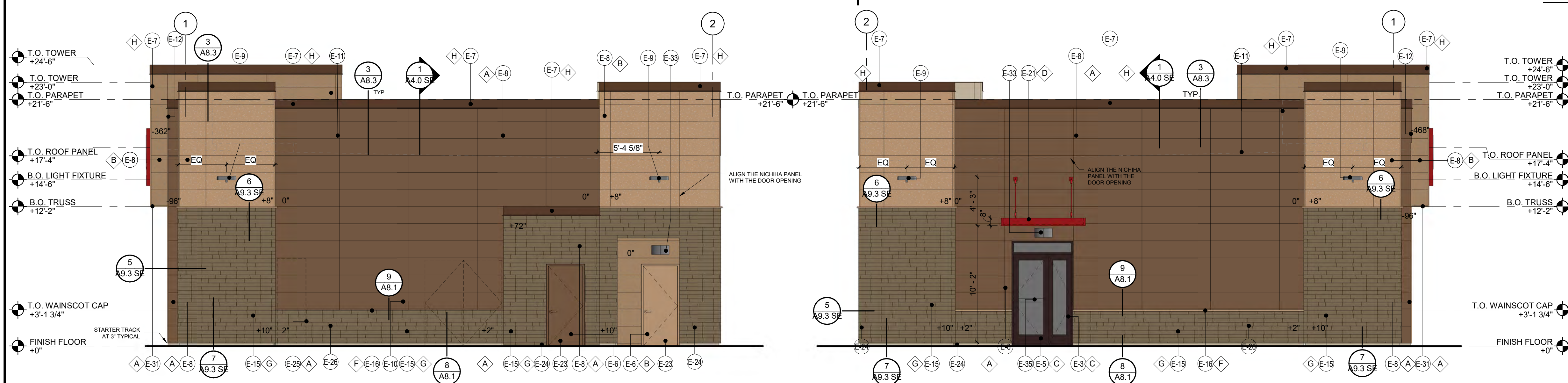
FRONT ELEVATION (SOUTH) | 1

3/16" = 1'-0"



BACK ELEVATION (NORTH) | 2

3/16" = 1'-0"



SIDE ELEVATION (EAST) | 3

3/16" = 1'-0"

SIDE ELEVATION (WEST) | 4

3/16" = 1'-0"



MATERIAL LEGEND

N.T.S.

KEY

X

NUMBER	DESCRIPTION
E-2	LINE OF CANOPY / SOFFIT
E-3	DARK BRONZE ANODIZED WINDOW FRAME W/ GRAY TINTED GLASS PER SOLARBAN SOLARGRAY SPECS. SEE GLAZING SCHEDULE ON SHEET A6.0
E-4	INTERNALLY ILLUMINATED SIGN (UNDER SEPERATE PERMIT)
E-5	DARK BRONZE ANODIZED DOOR W/ GRAY TINTED GLASS STOREFRONT SYSTEM
E-6	SERVICE DOOR, PAINT TO MATCH SURROUNDING WALL
E-7	PRE-FINISHED METAL FASCIA COPING
E-8	NICHIHA FIBER CEMENT WALL PANEL SYSTEM
E-9	WALL MOUNTED LIGHT FIXTURE, COLOR: BRONZE. SEE ELECTRICAL PLAN
E-10	SERVICE DISCONNECT PANEL LOCATION. SEE ELECTRICAL PLAN
E-11	ROOF LINE AND HVAC UNITS
E-12	1-1/2" NICHIHA CORNER KEY EDGE, TYP. TO ALL CORNERS
E-14	ADDRESSING LOCATION: 8" TALL INCH BLACK NUMBERS. FINAL AREA LOCATION TO BE DETERMINED BY FIRE DEPARTMENT.
E-15	1 3/8" THK. X 6" NICHIHA KURASTONE HIGH FIBER CEMENT WAINSCOT
E-16	1-1/2" HIGH NICHIHA FIBER CEMENT CAP INSTALL PER MFR. SPECS.
E-17	NICHIHA OVERHANG FLASHING, SEE DETAIL 2/A8.3
E-19	(KNOX) KEY-BOX AT 6'-0" AFF (IF REQUIRED BY FIRE DEPARTMENT).
E-20	FIRE DEPARTMENT CONNECTION (IF REQUIRED)
E-21	ALUMINUM AWNING WITH SUPPORT RODS ABOVE THE SIDE ENTRY DOOR BY CIRCLE K VENDOR. REFER SIP VENDOR DRAWINGS FOR DETAIL.
E-22	EMERGENCY FUEL SHUT-OFF SWITCH, REFER TO FUEL SHEETS
E-23	INSULATED METAL DOOR
E-24	NICHIHA ESSENTIAL "STARTER" FLASHING 3" FROM THE HARD SURFACE.
E-25	CO2 TANK WITH METAL LOUVERED CONTAINER
E-26	EXTERIOR FINISH TO EXTEND ABOVE SIDEWALK/GRADE, SEE DET. 8/A8.1.
E-28	INTERNAL ROOD DRAIN DOWNSPOUT NOZZLE.
E-30	CONTROL/EXPANSION JOINT "E.J." LOCATION, SEE DETAIL 5/A8.1
E-31	NICHIHA FIBER CEMENT SOFFIT PANEL. SEE DETAILS 1/A8.3 & 2/A8.3.
E-32	PARAPET BRACING. SEE SIP VENDOR SHEETS
E-33	WALL MOUNTED EMERGENCY LIGHT FIXTURE, COLOR: BRONZE. SEE ELECTRICAL PLAN
E-34	DARK BRONZE ANODIZED WINDOW FRAME WITH SPANDREL GLASS.
E-35	DOOR DECAL PROVIDED AND INSTALL BY GRAPHIC VENDOR.
E-36	SCUPPER AND OVER FLOW DRAIN, SEE A1.7 & DETAIL 8/A8.3 & 9/A8.3 FOR SIZE

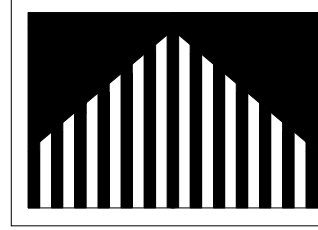
FINISH

- A - ***NICHIHA TUFF BLOCK
- COLOR TO MATCH #SW 6095 TOASTY
 - B - ***NICHIHA TUFF BLOCK
- COLOR TO MATCH #SW 6115 TOTALLY TAN
 - C - 1" INSULATED, DOUBLE PANED GRAY TINTED GLASS
 - D - *SHERWIN WILLIAMS #SW 4081
- **SAFETY RED
 - E - *SHERWIN WILLIAMS #SW 7005
- CIRCLE K WHITE
 - F - ***NICHIHA CHISELED SILL TAN
 - G - ***NICHIHA LEDGESTONE BLUFF
 - H - *SHERWIN WILLIAMS #SW 6090 - JAVA
- FIRESTONE MANSARD BROWN SR (USE FOR PRE-FINISHED METAL FASCIA)
 - I - CIRCLE K ORANGE #PMS 144
 - J - *** NICHIHA TUFF BLOCK
- COLOR TO MATCH #SW 4081
- * USE SHERWIN WILLIAMS MANUFACTURER ONLY
** COLOR TO BE PRE-ORDERED TO ENSURE AVAILABILITY AT TIME OF CONSTRUCTION
***TO BE PURCHASED BY CIRCLE K/INSTALLED BY G.C.
G.C. TO COORDINATE WITH CK PM AND OWNER'S REP
circlek@nichiha.com

FASTENING SCHEDULE FOR NICHIHA PANEL

- 5 FASTENERS PER ULTIMATE CLIP @ 6" O.C.
- #8 OR #10 FULLY THREADED WOOD SCREW, 1" LONG
- FASTEN STARTER TRACK @ 12" O.C.
- #8 OR #10 FULLY THREADED WOOD SCREW, 1" LONG
- FACE FASTENERS TO CDX PLYWOOD @ 8" O.C.
- #8 OR #10 FULLY THREADED WOOD SCREW, 1-1/2" LONG
- FACE FASTENERS BACK TO STUDS @ 16" O.C.
- #8 OR #10 FULLY THREADED WOOD SCREW, 3-1/2" LONG,

Exhibit 4



Castles
Design
Group

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DATE
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PROJECT MANAGER

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PROJECT NAME

CIRCLE K
STORES, INC.

2703386

163RD AVE. AND JOMAX RD.
SURPRISE, ARIZONA 85387
MARICOPA COUNTY

PROTOCOL # R3.4 04/19/23

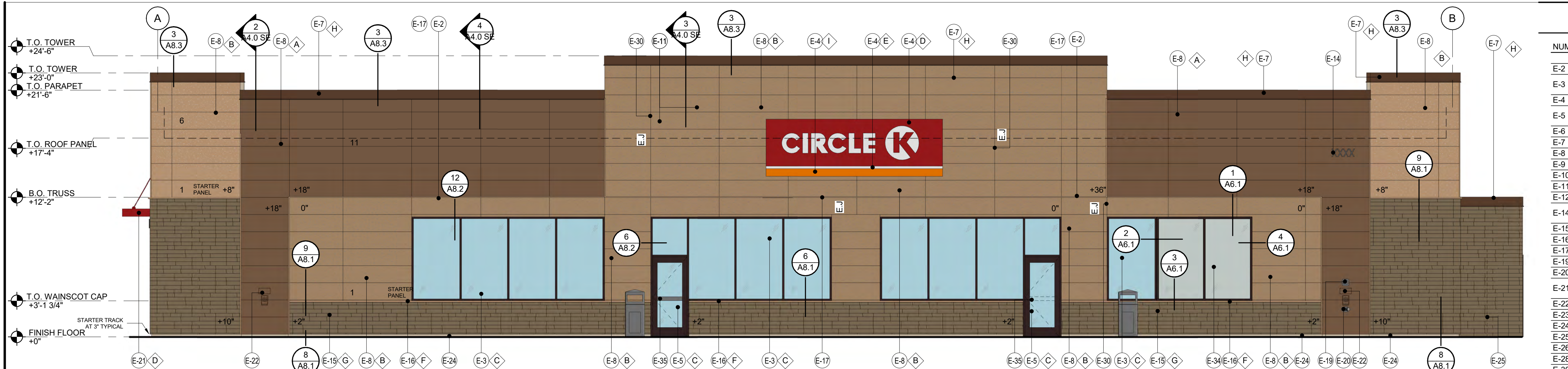


CIRCLE K STORE

PROJECT NUMBER: XXXX

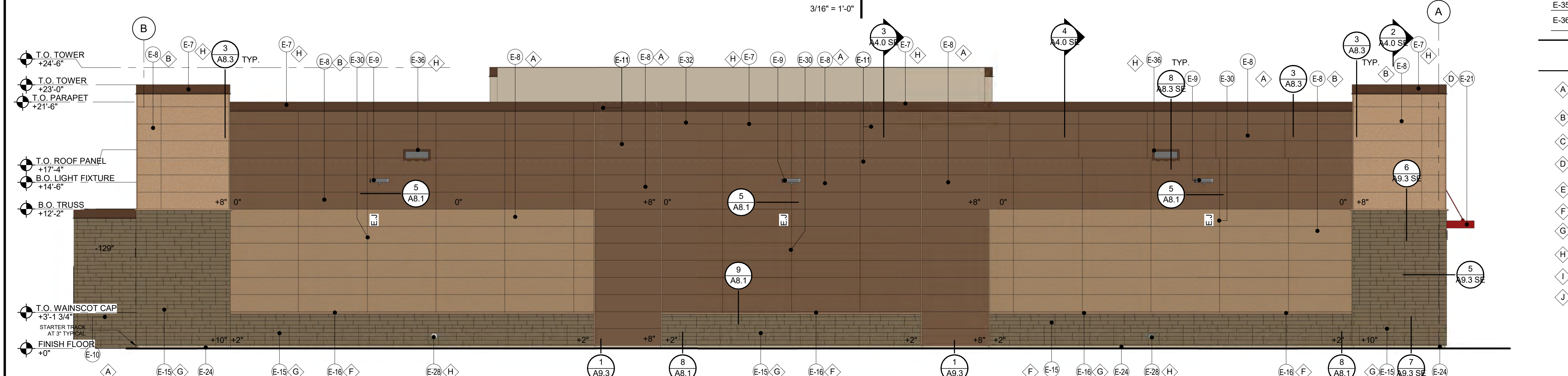
EXTERIOR
ELEVATIONS

A2.1 SE



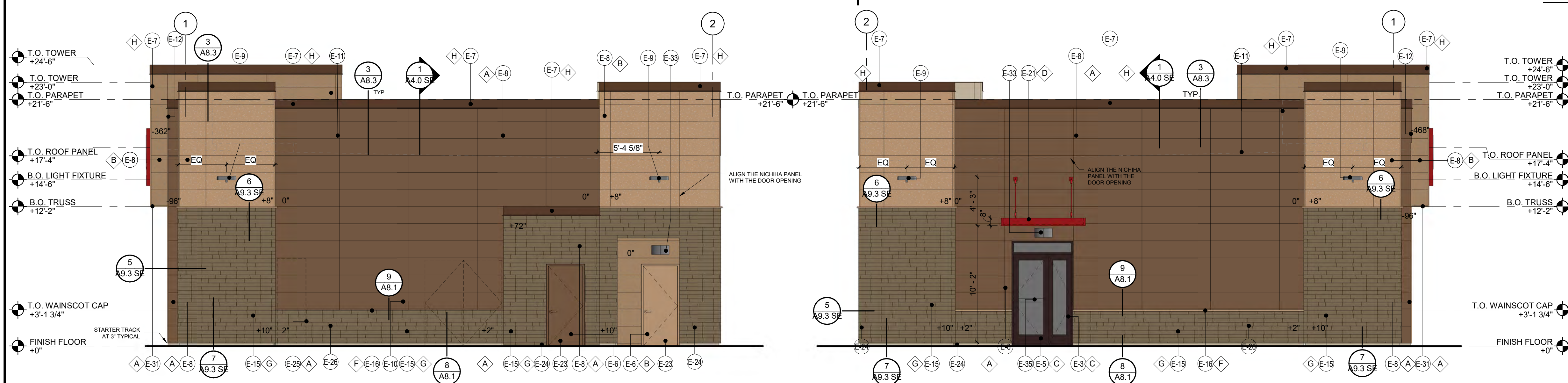
FRONT ELEVATION (SOUTH) | 1

3/16" = 1'-0"



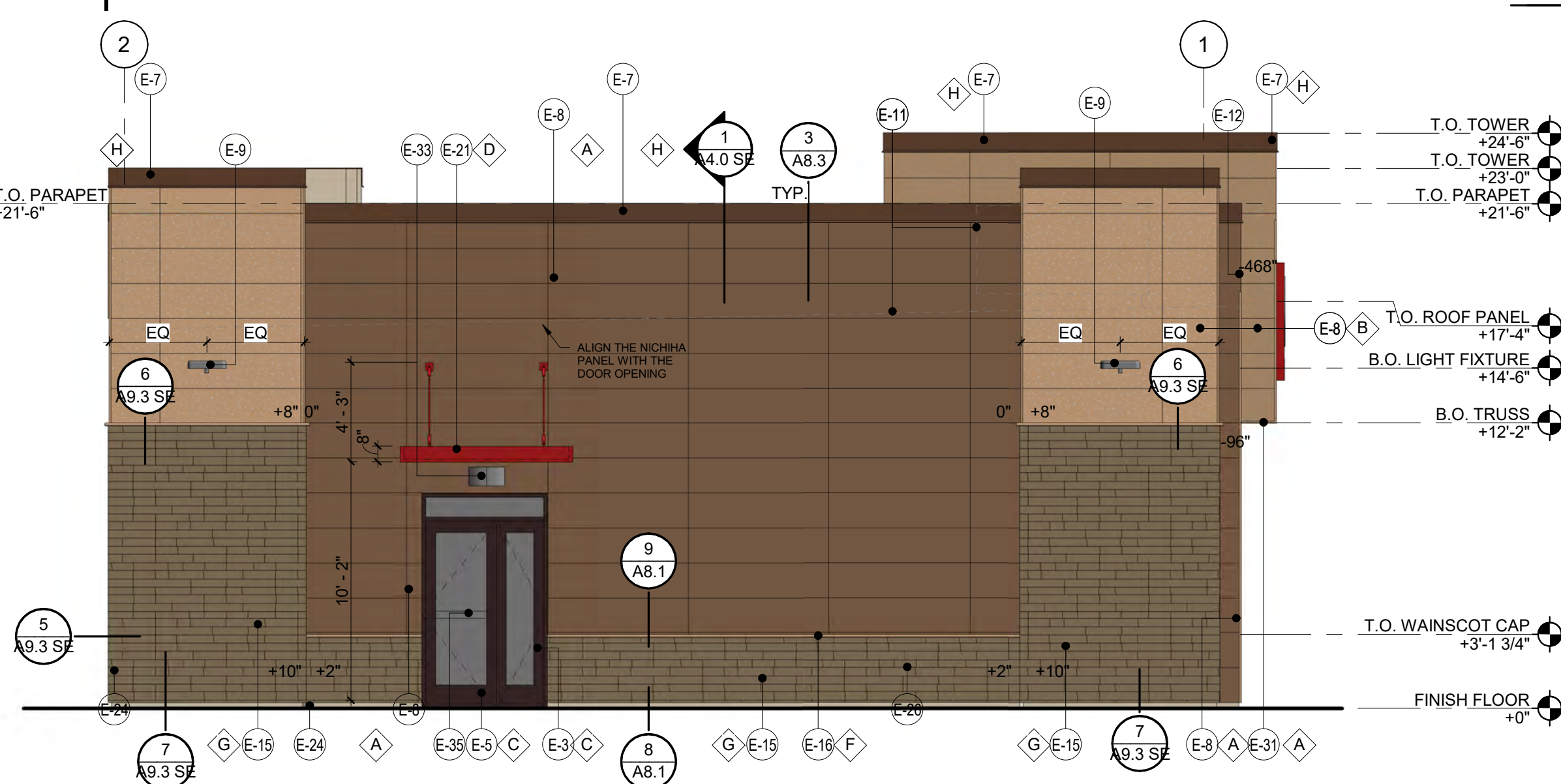
BACK ELEVATION (NORTH) | 2

3/16" = 1'-0"



SIDE ELEVATION (EAST) | 3

3/16" = 1'-0"



SIDE ELEVATION (WEST) | 4

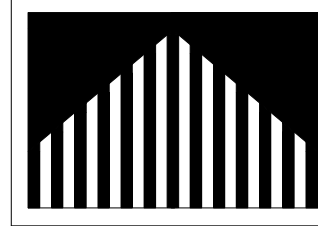
3/16" = 1'-0"



MATERIAL LEGEND

N.T.S.

Exhibit 5



Castles
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PROJECT MANAGER

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QUALITY CONTROL

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PROJECT NAME

CIRCLE K
STORES, INC.

2703386

163RD AVE. AND JOMAX RD.
SURPRISE, ARIZONA 85387
MARICOPA COUNTY

PROTOCOL # R3.4 04/19/23



CIRCLE K STORE

PROJECT NUMBER: XXXX

FUEL CANOPY
ELEVATIONS

CA-2

KEY

X

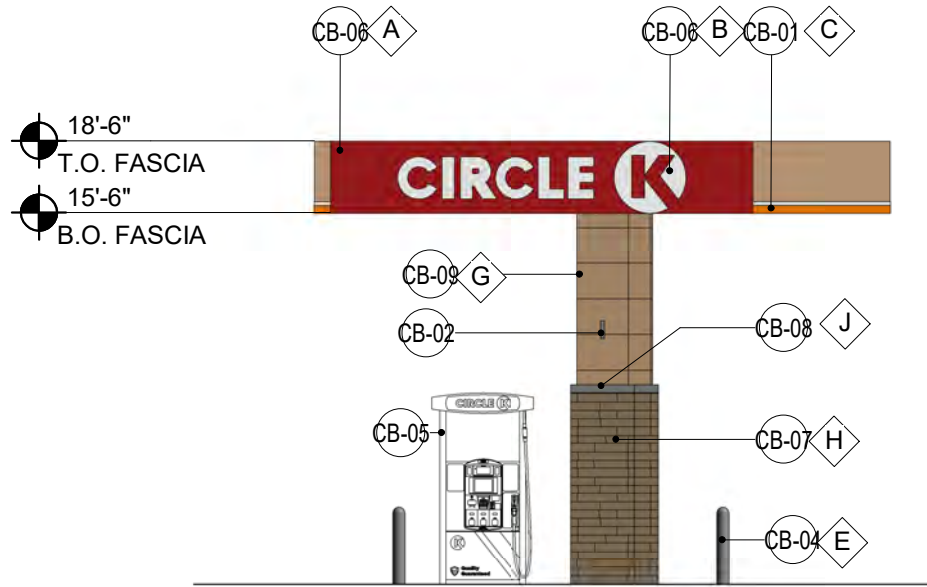
NUMBER	DESCRIPTION
CB-01	ACM PANEL *TEX-COTE
CB-02	COLUMN FLAGS BY SIGNAGE VENDOR
CB-04	6"0 BOLLARD, 36" HIGH
CB-05	FUEL PUMP
CB-06	INTERNALLY ILLUMINATED SIGN UNDER SEPARATE PERMIT
CB-07	1 3/8" THK. X 6" NICHHA KURASTONE HIGH FIBER CEMENT WAINSCOT
CB-08	1-1/2" HIGH NICHHA FIBER CEMENT CAP. INSTALL PER MFR. SPECS
CB-09	NICHHA FIBER CEMENT WALL PANEL SYSTEM

FINISH

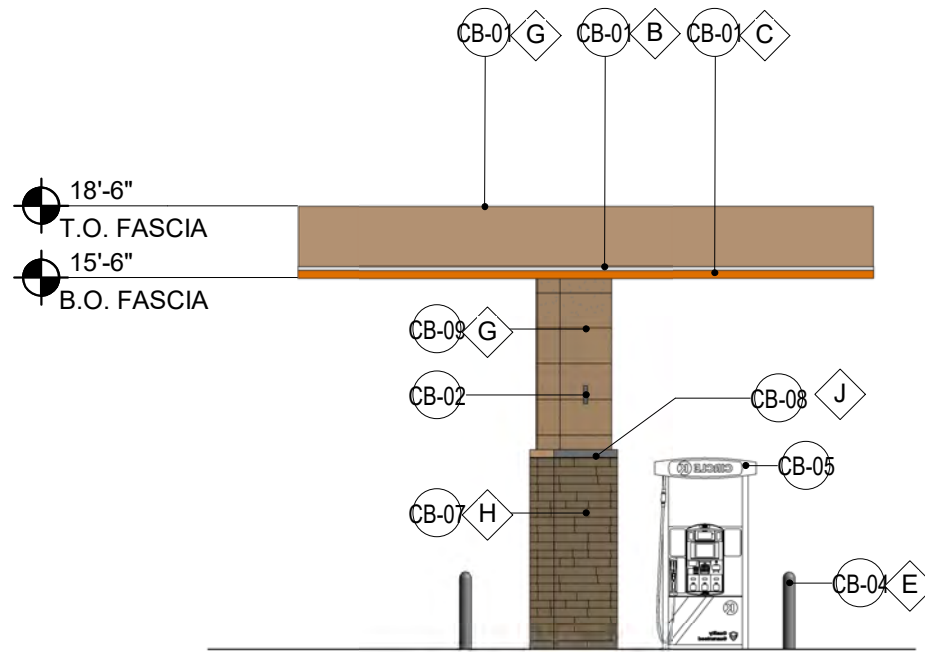
X

- A CIRCLE K RED #PMS 485
- B CIRCLE K WHITE
- C CIRCLE K ORANGE #PMS 144
- D SHERWIN WILLIAMS - SW6236 - GRAYS HARBOR
- E PVC BOLLARD SLEEVE - DARK GRAY
- F RAL9016 SHELL WARM WHITE
- G NICHHA TUFF BLOCK - COLOR TO MATCH SW6115 - TOTALLY TAN
- H NICHHA LEDGESTONE BLUFF
- J NICHHA CHISELED SILL TAN

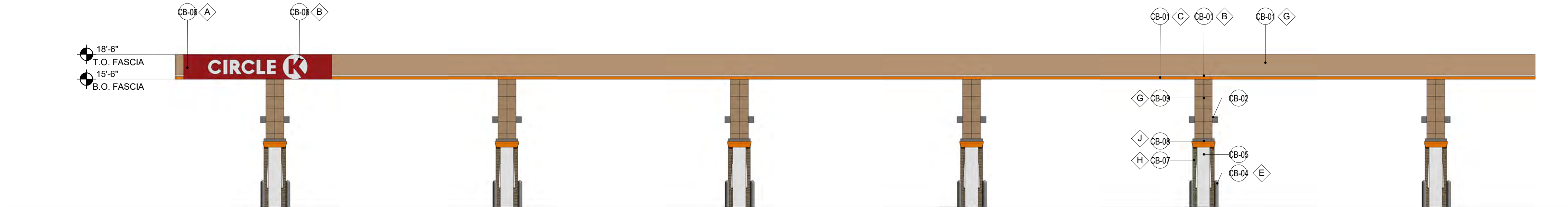
- NOTES:
- COLORS SHOWN ON THESE ELEVATIONS ARE FOR ILLUSTRATION PURPOSES ONLY. FOR ACTUAL COLORS, REFER TO MANUFACTURER'S SAMPLES.
 - THE FASCIA PANELS ARE PRE-FINISHED BY SIGNAGE VENDOR
 - ALL SIGNS REQUIRE A SEPARATE SUBMITTAL
 - ALL LIGHTING ON CANOPY TO BE FLUSH MOUNTED WITH FASCIA



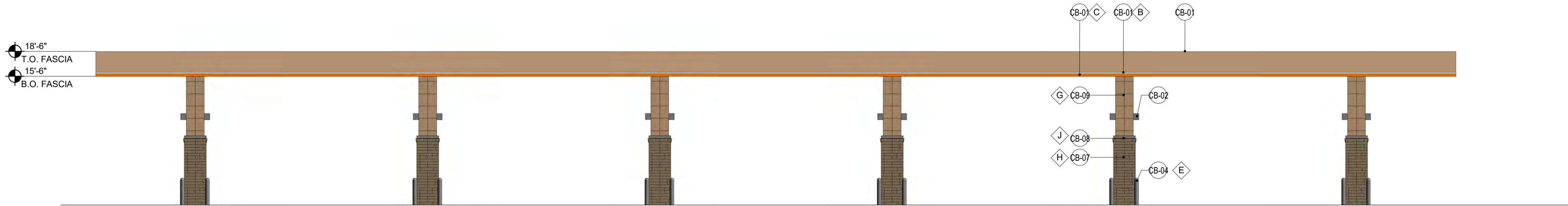
SIDE ELEVATION (EAST) | 3
1/8" = 1'-0"



SIDE ELEVATION (WEST) | 4
1/8" = 1'-0"



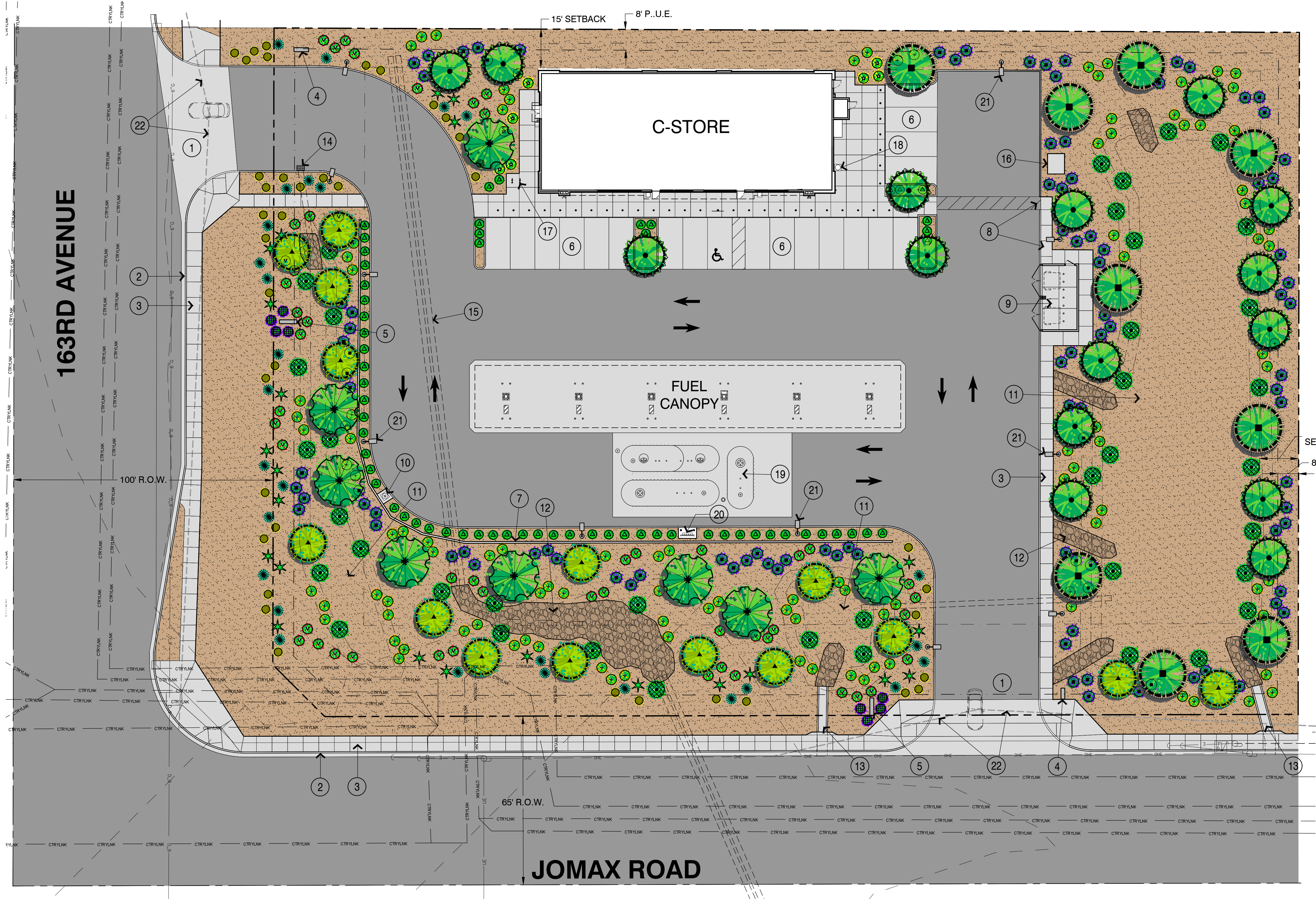
FRONT ELEVATION (SOUTH) | 2
1/8" = 1'-0"



REAR ELEVATION (NORTH) | 1
1/8" = 1'-0"

CLASS C COLUMN

Exhibit 6



P L A N T L I S T			
SYMBOL	BOTANICAL NAME COMMON NAME	SIZE QUAN.	REMARKS
	ACACIA SALICINIA WILLOW ACACIA	24" Box 15	9' Ht., 4' Sp., 2" Cal.
	ULMUS PARVIFOLIA EVERGREEN ELM	24" Box 8	10' Ht., 5' Sp., 2" Cal.
	ACACIA ANEURA MULGA	24" Box 14	7' Ht., 4' Sp., 1 1/2" Cal.
	ACACIA STENOPHYLLA SHOESTRING ACACIA	24" Box 9	9' Ht., 4' Sp., 2" Cal.
	LEUCOPHYLLUM L. 'Rio Bravo' RIO BRAVO SAGE	5 GAL. 104	
	SENNA NEMOPHYLLA GREEN CASSIA	5 GAL. 109	
	EREMOPHILA MACULATA 'VALENTINE' VALENTINE BUSH	5 GAL. 51	
	LANTANA MONTEVIDENSIS 'NEW GOLD' 'NEW GOLD' LANTANA	5 GAL. 40	
	TECOMA STANS YELLOW BELLS	5 GAL. 9	
	HESPERALOE PARVIFLORA RED YUCCA	5 GAL. 28	
	LANTANA MONTEVIDENSIS 'PURPLE' PURPLE TRAILING LANTANA	5 GAL. 8	
	ACACIA REDOLENS 'Desert Carpet' DESERT CARPET ACACIA	5 GAL. 39	
	HESPERALOE FUNIFERA GIANT HESPERALOE	5 GAL. 23	
	MYRTUS COMMUNIS 'Compacta' COMPACT MYRTLE	5 GAL. 62	

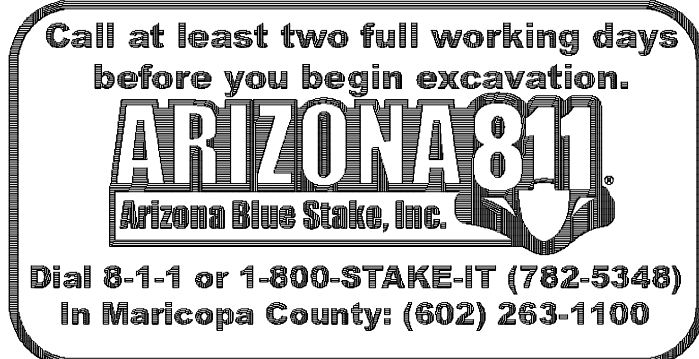
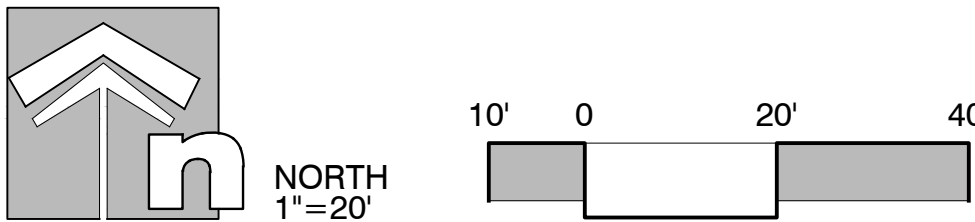
DECOMPOSED GRANITE - 3/4" SCREENED, 2" DEPTH IN ALL AREAS OF PLANTING.
"MADISON GOLD" COLOR.

ALL TREES SHALL COMPLY WITH THE LATEST AMENDED EDITION OF THE
"ARIZONA NURSERY ASSOCIATION - RECOMMENDED TREE SPECIFICATIONS."

Note: All trees to be planted a minimum of 5' away from all utility lines.
(As measured from the outside of the pipe to the exterior of the tree trunk)

LANDSCAPE KEY NOTES

- ENTRY DRIVE
- STREET CURB & GUTTER
- CONCRETE WALK
- DIRECTIONAL SIGN
- MONUMENT SIGN
- ASPHALT PARKING AREA
- MASONRY WALL / RETAINING WALL
- ACCESSIBLE ROUTE/RAMP
- TRASH ENCLOSURE
- AIR & WATER DISPENSER
- RETENTION BASIN
- STONE RIP-RAP TYP.
- STREET SCUPPER
- CATCH BASIN
- DRAIN PIPE TYP.
- ELECTRICAL TRANSFORMER
- BIKE RACK
- CO2 TANK
- FUEL TANKS
- VENT RISER
- SITE LIGHT TYP.
- SIGHT DISTANCE LINE
- MONUMENT SIGN



NOTE:
Sight distance requirements on Arterials and Collectors will adhere to Surprise Detail 4-01. Sight visibility within the unobstructed view easement area and in front of stop signs must meet or exceed requirements in Surprise Details 4-01 and 4-02. Trees, shrubs, and other landscaping are permitted within the sight visibility triangle provided limbs, leaves, needles or other foliage are kept below 30 inches or above 84 inches, per Surprise EDS Detail 4-01.

THE MAINTENANCE OF LANDSCAPING WITHIN THE OPEN SPACES, LANDSCAPED TRACTS, RETENTION BASINS, AND PARKS SHALL BE THE RESPONSIBILITY OF THE OWNER OR THE HOMEOWNERS' ASSOCIATION FORMED BY THE OWNER. THE MAINTENANCE OF LANDSCAPING WITHIN THE ADJACENT PUBLIC RIGHTS-OF-WAY, INCLUDING LANDSCAPED MEDIANS WITHIN COLLECTORS AND LOCAL STREETS, AND LANDSCAPED AREAS BETWEEN THE CURB AND THE DETACHED SIDEWALK, SHALL BE THE RESPONSIBILITY OF THE ADJACENT PROPERTY OWNER OR THE HOMEOWNERS' ASSOCIATION FORMED BY THE ADJACENT PROPERTY. LANDSCAPING MAINTENANCE OF THE MEDIANS WITHIN THE PUBLIC RIGHT-OF-WAY WITHIN ANY ARTERIAL OR PARKWAY STREET CLASSIFICATION SHALL BE RESPONSIBILITY OF THE CITY OF SURPRISE AFTER ACCEPTANCE.

Planting Data
NET SITE S.F. - 104,108 (2.39 Ac.)
LANDSCAPE AREA - 54,088 S.F. (52% of Site)
TREES PROVIDED (49)
SHRUBS PROVIDED (317)
VEGETATIVE GROUNDCOVERS PROVIDED (90)

Administrative Approval	
Community Development Director	Date:
City Engineer	Date:

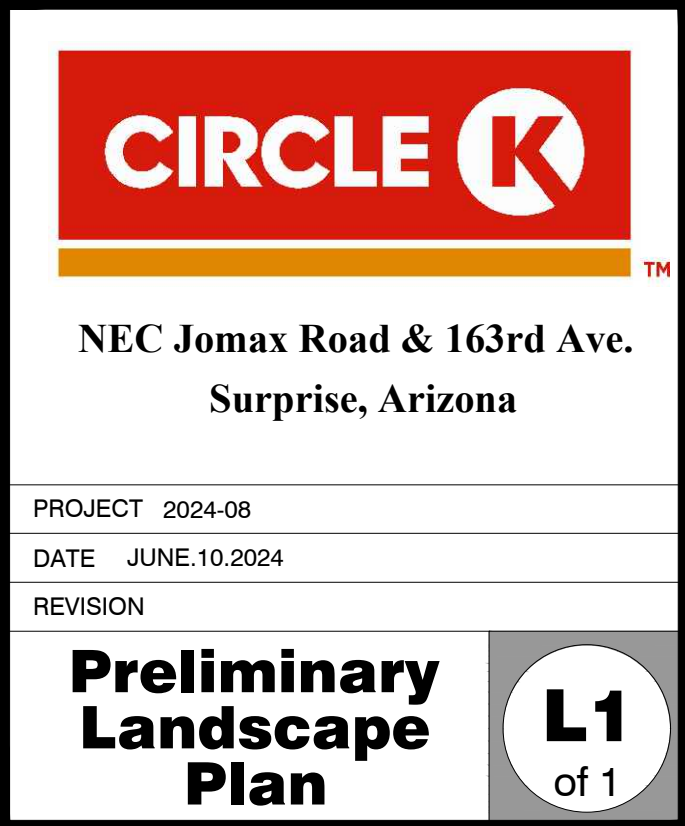
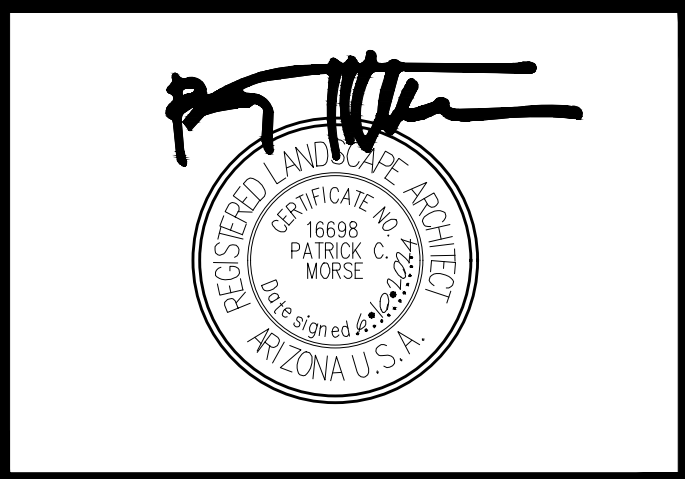


Exhibit 7

Figure 4.4: Land Use Character Areas

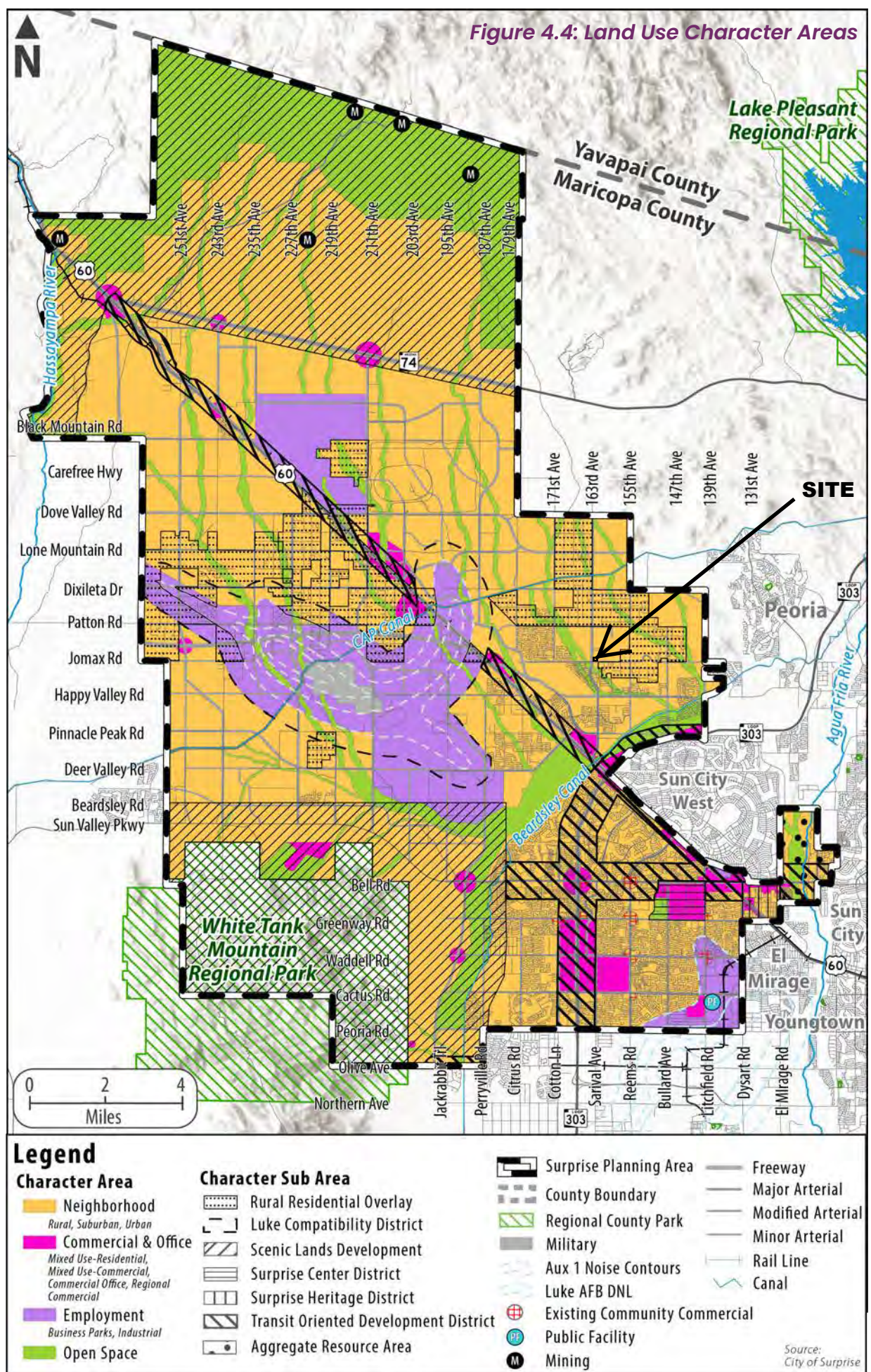


Exhibit 8

EXISTING ZONING MAP

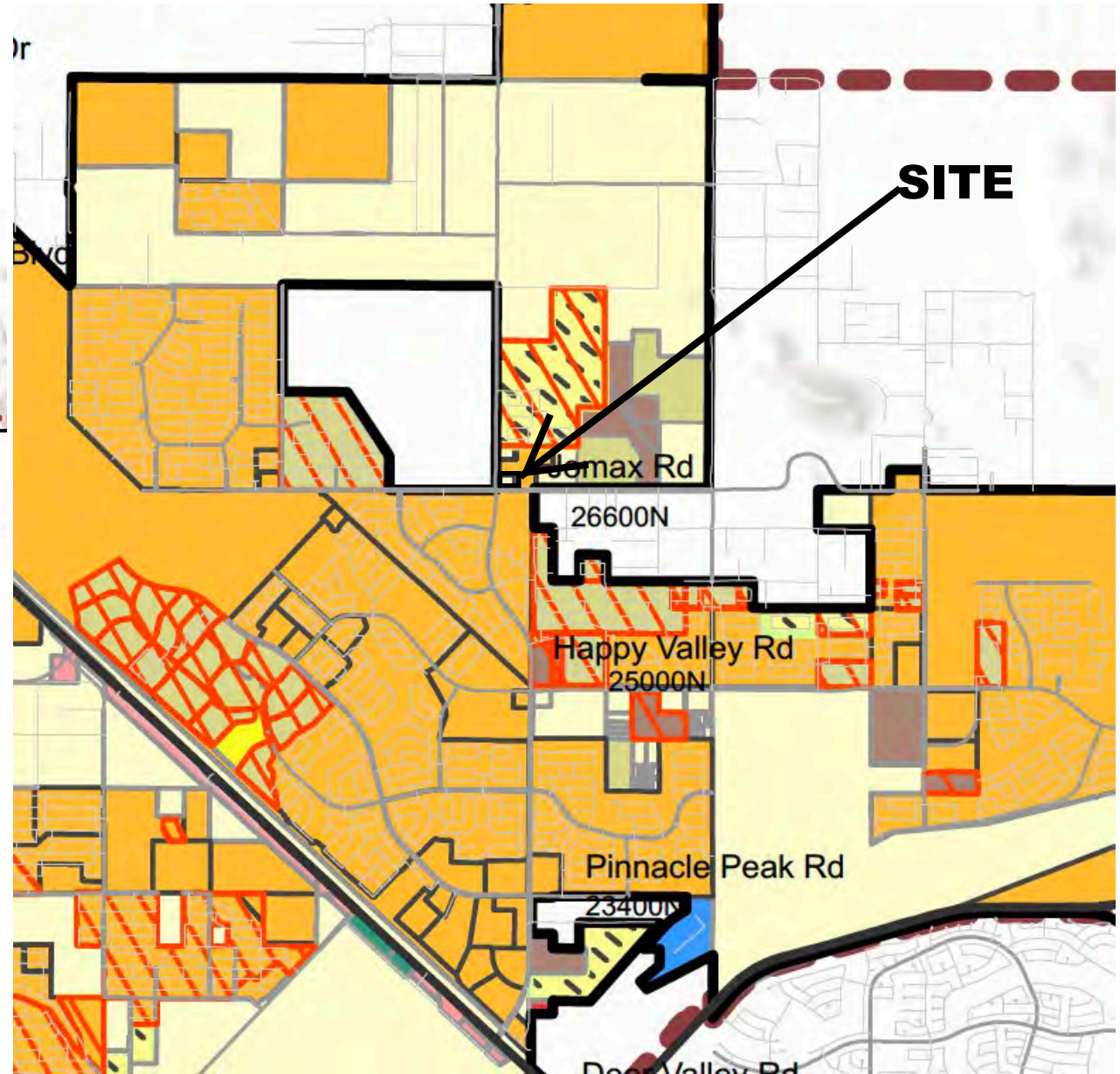
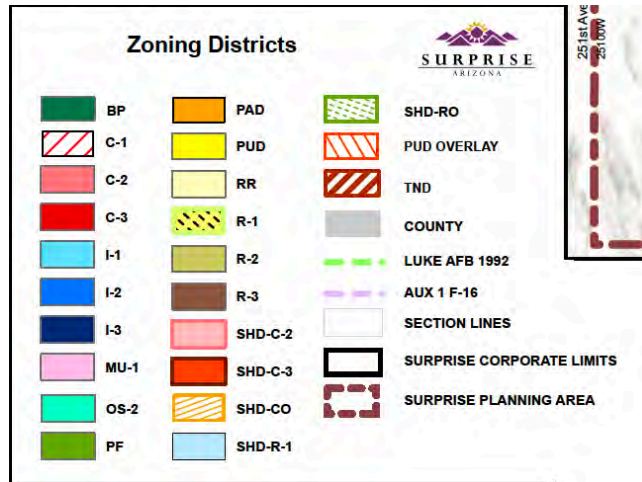


Exhibit 9

PROPOSED ZONING MAP

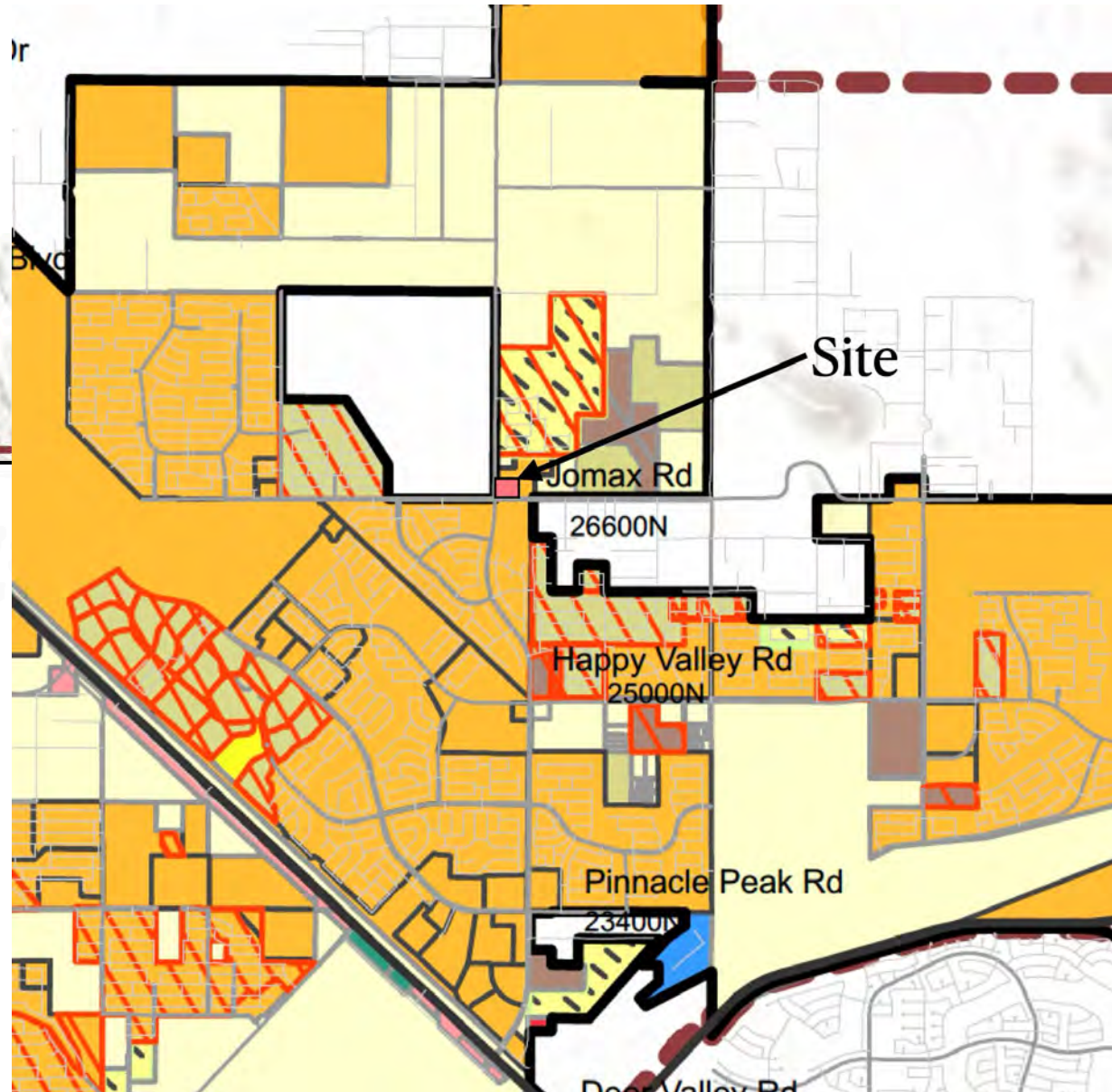
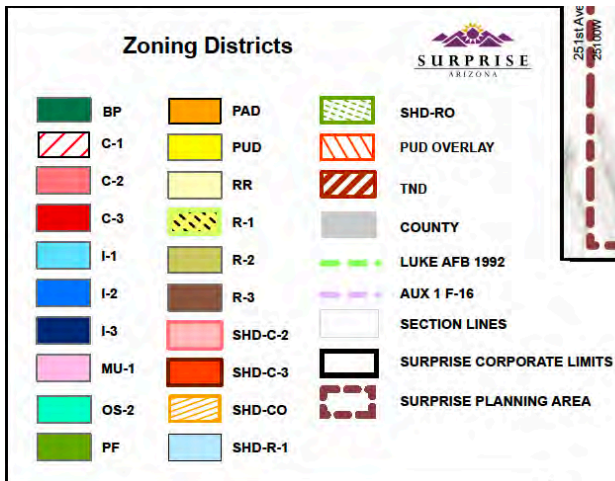


Exhibit 10

**163RD AVE & JOMAX
GROSS ZONING
LEGAL DESCRIPTION**

That portion of the Southwest quarter of Section 31, Township 5 North, Range 1 West, of the Gila and Salt River Meridian, Maricopa County, Arizona;

COMMENCING at the Southwest corner of said Section 31;

Thence along the West line of said Southwest quarter, North 00°06'16" East, a distance of 331.04 feet;

Thence South 89°45'06" East, a distance of 495.00 feet;

Thence South 00°06'16 West, to a point on the South line of said Southwest quarter, distance of 327.76 feet;

Thence along the South line thereof, South 89°52'10" West, a distance of 495.00 feet to the TRUE POINT OF BEGINNING.

Containing 163,054 square feet, or 3.743 acres of land, more or less.



Helix Engineering, LLC

Engineering / Surveying / Consulting
3240 E Union Hills, Suite 113, Phoenix, AZ 85050
(ph) 602-788-2616, www.hxeng.com

DRAWN BY: JSB

DATE: MARCH 7, 2025

JOB. NO.: 772

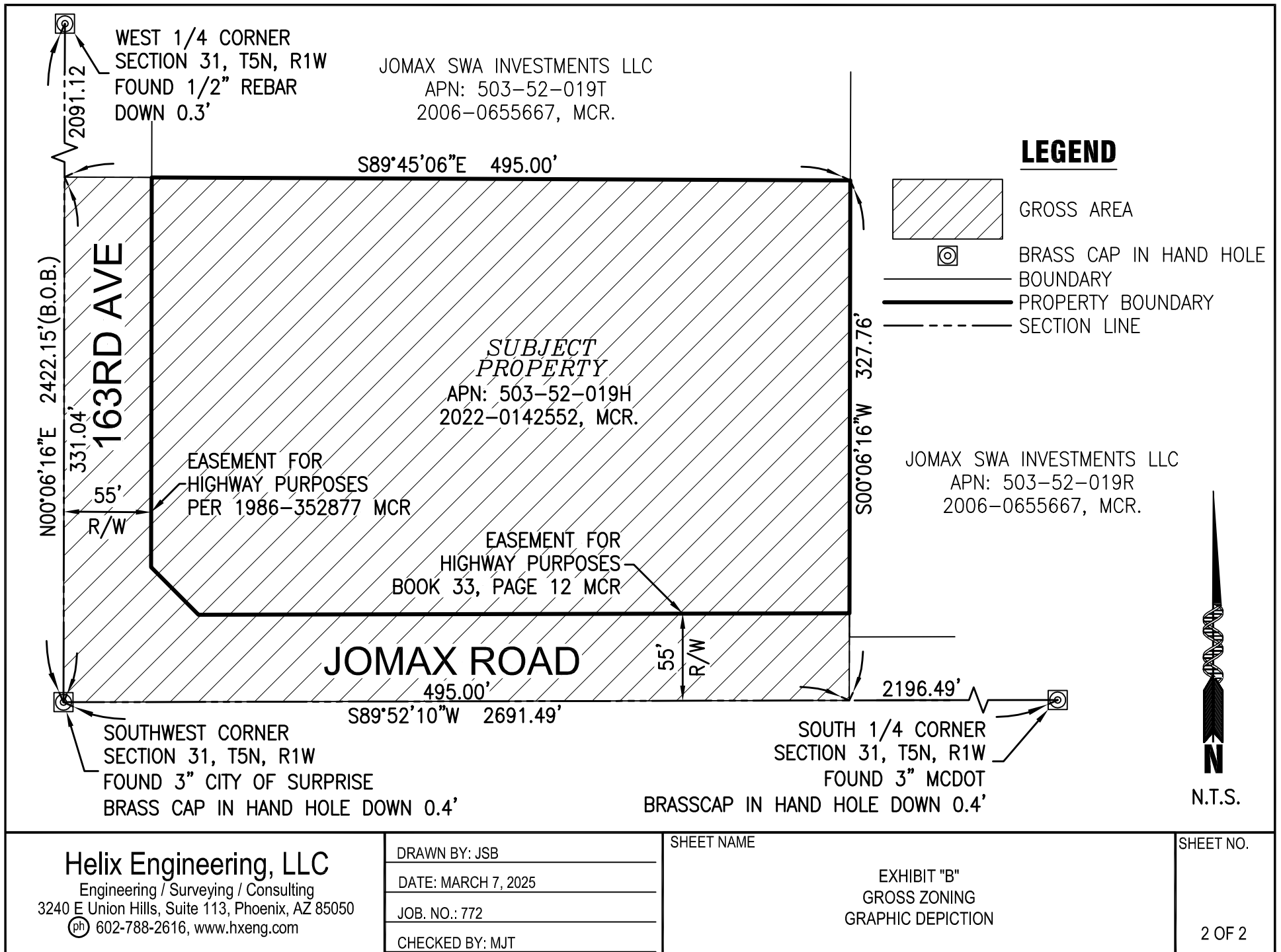
CHECKED BY: MJT

SHEET NAME

EXHIBIT "B"
GROSS ZONING
LEGAL DESCRIPTION

SHEET NO.

1 OF 2



Leslie Carnie

From: Nichole Flores
Sent: Tuesday, July 2, 2024 10:08 AM
To: Brennan Ray
Cc: Alyssa Carpenter
Subject: FS24-0762 Circle K 163rd Ave & Jomax Rd - Luke AFB Comments 07.02.24
Attachments: RE: CR23-0051 Circle K 163rd Ave & Jomax Rd

Good morning,

Below/attached you will find comments from Luke AFB regarding the above referenced plan.

PLEASE DIRECT ALL QUESTIONS REGARDING THEIR AGENCIES COMMENTS TO THE CONTACT INFORMATION LISTED IN THE EMAIL.

Please don't hesitate to contact us if you have any questions or concerns.

Best regards,

Nichole Flores
Planning Project Coordinator
City of Surprise | Community Development
16000 N Civic Center Plz | Surprise AZ 85374
(623) 222-3244 Direct

****Please note effective 8/3/22, we will be adding a 2-business day out-processing for ALL notices***

*****Effective 6/26/23, we are now using [Camino](#) for ALL submittals.***

******Effective 02/24, all past due invoices must be paid prior to Notice/Approval being sent***

From: RAHN, JENNIFER L CIV USAF AETC 56 FW/CVE <jennifer.ahn@us.af.mil>
Sent: Wednesday, June 26, 2024 7:05 AM
To: Nichole Flores <Nichole.Flores@surpriseaz.gov>
Cc: 56 FW/CIT Community Initiative <56FW.CIT.CommunityInitiative@us.af.mil>
Subject: RE: FS24-0762 Circle K 163rd Ave & Jomax Rd - New Digital Submittal 06.21.24

Good morning Ms. Flores,

Thank you for allowing Luke AFB to review and comment on the design review application for Circle K 163rd Avenue and Jomax Rd. Luke AFB has no additional concerns regarding the zoning or location of this project. Please see our previous response attached as comments for this case.

Respectfully,

Jenn Rahn

Senior Planner, Community Initiatives Team
56th Fighter Wing
Luke AFB AZ 85309
Office: 623-856-9981

Circle K Stores Inc.: NEC of 163rd Ave & Jomax Rd, 10/29/2024

Attendees

Lauren Pacini – Circle K Stores Inc.
Sean McCarley – Odyssey Services Group
Trever Fleetham – City of Surprise, Planning
Leslie Carnie – City of Surprise, Planning
Johnathan Futch -- City of Surprise, Transportation & Traffic
Brennan Ray – Burch & Cracchiolo
Shay Ediss – Burch & Cracchiolo
9 Neighbors

Overview/Introduction

- Circle K is rezoning property from residential to commercial
- Discussion of what the process is at this point: application, neighborhood meeting, site plan approval, city council, construction, etc.
- Purpose of meeting: to discuss the proposed gas station which will eventually go to City Council for approval
- Timeline of construction
- Discussion of landscaping, street improvements, and light pollution.
- Explanation of CPTED applications at Circle K: increased number of security cameras and strategic store layout. Neighbors were invited to visit the Circle K location on Prasada and Waddell to see what the proposed gas station will look like at this location.

Questions, Answers, and Comments

Q. What improvements are being made to 163rd Avenue and Jomax Road?

A. City is working with the property owner to make improvements.

Q. What is the quality control for underground gas leaks?

A. ADEQ has underground storage tank protocol and monitoring systems to address public safety concerns. Circle K (corporate offices) will be notified locally, nationally, and internationally when such a situation occurs so that they can address this type of issue. Tanks are double-lined as a safety precaution against potential gas leaks.

Q. What is the surrounding land currently zoned?

A. Trever Fleetham answered which surround properties were zoning commercial/residential.

Q. What are the plans for the northwest corner of 163rd Avenue and Jomax Road?

A. That is not known because it is state-owned land.

Q. Are the southeast and southwest corners of 163rd Avenue and Jomax Road commercial? If so, what plans are there for these corners?

A. Yes, they are both commercial. Explanation that the wash on the southeast corner must be preserved so commercial development would be built with that in mind.

Q. Will propane tanks be sold at this proposed gas station?

A. Lauren Pacini does not believe there will be propane tank sales at this location.

Q. How is the landscape being maintained?

A. The site will be landscaped and maintained per City standards.

Q. When is the Planning and Zoning Commission meeting for this project?

A. We don't know at this time.

Q. When would construction start?

A. Explanation that assuming the proposal goes to City Council in the 1st quarter of 2025 and is approved, then it is an 18–24-month period before building is completed.

Some neighbors were opposed to the proposed gas station due to concerns regarding crime, traffic, noise, and light pollution. Said neighbors would rather see a park or animal feed store on the hard corner. Other neighbors were okay with the proposal and were generally supportive of seeing any city growth. Once neighbors voiced concerns for Circle K's proposal, Johnathan Futch assisted in extensive discussion regarding how Surprise handles building/improving the city's infrastructure and improvements.

End of Meeting.

SIGN-IN SHEET (PLEASE PRINT)

NAME (Please Print)	ADDRESS (please include Zip Code)	PHONE NO.
Andrea		
Leslie Carnie	City of Surprise	623-222-3153
John Futch	City of Surprise	623-222-6149
Karen Cote		
Dodge Marshall		
SHARI/Tim Kossung		
Patti Gillaspay		
Linda Jensen		
Wason Pool		

AFFIDAVIT OF SIGN POSTING

Case Number: FS24-0762

Project Name: CIRCLE K 163RD AVE & JOMAX RD

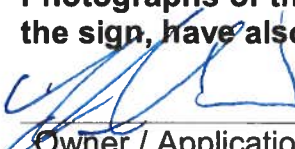
Project Location: NEC JOMAX RD & 163RD AVE

Date Posted: 5/5/25

In order to assist in providing adequate notice to interested parties, the applicant for any type of public hearing shall erect two (2) signs providing notice of the date, time, and place of the scheduled hearing(s). These signs must be erected not less than fifteen (15) calendar days prior to the date of the first hearing. The signs shall also include the description of the request as contained on the formal development application. The size and format of this sign shall meet requirements established by the city (see example).

Such notice shall be clearly legible and placed at a prominent location on the site, generally adjacent and perpendicular to the public right-of-way. It shall be the responsibility of the applicant to erect and to maintain the sign on the subject property, as well as the information on the sign, until final disposition of the case.

I confirm that the site has been posted as required, for the case noted above. **Photographs of the site posting, and any subsequent changes/updates made to the sign, have also been submitted.**

 5/5/25
Owner / Application Signature Date

This instrument was acknowledged before me this 5th day of May,
20 25 by Chris Carlson


Notary Public

My Commission Expires:





ORDINANCE # 2025-12

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING A REZONE FROM RURAL RESIDENTIAL (RR) TO COMMUNITY COMMERCIAL (C-2), GENERALLY LOCATED ON THE NORTHEAST CORNER OF 163RD AVENUE AND JOMAX ROAD.

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

WHEREAS, the subject site is generally located on the northeast corner of 163rd Avenue and Jomax Road;

WHEREAS, the subject site is approximately 2.39 acres and is currently zoned Rural Residential (RR);

WHEREAS, the proposed use of the subject site requires modification of the applicable zoning regulations;

WHEREAS, the proposed rezone to Community Commercial (C-2) satisfies the requirements set forth in Section 106-6 of the Surprise Municipal Code;

WHEREAS, this Rezone is in harmony with the purposes and intent of the zoning ordinance and the Surprise General Plan; and

WHEREAS, on June 05, 2025, the Planning and Zoning Commission recommended Approval of the subject rezoning request.

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

Section 1. Rezoning. The parcel legally described in **Exhibit A** and depicted on **Exhibit B**, known as "Circle K, 163rd Avenue and Jomax Road," is rezoned from Rural Residential (RR) to Community Commercial (C-2) subject to the following stipulations:

- a. Development and use of the site shall be consistent with the Rezone Narrative entitled "Circle K NEC Jomax Road & 163rd Avenue," prepared by Ray Law Firm and received by the City on May 11, 2025.
- b. Non-compliance with the stipulations of approval of this case will be treated as a violation in accordance with the applicable provisions of the Surprise Municipal Code.

Section 2. *Amendment of Zoning Map.* The City of Surprise zoning map is herewith amended to reflect the change in districts referred to in Section 1 above.

Section 3. *Codification.* This Ordinance is not of a general nature and shall not be 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 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.

PASSED AND ADOPTED this _____ day of _____ 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

**EXHIBIT A
LEGAL DESCRIPTION**

**163RD AVE & JOMAX
GROSS ZONING
LEGAL DESCRIPTION**

That portion of the Southwest quarter of Section 31, Township 5 North, Range 1 West, of the Gila and Salt River Meridian, Maricopa County, Arizona;

COMMENCING at the Southwest corner of said Section 31;

Thence along the West line of said Southwest quarter, North 00°06'16" East, a distance of 331.04 feet;

Thence South 89°45'06" East, a distance of 495.00 feet;

Thence South 00°06'16 West, to a point on the South line of said Southwest quarter, distance of 327.76 feet;

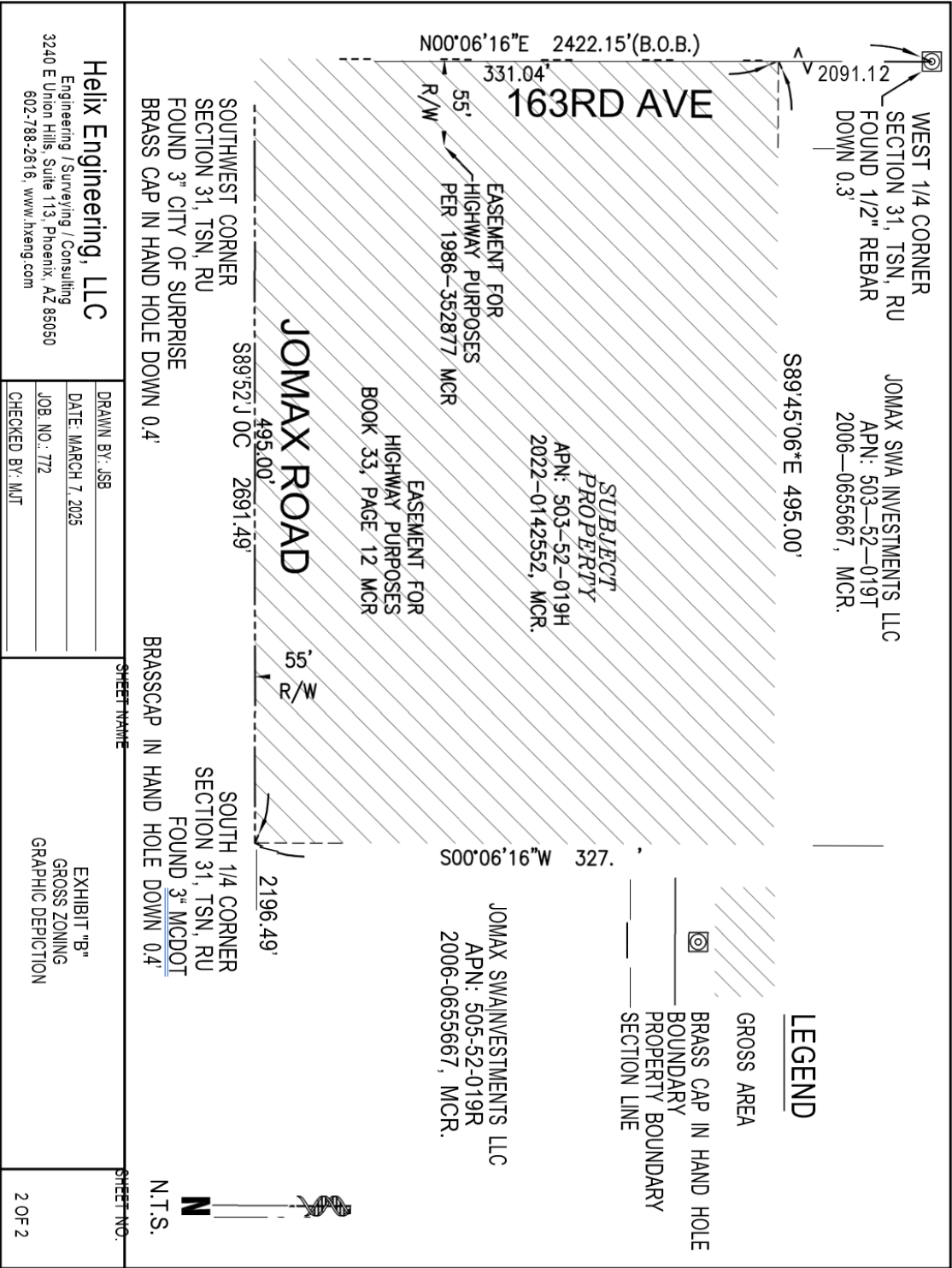
Thence along the South line thereof, South 89°52'10" West, a distance of 495.00 feet to the TRUE POINT OF BEGINNING.

Containing 163,054 square feet, or 3.743 acres of land, more or less.



Helix Engineering, LLC Engineering / Surveying / Consulting 3240 E Union Hills, Suite 113, Phoenix, AZ 85050  602-788-2616, www.hxeng.com	DRAWN BY: JSB	SHEET NAME EXHIBIT "B" GROSS ZONING LEGAL DESCRIPTION	SHEET NO. 1 OF 2
	DATE: MARCH 7, 2025		
	JOB. NO.: 772		
	CHECKED BY: MJT		

EXHIBIT B
DEPICTION



Nod my head

First, I guarantee that there is no one in this room tonight that is going to be impacted more by this Circle K proposal than I am. My property is in direct line of sight, so therefore the added noise, traffic, congestion, and mayhem that may or may not ensue there, is of great concern to me.

I am also questioning why it is that the City of Surprise is allowing this type of business redundancy. Especially with the impact it will have on the surrounding residential community amid three other gas stations already in place or proposed. All 3 of those gas stations are located less than 3 miles from the corner of Jomax & 163rd. And ironically, one of those 3 gas stations is a Circle K in the Simon CRE planned development plot across from the Fry's gas station.

Already, most travel or commuting will take place going past one of these 3 locations. You cannot convince me that my neighbors and I are that lazy, that we will stop at that corner that has a poor ingress/egress scenario over one of these other locations. Popular to what you may have been made to believe, not everyone wants to see a business in this area. High density housing residents should not be able to trump the desires of those who chose to live in a less compacted lifestyle.

I am opposed to a Circle K being installed on the corner of Jomax & 163rd.



COMMUNITY DEVELOPMENT
Planning Division
16000 N. Civic Center Plaza
Surprise, AZ 85374
Phone: 623-222-3154

Planning and Zoning Commission Recommendation
FS24-0762

On June 5, 2025 the Planning and Zoning Commission recommended that City Council approve the rezone case known as “Circle K 163rd Ave & Jomax Rd” Case# FS24-0762. The Commission discussed the following:

- Location at two arterial roads
- Staff safety during graveyard shifts
- Security
- Light mitigation
- Developer obligation for street improvements
- Site circulation to accommodate trucks hauling trailers
- Existing commercial zoning adjacent to the project location

The motions were as follows:

Commissioner Keating made a motion recommend approval of the Circle K 163rd Avenue and Jomax Road rezone, case FS24-0762, to the City Council subject to stipulations ‘a’ and ‘b’ as outlined in the staff report. Commissioner Bash seconded the motion. Motion passed with 6 votes in favor.

FS24-0762

Circle K – 163rd & Jomax REZONE

City Council

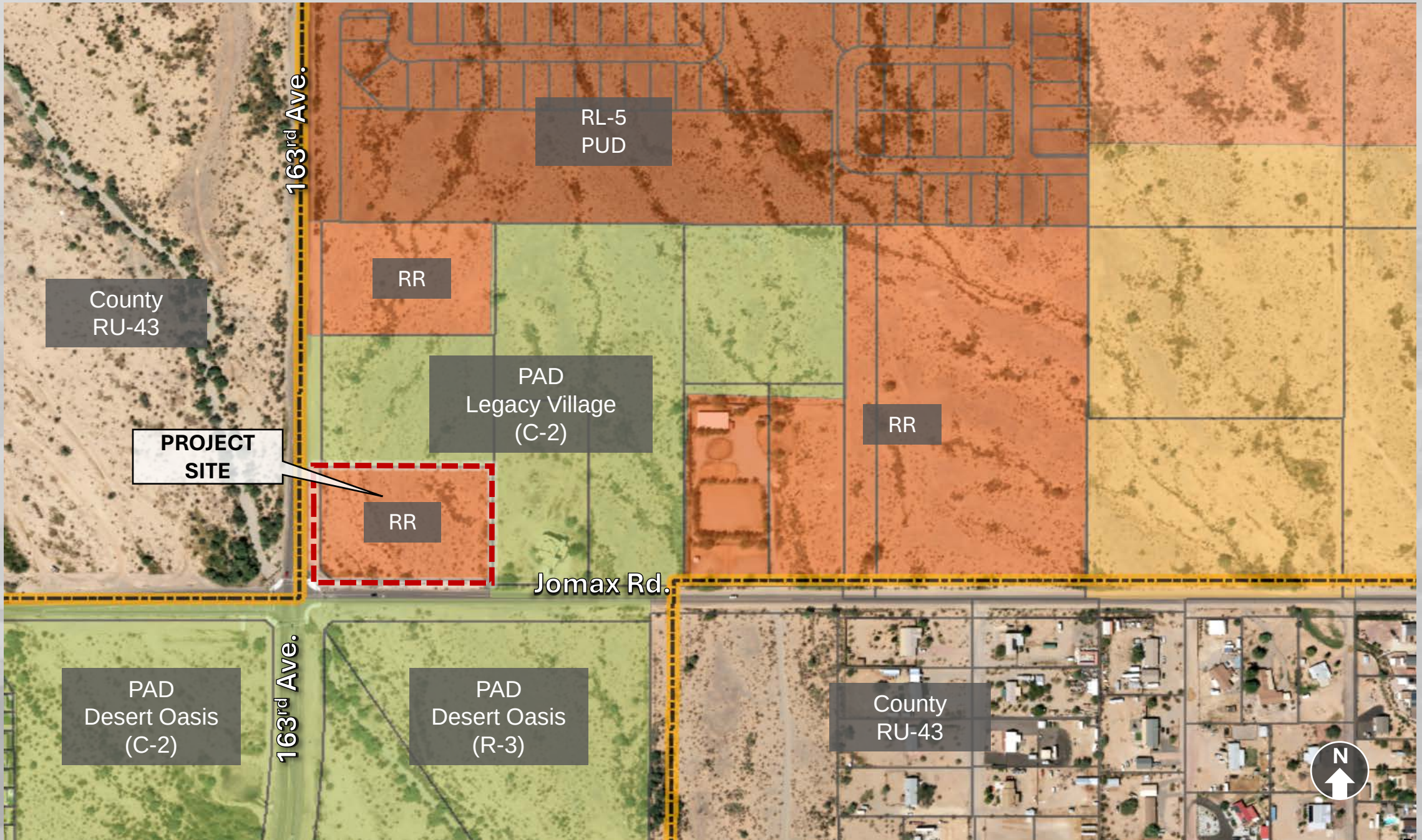
June 17, 2025



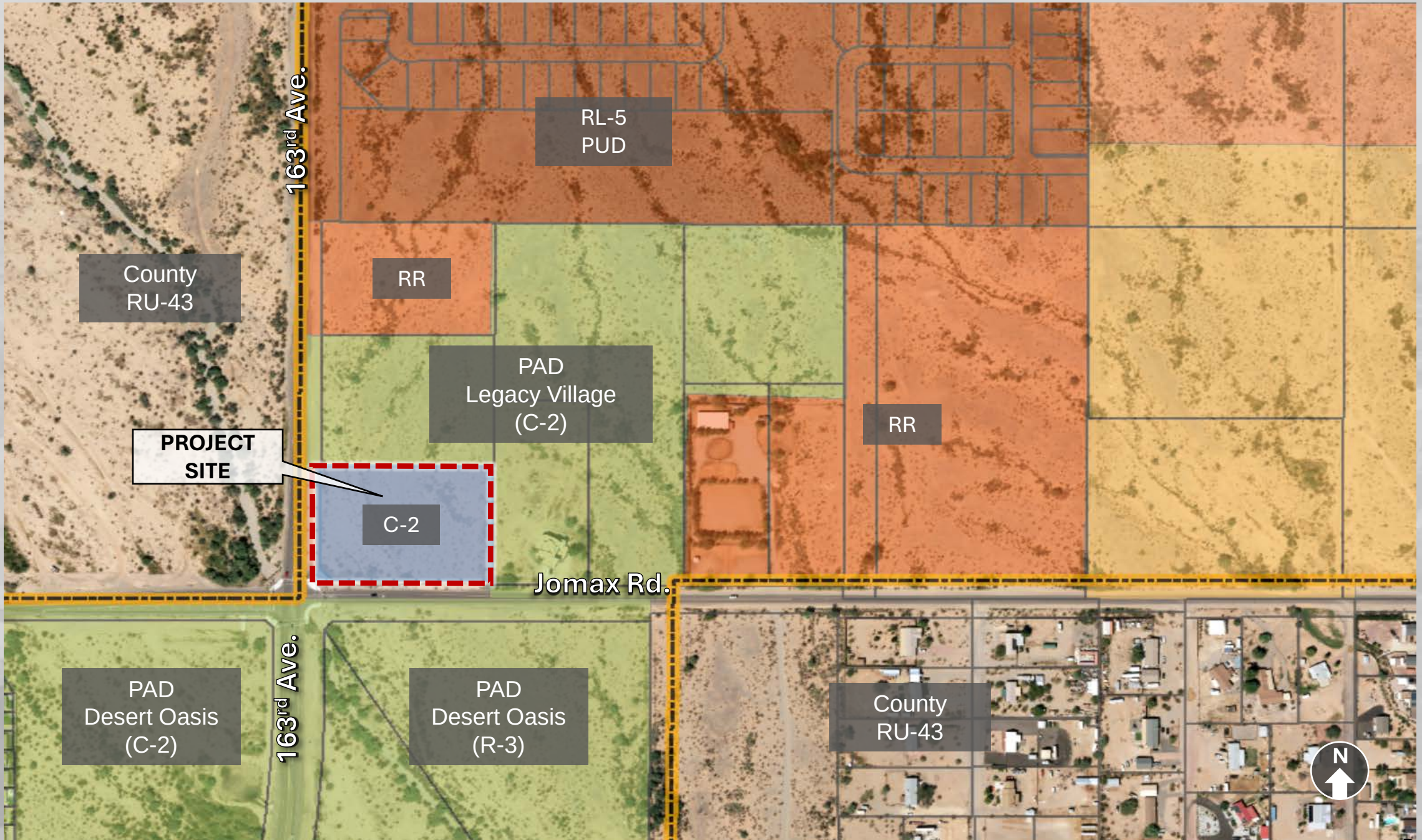
SURPRISE
ARIZONA



VICINITY MAP



ZONING MAP



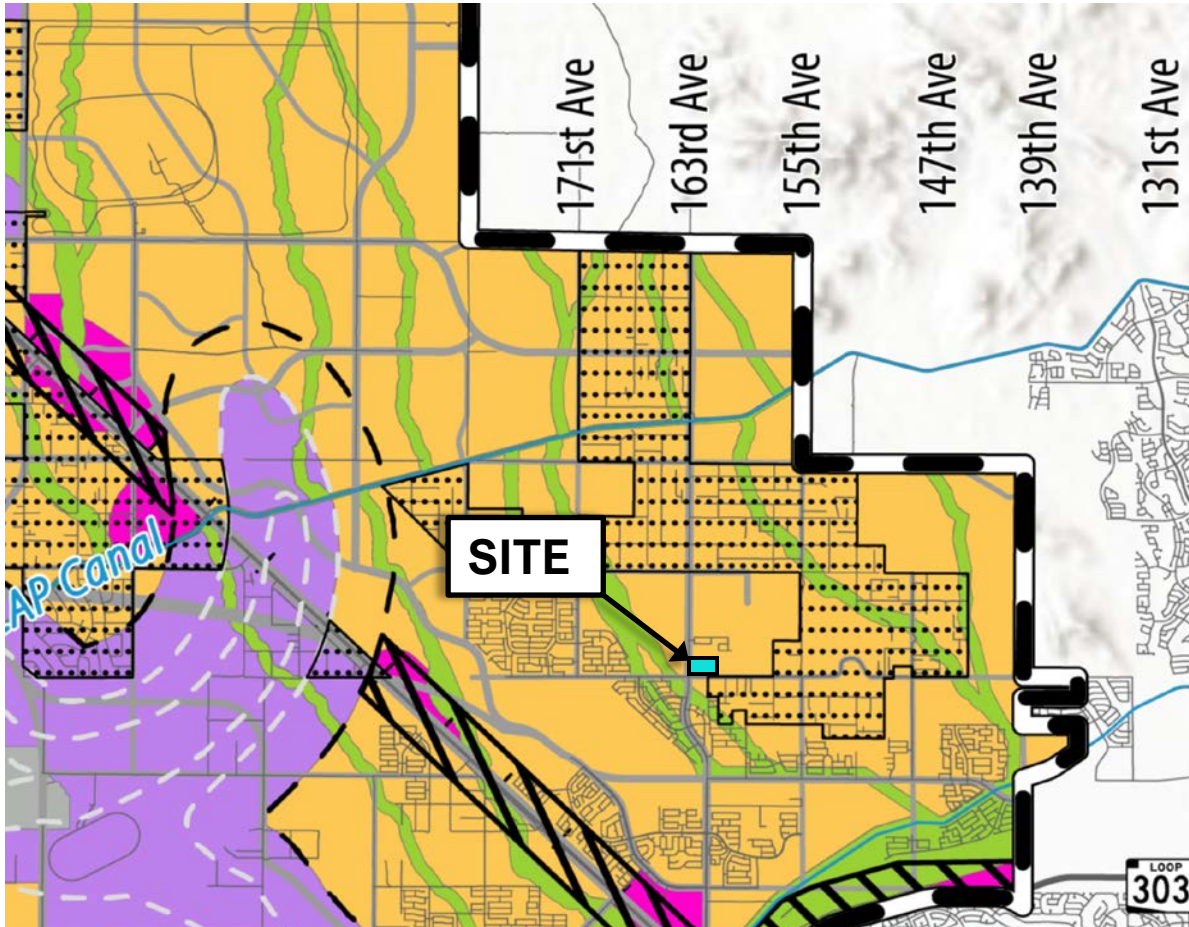
PROPOSED ZONING MAP

DEVELOPMENT STANDARDS

Table 106-6a—Commercial Zoning Districts

	C-2
Minimum <i>lot</i> area (sf)	18,000
Min. <i>setback</i> to arterial <i>ROW</i>	35 ^{5, 6}
Min. <i>setback</i> to collector and local <i>ROW</i> (ft)	20 ^{5, 6}
Min. <i>setback adjacent</i> to residential <i>zoning</i> (ft)	30 ^{5, 6}
Min. <i>setback adjacent</i> to non-residential <i>zoning</i> (ft)	15 ^{5, 6}
Max. bldg. <i>height</i> (ft)	40 ²
Max. size per <i>use/tenant</i> (sf) ³	45,000
Max size per <i>commerce center</i> (ac) ⁴	20
Notes: 2. The <i>height</i> of any <i>structure</i>, or portions thereof, shall not exceed 30 feet in <i>height</i> measured at the <i>setback</i> line when <i>adjacent</i> to rural residential (RR), residential low density (R-1), and residential medium density (R-2) <i>zoning</i>. The <i>height</i> increases at a ratio of one foot vertical for every one foot horizontal as measured relative to the property line to a maximum <i>height</i> equal to the <i>zoning district</i>. 5. Projects designed as <i>commerce center</i> will comply with overall development standards regarding perimeter <i>setbacks</i> from <i>abutting</i> developments. 6. <i>Pad sites</i> within a <i>commerce center</i> may have reduced <i>setbacks</i> along boundaries internal to the master <i>site plan</i> if the whole development complies with parking and landscaping regulations. Approval by the community development director or designee is required.	

GENERAL PLAN



Legend

Character Area

- Neighborhood**
Rural, Suburban, Urban
- Commercial & Office**
Mixed Use-Residential, Mixed Use-Commercial, Commercial Office, Regional Commercial
- Employment**
Business Parks, Industrial
- Open Space**

Character Sub Area

- Rural Residential Overlay
- Luke Compatibility District
- Scenic Lands Development
- Surprise Center District
- Surprise Heritage District
- Transit Oriented Development District
- Aggregate Resource Area

OUTREACH

Neighborhood Meeting

- October 29, 2024
- **Asante Preparatory Academy**
23251 N. 166th Dr.
- 9 residents in attendance.
 - Potential Gas leaks
 - Crime
 - Traffic
 - Light Pollution

RECOMMENDATION

On June 05, 2025 the P&Z Commission recommended **Approval** to the Mayor and City Council, subject to stipulations 'a' - 'b'.

Questions or Comments?

THANK YOU



SURPRISE
ARIZONA

STIPULATIONS

- a. Development and use of the site shall be consistent with the Rezone Narrative entitled “Circle K NEC Jomax Road & 163rd Avenue”, prepared by Ray Law Firm, and received May 11, 2025.
- a. Non-compliance with the stipulations of approval of this case will be treated as a violation in accordance with the applicable provisions of the Surprise Municipal Code.



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

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:

Consideration and action pertaining to approval of the Agreement between the Greater Phoenix Economic Council (GPEC) and the City of Surprise for the Fiscal Year 2026 in the amount of \$81,249; Resolution 2025-86.

Motion:

I move to approve Resolution 2025-86, the City of Surprise annual agreement with Greater Phoenix Economic Council in an amount not to exceed \$81,249.

Background:

The Greater Phoenix Economic Council (GPEC) is a public-private partnership founded in 1989 to leverage resources to attract and grow business to Greater Phoenix. Their goal is to develop a high-performance economy by attracting high-quality investments and jobs. The annual agreement with GPEC provides Surprise with the opportunity to partner with GPEC to attract quality jobs to the community, to receive marketing services that reach a targeted national and international industry and site selection audience, and to engage with local industry leaders in initiatives to enhance the overall regional competitiveness. Surprise was an inaugural community member of GPEC and has been a member since 1990.

GPEC has assisted Surprise with the location of several local employers such as Arctic Ammo, Tricolor Automotive, Exhibitus, and Rinchem. Previous locates have included Central Garden & Pet, Seattle Tacoma Box Company (SeaCa), Janus International, RioGlass Solar, Brentwood Industries, Gestamp Solar Steel, Campcorp Structures, Cobalt Rehabilitation Hospital, and IRIS USA.

Objective Analysis:

The City agrees to pay \$81,249 for services to be provided by GPEC pursuant to the Agreement during the fiscal year ending on June 30, 2026. This amount is based on approximately \$.4897 per capita, based upon the July 1, 2024, Office of Economic Opportunity population estimate, listing the City's population as 165,916. According to the latest GPEC Community Benefits Report for the City of Surprise, our community investment yields a direct economic impact of a 58:1 return on investment for the City of Surprise.

Policy Compliant:

This action item is consistent with Council policy.

Financial Impact:

The amount of the FY2026 proposed contract is based on \$.4897 per capita, using the July 1, 2024, Office of Employment and Population Statistics, Arizona Department of Administration, estimating the City's population as 165,916.

Budget Impact:

This item has been approved by the Mayor and Council in the FY2026 budget. The total budget amount for this line item is \$81,249. The amount has been budgeted as part of the Economic Development Department annual FY2026 budget.

FTE Impact:

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

ATTACHMENTS:

1. Exhibit A - Surprise FY26 GPEC Contract draft
 2. Exhibit B FY26 Metrics
 3. Exhibit C Target Industries
 4. Exhibit D FY26 Reporting draft
 5. Exhibit E FY26 City default
 6. Exhibit F FY26 Regional Cooperation Protocol Policy
 7. Resolution-2025-86_GPEC Contract_final
 8. Action Plan FY26_Final-compressed
 9. July1_2024_Arizona_Population_Estimates
 10. Community Benefit Report Surprise_FY25
 11. Presentation - GPEC Annual FY 2026 Contract_6-17-25
-

AGREEMENT BETWEEN THE GREATER PHOENIX ECONOMIC COUNCIL AND THE CITY OF SURPRISE

The City Council of the CITY OF SURPRISE, an Arizona municipal corporation (the “City”), has approved participation in and support of the regional economic development program of the GREATER PHOENIX ECONOMIC COUNCIL, an Arizona non-profit corporation (“GPEC”). The purpose of this agreement (“Agreement”) is to set forth the regional economic development program that GPEC agrees to undertake, the support that the City agrees to provide, the respective roles of GPEC and the City, and the payments of the City to GPEC for the fiscal year July 1, 202~~25~~²⁶ - June 30, 202~~36~~³⁷ (“FY202~~36~~³⁷”).

NOW, THEREFORE, in consideration of the mutual promises contained herein, the City and GPEC agree as follows:

I. RESPONSIBILITIES OF GPEC

- A. MISSION:** Attract and grow quality businesses and advocate for Greater Phoenix’s competitiveness.
- B. GOALS:** GPEC is guided by and strategically focused on two specific long-range goals:
 - 1. Marketing the region to generate qualified business/industry prospects in targeted economic clusters.
 - 2. Leveraging public and private allies and resources to locate qualified prospects, improve overall competitiveness, and sustain organizational vitality.
- C. RETENTION AND EXPANSION POLICY:**
 - 1. GPEC’s primary role is developing the Greater Phoenix region’s market intelligence strategy for high wage, base industry clusters in coordination with representatives of GPEC member communities.
 - 2. Retention and expansion of existing businesses within GPEC member communities is primarily a local issue.
 - 3. GPEC will support its member communities’ efforts to retain and expand existing businesses through coordinating regional support and providing research on key retention and expansion projects.
 - 4. GPEC will advise its member communities when an existing company contacts GPEC regarding a retention or expansion issue, subject to any legal or contractual non-disclosure obligations.
- D. ACTION PLAN AND BUDGET:** In accordance with the Mission, Goals and Retention Policy set forth above and subject to the availability of adequate funding, GPEC will implement the Action Plan and Budget adopted by GPEC's Board of Directors, a copy of which has been delivered to the City, receipt of which is hereby acknowledged. A summary of the Action Plan is attached hereto as **Exhibit A** (“GPEC Action Plan”). GPEC will inform the City of any changes in the adopted Action Plan which materially affect or alter the priorities

established therein. Such notification will be in writing and will be made prior to implementation of such changes. Notwithstanding the foregoing, the City acknowledges and agrees that GPEC may, after providing the City with reasonable notice, in GPEC's reasonable judgment in accordance with its own practices and procedures, substitute, change, reschedule, cancel or defer certain events or activities described in the Action Plan as required as a result of changing market conditions, funding availability, unforeseen expenses or other circumstances beyond GPEC's reasonable control. GPEC will solicit the input of the City on the formulation of future marketing strategies and advertisements. The Action Plan will be revised to reflect any agreed upon changes to the Action Plan.

- E. PERFORMANCE TARGETS:** Specific performance targets, established by GPEC's Executive Committee and Board of Directors, are attached hereto as **Exhibit B** ("GPEC Performance Measures") and will be used to evaluate and report progress on GPEC's implementation of the Action Plan. In the event of changing market conditions, funding availability, unforeseen expenses or other circumstances beyond GPEC's reasonable control, GPEC may revise these performance targets with the City's prior written approval, or with the prior written approval of a majority of the designated members of GPEC's Economic Development Directors Team ("EDDT"). GPEC will provide monthly reports to the City discussing in detail its progress in implementing the Action Plan as well as reporting the numerical results for each performance measurement set forth in Exhibit B. GPEC will provide a copy of its annual external audit for the preceding fiscal year to the City no later than December 31, 202~~2~~⁵. Monthly Activity reports, substantially in the form of **Exhibit D** ("Reporting Mechanism for Contract Fulfillment") attached hereto, are to be submitted to the address listed under paragraph IV.P.

In the event GPEC fails to meet any benchmark, GPEC will meet with the EDDT within 30 calendar days to provide an explanation of the relevant factors and circumstances, and to present a plan for improving performance in order to achieve the target(s) within the term of this Agreement. Failure to meet a performance target will not, by itself, constitute an event of default hereunder unless GPEC (i) fails to inform the City of such event, or (ii) fails to meet with EDDT to present a plan for improving its performance during the balance of the term of the Agreement. Such an event of default allows the City to terminate this Agreement pursuant to paragraph IV.J below.

II. RESPONSIBILITIES OF THE CITY

- A. STAFF SUPPORT OF GPEC EFFORTS:** To the extent permitted by law and/or the City's internal policies, the City will provide staff support to GPEC's economic development efforts as follows:
1. The City will respond to leads or prospects referred by GPEC in a professional manner within the time frame specified by the lead or prospect if, in the City's sole discretion, the City desires to compete. When available, the City agrees to provide its response in the format developed jointly by EDDT and GPEC;
 2. The City will provide appropriate local hospitality, tours and briefings for prospects visiting sites in the City;
 3. The City will provide an official economic development representative to represent the City on the EDDT, which advises GPEC's President and CEO;

4. The City will cooperate in the implementation of GPEC/EDDT process improvement recommendations including the use of common presentation formats, exchange of information on prospects with GPEC's staff, the use of shared data systems, land and building data bases and private sector real estate industry interfaces;
5. The City will attempt in good faith to respond to special requests by GPEC for particularized information about the City within three business days after the receipt of such request;
6. In order to enable GPEC to be more sensitive to the City's requirements, the City will, at the City's sole option, deliver to GPEC copies of any City approved economic development strategies, work plan, programs and evaluation criteria. GPEC may not disclose the same to the other participants in GPEC, their representatives, or any other third parties without the express written permission of the City Manager;
7. The City will utilize good faith efforts to cause an economic development professional representing the City to attend all marketing events and other functions to which the City has committed itself;
8. The City agrees to work with GPEC to improve the City's competitiveness and market readiness to support the growth and expansion of the targeted industries as identified for the City in **Exhibit C** ("Targeted Industries");

B. RECOGNITION OF GPEC: The City agrees to recognize GPEC as the City's officially designated regional economic development organization for marketing the Greater Phoenix Region.

III. ADDITIONAL AGREEMENTS OF THE PARTIES:

A. PARTICIPATION IN MARKETING EVENTS AND PROVISION OF TECHNICAL ASSISTANCE: Representative(s) of the City, at the City's own expense, are entitled to participate in GPEC's marketing events. GPEC will provide no funding or otherwise share in any way the expense with the City's expense related to participating in any GPEC marketing events. When requested and appropriate, GPEC will use its best efforts to provide technical assistance and support to City economic development staff for business location prospects identified and qualified by the City and assist the City with presentations to the prospect in the City or their corporate location.

B. COMPENSATION:

1. The City agrees to pay ~~\$73,81,249~~**313** for services to be provided by GPEC pursuant to the Agreement during the fiscal year ending on June 30, 202~~36~~**36**. This amount is based on approximately \$.4897 per capita, based upon the 202~~14~~**14** Office of Economic Opportunity population estimate, listing the City's population as ~~149,165,916~~**710**. The payment by the City may, upon the mutual and discretionary approval of the board of directors of GPEC and the City Council, be increased or decreased during the term of this Agreement consistent with any changes in the per capita payments by other municipalities which support GPEC.

2. Funding of this Agreement is subject to the annual appropriations of funds for this activity by the City Council pursuant to the required budget process of the City. The City cannot assure that the budget item for funding this Agreement will be approved in the future. In such event, the City may terminate this Agreement.
3. Nothing herein precludes the City from contracting separately with GPEC for services to be provided in addition to those to be provided hereunder; and
4. GPEC will submit an invoice for payment due under this agreement pursuant to Paragraph III.B.1 on an annual basis within 30 days of City Council approval of Agreement.

C. COOPERATION:

1. The parties acknowledge that GPEC is a cooperative organization effort among GPEC and its member communities. Accordingly, the City and GPEC covenant and agree to work together in a productive and harmonious manner, and to cooperate in furthering GPEC's goals for FY202~~36~~. The City and GPEC further covenant and agree to comply with the Regional Cooperation Protocol, attached hereto as **Exhibit F**, in all material respects.
2. The City agrees to work with GPEC, as necessary or appropriate, to revise the performance measures, and/or benchmarks, and/or goals for the FY202~~47~~ contract.
3. The City agrees to work with GPEC during FY202~~36~~ to develop a revised public sector funding plan, including a regional allocation formula FY202~~47~~, if determined to be necessary or appropriate.

IV. GENERAL PROVISIONS:

- A. COVENANT AGAINST CONTINGENT FEES:** GPEC warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee. For a breach or violation of this warranty, the City has the right to terminate this Agreement without liability or, in its discretion, to deduct the commission, brokerage or contingent fee from its payment to GPEC.
- B. PAYMENT DEDUCTION OFFSET PROVISION:** GPEC recognizes the provisions of the City Code of the City of Surprise which require and demand that no payment be made to any contractor as long as there is any outstanding obligation due to the City, and directs that any such obligation be offset against payment due to GPEC.
- C. ASSIGNMENT PROHIBITED:** No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement is void and no effect.
- D. INDEPENDENT CONTRACTOR; NO AGENCY:** Nothing contained in this Agreement creates any partnership, joint venture or agency relationship between the City and GPEC. The parties acknowledge that the services provided under this Agreement are being provided as an independent contract, not as an employee or agent of the City. City has no right to control GPEC beyond the results of GPEC's services contemplated pursuant to this

Agreement. GPEC has no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. GPEC has no authority, express or implied, under to this Agreement to bind City to any obligation whatsoever.

- E. INDEMNIFICATION AND HOLD HARMLESS:** GPEC agrees to indemnify, defend, hold, protect and save harmless the City and any and all of its Council members, officers and employees for, from and against any and all actions, suits, proceedings, claims and demands, loss, liens, costs, expense and liability of any kind and nature whatsoever, arising out of this Agreement for injury to or death of persons, or damage to property, including property owned by City, brought, made, filed against, imposed upon or sustained by the City, its officers, or employees in and arising from or attributable to or caused directly or indirectly by the negligence, wrongful acts, omissions or from operations conducted by GPEC, its directors, officers, agents or employees acting on behalf of GPEC and with GPEC's knowledge and consent.

Any party entitled to indemnity must notify GPEC in writing of the existence of any claim, demand or other matter to which GPEC's indemnification obligations would apply, and must give to GPEC a reasonable opportunity to defend the same at its own expense and with counsel reasonably satisfactory to the indemnified party.

Nothing in this Subsection E may be deemed to provide indemnification to any indemnified party with respect to any liabilities arising from the fraud, negligence, omissions or willful misconduct of such indemnified party.

- F. INSURANCE:** GPEC must procure and maintain for the duration of this Agreement, at GPEC's own cost and expense, insurance against claims for injuries to persons or damages to property which may arise from or in connection with this Agreement by GPEC, its agents, representatives, employees or contractors, in accordance with the Insurance Requirements set forth in **Exhibit E** ("Insurance Requirements"), attached hereto. The City acknowledges that it has received and reviewed evidence of GPEC's insurance coverage in effect as of the execution of this Agreement.

- G. GRATUITIES.** The City may, by written notice to GPEC, terminate the right of GPEC to proceed under this Agreement upon one (1) calendar day notice, if it is found that gratuities in the form of entertainment, gifts, or otherwise were offered or given by GPEC, or any agent or representative of GPEC, to any officer or employee of the City with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect to the performance of such contract; provided that the existence of the facts upon which the City makes such findings may be reviewed by any competent court consistent with Subsection L. In the event of such termination, the City is entitled to pursue all legal and equitable remedies against GPEC available to the City. Activities by an officer or employee of the City while engaged in official business with GPEC, including travel shall not be deemed a gratuity.

- H. EQUAL EMPLOYMENT OPPORTUNITY.** During the performance of this Agreement, GPEC agrees as follows:

1. GPEC will not discriminate against any employee or applicant for employment because of race, color, religion, gender, sexual orientation, national origin, age or disability. GPEC will take affirmative action to ensure that applicants are

employed, and that employees are treated during employment without regard to their race, color, religion, gender, sexual orientation, national origin, age or disability. Such action will include, but is not limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. GPEC agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

2. GPEC will, in all solicitations or advertisements for employees placed by or on behalf of GPEC, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, gender, sexual orientation, national origin, age or disability.
3. GPEC will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement, provided that the foregoing provisions do not apply to Agreements or subcontracts for standard commercial supplies or new materials.
4. Upon request by the City, GPEC will provide City with information and data concerning action taken and results obtained in regard to GPEC's Equal Employment Opportunity efforts performed during the term of this Agreement. Such reports will be accomplished upon forms furnished by the City or in such other format as the City may prescribe.

I. COMPLIANCE WITH FEDERAL AND STATE LAWS REQUIRED.

1. GPEC understands and acknowledges the applicability of the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989 and agrees to comply therewith in performing under any resultant agreement and to permit City inspection of its records to verify such compliance.
2. GPEC warrants to the City that, to the extent applicable under A.R.S. §41-4401, GPEC is in compliance with all federal immigration laws and regulations that relate to its employees and with the E-Verify Program under A.R.S. §23-214(A). GPEC acknowledges that a breach of this warranty by GPEC under this Agreement is a material breach of this Agreement subject to penalties up to and including termination of this Agreement. The City retains the legal right to inspect the papers of any employee of GPEC who works on this Agreement to ensure compliance with this warranty.
3. The City will not consider GPEC in material breach of the foregoing warranty if GPEC establishes that it has complied with the employment verification provisions prescribed by 8 USCA § 1324(a) and (b) of the Federal Immigration and Nationality Act and the e-verify requirements prescribed by Arizona Revised Statutes § 23-214(A).
4. GPEC hereby certifies that it does not, and will not, participate in during the term of this contract, a boycott of Israel in accordance with Arizona Revised Statute §35-393.01. GPEC hereby agrees to indemnify and hold harmless the City, its agents and employees from any claims or causes of action relating to the City's

action based upon reliance upon this representation, including the payment of all costs and attorney fees incurred by the City in defending such an action.

~~C-5.~~ In accordance with Arizona Revised Statutes § 35-394, GPEC hereby certifies and agrees that GPEC does not currently and shall not for the duration of this Agreement use 1) the forced labor of ethnic Uyghurs in the People's Republic of China, 2) any services or goods produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and/or 3) any suppliers, contractors or subcontractors that use the forced labor or any services or goods produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If GPEC becomes aware during the term of this Agreement that GPEC is not in compliance with this Section, then GPEC shall notify the Town within five (5) business days after becoming aware of such noncompliance. If GPEC does not provide the Town with written certification that GPEC has remedied such noncompliance within one hundred eighty (180) days after notifying the Town of such noncompliance, this Agreement shall terminate, except that if the Agreement termination date occurs before the end of such one hundred eighty (180) day remedy period, this Agreement shall terminate on such contract termination date.

- J. TERMINATION.** This Agreement will expire on June 30, 2023~~5~~ unless otherwise extended by the Parties. In addition to the termination provisions otherwise set forth in this Agreement, including Section III(B)(2) above, City has the right to terminate this Agreement if GPEC fails to duly perform, observe or comply with any covenant, condition or agreement on its part under this Agreement and such failure continues for a period of 30 days (or such shorter period as may be expressly provided herein) after the date on which written notice requiring the failure to be remedied is given to GPEC by the City; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken or conditions to be remedied which, by their nature, cannot reasonably be accomplished within 30 days, no event of default will be deemed to have occurred or to exist if, and so long as, GPEC commences such action within that period and diligently and continuously prosecutes the same to completion within 90 days or such longer period as the City may approve in writing. The foregoing notwithstanding, in the event of circumstances which render GPEC incapable of providing the services required to be performed hereunder, including, but not limited to, insolvency or an award of monetary damages against GPEC in excess of its available insurance coverage and assets, the City may immediately and without further notice terminate this Agreement.
- K. RESPONSIBILITY FOR COMPLIANCE WITH LEGAL REQUIREMENTS.** GPEC's performance hereunder must materially comply with all applicable federal, state and local health, environmental, and safety laws, regulations, standards, and ordinances in effect during the performance of this Agreement.
- L. INSTITUTION OF LEGAL ACTIONS.** Any legal actions instituted pursuant to this Agreement must be filed in the County of Maricopa, State of Arizona, or in the Federal District Court in the District of Arizona, in Phoenix, Arizona. In any legal action, the prevailing party in such action will be entitled to reimbursement by the other party for all costs and expenses of such action, including reasonable attorneys' fees as may be fixed by the Court.

- M. APPLICABLE LAW.** Any and all disputes arising under any Agreement to be awarded hereunder or out of the proposals herein called for, which cannot be administratively resolved, will be tried according to the laws of the State of Arizona, and GPEC agrees that the venue for any such action will be in the State of Arizona as set forth above.
- N. CONTINUATION DURING DISPUTES.** GPEC agrees that, notwithstanding the existence of any dispute between the parties, each party will continue to perform the obligations required of it during the continuation of any such dispute, unless enjoined or prohibited by an Arizona court of competent jurisdiction.
- O. CITY REVIEW OF GPEC RECORDS.** GPEC must keep all Agreement records separate and make them available for audit by City personnel upon request.
- P. NOTICES.** Any notice, consent or other communication required or permitted under this Agreement must be in writing and is deemed received at the time it is personally delivered, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express service or, if mailed, three (3) days after the notice is deposited in the United States mail addressed as follows:

If to City: Bob Wingenroth
 City Manager
 City of Surprise
 16000 N. Civic Center Plaza
 Surprise, Arizona 85374
 (623) 222-3300
 FAX: (623) 222-3301

And to: ~~Robert Wingo~~Jeffrey Murray
 City Attorney
 Surprise City Attorney's Office
 City of Surprise
 16000 N. Civic Center Plaza
 Surprise, Arizona 85374
 (623) 222-1120
 FAX: (623) 222-1101

If to GPEC: Chris Camacho
 President and Chief Executive Officer
 Greater Phoenix Economic Council
 Two North Central Avenue, Suite 2500
 Phoenix, Arizona 85004-4469
 (602) 256-7700
 FAX: (602) 256-7744

Any time period stated in a notice will be computed from the time the notice is deemed received. Either party may change its mailing address or the person to receive notice by notifying the other party as provided in this section.

- Q. TRANSACTIONAL CONFLICT OF INTEREST.** All parties hereto acknowledge that this Agreement is subject to cancellation by the City pursuant to the provisions of Section 38-511, Arizona Revised Statutes.

- R. NONLIABILITY OF OFFICIALS AND EMPLOYEES.** No councilmember, official or employee of the City will be personally liable to GPEC, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to GPEC or successor, or on any obligation under the terms of this Agreement. No member, official or employee of GPEC will be personally liable to the City, or any successor in interest, in the event of any default or breach by the GPEC or for any amount which may become due to the City or successor, or on any obligation under the terms of this Agreement.
- S. NO WAIVER.** Except as otherwise expressly provided in this Agreement, any failure or delay by any party in asserting any of its rights or remedies as to any default, will not operate as a waiver of any default, or of any such rights or remedies, or deprive any such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.
- T. SEVERABILITY.** If any provision of this Agreement is found invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement will not be affected thereby and will be valid and enforceable to the fullest extent permitted by law, provided that the fundamental purposes of this Agreement are not defeated by such severability.
- U. CAPTIONS.** The captions contained in this Agreement are merely a reference and are not to be used to construe or limit the text.
- V. NO THIRD PARTY BENEFICIARIES.** No creditor of either party or other individual or entity has any rights, whether as a third-party beneficiary or otherwise, by reason of any provision of this Agreement.
- W. DISCLOSURE OF CONFIDENTIAL INFORMATION IF REQUIRED BY LAW.** To the extent permitted by law recognizing that the City is subject to Arizona Public Records laws set forth in the Arizona Revised Statutes, Title 39, this Agreement allows the Parties to disclose Confidential Information, as defined below, to each other under the following terms. In the opinion of the Parties to this Agreement: (1) the Confidential Information is the proprietary property of the Parties and is strictly confidential and privileged pursuant to, among other laws, A.R.S. §§ 44-401, et seq., (2) the release of the Confidential Information provided could cause harm to the Parties' competitive position, (3) the Confidential Information is potentially personal and private, and (4) the Confidential Information is exempt from disclosure under the Arizona Public Records and Open Meeting Laws, A.R.S. § 39-121, et seq. The Agreement does not license, assign, or convey any intellectual property or proprietary rights from any Party to any other Party.

"Confidential Information" means non-public information, know-how, or trade secrets in any form, that:

1. Are designated as being confidential; or
2. A reasonable person knows or reasonably should understand to be confidential.

The City must comply with and may be subject to certain disclosure requirements under the Arizona public records law (A.R.S. § 39-101, et seq.). The City may disclose

Confidential Information if required to comply with a court order or other government demand that has the force of law. Prior to disclosure, the Party must:

1. Seek the highest level of protection available; and
2. Give GPEC reasonable prior notice of the request for records and identified responsive documents to allow them to seek a protective order, unless such notice is not permitted under law.

X. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS. This Agreement may be executed in up to three (3) duplicate originals, each of which is deemed to be an original. This Agreement, including ten (10) pages of text and the below-listed exhibits which are incorporated herein by this reference, constitutes the entire understanding and agreement of the parties.

Exhibit A – GPEC Action Plan
Exhibit B – GPEC Performance Measures
Exhibit C – Targeted Industries
Exhibit D – Reporting Mechanism for Contract Fulfillment
Exhibit E – Insurance Requirements
Exhibit F – Regional Cooperation Protocol

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the City or GPEC, and all amendments hereto must be in writing and signed by the appropriate authorities of the parties hereto.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed the Agreement this _____ day of _____, 202~~2~~5.

CITY OF SURPRISE, a municipal corporation

By: _____
Honorable ~~Skip Hall~~Kevin Sartor, Mayor

ATTEST:

By: _____
Its: City Clerk

APPROVED AS TO FORM:

By: _____
Its: City Attorney

GREATER PHOENIX ECONOMIC COUNCIL,
an Arizona nonprofit corporation

By: _____
Chris Camacho
President & Chief Executive Officer

EXHIBIT B
GPEC PERFORMANCE MEASURES
FY 2026

Specific performance targets as established by the GPEC Executive Committee and Board of Directors:

1. Payroll Generated	\$354.65M
2. Total Number of Jobs Created	5,670
3. Total Number of High-Wage Jobs¹	3,151
4. Average High-Wage Salary	\$75,921
5. GPEC Assists²	10
6. Number of Qualified Prospects	233
7. Number of Qualified International Prospects	48
8. Community Return on Investment³	18:1
9. Stakeholder Satisfaction with Business Attraction⁴	7.0
10. Stakeholder Satisfaction with Competitive Position⁵	7.0

Footnotes:

1. High Wage Jobs: High wage jobs are those that are over 130% of the Phoenix MSA Median Wage (currently \$63,192).
2. GPEC Assists: Companies that located in the region, for which GPEC provided assistance, that do not qualify as a locate due to project size for example; and would otherwise be listed as “non-reported locates.”
3. ROI is calculated as a ratio of direct revenue from GPEC locates to all member communities divided by funding from GPEC member communities
4. Average result from respondents of EDDT and Board of Directors end-of-year surveys
5. Average result from respondents of EDDT and Board of Directors end-of-year surveys

EXHIBIT C

TARGETED INDUSTRIES

FY2026

GPEC and our member communities have identified targeted industries on a local and regional level, incorporating these industries into a regional economic development plan. For fiscal year 2026, GPEC will continue its emphasis on the following: Advanced Business Services; Aerospace & Defense; Battery & Energy Storage; Emerging Technologies; Healthcare and Biomedical; Manufacturing & Logistics; Mission Critical Operations; Semiconductor Ecosystem; and Software.

Member communities will target the following:

Apache Junction

Corporate/Regional Headquarters, Advanced Manufacturing, Standard Manufacturing, Healthcare, Mining (Supplies & Services), R&D, and Hospitality/Entertainment

Avondale

Healthcare; hospitality/tourism; manufacturing & logistics, technology; retail & entertainment; and technology

Buckeye

Advanced Manufacturing, Energy, Distribution & Logistics, Mission Critical, Retail, Entertainment & Hospitality, Healthcare, Aviation, Entrepreneurship, and Higher Education.

Casa Grande

Advanced manufacturing; automotive technology; transportation/logistics; healthcare/medical services; aviation/aerospace; and hospitality/entertainment

Chandler

Advanced business services; corporate/regional headquarters; healthcare; advanced manufacturing; software development; aerospace/aviation; automotive technology; and applied research

El Mirage

Business Services; standard and advanced manufacturing; transportation; warehousing/distribution; heavy industrial; food, fiber, and natural products; and aerospace aviation

Fountain Hills

Assembly (small scale), biosciences, financial services, healthcare, hospitality, retail and start ups

Gila Bend

Clean technology (manufacturing/central station generation/R&D); warehousing/transportation/distribution; military supply chain; tourism/hospitality; standard manufacturing; agriculture/agri-biotechnology; food, fiber and natural products; aerospace/aviation; and heavy industrial

Gilbert

Aerospace/aviation and defense; advanced business and professional services; finance and insurance; healthcare and education services; information communication technology; manufacturing; clean and renewable technology; and related corporate/regional headquarters

Glendale

Advanced business services; aerospace, aviation and defense; healthcare and bioscience; manufacturing; technology and innovation

Goodyear

Advanced business services; advanced manufacturing; medical manufacturing; aerospace, aviation and defense; corporate and regional headquarters; entrepreneurial/start-ups; technology; healthcare and biomedical (treatment, medical diagnostics, research & development); and higher education

Maricopa (City)

Advanced industrial manufacturing: semiconductors, automotive, EV manufacturing, high tech, and supply chain; research and development; professional and business services; healthcare services; small business and entrepreneurship; higher education and education technology; agribusiness/agrisciences; and visitor/hospitality commerce.

Mesa

Standard and advanced manufacturing including medical device; research & development; automotive technology and aerospace/aviation/defense; advanced business services; cybersecurity; information technology; healthcare/life sciences; mission critical operations; tourism; regional and corporate centers; and climate tech

Peoria

Advanced business and financial services; aerospace/airport; advanced manufacturing; bioscience and healthcare; technology and innovation; innovation; and research and development

Pinal County

Advanced Manufacturing; Aerospace, Aviation and Defense; Electric Vehicle Technology & Manufacturing; Healthcare; Bio/Life Sciences; Transportation, Distribution & Logistics; Natural and Renewable Resources (Mining, Agriculture, Solar); and Tourism/Hospitality

Phoenix

Biosciences and healthcare; advanced manufacturing; aerospace and defense including advanced air mobility; electric and autonomous vehicles; advanced business services; emerging technologies, FDI and trade; circular economy; and entrepreneurship and innovation

Queen Creek

Advanced Manufacturing; agritainment/destination tourism; healthcare; I.T./software; and business services

Scottsdale

IT services and software; financial and insurance services and technology; healthcare services and innovation; logistics Management; tourism; and corporate headquarters

Surprise

Advanced business services; advanced manufacturing and rail-served industry; corporate/regional headquarters innovation/entrepreneurship/emerging technology; medical, healthcare and life science technologies, services; signature retail; specialty services for global companies/FDI; tourism and hospitality

Tempe

Advanced business services (fintech); IT/software; next generation electronics, semiconductors and their

supply chains; aerospace and defense; biosciences; corporate/regional headquarters; advanced manufacturing; software as a service; sustainable technologies; signature retail & restaurants; hospitality & tourism

Tolleson

E-Commerce/fulfillment centers; resort/tourist-oriented development; expanded retail opportunities; small manufacturers with some related retail and offices

Wickenburg

Resort/tourist-oriented development; healthcare with an emphasis on behavioral health; transportation & distribution; expanded retail opportunities; senior industries, equestrian and rodeo industries

Youngtown

Youngtown is in the throes of developing a commerce park. The park will target second-stage small manufacturers with some related retail and offices.

EXHIBIT D
FY 2026
REPORTING MECHANISM FOR CONTRACT FULFILLMENT

Monthly Activity Report - Month, Year

BUSINESS ATTRACTION PERFORMANCE METRICS:

GPEC Progress Toward Goals

Targeted Opportunities	Annual Contract Goal	Actual YTD	Goal YTD	% of Goal YTD
PAYROLL GENERATED (MILLIONS)				
NUMBER OF JOBS				
NUMBER OF HIGH-WAGE JOBS				
AVERAGE HIGH WAGE SALARY				
QUALIFIED PROSPECTS				
QUALIFIED INTERNATIONAL PROSPECTS				
GPEC ASSISTS				
COMMUNITY RETURN ON INVESTMENT				
STAKEHOLDER SATISFACTION WITH BUSINESS ATTRACTION				
STAKEHOLDER SATISFACTION WITH COMPETITIVE POSITION				

KEY BUSINESS ATTRACTION ACTIVITIES AND OTHER GPEC ACTIVITIES

GPEC continues to target high-wage industries (Advanced Business Services; Aerospace & Defense; Battery & Energy Storage; Emerging Technologies; Healthcare and Biomedical; Manufacturing & Logistics; Mission Critical Operations; Semiconductor Ecosystem; and Software)

EXHIBIT E

INSURANCE REQUIREMENTS

The City's insurance requirements are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The City in no way warrants that the minimum limits required of GPEC are sufficient to protect GPEC from liabilities that might arise out of this Agreement for GPEC, its agents, representatives, employees or Contractors and GPEC is free to purchase such additional insurance as may be determined necessary.

A. Minimum Scope and Limits of Insurance. GPEC shall provide coverage at least as broad as the categories set forth below with limits of liability in amounts acceptable to the City.

1. **Commercial General Liability** - Occurrence Form
(Form CG 0001, ed. 10/13 or any replacements thereof)

General Aggregate/ per Project
Products-Completed Operations Aggregate
Personal & Advertising Injury
Each Occurrence
Fire Damage (Any one fire)
Directors and Officers
Medical Expense (Any one person) Optional

2. **Automobile Liability** - Any Auto or Owned, Hired and Non-Owned Vehicles
(Form CA 0001, ed. 10/13 or any replacement thereof) Combined Single Limit
Per Accident for Bodily Injury and Property Damage

3. **Workers' Compensation and Employers' Liability**
Workers' Compensation Statutory
Employers' Liability

B. Self-insured Retentions. Any self-insured retentions must be declared to and approved by the City. If not approved, the City may request that the insurer reduce or eliminate such self-insured retentions with respect to City, its officers, officials, agents, employees and volunteers.

C. Other Insurance Requirements. The policies are to contain, or be endorsed to contain, the following provisions:

1. Commercial General Liability

a. The City, its officers, officials, agents, employees and volunteers are to be named as additional insureds with respect to liability arising out of: activities performed by or on behalf of GPEC, including the City's general supervision of GPEC; products and completed operations of GPEC; and automobiles owned, leased, hired or borrowed by GPEC.

b. GPEC's insurance shall include broad form contractual liability coverage.

c. The City, its officers, officials, agents, employees and volunteers shall be additional insureds to the full limits of liability purchased by GPEC, even if those limits of liability are in excess of those required by this Agreement.

d. GPEC's insurance coverage shall be primary insurance with respect to City, its officers, officials, agents, employees and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees or volunteers shall be in excess of GPEC's insurance and shall not contribute to it.

e. GPEC's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

f. Coverage provided by GPEC shall not be limited to the liability assumed under the indemnification provisions of this Agreement.

g. The policies shall contain a waiver of subrogation against City, its officers, officials, agents, employees and volunteers for losses arising from work performed by GPEC for the City.

2. Workers' Compensation and Employers' Liability Coverage. The insurer shall agree to waive all rights of subrogation against City, its officers, officials, agents, employees and volunteers for any and all losses arising from work performed by the Contractor for the City.

D. Notice of Cancellation. Each insurance policy required by the insurance provisions of this Agreement shall provide the required coverage and shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) calendar days' prior written notice has been sent to City at the address provided herein for the giving of notice. Such notice shall be by certified mail, return receipt requested.

E. Acceptability of Insurers. Insurance is to be placed with insurers duly licensed or approved unlicensed companies in the State of Arizona and with a "Best's" rating of not less than A-:VII. City in no way warrants that the above required minimum insurer rating is sufficient to protect GPEC from potential insurer insolvency.

F. Verification of Coverage. GPEC shall furnish City with Certificates of Insurance (ACORD form or equivalent approved by City) and with original endorsements effecting coverage as required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Any policy endorsements that restrict or limit coverage shall be clearly noted on the Certificate of Insurance.

All certificates and endorsements are to be received and approved by City before work commences. Each insurance policy required by this Agreement must be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of the project.

All certificates of insurance required by this Agreement shall be sent directly to City at the address and in the manner provided in this Agreement for the giving of notice. City's Agreement/Agreement number, GPEC's name and description of the Agreement shall be provided on the Certificates of Insurance. City reserves the right to require complete certified copies of all insurance policies required by this Agreement, at any time.

G. Approval. During the term of this Agreement, no modification may be made to any of GPEC's insurance policies which will reduce the nature, scope or limits of coverage which were in effect and approved by the City prior to execution of this Agreement.

Regional Cooperation Protocol Policy

Greater Phoenix Economic Council and Economic Development Directors Team

The foundation of this policy is built on trust and the spirit of regional cooperation among the entities involved. GPEC and the Economic Development Directors of its member communities agree and acknowledge that it is important that they work together as partners on projects involving the communities which GPEC represents, regardless of the source of the lead, as follows:

1. Demonstrate a commitment to the positive promotion of the Greater Phoenix, specifically, GPEC member communities, as a globally competitive region.
2. Maintain the highest standards of economic development prospect handling, including confidentiality, without jeopardizing a prospect's trust to secure the probability of a regional locate. Partners agree to respect the prospect's request for confidentiality but also agree to notify each other as to the existence of a project with a confidentiality requirement when able and shall make a good-faith effort to involve the appropriate state, regional or local partners at the earliest possible time.
3. Unless otherwise restricted, agree to coordinate through GPEC for any prospect considering a project in Maricopa County or in any of the communities that GPEC represents, understanding that GPEC is in a unique position to represent and speak on regional economic development issues and on characteristics of the region's economy. Likewise, GPEC acknowledges that communities are in the best position to speak about local incentives and efforts surrounding the local economy.
4. For projects that originate with a GPEC member community, GPEC will be available for confidential research access, topical expertise or as a service provider, to add value to the community in securing the project. Additionally, GPEC will not e-track the project unless the community lead makes such a request to do so.
5. Provide accurate and timely information in response to specific requests by all prospects. When a client has narrowed sites to specific GPEC member communities, GPEC will make a good faith effort to inform those affected EDDT members first. EDDT members agree to provide information solely on their own community when the information requested is site-specific (i.e., cost of land, taxes, development fees, utility availability and cost, zoning process timing, permit timing and local incentives). When site-specific information related to other GPEC communities is requested, EDDT members agree to (i) direct GPEC prospects back to GPEC or (ii) direct non-GPEC generated prospects to contact the affected communities directly, and as a courtesy, contact the affected communities.
6. Agree that regardless of the lead source, public locate announcements shall be coordinated among the company, GPEC member community, and GPEC to reflect inclusiveness and cooperation of all partners (subject to any confidentiality requirements).
7. GPEC and EDDTs will advocate for a robust operating budget for the state economic development agency, and champion sound statewide economic development programs and policies.
8. Discourage the proactive offering of local, municipal financial incentives for existing jobs to companies with current operations in another GPEC community.
9. Inform GPEC member community when a company visits or physical site visit within that community will occur. Economic Development Directors will be the primary point of contact for the company when community information is needed.
10. In the event that a project working with GPEC or any member community is discovered to have an

existing presence within the region, the member community will notify the economic development director of the project's current home community, notwithstanding prohibition due to a non-disclosure agreement.

11. Agree that the consideration of a future community to GPEC's membership will be brought before EDDT for discussion in advance of any board consideration. EDDT will make a recommendation on the addition of a new community to GPEC's President and CEO.
12. Formalize a process to convene GPEC and Economic Development Directors of GPEC member communities biannually, and cooperate in the exchange of information and ideas reflecting practices, procedures and policies relating to prospect handling and regional economic development.
13. Work collectively to maintain a high level of trust and integrity by and between GPEC and the Economic Development Directors of GPEC member communities, utilizing differing views as an opportunity to learn.
14. When conducting market intelligence initiative objective, GPEC staff will coordinate with EDDT to ensure coordination and communication.
15. When a Prospect Information Form (PIF) is issued by the state economic development agency GPEC will coordinate the region's response. All PIF submissions will be directed to GPEC's attention and GPEC will assemble the response and return to the state economic development agency.
16. It is understood GPEC will or may host annual executour(s) and/or other marketing familiarization tour(s) to promote the regional communities. GPEC will make every attempt to provide as much interaction time between the executour guests and EDDTs. It is understood EDDTs will inform GPEC of any upcoming executour(s) and/or other marketing familiarization tours scheduled by their office.
17. Partners agree to enter into a mediation process if there is evidence that this Protocol has not been observed in a material respect or a professional conflict arises that cannot be settled. This mediation process will be convened by the EDDT Chair, who may, at his/her discretion, consult or involve GPEC's President and CEO in addition to others with topical expertise central to the conflict.

RESOLUTION # 2025-86

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING AN AGREEMENT BETWEEN THE CITY OF SURPRISE AND THE GREATER PHOENIX ECONOMIC COUNCIL.

WHEREAS, the mission of the Greater Phoenix Economic Council (“GPEC”) is to attract and grow quality businesses and advocate for the competitiveness of Greater Phoenix by focusing on two specific long-range goals: 1. Marketing the region to generate qualified business/industry prospects in targeted economic clusters; and 2. Leveraging public and private allies and resources to locate qualified prospects, improve overall competitiveness, and sustain organizational vitality.

WHEREAS, GPEC’s primary role is developing the Greater Phoenix region’s market intelligence strategy for high wage, base industry clusters in coordination with representatives of GPEC member communities.

WHEREAS, GPEC seeks to retain and expand existing businesses within GPEC member communities as primarily a local issue.

WHEREAS, GPEC will support the City’s efforts to retain and expand existing businesses through coordinating regional support and providing research on key retention and expansion projects.

WHEREAS, GPEC will advise Surprise when an existing company contacts GPEC regarding a retention or expansion issue, subject to any legal or contractual non-disclosure obligations.

WHEREAS, GPEC will develop an action plan and budget in accordance with the Mission, Goals and Retention Policy set forth above. GPEC will solicit the input of the City on the formulation of future marketing strategies and advertisements. The Action Plan will be revised to reflect any agreed upon changes to the Action Plan.

WHEREAS, the City of Surprise and its residents benefit from economic opportunities and prosperity facilitated by the GPEC, whose fiscal year 2026-2028 vision is to be the leading market for high-value investments and growth for local, national and international businesses with an eye to the industries of the future, enabling smart growth and advancing prosperity for the people of Greater Phoenix;

WHEREAS, the FY2026 contract fee of \$81,249 is based upon an assessment of \$.4897 per capita and calculated from the 2024 Office of Economic Opportunity population estimate which listed the City of Surprise as having a population of 165,916; and

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

Section 1. The Agreement with the Greater Phoenix Economic Council is hereby approved in the form attached as Exhibit “A.”

Section 2. The Mayor is hereby authorized to execute the Agreement and take all steps necessary to carry out the purpose and intent of the Agreement and Resolution.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney



GREATER PHOENIX ECONOMIC COUNCIL

Action Plan

FISCAL YEAR 2026



602.256.7700 /// gpec.org

Letter from Chris Camacho

President & CEO



Over the past two decades, Greater Phoenix has experienced extraordinary growth, transforming from a region dependent on growth and consumption to a market primed for the world stage. Yet with this success comes a new set of challenges that are the natural consequence of rapid advancement, and we must now meet them head on.

Greater Phoenix stands at an inflection point as we look ahead to Fiscal Year 2026. I am filled with immense pride for the momentum the region has built and speed at which the economic landscape has shifted, we must continue to evolve, adapt, and lead.

The FY26 Action Plan aligns with the strategies outlined in the FY26-FY28 Strategic Plan adopted earlier this year, which lays out a future-focused strategy that builds on our strengths while expanding our global reach. In FY26, we are investing in a refreshed narrative that reflects who we are: a dynamic and innovative hub for advanced industries and global commerce.

As global supply chains realign and companies seek stability, speed to market and talent, Greater Phoenix is positioned as the premier choice. Through increased international

engagement, local leadership, and brand recognition, we will amplify our presence on the world stage and continue to drive investment into the region.

But none of this is possible without collaboration. Our strength lies in the partnerships we’ve built across the public and private sectors – with regional leaders, community champions, and forward-thinking businesses. Together, we will not only shape the next chapter of Greater Phoenix’s economic story, but define a model for regional prosperity that others will follow.

Thank you for your continued partnership. I look forward to all we will achieve together in FY26 and beyond.

“ Together, we will not only shape the next chapter of Greater Phoenix’s economic story, but define a model for regional prosperity that others will follow.”



Chris Camacho
President & CEO

Our Mission

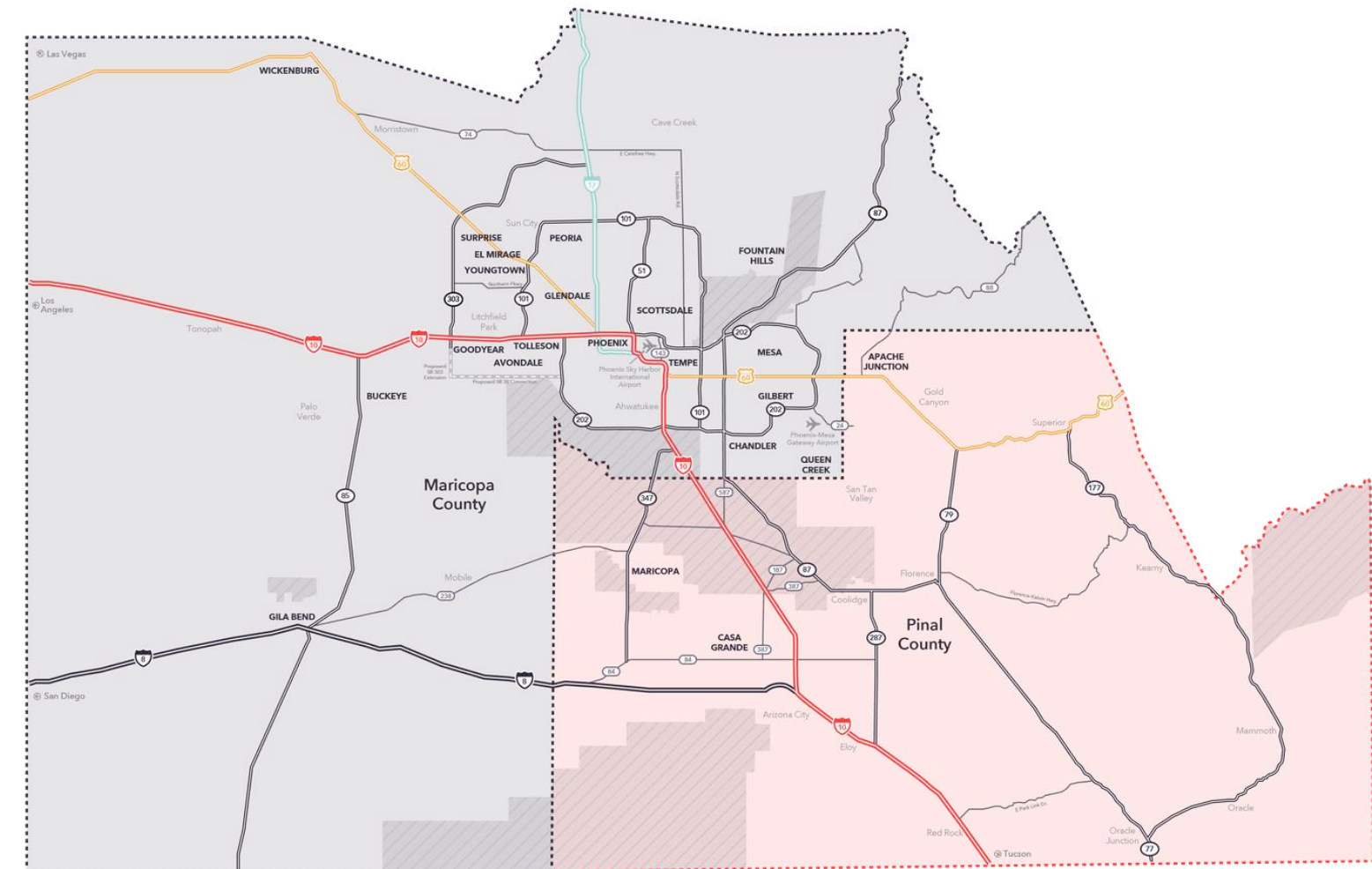
To attract and grow quality businesses, and advocate for Greater Phoenix's competitiveness.

Our Values

- ⊕ We exist to serve and enhance our community.
- ⊕ We are committed to excellence in execution.
- ⊕ Our ability to innovate, collaborate and adapt sets us apart.

Our Communities

22 cities and towns, Maricopa and Pinal counties



FY26-FY28 Vision

Be the leading market for high-value investments and growth for local, national and international businesses with an eye to the industries of the future, enabling smart growth and advancing prosperity for the people of Greater Phoenix.

FY26-28 Strategic Plan Goals

Goal 1

Build an internationally recognizable regional brand as a market uniquely positioned for high-impact industries and growth driven by innovation.

Goal 2

Advance the region through future-focused investments and infrastructure, robust support for the startup ecosystem, and best-in-class support for expanding and relocating firms.

Goal 3

Ensure GPEC is nimble in executing its mission as markets, technologies and the region continue to evolve.



Goal 1:

Build an internationally recognizable regional brand as a market uniquely positioned for high-impact industries and growth driven by innovation.

Strategy 1:

Reiterate and widely distribute a consistent narrative that Greater Phoenix is the destination for high-value, future-focused industries and top talent.

Tactics:

- Execute a national and international earned and paid media plan to showcase Greater Phoenix.
- Distribute a unique brand platform that can be utilized by numerous stakeholders to further brand recognition for the region.

Strategy 2:

Build on existing international interest to define the market as a global hub for innovation that is agile and ready to address the needs of emerging opportunities.

Tactics:

- Use increased international funding to conduct more international engagements tied to global industry conferences and events.
- Leverage advanced industries with footprints in the region to connect with national and international HQs and their investment strategy.
- Utilize marquee international events to showcase the region.

Strategy 3:

Advocate for smart growth focused on high-value, sustainable industries that will drive long-term regional success.

Tactics:

- Identify the key opportunity industries related and adjacent to the semiconductor supercycle to position Greater Phoenix as a premier place for investment.
- Communicate key narratives to the public, policymakers, partners and stakeholders to further understanding of the importance of economic development in the community and region.
- Utilize the Washington, D.C. Executive Mission trip to communicate regional priorities to federal leadership.



Goal 2:

Advance the region through future-focused investments and infrastructure, robust support for the startup ecosystem, and best-in-class support for expanding and relocating firms.

Strategy 1:

Identify and advocate for the policy and infrastructure needed to be the leading market for the industries of the future.

Tactics:

- Be a vocal advocate for smart policy related to water, air quality, grid integrity, education and workforce development, and future city planning.

Strategy 2:

Expand and share expertise to support companies investing in the region throughout the increasingly complex project processes.

Tactics:

- Master project management from lead generation to hiring.
- Engage regional public and private partners, highlighting competitiveness levers required to attract industry.



Photo Credit: Arizona State University

Strategy 3:

Streamline the regional economic development system to provide comprehensive support.

Tactics:

- Focus on foundational activities that impact investment decisions regionally.
- Articulate a set of priorities for the region and align peer organizations to execute against these.
- Work with universities and colleges to align with industry partners on workforce readiness programs.

Strategy 4:

Increase regional investments into the innovation ecosystem that enable both legacy companies and startups to thrive.

Tactics:

- Streamline attention to results-driven activities supporting the regional entrepreneurial ecosystem.
- Advocate for startup programming that enables local company growth.
- Engage local and national venture capital firms, private equity funds, and family offices to drive investment in local companies.

Goal 3:

Ensure GPEC is nimble in executing its mission as markets, technologies and the region continue to evolve.

Strategy 1:

Leverage GPEC’s network expertise to cultivate high-value touchpoints and relationships that further the reach and influence of the organization.

Tactics:

- Activate GPEC’s network including its Board of Directors, strategic councils and Ambassador network to advocate for the organization’s priorities.
- Work with stakeholders to identify key market players and facilitate connections that advance GPEC’s mission and secure sustainable funding.

Strategy 2:

Enhance long-term positioning by differentiating GPEC’s unique value proposition for stakeholders in the community.

Tactics:

- Double down on the activities that uniquely define GPEC, such as high-quality research, business development expertise and brand platform communication.

Strategy 3:

Ensure strategic talent and resource alignment to deliver excellence in the execution of key priority pillars.

Tactics:

- Allocate financial and operational resources where they will drive the most results for counties, communities and private industry supporters.
- Adjust resources dynamically to respond to changing priorities.

Metrics and Budget Overview

In FY26, GPEC is focused on cultivating impactful projects in key sectors – such as high-tech, office and bioscience – that tend to have smaller phase one job counts but higher wages. Additionally, the market is seeing headwinds on factors impacting larger projects, including power demand, air quality and a shifting economic environment.

Prospect activity is expected to remain constant, with an intentional focus on international activities to drive prospects.

	Contract	Target	Stretch
Payroll (in Millions)	\$354.65	\$394.06	\$433.47
Jobs (Phase 1)	5,670	6,300	6,930
High-Wage Jobs	3,151	3,502	3,852
Average High-Wage Salary	\$75,921	\$84,357	\$92,793
Qualified Prospects	233	258	283
Qualified International Prospects	48	53	58
GPEC Assists	10	12	14
Community ROI ¹	18:1	20:1	22:1
Stakeholder Satisfaction with Business Attraction ²	7.0	7.3	7.6
Stakeholder Satisfaction with Competitive Position ²	7.0	7.3	7.6

1 ROI is calculated as a ratio of direct revenue from GPEC locates divided by funding from GPEC member communities.
2 Average result from respondents of EDDT and Board of Directors end-of-year surveys.

Revenues	Proposed FY2026	Approved FY2025	YOY Var. \$	YOY Var. %
City/County Contract Revenue	\$3,210,154	\$3,027,872	\$182,282	6%
Pledge Revenue	\$3,898,350	\$4,307,850	\$(409,500)	(10%)
New Pledges	\$250,000	\$425,000	\$(175,000)	(41%)
In-Kind Contributions	\$140,000	\$140,500	\$(500)	(0%)
Special Events & Programs	\$165,000	\$130,000	\$35,000	27%
Sponsorship Income	\$363,500	\$280,000	\$83,500	30%
Grant Income	\$83,000	\$279,122	\$(196,122)	0%
Other Income	\$15,000	\$14,560	\$440	3%
TOTAL REVENUE	\$8,125,004	\$8,604,904	\$(479,900)	(6%)

Expenses	Proposed FY2026	Approved FY2025	YOY Var. \$	YOY Var. %
Business Development	\$864,527	\$831,973	\$32,554	4%
Marketing & Communications	\$463,443	\$586,822	\$(123,379)	(21%)
Research & Analytics	\$284,242	\$331,034	\$(46,852)	(14%)
Engagement	\$152,568	\$168,197	\$(15,629)	(9%)
Regional Initiatives	\$128,413	\$279,185	\$(150,773)	(54%)
Operations	\$411,982	\$473,417	\$(61,435)	(13%)
Personnel	\$5,551,200	\$5,265,199	\$286,001	5%
Facilities	\$522,600	\$522,357	\$243	0%
Special Events & Programs	\$283,000	\$439,122	\$(156,122)	(36%)
TOTAL EXPENSES	\$8,661,975	\$8,897,306	\$(235,331)	(3%)
NET INCOME/(LOSS)	\$(536,971)	\$(292,402)	\$(244,569)	84%



Investors

Visionary Level



Champion Level



JPMorganChase

Accelerator Level



Builder Level

[AECOM Hunt](#)
[American Airlines](#)
[Arizona Diamondbacks](#)
[Bank of America](#)
[Banner Health](#)
[BMO Harris Bank](#)
[BOK Financial](#)
[Brookfield Residential](#)
[CBRE](#)
[Chicanos Por La Causa](#)
[Clayco](#)
[Cousins Properties, Inc.](#)
[Creighton University](#)
[Desert Financial Credit Union](#)
[Dignity Health](#)
[Dorsey & Whitney](#)
[DSV](#)
[Empire Southwest](#)
[Equity Land Group](#)
[Holdings/Arizona Land](#)
[Consulting](#)
[Ernst & Young](#)
[Freeport McMoRan Inc.](#)
[Global Credit Union](#)
[Goodmans](#)
[Grand Canyon University](#)
[Helios](#)
[Honeywell](#)
[HonorHealth](#)
[Idealab Arizona](#)
[Intel Corporation](#)
[JE Dunn Construction](#)
[Kitchell](#)
[M Culinary](#)
[Mayo Clinic](#)

[MidFirst Bank](#)
[Mortenson](#)
[MSC Mediterranean](#)
[Shipping Company \(USA\)](#)
[Inc.](#)
[Olsson](#)
[onsemi](#)
[Perkins Coie LLP](#)
[Phoenix Suns and Phoenix](#)
[Mercury](#)
[Pivotal Group](#)
[Quarles & Brady](#)
[Snell & Wilmer LLP](#)
[STORE Capital](#)
[Taft](#)
[U.S. Bank](#)
[Valley Metro](#)
[Valley of the Sun United](#)
[Way](#)
[Vitalant](#)
[Weitz Company](#)
[Western Alliance Bank](#)

Advocate Level

[Air2o](#)
[Alston Construction](#)
[Archicon L.C. Architecture](#)
[Arizona Community](#)
[Foundation](#)
[Axios](#)
[Baker Development](#)
[Bell Bank](#)
[Blue Cross Blue Shield of](#)
[Arizona](#)
[Bridge Relocation](#)
[Concierge](#)
[Bristol Myers Squibb](#)

[BRPH](#)
[Brycon Construction](#)
[Burns & McDonnell](#)
[CapRock Partners](#)
[CG Schmidt](#)
[Colliers International](#)
[Commonwealth Land Title](#)
[National Commercial](#)
[Services](#)
[Cresa](#)
[Crescent Crown](#)
[Distributing](#)
[Cushman & Wakefield](#)
[Davis Architecture](#)
[De Rito Partners](#)
[Deloitte](#)
[Deutsch Architecture Group](#)
[DFDG Architecture](#)
[Dircks Moving & Logistics](#)
[DLR Group](#)
[DP Electric](#)
[DPR Construction](#)
[El Dorado Holdings](#)
[EmployBridge](#)
[Enterprise Bank & Trust](#)
[EPCOR](#)
[Everest Holdings](#)
[FCL Builders](#)
[FirstBank](#)
[Gammage & Burnham](#)
[GCON](#)
[Gensler](#)
[Global Roofing Group](#)
[Gray Construction](#)
[Graycor Construction](#)
[Green Maple Law Group](#)
[Haydon Building Corp](#)
[HDR](#)

[Holualoa Companies](#)
[Howard Hughes](#)
[Corporation](#)
[Immedia](#)
[JLL](#)
[Keyser](#)
[Land Advisors Organization](#)
[Langan Engineering and](#)
[Environmental Services](#)
[Lee & Associates](#)
[Lincoln Property Company](#)
[Mack Real Estate Group](#)
[Mastek](#)
[Meritage Homes](#)
[Multistudio](#)
[NAI Horizon](#)
[Okland Construction](#)
[OneAZ Credit Union](#)
[Opus Development](#)
[Company](#)
[Page](#)
[Partners Personnel](#)
[Pathward](#)
[Phoenix Children's Hospital](#)
[Phoenix Raceway](#)
[Professional Piping Systems](#)
[Pureflow Inc.](#)
[Reliance Management](#)
[Renaissance Construction](#)
[Reseco Advisors, LLC](#)
[Resolution Copper](#)
[Rexco](#)
[Rider Levett Bucknall](#)
[RSM](#)
[Ryan Companies US Inc.](#)
[Silicon Valley Bank](#)
[Skanska](#)
[SmithGroup](#)

[Social Television Network](#)
[\(STN\)](#)
[Southwest Gas Corporation](#)
[Spencer Fane LLP](#)
[SRS Real Estate Partners](#)
[Stevens-Leinweber](#)
[Construction](#)
[Sunbelt Holdings](#)
[Sundt Construction](#)
[Suntec Concrete](#)
[Taiwan Semiconductor](#)
[Manufacturing Company](#)
[Terracon](#)
[The AES Corporation](#)
[The PENTA Building Group](#)
[The Plaza Companies](#)
[Trammell Crow Company](#)
[University of Arizona](#)
[USAA](#)
[Verizon Wireless](#)
[ViaWest Group](#)
[Wespac Construction, Inc](#)
[WestPac Wealth Partners](#)
[Wexford Science +](#)
[Technology](#)
[Willmeng Construction](#)
[Wist Office Products](#)

Supporter Level

[Air Products and Chemicals,](#)
[Inc.](#)
[Arizona Israel Technology](#)
[Alliance](#)
[Atmosphere Commercial](#)
[Interiors](#)
[Avison Young](#)
[Avnet Inc.](#)

[Bechtel](#)
[BNSF Railway](#)
[Carvana](#)
[Catalyst Construction](#)
[City of Hope](#)
[Comcast Business](#)
[Conceptually Social](#)
[CoStar Group](#)
[Cypress Office Properties](#)
[EMD Electronics](#)
[Globe Corporation](#)
[Halff](#)
[Hines](#)
[Industrial Storage](#)
[KTAR](#)
[Macerich](#)
[Marsh McLennan Agency](#)
[Merit Partners](#)
[Meta](#)
[Midwestern University](#)
[MSS Business](#)
[Transformation Advisory](#)
[National Bank of Arizona](#)
[Nationwide Realty Investor](#)
[Northrop Grumman](#)
[Orion](#)
[Prologis](#)
[RED Development](#)
[Sendero Consulting](#)
[Storage Soluitons Inc. \(SSI\)](#)
[Sunstate Equipment](#)
[Company](#)
[The Austin Company](#)
[Trinity Capital Investments](#)
[Umpqua Bank](#)
[Union Pacific Railroad](#)
[VanTrust Real Estate LLC](#)

Amplify Our Story

Greater Phoenix's trajectory is
strengthened by your expertise.

Collaborate on shaping and telling
the story of the region's next
economic era.



JULY 1, 2024 POPULATION ESTIMATES
FOR ARIZONA'S COUNTIES, INCORPORATED PLACES AND UNINCORPORATED BALANCE OF COUNTIES

ESTIMATE		ESTIMATE		ESTIMATE	
APACHE COUNTY	66,557	MARICOPA COUNTY	4,726,247	PIMA COUNTY	1,086,634
Eagar	4,582	Apache Junction *	403	Marana *	62,780
Saint Johns	3,432	Avondale	96,803	Oro Valley	49,159
Springerville	1,730	Buckeye	113,349	Sahuarita	37,713
Unincorporated	56,813	Carefree	3,738	South Tucson	4,565
		Cave Creek	5,259	Tucson	557,219
COCHISE COUNTY	128,253	Chandler	286,342	Unincorporated	375,198
Benson	5,536	El Mirage	36,958		
Bisbee	5,028	Fountain Hills	24,163	PINAL COUNTY	483,944
Douglas	16,059	Gila Bend	1,894	Apache Junction *	41,240
Huachuca City	1,628	Gilbert	292,116	Casa Grande	65,883
Sierra Vista	45,492	Glendale	260,878	Coolidge	18,945
Tombstone	1,406	Goodyear	116,694	Eloy	18,994
Willcox	3,271	Guadalupe	5,327	Florence	24,175
Unincorporated	49,833	Litchfield Park	7,016	Hayden *	0
		Mesa	524,892	Kearny	1,755
COCONINO COUNTY	149,875	Paradise Valley	12,781	Mammoth	1,078
Flagstaff	79,913	Peoria *	203,065	Marana *	0
Fredonia	1,341	Phoenix	1,697,696	Maricopa	73,300
Page	7,479	Queen Creek *	68,109	Queen Creek *	13,669
Sedona *	2,574	Scottsdale	249,935	Superior	2,470
Tusayan	599	Surprise	165,916	Winkelman *	0
Williams	3,606	Tempe	193,336	Unincorporated	222,435
Unincorporated	54,363	Tolleson	8,627		
		Wickenburg *	6,785	SANTA CRUZ COUNTY	50,580
GILA COUNTY	54,006	Youngtown	7,161	Nogales	19,998
Globe	7,159	Unincorporated	337,004	Patagonia	800
Hayden *	509			Unincorporated	29,782
Miami	1,530	MOHAVE COUNTY	228,107		
Payson	16,738	Bullhead City	43,578	YAVAPAI COUNTY	251,768
Star Valley	2,548	Colorado City	3,344	Camp Verde	12,390
Winkelman *	292	Kingman	35,657	Chino Valley	13,915
Unincorporated	25,230	Lake Havasu City	59,484	Clarkdale	4,964
		Unincorporated	86,044	Cottonwood	12,658
GRAHAM COUNTY	40,107			Dewey-Humboldt	4,584
Pima	3,140	NAVAJO COUNTY	110,846	Jerome	459
Safford	10,253	Holbrook	4,901	Peoria *	0
Thatcher	5,590	Pinetop-Lakeside	4,182	Prescott	48,082
Unincorporated	21,124	Show Low	12,535	Prescott Valley	51,532
		Snowflake	6,848	Sedona *	7,197
GREENLEE COUNTY	9,673	Taylor	4,443	Wickenburg *	1665
Clifton	3,923	Winslow	8,673	Unincorporated	94,322
Duncan	692	Unincorporated	69,264		
Unincorporated	5,058			YUMA COUNTY	217,978
				San Luis	39,383
LA PAZ COUNTY	17,128			Somerton	14,743
Parker	3,487			Wellton	2,627
Quartzsite	2,446			Yuma	102,726
Unincorporated	11,195			Unincorporated	58,499
				ARIZONA	7,621,703

***POPULATION FOR PLACES IN TWO COUNTIES**

Apache Junction	Pinal & Maricopa	41,643
Hayden	Gila & Pinal	509
Marana	Pima & Pinal	62,780
Peoria	Maricopa & Yavapai	203,065
Queen Creek	Pinal & Maricopa	81,778
Sedona	Coconino & Yavapai	9,771
Wickenburg	Maricopa & Yavapai	8,450
Winkelman	Gila & Pinal	292

City of Surprise Community Benefits Report

58:1
Revenue Return

Surprise Investment

\$81,249

Funding Request for FY26

AZ Office of Economic
Opportunity 2024 Population

\$76,092

Funding Request for FY25

GPEC has assisted 227 locates in Greater Phoenix in the last five years, including 6 in Surprise, creating 396 jobs and \$125.34M in capital investment. Surprise has also had 3 GPEC Assists in the last five years.

Surprise Locates:

tricolor
auto

Castrol

exhibitus

**Arctic
Ammo**

RINCHEM

TRIPLE-S STEEL

Return on Investment

(5-Yr Trend)



\$58

of direct revenue¹ for
every \$1 invested



\$233.4M

in new consumer
spending generated
by new Surprise jobs
and employed
Surprise residents.



\$20.9M

in new Surprise
direct revenues



2,782

new jobs for Surprise
residents from
region-wide locates

Results Through Regional Success

	FY25*	FY24	5-Year Total
Payroll Generated (\$M)	\$406.67	\$513.96	\$2,710.6
Jobs	4,990	7,431	40,939
Hi-Wage Jobs	3,313	3,987	22,537
Average Salary	\$81,497	\$69,164	\$66,210
Qualified Prospects	236	260	1,291
Assisted Locates	41	49	227
Capital Investment (\$M)	\$3,370.23	\$3,040.60	\$52,296.2

*Through May 31

Footnotes

¹ Includes property, sales and utility taxes, as well as state-shared and other local revenues.

Estimates are from the Greater Phoenix Consensus Impact Model. In 1999, GPEC and our members developed the region's first-ever consensus-based revenue and economic impact model. Based on nationally accepted multiplier data provided by IMPLAN, the model is customized to calculate economic and revenue benefits for GPEC's members and the State of Arizona.

² GPEC Assists includes company expansions and relocations that receive GPEC assistance but may not meet the guidelines to be considered a GPEC locate.

Community Leadership

Leadership is critical to ensuring the success of your community, GPEC and the region's economic vitality.

Engagement Opportunity	Surprise Involvement
Executive Committee	Scott Phillips
GPEC Board of Directors	Scott Spurgeon Scott Phillips
Economic Development Directors Team (EDDT)	Jeanine Jerkovic Mike Hoover Kirsten Hall Russell Baker

FY25 Community Partnership

- Responded to 36 etracks
- Participated in 2 presentations to delegations/site selectors
- Attended 3 Ambassador events
- 2 research requests fulfilled

About GPEC

The Greater Phoenix Economic Council (GPEC), globally recognized as a top economic development organization (EDO), works to attract and grow quality businesses and advocate for the competitiveness of Greater Phoenix. A data-driven regional EDO, GPEC works with 22 member communities, Maricopa and Pinal counties, and more than 220 private investors to accomplish its mission and serve as a strategic partner to companies across the world as they expand or relocate to Greater Phoenix.

Competitive Intelligence

GPEC offers Surprise access to the following unique tools and expertise:

- Comprehensive demographic, labor, and targeted industry information
- Moody's Real Estate database
- MetroComp operating cost-comparison software for 50 markets
- Greater Phoenix Consensus Impact Model Analysis
- Workforce and Talent scorecards
- Venture Capital funding alerts
- Business scoops to assist in community BRE outreach
- Customized research requests
- Webpage on GPEC's site linking to economic tools on Surprise's website
- Community spotlights in GPEC's newsletters and social media
- Access to the Ambassador program which provides networking and learning opportunities
- Support for community initiatives

7,854

Companies reached through marketing automation

383

Total engagement on posts

11

Community social media posts

5

Market Intelligence Scoops

51

Etracks sent

GPEC FY23-25 Strategic Plan

Greater Phoenix will be the leading market driving innovation in a dynamic, anti-fragile and equitable economy that enables all residents to benefit and prosper. The FY23-25 strategic plan will drive to that outcome through three overarching goals:

- Lead an ambitious shared vision for the region's economic future
- Enhance the foundation of the future economy with a focus on emerging and innovation-driven industry sectors
- Expand organizational capacity to serve the Greater Phoenix economic ecosystem and meet the needs of the market

Greater Phoenix Economic Council Annual Contract – FY 2026

June 17, 2025

Jeanine Jerkovic, Economic Development Director



SURPRISE
ARIZONA

GPEC Annual Contract – FY 2026

- **GPEC Mission:** Attract and grow quality businesses and advocate for the competitiveness of Greater Phoenix by focusing on two specific long-range goals:
 1. **Marketing** the region to generate qualified business/industry prospects in targeted economic clusters;
 2. Leveraging public and private allies and resources to locate qualified prospects, improve overall **competitiveness**, and sustain organizational vitality.
- Municipal contributions on a **\$.4897 per capita rate**
- **Surprise FY 2026 Investment: \$81,249**, calculated from population numbers from the *AZ Office of Economic Opportunity 2024 Population*

About GPEC

- **Globally recognized** as a top economic development organization (EDO)
- **GPEC Public-Private Partnership:**
 - 22 member communities
 - Maricopa and Pinal counties
 - 220 private investors
- **FY 2026-2028 Vision:** *Be the leading market for high-value investment and growth for local, national and international businesses with an eye to the industries of the future, enabling smart growth and advancing prosperity for the people of Greater Phoenix.*



Our Mission

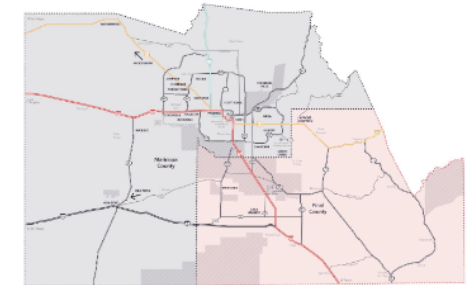
To attract and grow quality businesses and advocate for Greater Phoenix's competitiveness.

Our Values

- ⊕ We exist to serve and enhance our community
- ⊕ We are committed to excellence in execution
- ⊕ Our ability to innovate, collaborate and adapt sets us apart

Our Communitities

22 cities and towns, Maricopa and Pinal counties



ROI - GPEC Annual Contract

6 Surprise business locates (+ 3 assists) in last five years assisted by GPEC:

- Arctic Ammo
- Tricolor Auto
- BP Castrol
- Exhibitus
- Rinchem
- Triple-S Steel

Result: 396 new (Phase 1) jobs & \$125.34 million in capital investment

Surprise's Return on Investment

5-Year Analysis:

- **58:1** - \$58 of direct revenue to the City of Surprise for every \$1 invested
- **\$233.4 million** in new consumer spending
- **\$20.9 million** = new direct revenues
- **2,782 new jobs** for Surprise residents from regional locates



SURPRISE
ARIZONA

GPEC Annual Contract – FY 2026

Competitive Intelligence

- Targeted industry information
- Real Estate database
- MetroComp software / 50 markets
- Consensus Impact Model Analysis
- More: Workforce & Talent, VC, custom research, community spotlights, ambassador program, support for community initiatives.

Community Leadership

- GPEC Board of Directors:
 - **Scott Phillips**, Carefree Partners (Executive Committee)
 - **Scott Spurgeon**, Superintendent, West-MEC
- EDDT Team Participation

Surprise FY 2025 Partnership

:

- Responded to 36 e-tracks
- Presented to delegations & site selectors
- Attended ambassador events
- 2 research requests fulfilled



@SurpriseEconDev



@SurpriseEconDev



@surpriseazgov



Surprise Economic
Development

Thank You!

Jeanine Jerkovic, CEcD
Economic Development Director
Jeanine.Jerkovic@surpriseaz.gov
623.222.3327



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Deborah Perry, ASSISTANT
DIRECTOR

Submitting Department: Human Svcs and Comm
Vitality

District: Citywide

Staff Recommendations:

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to the Fiscal Year 2026 grant awards for the Surprise Community Outreach Program.

Motion:

I move to approve the Fiscal Year 2026 funding recommendations from the Surprise Community Outreach Program as presented.

Background:

The Surprise Community Outreach Program (SCOP) was established by the City Council to provide a supplemental funding source to organizations providing direct service, programs, and events to citizens of the City of Surprise. This fiscal year the Council allocated \$150,000 for the program.

Objective Analysis:

The Surprise Community Outreach Program was designed to provide non-profit 501(c)3 organizations with options for funding programs and/or events.

Policy Compliant:

This item is compliant with City and Council policies.

Financial Impact:

For FY2026, the Subcommittee's total award recommendation is \$150,000. The awards are paid to agencies on a reimbursement basis upon submittal of quarterly reimbursement requests and reports.

Budget Impact:

The FY2026 approved budget for the Human Service and Community Vitality Department includes a total of \$160,000 for community outreach activities; \$150,000 for the Surprise Community Outreach Program and \$10,000 for the Neighborhood Grant Program.

FTE Impact:

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

ATTACHMENTS:

1. HSCV Staff Report - SCOP FY 26
 2. FY26 SCOP Presentation
-



HUMAN SERVICE AND COMMUNITY VITALTY

Date: June 16, 2025

To: Surprise City Council

From: Seth Dyson, HSCV Director
Deb Perry, HSCV Assistant Director

Re: Surprise Community Outreach Program FY26

Introduction

The Surprise Community Outreach Program was designed to provide non-profit 501(c)3 organizations with options for funding programs and/or events.

Background

The Surprise Community Outreach Program (SCOP) was established by the City Council to provide a supplemental funding source to organizations providing direct service to citizens of the City of Surprise. The City has allocated \$150,000 for SCOP Fiscal Year 2026 and \$10,000 for the Neighborhood Grant Program. The Committee on Community Outreach, Partnerships and Grants reviewed applications and are making recommendations to the full City Council for award.

Committee Recommendations

The Committee on Community Outreach, Partnerships and Grants held meetings on May 28th and May 29th to review, discuss and act upon the eligible applications received. A total of forty-three (43) applications were received. Applicants were given an opportunity to present their project during the May 28th and May 29th committee meetings.

Committee recommendations are as follows:

	Requested	Recommendation
Spencer's Place	\$10,000	\$10,000
Radiant Church Night to Shine	\$10,000	\$10,000
Valley View Community Food Bank	\$10,000	\$10,000

Surprise Original Townsite Stakeholders Committee	\$7,000	\$7,000
Autism Life and Living	\$10,000	\$7,000
Arizona Burn Foundation	\$10,000	\$6,000
Sun Health Foundation	\$5,285	\$5,000
Women4WomenTempe	\$5,000	\$5,000
Seeds of Hope International Ministries	\$7,000	\$5,000
Dysart Special Education PTSA	\$6,000	\$5,000
Dysart Education Foundation	\$10,000	\$5,000
Valley of the Sun YMCA	\$10,000	\$5,000
Youngtown Community Fund Medical Lending Center	\$10,000	\$5,000
Corte Bella Vets Group	\$10,000	\$5,000
HART Pantry	\$10,000	\$5,000
AllThrive 365	\$10,000	\$5,000
Homeless ID Project	\$10,000	\$5,000
St Vincent de Paul St Elizabeth Seton Conference	\$4,900	\$4,900
Benevilla	\$10,000	\$4,900
Autism Society of Greater Phoenix	\$7,900	\$4,200
Best Buddies International, Inc.	\$10,000	\$4,000
WHAM Art Association	\$10,000	\$4,000
Legend Acres Charities	\$10,000	\$3,500
A Mighty Change of Heart	\$5,000	\$2,500
One Step Beyond Inc	\$5,000	\$2,500
Dress for Success Phoenix	\$10,000	\$2,500
Actors PLAYground Theater Company	\$5,000	\$2,500
The Foster Alliance	\$5,000	\$2,500
MIKID Mentally Ill Kids in Distress	\$10,000	\$2,500
Youth for Troops	\$8,152	\$2,500
LAUNCH TEAM Robotics	\$2,000	\$2,000
KNOWN - Building A Healthy Community	\$7,700	\$0
Stepping Up for Seniors	\$10,000	\$0
Surprise Young Life	\$10,000	\$0
Central Arizona Shelter Services Inc (CASS)	\$10,000	\$0
Sounds of Autism, Inc.	\$9,250	\$0
1N10 Inc. dba one-n-ten	\$10,000	\$0
Raising Special Kids	\$10,000	\$0
Southwest Human Development	\$10,000	\$0
Beacon Group	\$10,000	\$0
Rotary Club of Surprise and Sun City West	\$10,000	\$0
Helping Families In Need	\$10,000	\$0
Fresh Start Women's Foundation	\$7,500	\$0
TOTAL	\$367,687	\$150,000

Future Actions

- Award notifications to be sent immediately after Council action.
- Spending and projects must be complete by June 15, 2026.

Recommendation

Approval of Surprise Community Outreach Program awards as recommended by the Committee on Community Outreach, Partnerships and Grants.

WELCOME

Community Outreach Program

FY2025-2026



SURPRISE
ARIZONA

Program Purpose

- To support local non-profit organizations serving the City of Surprise residents.
- Surprise Sub-Committee on Community Outreach, Partnerships & Grants makes funding recommendations.
- Sub-Committee members are Councilmembers Chris Judd (Chair), Patrick Duffy and Nick Haney.

Program Guidelines

- Must provide verification of 501(c)3 status.
- Must submit a new application with every program cycle.
- Events, programs, activities, etc. must take place in the City of Surprise.
- Must include a proposed budget for use of funds.
- Recipients will acknowledge grant award in press release.
- Funds are provided on a reimbursement basis only.
- Maximum award is \$10,000.
- FY26 SCOP allocation is \$150,000.

Program Overview

- The Committee met on Wednesday, May 28th and Thursday May 29th to review the requests for funding.
- **43** applications were received.
 - Total requested grant amount: **\$367,687**
- A total of 42 applications were presented and considered.

Agency	Requested	Recommendation
Spencer’s Place	\$10,000	\$10,000
Radiant Church Night to Shine	\$10,000	\$10,000
Valley View Community Food Bank	\$10,000	\$10,000
Surprise Original Townsite Stakeholders Committee	\$7,000	\$7,000
Autism Life and Living	\$10,000	\$7,000
Arizona Burn Foundation	\$10,000	\$6,000
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Central Arizona Shelter Services Inc (CASS)	\$10,000	\$0
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1N10 Inc. dba one-n-ten	\$10,000	\$0
Raising Special Kids	\$10,000	\$0
Southwest Human Development	\$10,000	\$0
Beacon Group	\$10,000	\$0
Rotary Club of Surprise and Sun City West	\$10,000	\$0
Helping Families In Need	\$10,000	\$0
Fresh Start Women's Foundation	\$7,500	\$0
Total	\$377,687	\$150,000

Questions or Comments?

THANK YOU



SURPRISE
ARIZONA



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Lloyd Abrams, Director -
Community Development

Submitting Department: Community Development District: Internal

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action on accepting the Third Amendment to the Asante Development Agreement.

Motion:

I move to approve accepting the Third Amendment to the Asante Development Agreement.

Background:

The City entered into an Exchange and Purchase Agreement dated April 15, 2025 for the exchange and purchase of land for a Police Substation located along 163rd Avenue and San Ysidro. The Asante Development Agreement encumbers some or all of the property in the Exchange and Purchase Agreement. The Amendment will release the parcels from the Development Agreement as mentioned in the Exchange and Purchase Agreement.

Objective Analysis:

The Amendment will release the parcel of land from the Asante Development Agreement to allow the City to develop the police substation without the constraints of the development agreement.

Policy Compliant:

Approval of this item is policy compliant. The amendment will advance the goals and policies of the Surprise General Plan and the City Councils' Strategic Plan.

Financial Impact:

While this item does not have an immediate or direct financial impact, ongoing development activity in the City will inevitably have a future financial impact as additional resources are needed to provide City services.

Budget Impact:

There is currently no budgetary impact related to approval of this item.

FTE Impact:

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

ATTACHMENTS:

1. Resolution 2025-92 Asante Third Amendment
 2. Third Amendment to Development Agreement(5043553.2)
 3. Asante DA Amendment 3 - CC 060325
-

RESOLUTION # 2025-92

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING THE THIRD AMENDMENT TO THE ASANTE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SURPRISE AND LCD ASANTE, LLC, AND ASANTE DEVELOPMENT PARTNERS, LLC.

WHEREAS, the City of Surprise (the “City”) is authorized to enter into development agreements, pursuant to A.R.S. § 9-500.05;

WHEREAS, on July 14, 2005, the Mayor and Council of the City of Surprise approved the original Asante Development Agreement; and

WHEREAS, the City, LCD Asante, and Asante Development Partners, LLC, (collectively, “ADP”) are parties to that certain Asante Development Agreement, recorded on November 18, 2005, in the Office of the County Recorder of Maricopa County, Arizona, at Instrument No. 2005-1750101, as amended by that certain First Amendment to Asante Development Agreement, recorded on October 6, 2006, at Instrument No. 2006-1328209, and as amended by that certain Second Amendment to Asante Development Agreement, recorded on November 4, 2020, at Instrument No. 2020-1072628 and re-recorded on December 15, 2020, at Instrument No. 2020-1235888; and

WHEREAS, ADP and the City entered into an Exchange and Purchase Agreement dated April 15, 2025, under which ADP conveyed to the City certain real property located in the City of Surprise, Arizona, legally described in Exhibit A attached hereto and incorporated herein by reference (the “Released Property”); and

WHEREAS, LCD Asante, LLC, and Asante Development Partners, LLC now seek City Council approval of the Third Amendment to the Development Agreement, attached hereto as Exhibit A, to formally release the Released Property from all obligations and conditions of the Agreement.

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

Section 1. The City Council agrees to approve, attached hereto as Exhibit “A,” is approved.

Section 2. The Mayor is hereby directed to execute the Third Amendment to the Asante Development Agreement on behalf of the City and any other documents necessary to effectuate the intent of this Resolution.

SIGNATURES ON FOLLOWING PAGE

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, Acting City Attorney

Resolution # 2025-
RFLS #

Rev 07/24

Resolution # 2025-
RFLS #

Rev 07/24

EXHIBIT A

Development Agreement

City Clerk
City of Surprise, Arizona
16000 N Civic Center Plaza
Surprise, AZ 85374

With a copy to:
Nobella Surprise Owner L.P.
2375 E. Camelback Road, Suite 150
Phoenix, AZ 85016
Attn: Christina Maksimovic & Chris Anderson

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “**Agreement**”) is made as of this 17th day of June, 2025 (the “**Effective Date**”), by and between the City of Surprise, a municipal corporation organized and existing under the laws of the State of Arizona, (the “**City**”) and Nobella Surprise Owner, LP, a Delaware limited partnership (“**Developer**”). Each of the City and Developer may be referred to in this Agreement as a “**Party**” and collectively the “**Parties.**”

RECITALS

A. Developer owns parcels of real property located within the City’s boundaries that currently are intended to be developed separately (respectively, the “**Hines Group 1 Parcels**” the “**Hines Group 2 Parcels**,” and the “**Hines Group 3 Parcels**,” and collectively, the “**Hines Parcels**”). The Hines Parcels are legally described in Exhibit A-1 and depicted on Exhibit A-2, each attached hereto.

B. Developer seeks to cause the development of the Hines Parcels in accordance with City Ordinances 2022-12 and 2024-06 (“**Rezoning Ordinances**”), approving development of residences (the “**Projects**”) comprising a maximum of five hundred forty-seven (547) equivalent dwelling units (each, an “**EDU**” and collectively, the “**EDUs**”).

C. Developer desires to enter into this Agreement to address those matters set forth in Arizona Revised Statutes (“**A.R.S**”) § 9-500.05, including among other things, the design, construction, timing, and responsibility for various public improvements described in this Agreement (“**Infrastructure Improvements**”) that are necessitated by the development of the Projects, and to support the development of certain surrounding properties listed and depicted on Exhibit A-3 (the “**Water/Wastewater Benefited Properties**” and individually, a “**Water/Wastewater Benefited Property**”) and Exhibit A-4 (the “**Park Benefited Properties**” and individually, a “**Park Benefited Property**”). The Water/Wastewater Benefited Properties and the Park Benefited Properties (collectively, the “**Benefited Properties**” and individually, a “**Benefited Property**”) are owned by those associated with such Benefited Properties (each a “**Benefited Owner**” and collectively, the “**Benefited Owners**”). This Agreement also addresses the financing and reimbursement mechanisms for the Infrastructure Improvements.

D. City previously has approved various master reports, which, subject to the review and approval of the City, may be amended in the development of the Infrastructure Improvements,

including the Drainage Report prepared by Terrascope Consulting (July 29, 2024) (“**Master Drainage Report**”), Nobella Final Water Report prepared by Terrascope Consulting (June 11, 2024) (“**Master Water Report**”), and Nobella Final Sewer Report prepared by Terrascope Consulting (July 23, 2024) (“**Master Sewer Report**”) (together “**Master Reports**”).

E. Developer believes that development of the Hines Parcels and surrounding properties, including the Benefited Properties, pursuant to this Agreement will result in benefits to City and its residents by increasing the housing options with the City’s General Plan 163rd Avenue Corridor Growth Area, promoting orderly development, constructing as a significant part of the Infrastructure Improvements, including off-site water and wastewater infrastructure with regional benefits, and other public improvements more fully described in these Recitals and this Agreement.

F. The Parties acknowledge and agree that development of the Hines Parcels in accordance with the Rezoning Ordinances is consistent with the City’s General Plan.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties agree as follows:

AGREEMENT

1. Design and Construction Costs. The term “**Costs**” used in this Agreement shall have the same meaning as the definition of “Costs” set forth at Section 42-3 of the Surprise Municipal Code (“**SMC**”) for public improvement repayment agreements as of the Effective Date.

2. Infrastructure Improvements. Except as set forth in this Agreement, Developer shall be responsible to cause the design, construction, and installation of the Infrastructure Improvements in accordance with the Master Reports, as may be amended and if approved by the City, consistent with the Rezoning Ordinances. Such Infrastructure Improvements may be phased in accordance with the Projects’ phasing plan as set forth in Exhibit B hereto (“**Phasing Plan**”). Any amendment to the Phasing Plan shall be subject to the City’s review and approval.

a. Right of Way, Permits, and Easements. Developer, its agents, and employees, shall have the additional right, upon receipt from the City of an appropriate right-of-way or other applicable permit, to enter, remain upon, cross over, and undertake construction on, over, and under any City rights-of-way to the extent reasonably necessary to facilitate construction, or to perform necessary maintenance or repairs (during the period for which Developer is responsible for such maintenance and repairs) of the Infrastructure Improvements as well as for any other uses set forth in such each permit. The use of such rights-of-way, pursuant to an applicable permit, shall not unreasonably impede or adversely affect the City’s use and enjoyment thereof and shall be subject to any other limitations set forth in any such permit. If the City provides authority to make use of any non-exclusive easement area, Developer shall not interfere unreasonably with the previously approved use/user of said easement area.

b. Restrictions and Obligations. Upon completion of such construction, repairs, or maintenance, the Developer shall cause such City easements and rights-of-way used pursuant to any right-of-way permit to be restored to the same or better condition as it existed prior to Developer’s entry on such easements and rights-of-way.

c. **Construction Water Use.** Developer will cause all contractors and subcontractors to make reasonable efforts to obtain and use non-potable water for construction of the Projects and the Infrastructure Improvements. To the extent non-potable water is not reasonably available, City agrees that potable water may be used and City will not withhold any permits or approvals based on the use of potable water for construction of the Projects or the Infrastructure Improvements. Developer shall be solely responsible for purchase, transportation, and use of water for any such construction.

3. **Offsite Infrastructure Improvements.** Developer shall provide Infrastructure Improvements that are not within or adjacent to the Hines Parcels, that serve other properties, including the other Benefited Properties, or that include excess or oversized capacity beyond what is necessary to serve the Hines Parcels as specified in the Master Reports (all of which shall be referred to in this Agreement as the “**Offsite Infrastructure Improvements**”).

a. **Reimbursement Entitlement.** Developer shall seek reimbursement for the Costs of the Offsite Infrastructure Improvements as defined in and in accordance with Chapter 42 of the S.M.C., and as otherwise provided in this Agreement. Notwithstanding any contrary provisions of this Agreement, the Parties shall comply with all applicable laws including but not limited to A.R.S. § 9-463.05.

b. **Estimated Budget.** For each of the Water/Wastewater Infrastructure Improvements, and the Park Improvements (each as defined below), Developer has prepared an estimated budget that has been reviewed and approved by the City (each, an “**Estimated Budget**”), as set forth on Exhibit C-1, and Exhibit C-2, respectively, the amounts of which have been allocated by Developer to each Benefited Property. The Estimated Budget and allocation to the Benefited Properties for each category of Infrastructure Improvements may be amended from time to time by Developer, subject to the review and approval of the City (such review and approval not to be unreasonably conditioned, delayed, or withheld), and shall thereafter be deemed to have been incorporated into this Agreement. In accordance with S.M.C. § 42-7(g), prior to allowing a Benefited Property to connect to or to use an Infrastructure Improvement, City shall verify that the Benefited Owner of a Benefited Property has paid its reimbursement share to the Developer with respect to each Infrastructure Improvement category serving such Benefited Property.

4. **Assured Water Supply.** The City has a Designation of Assured Water Supply pursuant to A.R.S. § 45-576. This Agreement is not a written commitment of water service from the City pursuant to A.R.S. § 9-463.01(I).

5. **Water/Wastewater Supply and Infrastructure.** Water supply for the Projects shall be provided by the City pursuant to the terms of the North Jomax Water Development Agreement (Regional Improvements Overlay Agreement) between North Jomax Water Coordinator, LLC (“**NJWC**”) and the City, dated May 7, 2024, and recorded at Document No. 2024-0309586 in the Official Records of Maricopa County, Arizona (the “**Overlay Agreement**”). City shall provide wastewater treatment to serve the Projects based upon the development timing and capacity requirements defined through the current Master Wastewater Report, on file with Water Resources Management Department. Developer has access to 325 EDUs based on 210 gallons per day for SPA 2 wastewater treatment capacity. Additional capacity shall be acquired, if necessary, prior to any City approval of a final plat, site plan, or building permit pursuant to the SPA 2 Water Reclamation Facility Capacity Allocation Agreement, on file with the Water Resources Management Department.

Proof of ownership of capacity will be required prior to the City's approval of any final plat for the Projects.

a. **Water Infrastructure Improvements.** Off-site improvements to the City's water infrastructure will be required to serve the Projects and the Water/Wastewater Benefited Properties, including but not limited to water treatment, pressure zone improvements, and storage ("**Water Infrastructure Improvements**"). The water treatment, pressure zone improvements, and storage are, to the extent required in the SPA 2 North Water Expansion Agreement, the obligation of the Developer. The SPA 2 North Water Expansion Agreement must be fully executed by Developer or its successors or assigns prior to approval of any final plat for any phase of Nobella. Developer will construct the Water Infrastructure Improvements, which shall comprise (1) a 12" high-pressure water line in Jomax Road from the existing 16" water distribution line in Jomax Road at 163rd Avenue to the eastern boundary of the Hines Parcels at 157th Avenue. The Water Infrastructure Improvements are more fully described in the Master Water Report. Once completed, Developer shall dedicate the Water Infrastructure Improvements to the City. A 12" water distribution line is not necessary to serve the Projects, and the increase in size constitutes an Offsite Infrastructure Improvement that will be capable of serving additional land comprising the Water/Wastewater Benefited Properties.

b. **Wastewater Infrastructure Improvements.** As part of the Projects, Developer shall construct the wastewater improvements set forth in the Wastewater Master Report to connect to existing wastewater infrastructure ("**Wastewater Infrastructure Improvements**"). A 10" sewer line is necessary to serve the Projects, and any increase in size also would be considered an Offsite Infrastructure Improvement.

c. **Water/Wastewater Infrastructure Improvements.** The Water Infrastructure Improvements and the Wastewater Infrastructure Improvements will be, at least in part, constructed together and, accordingly, the Estimated Budget for these has been combined to provide avoidance of duplicated costs and are, for purposes of reimbursement to Developer under this Agreement, referred to as the "**Water/Wastewater Infrastructure Improvements.**" To the extent that Water/Wastewater Infrastructure Improvements constitute an Offsite Infrastructure Improvement, such Water/Wastewater Infrastructure Improvements are subject to reimbursement for Costs under the hierarchy set forth in Section 3, and such Costs shall be eligible for repayment pursuant to S.M.C., Chapter 42, and Section 9 of this Agreement. An Estimated Budget, Benefited Area, and Buy-In Fee worksheet for the Offsite Infrastructure Improvements portion of the Water/Wastewater Benefited Properties are attached hereto as Exhibit C-1.

d. **Use of Right-of-Way & Accommodations.** Except as provided in Section 5a of this Agreement, Developer will be solely responsible for funding and constructing the water distribution lines to the Hines Parcels pursuant to the Master Water Report, and City acknowledges that such water distribution lines may run within City right-of-way, including but not limited to Nobella Parkway, East-West Road, and Jomax Road. As set forth in the Master Water Report, the Projects will connect to Pressure Zone 3A prior to issuance of the first building permit for the Projects; however, an interim connection for the purpose of serving the Projects may be to Pressure Zone 2A, provided that the SPA 2 North Water Expansion Agreement has been executed by Developer or its successors and assigns. Developer agrees that construction of the Pressure Zone 3A connection will be completed prior to issuance of a certificate of occupancy for the Projects, provided that grading and infrastructure improvements to the Hines Parcels for such plat may commence subject to an Alternative Assurance Agreement as set forth in S.M.C. § 108-3.2.

6. Park Improvements. In connection with the construction of the Projects and pursuant to the Development Plan, Developer will create a park open to the public (the “**Nobella Park**”), on the portion of the Hines Parcels described on Exhibit D-1 and depicted on Exhibit D-2 (the “**Park Area**”). The Park Area shall include a parking area over which the public shall be allowed to drive and park motor vehicles. (See Exhibit D-3 and Exhibit D-4, the “**Parking Area**”). (The Nobella Park and all of its associated improvements shall be deemed the “**Park Improvements**.”) The Nobella Park shall be designed and constructed in accordance with City of Surprise Parks and Recreations Master Plan and shall be owned, operated, and maintained by Developer, or an Association to be formed by Developer. As more fully described below, on completion of the Projects and the Nobella Park, the Nobella Park will be made available for use by the residents of all the Benefited Properties. The costs of operating, repairing, and maintaining the Nobella Park will be borne by the residents of the Projects and of the other Park Benefited Properties, as more fully described below, including any Association ultimately formed and responsible for the Nobella Park. The Costs for the Park Improvements are subject to reimbursement by the Park Benefited Properties under the hierarchy set forth in Section 3, eligible for repayment pursuant to S.M.C., Chapter 42, and as set forth in Section 9 of this Agreement. An Estimated Budget, Benefited Area, and Buy-In Fee worksheet for the portion of the Costs for the Park Improvements attributable to the Park Benefited Properties are attached as Exhibit C-2.

a. Indemnification. To the fullest extent permitted by law, Developer, its successors and assigns, and any Association later formed, shall indemnify, defend, and hold harmless the City and its council members, managers, officers, boards, commissions, officials, employees, or agents (collectively “Indemnified Party”), for, from, and against any and all losses, claims, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, claims processing, investigation, court costs, and the costs of appellate proceedings) to which any such Indemnified Party may become subject, under any theory of liability whatsoever (“Claims”), including negligence, insofar as such Claims (or actions with respect thereof) relate to, arise out of, or are caused by, or in connection with this provision, or the City’s enforcement of this provision, or the City’s enforcement of S.M.C., Chapter 42, with respect to this provision, or the Nobella Park including the Park Area or the Parking Area or the Park Improvements, or the City’s collection or attempted collection of fees for the Park Improvements pursuant to S.M.C., Chapter 42.

b. Maintenance Expense. Notwithstanding that the Nobella Park will be available for use by residents of the Benefited Properties, Developer agrees that the City will not be responsible for the costs of the operation, repair, and maintenance of the Nobella Park. The costs and expenses incurred in such operation, repair, and maintenance shall be shared among owners within the Projects (and the other Park Benefited Properties as Developer may arrange) as “common” expenses of an association (the “**Association**”) to be formed under the terms of a recorded and binding Declaration setting forth certain Conditions, Covenants, and Restrictions that are binding, enforceable, and applicable to the Projects and the other Park Benefited Properties. The City shall not, at any time, be liable or otherwise responsible for the operation, repair, maintenance, or replacement of the Nobella Park, and/or the Park Improvements.

7. City Duties and Obligations Regarding Payback Provisions. City shall be responsible for the duties and obligations upon the triggering of any “Payback Provision” as set forth in Chapter 42 of the S.M.C., specifically § 42-7, and as further described below:

a. Pursuant to S.M.C. § 42-7(g), prior to allowing a Benefited Owner to connect a Benefited Property to or to use an Infrastructure Improvement, or at an earlier time within the City's sole discretion, (e.g., prior to approving a building permit, sewer connection, water connection, site plan, or final plat), the City shall verify that the Benefited Owner has paid its reimbursement share to the Developer.

b. During the Term of this Agreement, reviewing and approving the Costs for each Offsite Infrastructure Improvement. The City shall have sixty days (60) to review and approve or object to the Costs for each Offsite Infrastructure Improvement. If the City objects to Developer's Costs submittal, the City immediately shall notify Developer, and the City and Developer agree to work in good faith to resolve the issue or concern with respect to Developer's submittal of Costs. If the issue or concern cannot in good faith be resolved by the City and Developer, then, subject to the provisions of Section 17, the Parties may submit this matter to non-binding mediation.

8. Payback Provisions; Buy-In Fees.

a. **Calculating Buy-In Fees.** The initial estimate of the Buy-In Fee for each category of Offsite Infrastructure Improvement is set forth on Exhibits C-1 and C-2. Accordingly, Developer shall calculate the Buy-In Fees using the spreadsheets in Exhibits C-1 and C-2, which have been approved by the City for this Agreement. These Exhibits reflect a static picture of each spreadsheet, and each spreadsheet includes a series of formulas for accurately and equitably calculating each Buy-In Fee for the associated Offsite Infrastructure Improvement. Upon written request from a Benefited Owner, Developer promptly shall provide such Benefited Owner with an Excel file copy of the requested Buy-In Fees spreadsheet with appropriate interest.

b. **Adjusting Buy-In Fees.** Developer shall adjust the amount of the initial Buy-In Fees by calculating the amount of the actual total Costs and determining each final Buy-In Fee on Developer's completion and City's acceptance, if acceptable, of each category of Infrastructure Improvement. On finalizing each such Buy-In Fee amount, such amount shall be applied proportionately to any Benefited Property that will utilize the associated Infrastructure Improvement(s) and that, accordingly, is subject to the Buy-In Fee payments to Developer pursuant to Reimbursement Provisions.

c. **Collecting the Buy-In Fees.** During the Term of this Agreement, upon written request by a Benefited Owner, Developer shall provide such Benefited Owner with an invoice showing the Buy-In Fees per EDU that such Benefited Owner is required to pay as a condition of developing a Benefited Property in the Benefited Area. Developer shall direct each Benefited Owner to remit payment of its Buy-In Fees directly to Developer. Upon receipt of a Benefited Owner's Buy-In Fees, Developer shall provide such Benefited Owner with a signed Notice of Payment attached hereto as Exhibit E. If Developer has collected Buy-In Fees from a Benefited Owner and the amount of the applicable Buy-In Fees is subsequently increased pursuant to Section 10b, then Developer shall provide the Benefited Owner with an additional invoice reflecting any increase in the applicable Buy-In Fees per EDU, and such Benefited Owner shall be required to pay such increase. Upon receipt of a Benefited Owner's full additional payment of such adjusted Buy-In Fees, Developer shall provide such Benefited Owner with an updated, completed Notice of Payment in the form of Exhibit E reflecting the increase in such Buy-In Fees paid by such Benefited Owner. If such previously paid Buy-In Fees are in excess of the amount of any adjusted amount determined pursuant to Section 10b of this Agreement as calculated on

completion of all Infrastructure Improvements, Developer promptly shall refund such amount plus earned interest thereon, if any, to the Benefited Owner.

d. **Time of Collection.** During the Term of this Agreement, the Buy-In Fees Developer may collect from a Benefited Owner shall be due and paid to Developer upon the earliest applicable of the following after recordation of this Agreement (i) prior to the City's approval of any building permit, sewer connection, water connection, site plan, or final plat for a Benefited Property; or (ii) a Benefited Property being connected to or utilizing any of the Offsite Infrastructure Improvements.

e. **Receipt and Application.** Developer shall collect the Buy-In Fees for all Offsite Infrastructure Improvements that have been and that have not yet been completed by Developer. The Buy-In Fees for an Offsite Infrastructure Improvement that has not yet been completed by Developer shall be the initial Buy-In Fee identified in this Agreement, which is based on the Estimated Budget for such Offsite Infrastructure Improvement, subject to reconciliation to actual cost pursuant to Section 10(b). Any Buy-In Fees collected by Developer during the Term of this Agreement for Infrastructure Improvements that have been completed and accepted by the City may be deposited into Developer's general account or otherwise deposited in an account designated by Developer. Any Buy-in Fees collected by Developer for Infrastructure Improvements not yet completed or accepted by the City shall be held by Developer in an interest-bearing escrow account to be opened by Developer with First American Title Insurance Company acting as an escrow agent. Any such Buy-In Fees deposited into such escrow account may be withdrawn by Developer once construction has begun on the associated Infrastructure Improvement and deposited in an account designated by Developer.

f. **Notification to City.** During the Term of this Agreement, Developer shall notify the City and provide to the City a copy of each Notice of Payment when a Benefited Owner pays Buy-In Fees or adjusted Buy-In Fees. Each such Notice of Payment shall include a statement of whether a Benefited Owner has paid all such Buy-In Fees. The City promptly shall acknowledge receipt of each Notice of Payment and return to Developer a copy of each such Notice of Payment acknowledged by the City. Developer promptly shall forward to the applicable Benefited Owner a copy of the Notice of Payment as executed by the City.

9. **Term.** This Agreement shall become effective upon the Effective Date and shall automatically terminate ten (10) years after the first assessment has been paid on behalf of any Benefited Owner ("**Term**"). The Term may be extended on mutual agreement by the City and Developer for two (2) additional five (5) year terms provided that development within the Benefited Area for any Offsite Infrastructure Improvement is ongoing or imminent, and the parties within the assessment boundary will be served by the improvements for which they will be assessed, consistent with S.M.C. § 42-7.

10. **Public Bidding.** Developer shall be required to comply with the requirements of A.R.S., Title 34, and S.M.C. § 42-5(d) for any Offsite Infrastructure Improvements for which Developer will be seeking reimbursement through receipt of Impact Fee Credits or other City funds. Notwithstanding, the preceding sentence, Developer shall not be required publicly to bid to be reimbursed for Offsite Infrastructure Improvements if the reimbursement mechanism is solely through the collection of a Buy-In Fee.

11. Release of Public Lots. To alleviate any possible concern as to the effect of this Agreement on the status of title to any portion of the Hines Parcels and any other Benefited Property, to the extent permitted by law, the provisions of this Agreement shall not create conditions or exceptions to title or covenants, obligations, or liabilities with respect to, and will not apply to, any lot that has been finally subdivided and individually (and not in bulk) leased for a period of longer than one year or sold to third party residential purchaser or user thereof, any transfer of common area to a homeowner's association, or any transfer of a property to a governmental or quasi-governmental entity or public utility ("**Public Lot**") and thereupon such Public Lot automatically will be released from and no longer be subject to or burdened by the provisions of this Agreement. A lessor or seller of a Public Lot may record a memorandum of lease or include in any deed transferring title to such Public Lot a statement to the effect that the subject lease or sale concerns a lease or sale of a Public Lot and that the recording of such memorandum of lease or deed thereby provides as a matter of public record notice that this Agreement thereby is release from such Public Lot.

12. Recordation. This Agreement shall be recorded in its entirety in the Official Records of Maricopa County, Arizona, not later than ten (10) days after its full execution.

13. Noticed and Filings. All notices, filings, consents, approvals, and other communications provided for herein or given in connection herewith shall be validly given, filed, made, delivered, or served if in writing and delivered personally, emailed, or sent by first-class United States Mail to:

City: City of Surprise
16000 N Civic Center Plaza Surprise, AZ 85374
Attn: Community Development Director
Email: Lloyd.abrams@surpriseaz.gov
Phone: 623-222-3021

With Copy to: City of Surprise
16000 N Civic Center Plaza Surprise, AZ 85374
Attn: City Attorney
Email: jeffrey.murray@surpriseaz.gov
Phone: 623-222-1152

Developer: Nobella Surprise Owner L.P.:
2375 E. Camelback Road, Suite 150
Phoenix, AZ 85016
Attn: Christina Maksimovic; Chris Anderson; Corporate Counsel
Email: christina.maksimovic@hines.com;
Chris.anderson@hines.com
Corporate.legal@hines.com
Phone: 602.385.4000

or to such other address or addresses as may hereafter be specified by notice given by any of the above for itself to the others. Any notice or other communication directed to any Party shall become effective upon the earliest of the following: (a) actual receipt by that Party; or (b) thirty-six (36) hours after deposit with the United States Postal Service, addressed to the Party.

14. Default. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any term or provision hereof shall constitute a breach of this Agreement. Any breach not cured within thirty (30) days after written notice is received by a breaching Party from a non-breaching Party, shall constitute a default under this Agreement; provided, however, that if the failure is such that more than thirty (30) days would reasonably be required to perform such action or comply with any term or provisions hereof, then the breaching Party shall have such additional time as may be necessary to perform or comply as long as the breaching Party commences performance or compliance withing said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation. Any notice of a breach shall specify the nature of the alleged breach and the manner in which said breach may be satisfactorily cured, if possible. The thirty (30) day period shall not apply where an ordinance or statute requires City to perform or otherwise act in a period more than thirty (30) days. If a breach remains uncured following the thirty (30) day period, the only remedy permitted shall be specific performance, and the City shall not be responsible, liable, or obligated to pay any monetary damages, except as specifically allowed by this Agreement.

15. Dispute Resolution. If there is a dispute hereunder that the Parties cannot resolve between themselves, the Parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the Parties agree they shall attempt to settle the dispute by nonbinding mediation before commencement of litigation. The mediation may be held under the commercial mediation rules of the American Arbitration Association, or other applicable rules as required by the Parties' selected mediator. The matter in dispute shall be submitted to a mediator mutually selected by the Parties. If the Parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the Parties shall request the presiding judge of the Superior Court in and for the County of Maricopa, Arizona, to appoint an independent mediator. The mediator selected shall have at least five (5) years of experience in mediating or arbitrating disputes relating to development of municipal infrastructure, if available. The cost of any such mediation shall be divided equally between the Parties. The results of the mediation shall be nonbinding on the Parties, and either Party shall be free to initiate litigation subsequent to the moratorium.

16. Choice of Law, Venue, and Attorneys' Fees. Any dispute, controversy, claim, or cause of action arising out of or related to this Agreement shall be governed by Arizona law. The venue for any such dispute shall be Maricopa County, Arizona, and each Party waives the right to object to venue in Maricopa County for any reason. Depending on the nature of the claims, a Party may file an action in the Federal District Court, for the District of Arizona, in Phoenix, Arizona. No Party shall be entitled to recover any of its attorneys' fees nor other legal costs from any other Party incurred in any such dispute, controversy, claim, or cause of action, but each Party shall bear its own attorneys' fees and costs, whether the same is resolved through mediation, arbitration, litigation in a court, or otherwise.

17. Good Standing and Authority. Each Party represents and warrants that it is duly formed and validly existing under applicable law and that the individual executing this Agreement on behalf of such Party is authorized and empowered to bind the Party on whose behalf such individual is signing.

18. Assignment. The provisions of this Agreement are binding upon and shall inure to the benefit of the Parties, and all their successors in interest and assigns. This Agreement may be assigned in whole or in part by Developer, contingent upon prior written approval by the City.

If Developer undertakes a complete or partial assignment of all or a portion of Developer's rights and obligations hereunder, Developer's rights and obligations, to the extent of such assignment, shall terminate effective upon the assumption by Developer's assignee of such rights and obligations and service of written notice upon the City of the partial or whole assignment. All rights and obligations under this Agreement constitute covenants that run with the land and are binding on the Hines Parcels and any Benefited Property that becomes subject to this Agreement and any successors and assigns to the Hines Parcels and such Benefited Property.

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

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

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

22. Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement.

23. Recitals. The Recitals are incorporated as if fully set forth herein.

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

25. Computation of Time. Any reference to a "day" in this Agreement shall mean a City business day unless otherwise noted. In computing any period of time under this Agreement, the date of the act or event from which the designated period of time begins to run shall not be included. The last day of the period so completed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day that is not a Saturday, Sunday, or legal holiday. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00pm (Arizona time) on the last day of the applicable time period provided herein.

26. Conflict of Interest. This Agreement is subject to the terms of A.R.S. § 38-511.

27. No Obligation to Develop. Nothing contained herein shall be deemed to obligate Developer to complete any part of the development of the Projects, and the responsibility to design and construct the Infrastructure Improvements is contingent upon Developer moving forward with the development of the Projects.

28. Entire Agreement. This Agreement, together with the exhibits as named below, constitutes the entire understanding and agreement between the Parties with respect to the subject matter hereof and supersedes any prior written or oral understandings or agreements between the Parties with respect thereto.

29. Modification of Agreement. This Agreement may be amended at any time by mutual written amendment executed by the Parties. The balance of owners need not execute any such amendment for any such amendment to be effective. All amendments to this Agreement must be recorded in the Official Records of Maricopa County, Arizona, within ten (10) days following execution, as required by A.R.S. § 9-500.05(D).

30. Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by a Party of the breach of any provision of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement. Nothing in this Agreement shall constitute or be deemed to be a waiver by Developer of its right to request future rezonings or changes in development standards for all or any portion(s) of the Hines Parcels pursuant to City procedures and requirements existing at the time of the request. Nothing in this Agreement shall be deemed to be a waiver by City of the right to act, by approval or denial, on such rezoning or change. Further, nothing in this Agreement shall constitute or be deemed to be a waiver or relinquishment by Developer of its rights to continue nonconforming uses of all or any portion(s) of the Hines Parcels that may exist, or have existed, as of the Effective Date of this Agreement.

31. Severability. If any provision or provisions of this Agreement, or the application thereof to any person or circumstance, is determined to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is so determined invalid or unenforceable, will not be affected thereby, and each provision hereof will be valid and will be enforced to the fullest extent permitted by law.

32. Exhibits. All exhibits hereto are incorporated herein by reference as though fully set forth herein. The list of exhibits is as follows:

Exhibit A-1: Hines Parcels Descriptions
Exhibit A-2: Hines Parcels Depictions
Exhibit A-3: Water/Wastewater Benefited Properties
Exhibit A-4: Park Benefited Properties
Exhibit B: Phasing Plan
Exhibit C-1: Water/Wastewater Estimated Budget, Benefited Area, and Buy-In Fee Worksheet
Exhibit C-2: Park Estimated Budget, Benefited Area, and Buy-In Fee Worksheet
Exhibit D-1: Park Area Description
Exhibit D-2: Park Area Depiction
Exhibit D-3: Parking Area Description
Exhibit D-4: Parking Area Depiction
Exhibit E: Notice of Payment

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY:

CITY OF SURPRISE
an Arizona municipal corporation

By: _____
Kevin D. Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

APPROVED AS TO FORM ONLY:

Jeffrey Murray, City Attorney

STATE OF ARIZONA
County of Maricopa

On this _____ day of _____ 2025, before me personally appeared Kevin D. Sartor, the Mayor of the City of Surprise, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

Notary Public

NOBELLA SURPRISE OWNER LP
a Delaware limited partnership

By: Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Nobella Surprise LP
a Delaware limited partnership
Its: Sole Member

By: Hines AZ Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Hines AZ Nobella Surprise Associates LP
a Delaware limited partnership
Its: Sole Member

By: Hines Investment Management Holdings LP
a Texas limited partnership
Its: General Partner

By: _____
Name: _____
Title: _____

STATE OF ARIZONA
County of Maricopa

On this _____ day of _____ 2025, before me personally appeared _____, the _____ of Nobella Surprise Owner, LP, a Delaware limited partnership, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

Notary Public:

Exhibit A-1

Hines Parcels Description

Nobella – Phase 1

Located in Section 31, Township 5 North, Range 1 West, Gila and Salt River Meridian, Maricopa County, Arizona;

Beginning at the South Quarter corner of said Section 31, from which the Southwest corner of said Section 31, bears North 89°58'11" West, a distance of 2691.57 feet;

Thence North 89°58'11" West, along the South line of the Southwest Quarter of said section, a distance of 659.86 feet;

Thence departing said South line, North 00°07'06" East, a distance of 1,340.89 feet;

Thence South 89°50'42" East, a distance of 1,554.46 feet;

Thence South 33°05'50" East, a distance of 776.02 feet;

Thence South 00°07'32" West, a distance of 686.81 feet to the South line of the Southeast Quarter of said Section 31;

Thence South 89°59'40" West, along said South line, a distance of 1,319.61 feet to the Point of Beginning.

Containing 2,511,602.27 square feet or 57.66 acres, more or less.

Nobella – Phase 2

Located in East half of Section 31, Township 5 North, Range 1 West, Gila and Salt River Meridian, Maricopa County, Arizona;

Commencing at the South Quarter corner of said Section 31, from which the Southwest corner of said Section 31, bears North 89°58'11" West, a distance of 2691.57 feet;

Thence North 00°07'05" East, along the North-South mid-section line of said Section, a distance of 2175.72 feet to the Point of Beginning;

Thence continuing North 00°07'05" East, a distance of 228.73 feet to the Center Quarter corner of said Section;

Thence continuing North 00°07'05" East along said line, a distance of 1,320.34 feet;

Thence departing said line, South 89°36'43" East, a distance of 660.42 feet;

Thence South 00°08'16" West, a distance of 1,320.56 feet;

Thence South 89°35'35" East, a distance of 659.97 feet;

Thence South 00°07'32" West, a distance of 1,708.14 feet;

Thence North 33°05'50" West, a distance of 776.02 feet;

Thence North 89°50'42" West, a distance of 358.74 feet;

Thence North 33°05'50" West, a distance of 890.21 feet to the beginning of a 540.00 foot radius curve, concave Northeasterly;

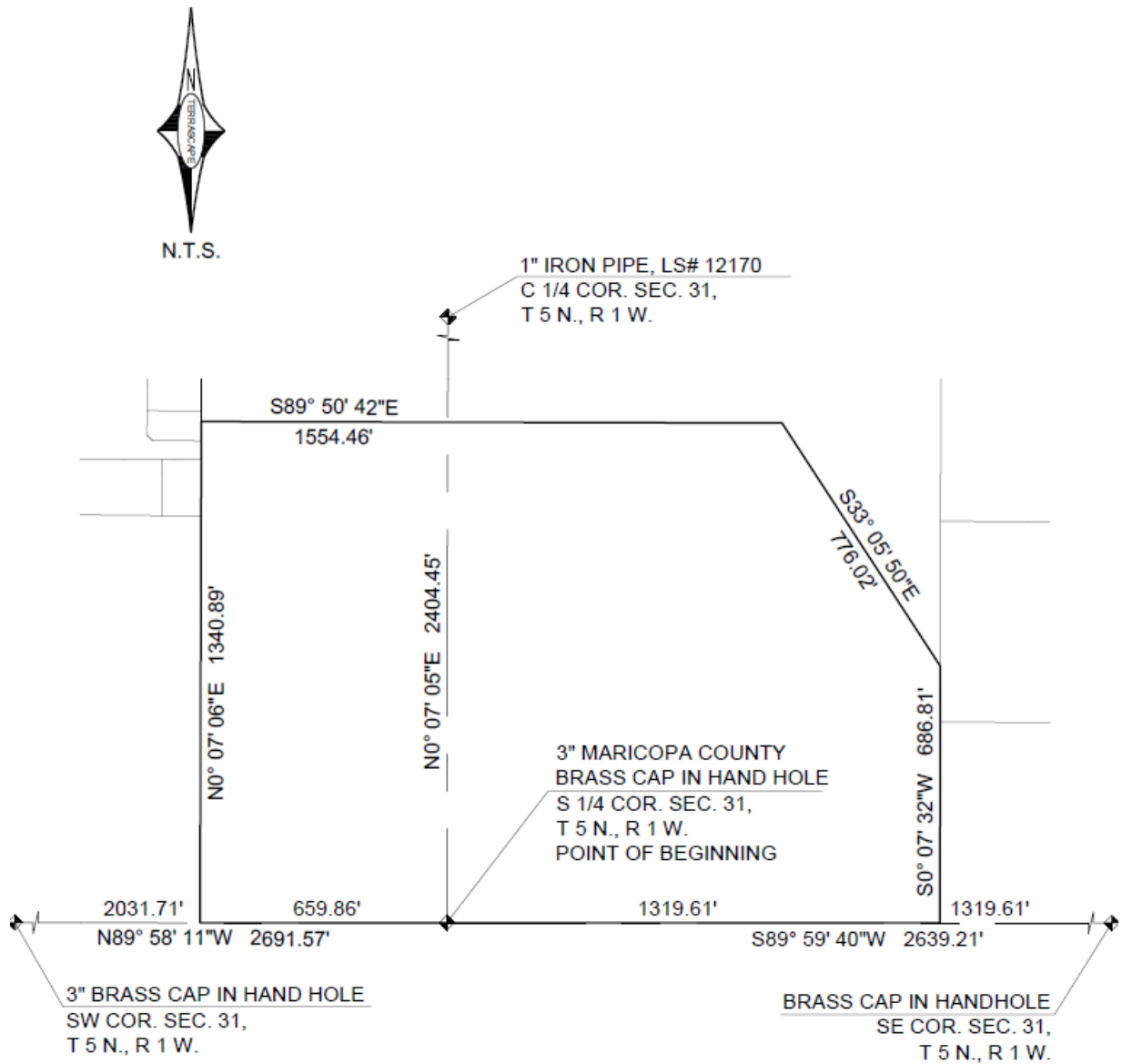
Thence Northwesterly along said curve, through a central angle of 11°01'25", an arc distance of 103.89 feet to the Point of Beginning.

Containing 2,192,047.41 square feet or 50.32 acres, more or less.

Exhibit A-2

Hines Parcels Depictions

Nobella Phase 1



Nobella Phase 2

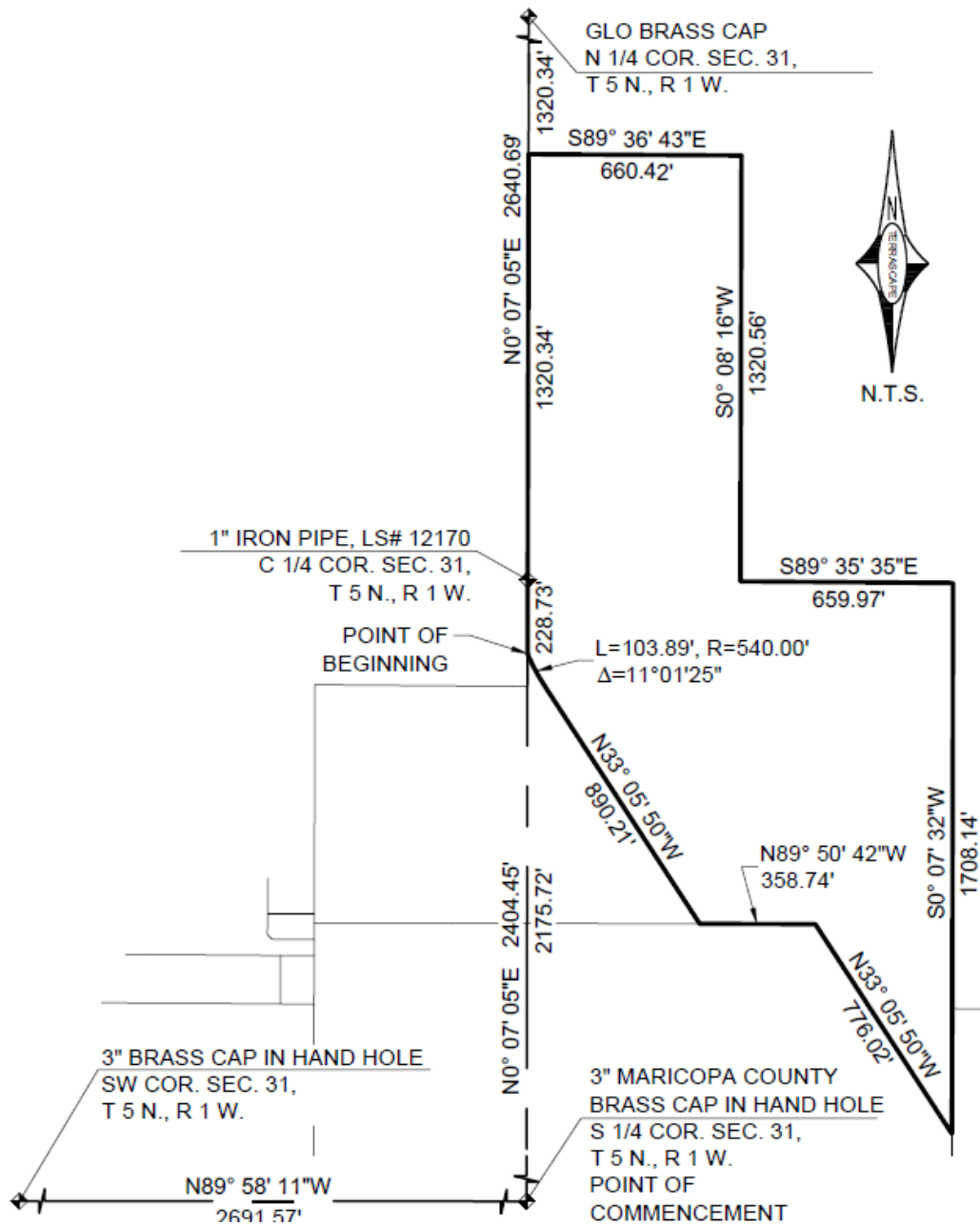


Exhibit A-3

Water/Wastewater Benefited Properties

Benefited Parcels (1)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
D	503-52-019Q	JOMAX SWA INVESTMENTS LLC	415,087	3.1%
E	503-52-019R	JOMAX SWA INVESTMENTS LLC	131,813	1.0%
F	503-52-079	JOMAX SWA INVESTMENTS LLC	205,194	1.5%
G	503-52-081B	HUGHES RANCH LLC	109,332	0.8%
H	503-52-080B	HUGHES RANCH LLC	111,383	0.8%
I	503-52-019M	M T SURPRISE ARIZONA PROPERTY LLC	112,478	0.8%
J	503-52-019K	M T SURPRISE ARIZONA PROPERTY LLC	578,325	4.3%
			1,663,612	12.4%

Benefited Parcels (2)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-024K	DEY SONIA MARLENE ESTATE OF	217,800	1.6%
B	503-52-024M	FIGUEROA REBECCA E	353,272	2.6%
C	503-52-024U	GILLASPY PAUL	316,551	2.4%
D	503-55-991	GARRETT BRADY PROPERTIES LLC	43,584	0.3%
E	503-55-992	GARRETT BRADY PROPERTIES LLC	53,918	0.4%
F	503-55-943	EQUITY TRUST COMPANY CUSTODIAN FBO JACQUELYN HAASE IRA	43,680	0.3%
G	503-55-993	GARRETT BRADY PROPERTIES LLC	65,261	0.5%
			1,094,066	8.2%

Benefited Parcels (3)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-56-903	KIRK AND LISA REESE FAMILY TRUST	94,330	0.7%
B	503-56-902	BALL BLAIR ANDREW/LORIN	50,666	0.4%
C	503-56-901	DAVIS BRADLEY CARL/SYDNEY JAYE	50,668	0.4%
D	503-52-026W	BSL INVESTMENT LLC	218,005	1.6%
E	503-52-026L	LAU AND JIANG LLC	871,645	6.5%
F	503-52-023C	JEMAD LLC	435,600	3.2%
			1,720,914	12.8%

Benefited Parcels (4)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-025G	PADEFORD JOHN C JR & CLARA T TR	1,672,261	12.5%
B	503-52-025D	JANTZ RYAN W/HEATHER	108,997	0.8%
C	503-52-025E	JANTZ RYAN W/HEATHER	109,006	0.8%
			1,890,264	14.1%

Benefited Parcels (5)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	9.3%
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	6.2%
			2,088,102	15.6%

Nobella Parcels

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-32-932	NOBELLA OWNER LLC	705,335	5.3%
B	530-32-927	NOBELLA OWNER LLC	167,766	1.3%
C	503-52-018E	NOBELLA OWNER LLC	370,442	2.8%
D	503-52-018F	NOBELLA OWNER LLC	359,283	2.7%
E	503-52-026T	NOBELLA OWNER LLC	217,904	1.6%
F	503-52-026R	NOBELLA OWNER LLC	217,829	1.6%
G	503-32-928	NOBELLA OWNER LLC	161,345	1.2%
H	503-32-930	NOBELLA OWNER LLC	84,310	0.6%
I	503-52-023K	NOBELLA OWNER LLC	347,325	2.6%
J	503-52-026U	NOBELLA OWNER LLC	217,922	1.6%
K	503-52-026S	NOBELLA OWNER LLC	217,847	1.6%
L	503-52-023P	NOBELLA OWNER LLC	217,800	1.6%
M	503-32-931	NOBELLA OWNER LLC	185,354	1.4%
N	503-52-023L	NOBELLA OWNER LLC	345,675	2.6%
O	503-52-023S	NOBELLA OWNER LLC	435,600	3.2%
P	503-52-023M	NOBELLA OWNER LLC	696,546	5.2%
			4,948,283	37%

TOTAL			13,405,241	100.0%
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Water/Wastewater Benefited Properties Depiction

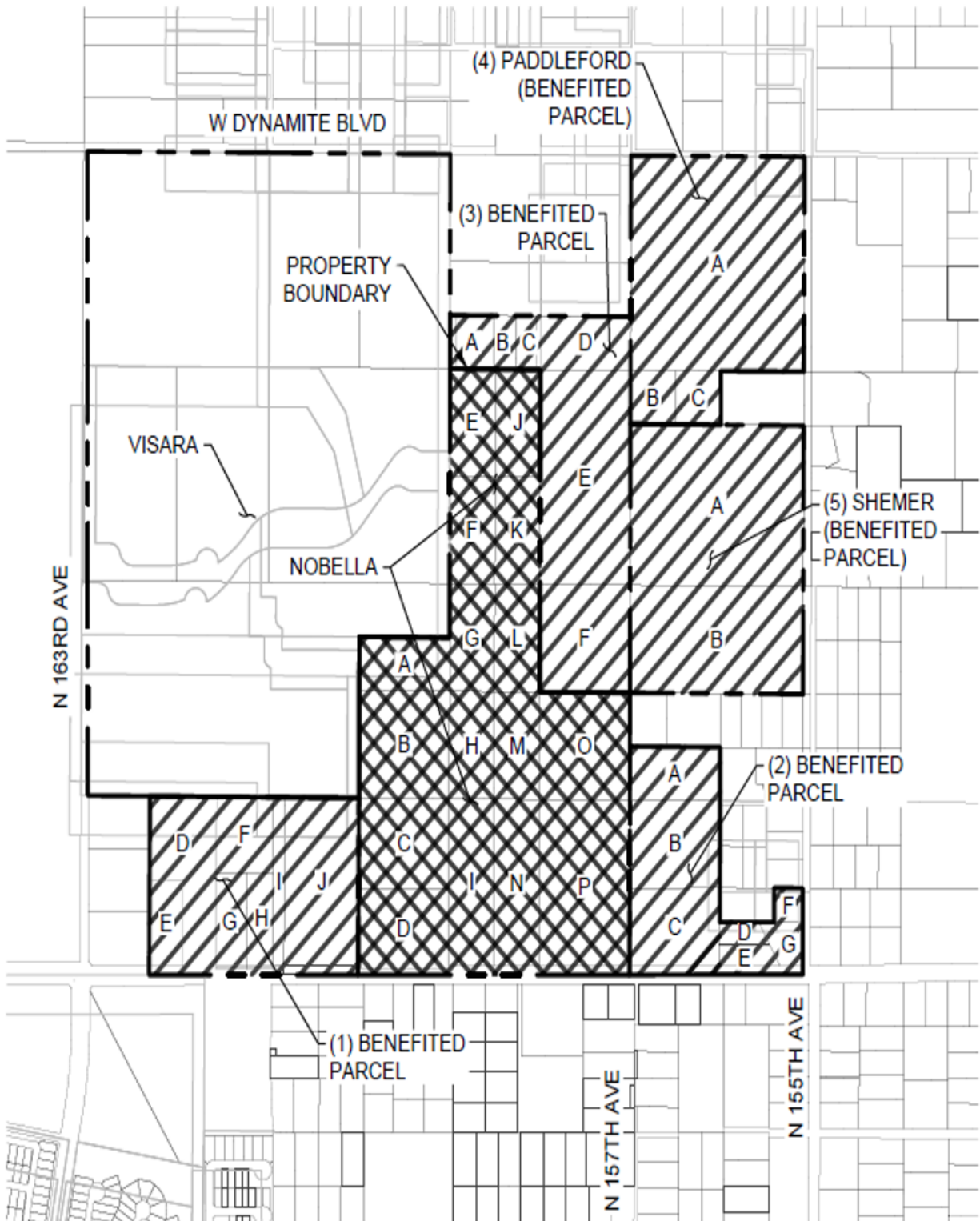


Exhibit A-4

Park Benefited Properties

Benefited Parcels (3)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
D	503-52-026W	BSL INVESTMENT LLC	218,005	2.5%
E	503-52-026L	LAU AND JIANG LLC	871,645	10.2%
F	503-52-023C	JEMAD LLC	435,600	5.1%
			1,525,250	17.8%

Benefited Parcels (5)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	14.6%
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	9.8%
			2,088,102	24.4%

Nobella Parcels

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-32-932	NOBELLA OWNER LLC	705,335	8.2%
B	530-32-927	NOBELLA OWNER LLC	167,766	2.0%
C	503-52-018E	NOBELLA OWNER LLC	370,442	4.3%
D	503-52-018F	NOBELLA OWNER LLC	359,283	4.2%
E	503-52-026T	NOBELLA OWNER LLC	217,904	2.5%
F	503-52-026R	NOBELLA OWNER LLC	217,829	2.5%
G	503-32-928	NOBELLA OWNER LLC	161,345	1.9%
H	503-32-930	NOBELLA OWNER LLC	84,310	1.0%
I	503-52-023K	NOBELLA OWNER LLC	347,325	4.1%
J	503-52-026U	NOBELLA OWNER LLC	217,922	2.5%
K	503-52-026S	NOBELLA OWNER LLC	217,847	2.5%
L	503-52-023P	NOBELLA OWNER LLC	217,800	2.5%
M	503-32-931	NOBELLA OWNER LLC	185,354	2.2%
N	503-52-023L	NOBELLA OWNER LLC	345,675	4.0%
O	503-52-023S	NOBELLA OWNER LLC	435,600	5.1%
P	503-52-023M	NOBELLA OWNER LLC	696,546	8.1%
			4,948,283	57.8%
TOTAL			8,561,635	100.0%

Exhibit A-4

Park Benefited Properties Depiction

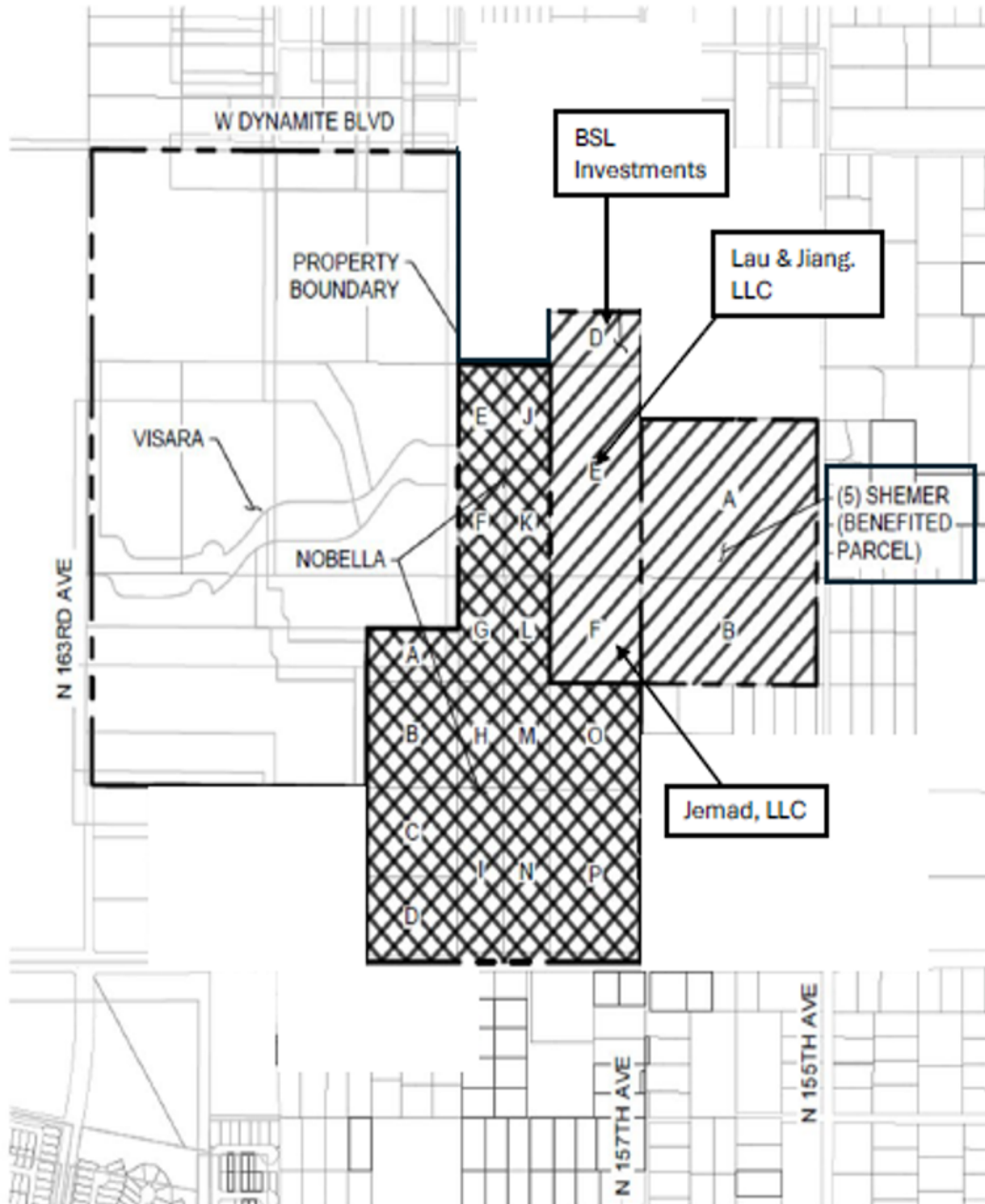


Exhibit B

Phasing Plan

- General Phasing Plan

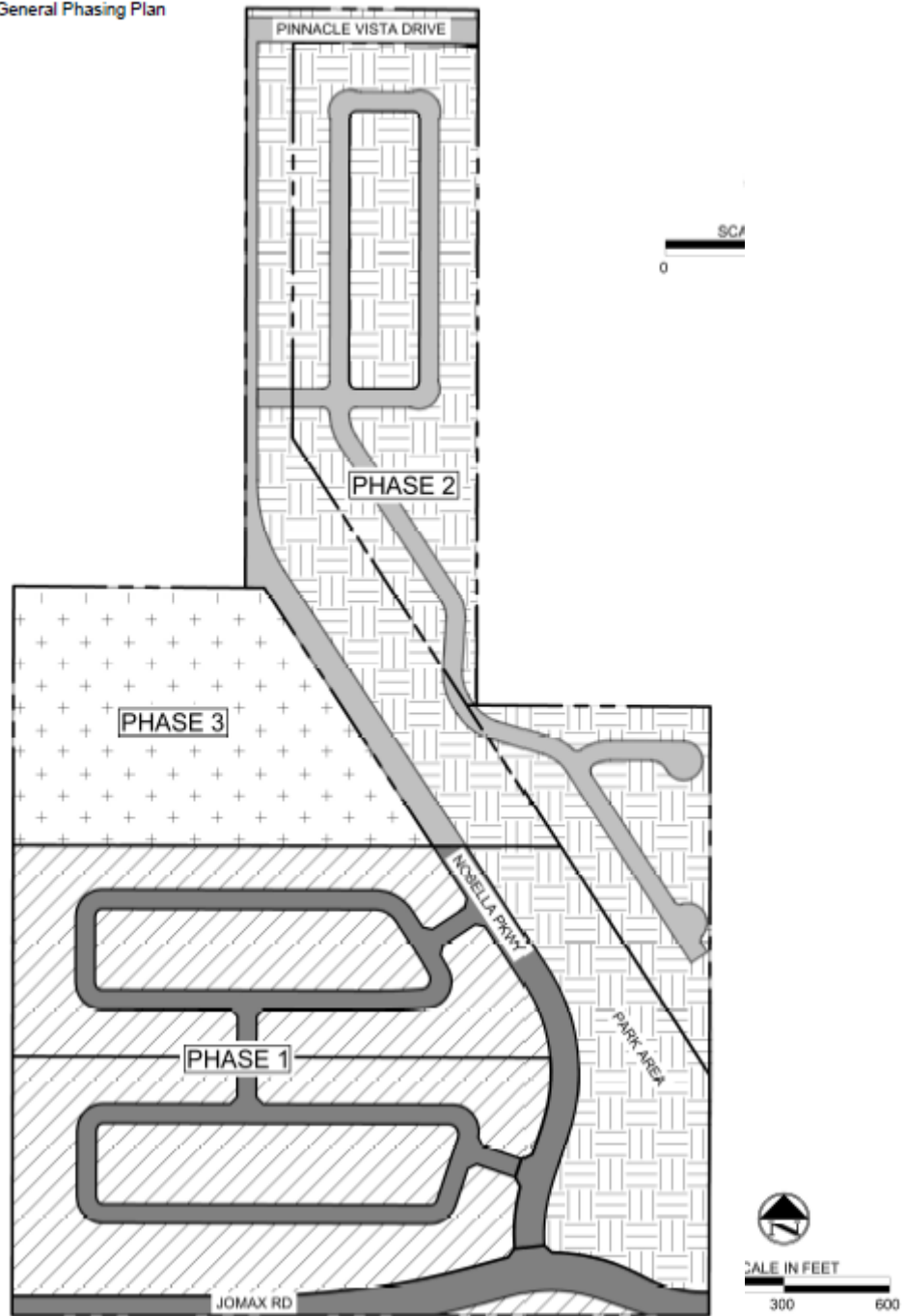


Exhibit C-1

Water/Wastewater Estimated Budget, Buy-In Fees Worksheet, and Benefited Area Depiction

Water/Wastewater Estimated Budget

Description	Jomax Rd/155th Water & Sewer
Linear FT Sewer	4,213
Linear FT Water	4,172
Architecture / Engineering <i>(allocated)</i>	\$ 287,236
Permits / Fees <i>(allocated)</i>	\$ 126,711
Survey / Staking <i>(allocated)</i>	\$ 23,701
Testing <i>(allocated)</i>	\$ 24,075
SWPPP <i>(allocated)</i>	\$ 6,500
Demolition	\$ -
Earthwork	\$ -
Sewer	\$ 1,135,239
Water	\$ 792,141
Reclaimed Water <i>(N/A)</i>	\$ -
Storm	\$ -
Dry Wells	\$ -
Rip Rap	\$ -
Dry Utilities	\$ -
Street Lights	\$ -
Concrete	\$ -
Paving	\$ -
Walls	\$ -
Landscaping	\$ -
Amenities	\$ -
Signage	\$ -
Cleanup	INCLUDED
General Conditions <i>(allocated)</i>	\$ 37,361
Contractor Insurance	INCLUDED
Pollution Insurance	INCLUDED
Escalation Allowance	EXCLUDED
Contingency	EXCLUDED
Contractor OH&P	INCLUDED
TPT Tax <i>(State/County @ 4.095%)</i>	\$ 99,630
TOTAL	\$ 2,532,594

Benefited Properties Water/Wastewater Buy-In Fees Worksheet

Jomax / 155th (Water & Sewer)

TOTAL \$ 2,532,594.00

Benefited Parcels (1)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
D	503-52-019Q	JOMAX SWA INVESTMENTS LLC	415,087	3.1%	\$ 78,421
E	503-52-019R	JOMAX SWA INVESTMENTS LLC	131,813	1.0%	\$ 24,903
F	503-52-079	JOMAX SWA INVESTMENTS LLC	205,194	1.5%	\$ 38,766
G	503-52-081B	HUGHES RANCH LLC	109,332	0.8%	\$ 20,656
H	503-52-080B	HUGHES RANCH LLC	111,383	0.8%	\$ 21,043
I	503-52-019M	M T SURPRISE ARIZONA PROPERTY LLC	112,478	0.8%	\$ 21,250
J	503-52-019K	M T SURPRISE ARIZONA PROPERTY LLC	578,325	4.3%	\$ 109,260
			1,663,612	12.4%	\$ 314,299

Benefited Parcels (2)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-52-024K	DEY SONIA MARLENE ESTATE OF	217,800	1.6%	\$ 41,148
B	503-52-024M	FIGUEROA REBECCA E	353,272	2.6%	\$ 66,742
C	503-52-024U	GILLASPY PAUL	316,551	2.4%	\$ 59,805
D	503-55-991	GARRETT BRADY PROPERTIES LLC	43,584	0.3%	\$ 8,234
E	503-55-992	GARRETT BRADY PROPERTIES LLC	53,918	0.4%	\$ 10,186
F	503-55-943	EQUITY TRUST COMPANY CUSTODIAN FBO JACQUELYN HAASE IRA	43,680	0.3%	\$ 8,252
G	503-55-993	GARRETT BRADY PROPERTIES LLC	65,261	0.5%	\$ 12,329
			1,094,066	8.2%	\$ 206,697

Benefited Parcels (3)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-56-903	KIRK AND LISA REESE FAMILY TRUST	94,330	0.7%	\$ 17,821
B	503-56-902	BALL BLAIR ANDREW/LORIN	50,666	0.4%	\$ 9,572
C	503-56-901	DAVIS BRADLEY CARL/SYDNEY JAYE	50,668	0.4%	\$ 9,572
D	503-52-026W	BSL INVESTMENT LLC	218,005	1.6%	\$ 41,187
E	503-52-026L	LAU AND JIANG LLC	871,645	6.5%	\$ 164,676
F	503-52-023C	JEMAD LLC	435,600	3.2%	\$ 82,296
			1,720,914	12.8%	\$ 325,125

Benefited Parcels (4)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-52-025G	PADELFORD JOHN C JR & CLARA T TR	1,672,261	12.5%	\$ 315,933
B	503-52-025D	JANTZ RYAN W/HEATHER	108,997	0.8%	\$ 20,592
C	503-52-025E	JANTZ RYAN W/HEATHER	109,006	0.8%	\$ 20,594
			1,890,264	14.1%	\$ 357,119

Benefited Parcels (5)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	9.3%	\$ 236,759
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	6.2%	\$ 157,737
			2,088,102	15.6%	\$ 394,496

Nobella Parcels

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-32-932	NOBELLA OWNER LLC	705,335	5.3%	\$ 133,256
B	530-32-927	NOBELLA OWNER LLC	167,766	1.3%	\$ 31,695
C	503-52-018E	NOBELLA OWNER LLC	370,442	2.8%	\$ 69,986
D	503-52-018F	NOBELLA OWNER LLC	359,283	2.7%	\$ 67,878
E	503-52-026T	NOBELLA OWNER LLC	217,904	1.6%	\$ 41,168
F	503-52-026R	NOBELLA OWNER LLC	217,829	1.6%	\$ 41,153
G	503-32-928	NOBELLA OWNER LLC	161,345	1.2%	\$ 30,482
H	503-32-930	NOBELLA OWNER LLC	84,310	0.6%	\$ 15,928
I	503-52-023K	NOBELLA OWNER LLC	347,325	2.6%	\$ 65,619
J	503-52-026U	NOBELLA OWNER LLC	217,922	1.6%	\$ 41,171
K	503-52-026S	NOBELLA OWNER LLC	217,847	1.6%	\$ 41,157
L	503-52-023P	NOBELLA OWNER LLC	217,800	1.6%	\$ 41,148
M	503-32-931	NOBELLA OWNER LLC	185,354	1.4%	\$ 35,018
N	503-52-023L	NOBELLA OWNER LLC	345,675	2.6%	\$ 65,307
O	503-52-023S	NOBELLA OWNER LLC	435,600	3.2%	\$ 82,296
P	503-52-023M	NOBELLA OWNER LLC	696,546	5.2%	\$ 131,595
Totals			4,948,283	37%	\$ 934,858

TOTAL			13,405,241	100.0%	\$ 2,532,594
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Water/Wastewater Benefited Area Depiction

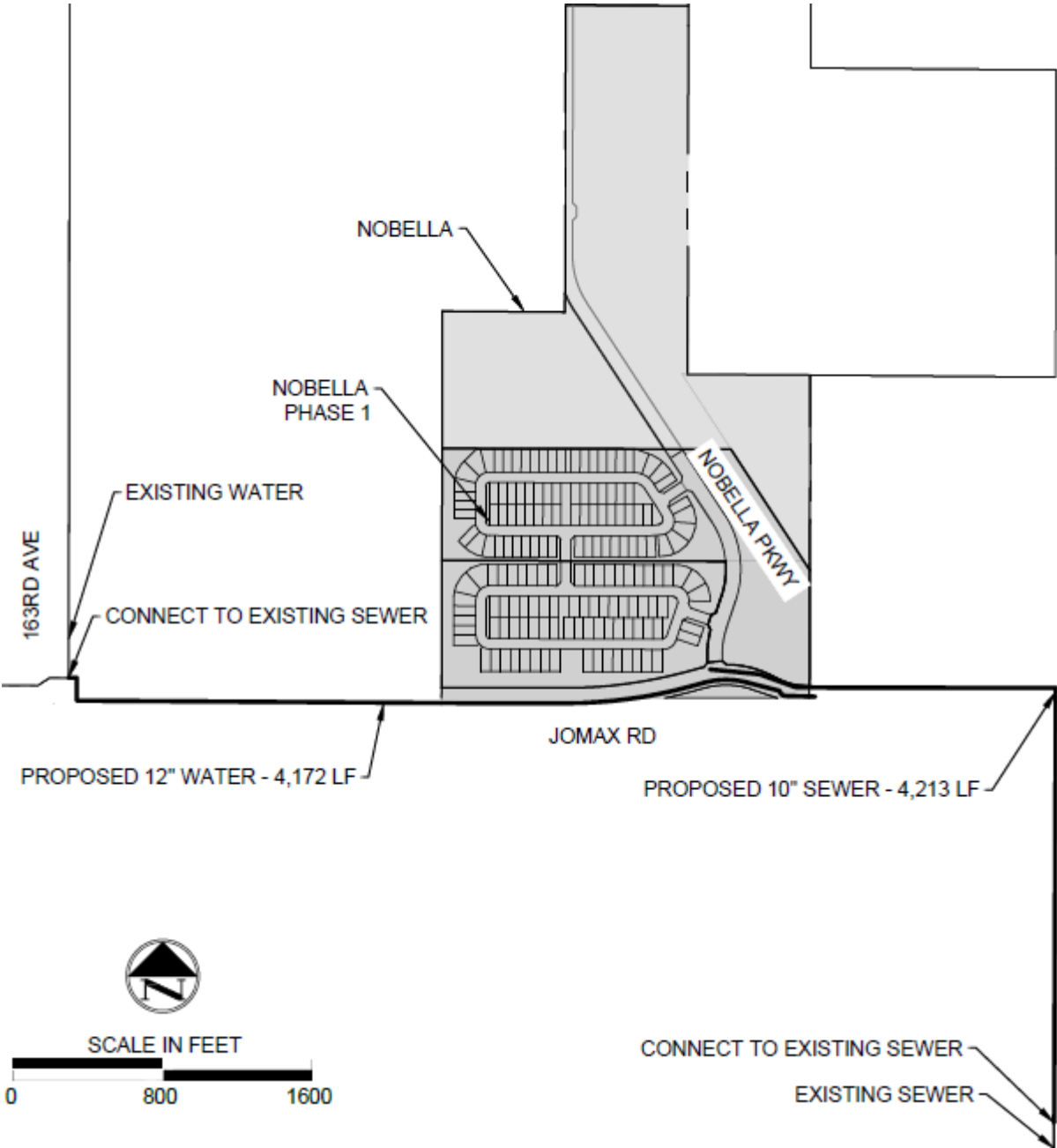


Exhibit C-2

Park Estimated Budget and Benefited Properties Park Buy-In Fees Worksheet

Park Estimated Budget

Description	Shared Regional Park Improvements
Architecture / Engineering <i>(allocated)</i>	\$ 342,156
Permits / Fees <i>(allocated)</i>	\$ 144,932
Survey / Staking <i>(allocated)</i>	\$ 23,548
Testing <i>(allocated)</i>	\$ 15,359
SWPPP <i>(allocated)</i>	\$ 16,376
Demolition	\$ -
Earthwork	\$ 374,775
Sewer	\$ -
Water	\$ -
Reclaimed Water <i>(N/A)</i>	\$ -
Storm	\$ 47,564
Dry Wells	\$ -
Rip Rap	\$ 127,789
Dry Utilities	\$ -
Street Lights	\$ -
Concrete	\$ 191,438
Paving	\$ -
Walls	\$ 120,750
Landscaping	\$ 914,752
Amenities	\$ 1,811,570
Signage	\$ 118,400
Cleanup	INCLUDED
General Conditions <i>(allocated)</i>	\$ 40,585
Contractor Insurance	INCLUDED
Pollution Insurance	INCLUDED
Escalation Allowance	EXCLUDED
Contingency	EXCLUDED
Contractor OH&P	INCLUDED
TPT Tax <i>(State/County @ 4.095%)</i>	\$ 175,675
TOTAL	\$ 4,465,670

Benefited Properties Park Buy-In Fee Worksheet

Shared Regional Park Improvements

TOTAL \$4,465,670

Benefited Parcels (3)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ FT.)	TOTAL %	TOTAL
D	503-52-026W	BSL INVESTMENT LLC	218,005	2.5%	\$ 113,709
E	503-52-026L	LAU AND JIANG LLC	871,645	10.2%	\$ 454,642
F	503-52-023C	JEMAD LLC	435,600	5.1%	\$ 227,205
			1,525,250	17.8%	\$ 795,556

Benefited Parcels (5)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ FT.)	TOTAL %	TOTAL
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	14.6%	\$ 653,651
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	9.8%	\$ 435,484
			2,088,102	24.4%	\$ 1,089,135

Nobella Parcels

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ FT.)	TOTAL %	TOTAL
A	503-32-932	NOBELLA OWNER LLC	705,335	8.2%	\$ 367,896
B	530-32-927	NOBELLA OWNER LLC	167,766	2.0%	\$ 87,505
C	503-52-018E	NOBELLA OWNER LLC	370,442	4.3%	\$ 193,219
D	503-52-018F	NOBELLA OWNER LLC	359,283	4.2%	\$ 187,399
E	503-52-026T	NOBELLA OWNER LLC	217,904	2.5%	\$ 113,657
F	503-52-026R	NOBELLA OWNER LLC	217,829	2.5%	\$ 113,618
G	503-32-928	NOBELLA OWNER LLC	161,345	1.9%	\$ 84,156
H	503-32-930	NOBELLA OWNER LLC	84,310	1.0%	\$ 43,975
I	503-52-023K	NOBELLA OWNER LLC	347,325	4.1%	\$ 181,162
J	503-52-026U	NOBELLA OWNER LLC	217,922	2.5%	\$ 113,666
K	503-52-026S	NOBELLA OWNER LLC	217,847	2.5%	\$ 113,627
L	503-52-023P	NOBELLA OWNER LLC	217,800	2.5%	\$ 113,602
M	503-32-931	NOBELLA OWNER LLC	185,354	2.2%	\$ 96,679
N	503-52-023L	NOBELLA OWNER LLC	345,675	4.0%	\$ 180,301
O	503-52-023S	NOBELLA OWNER LLC	435,600	5.1%	\$ 227,205
P	503-52-023M	NOBELLA OWNER LLC	696,546	8.1%	\$ 363,312
			4,948,283	58%	\$ 2,580,979

TOTAL			8,561,635	100.0%	\$ 4,465,670
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Exhibit D-1

Park Area Description

Tract H as depicted on the Final Plat for Nobella

Exhibit D-2

Park Area Depiction

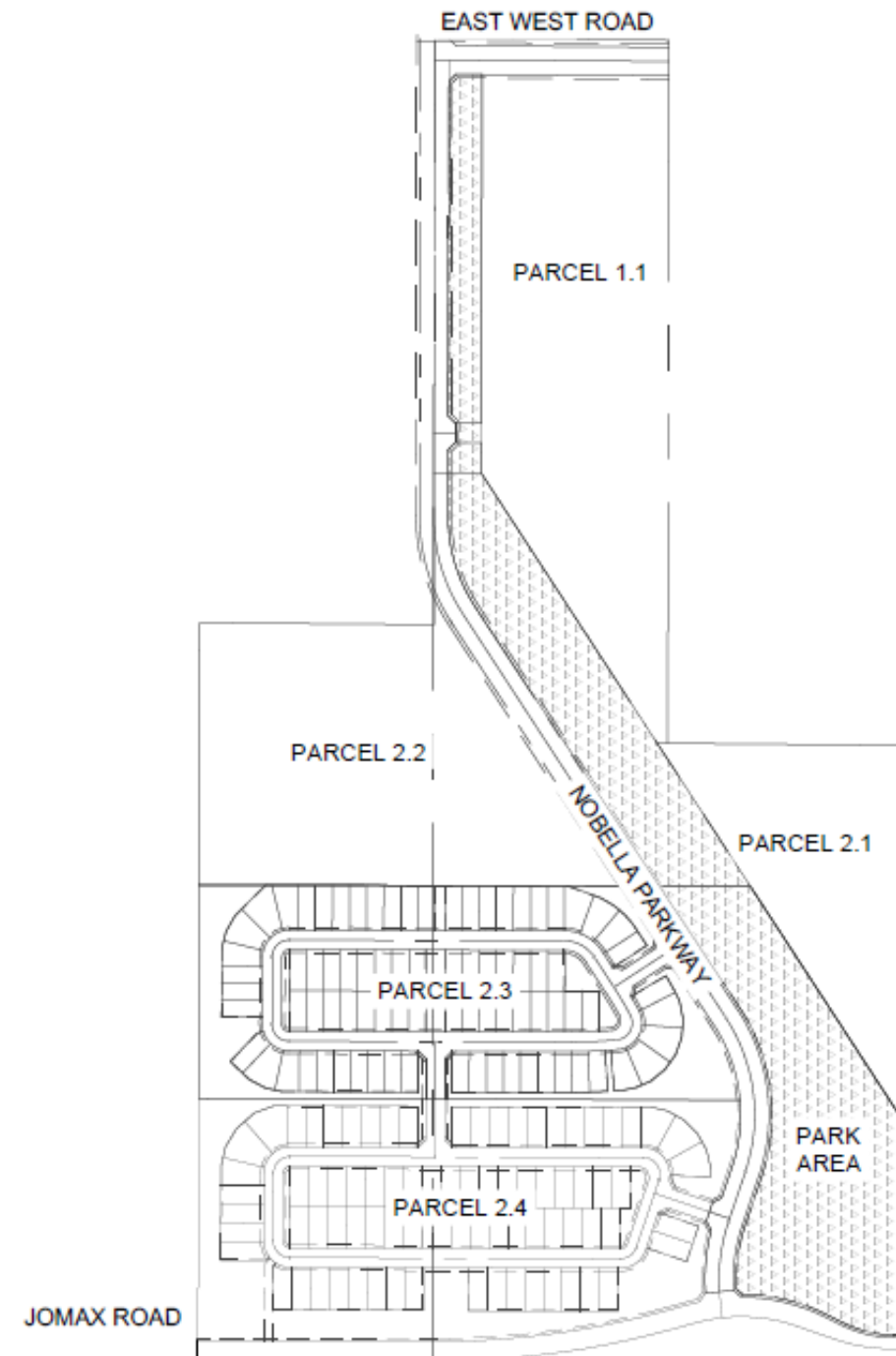


Exhibit D-3

Parking Area Description

Located in East half of Section 31, Township 5 North, Range 1 West, Gila and Salt River Meridian, Maricopa County, Arizona;

The first 70.00' east of the Nobella Parkway Right of Way line for a distance of 350.00 feet located 720.00 feet northerly along the center line of section 31 from the Center Quarter corner of said Section.

Exhibit D-4

Parking Area Depiction

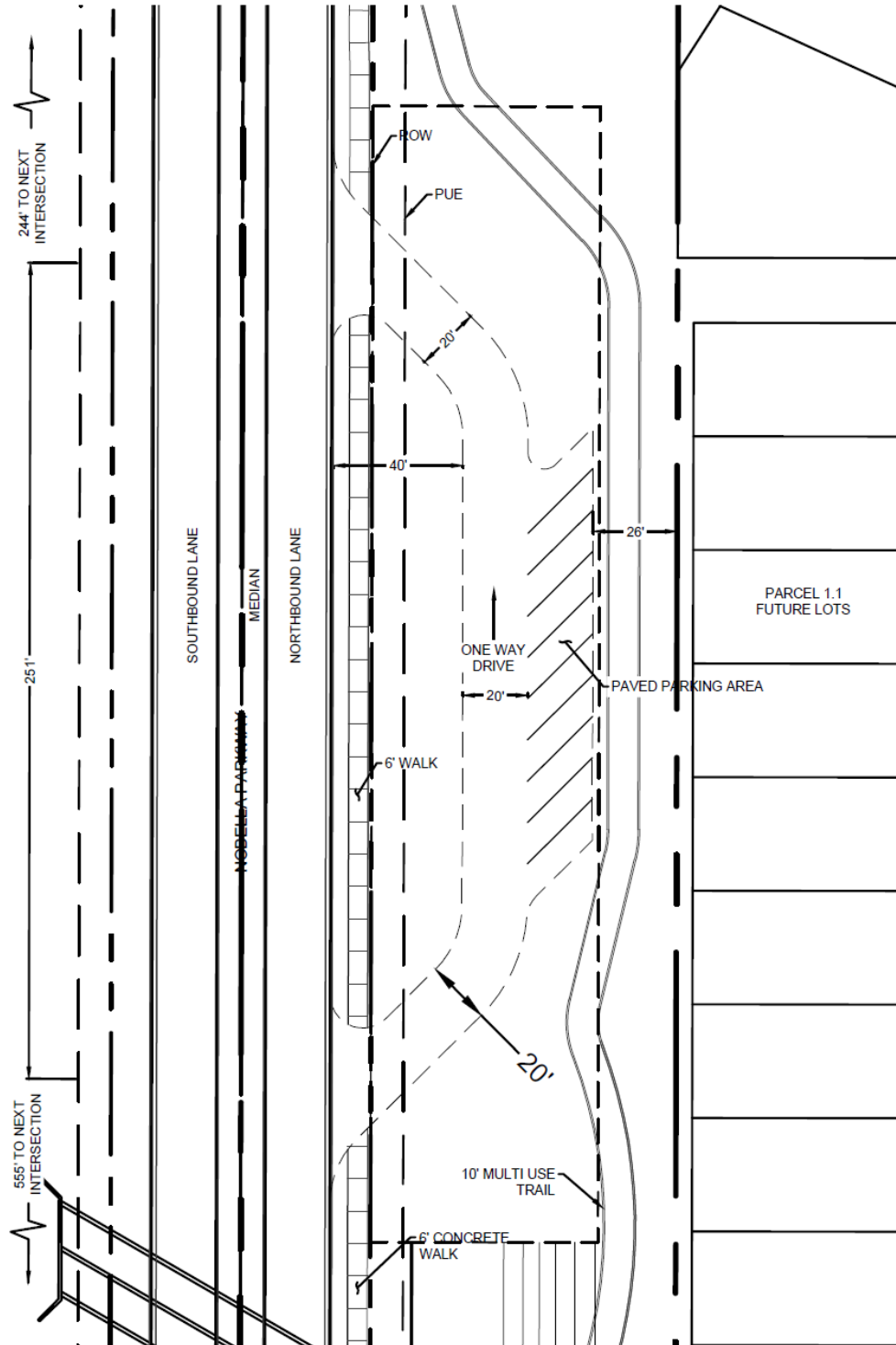


Exhibit E

Notice of Payment

The undersigned Nobella Surprise Owner, a Delaware Limited Partnership, (“**Nobella**”) does hereby acknowledge that the undersigned “Benefited Owner” under the Development Agreement dated June 17, 2025, recorded at Instrument No. _____ in the Official Records of Maricopa County (the “DA”), has paid \$ _____ in “Buy-in Fees” as defined in the DA with respect to the “Benefited Property” (as defined in the DA) for the property know as APN _____ in full satisfaction of the obligation under the DA with respect to such Benefited Property, subject to any increases in Buy-in Fees that may occur as described in Section 8c of the DA.

BENEFITED OWNER:

[TBD]

By: _____

Its: _____

Date: _____

DEVELOPER:

NOBELLA SURPRISE OWNER LP
a Delaware limited partnership

By: Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Nobella Surprise LP
a Delaware limited partnership
Its: Sole Member

By: Hines AZ Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Hines AZ Nobella Surprise Associates LP
a Delaware limited partnership
Its: Sole Member

By: Hines Investment Management Holdings LP
a Texas limited partnership
Its: General Partner

By: _____
Name: _____
Title: _____

Acknowledged By:
CITY OF SURPRISE
an Arizona municipal corporation

By: _____
Title: _____

WHEN RECORDED, RETURN TO:

Gammage & Burnham
Attn: James B. Senften
40 N. Central Avenue, 20th Floor
Phoenix, AZ 85004

THIRD AMENDMENT TO ASANTE DEVELOPMENT AGREEMENT

THIS THIRD AMENDMENT TO ASANTE DEVELOPMENT AGREEMENT (this “**Amendment**”) is made on _____, 2025, by and among the CITY OF SURPRISE, ARIZONA, an Arizona municipal corporation (“**City**”), LCD ASANTE, LLC, a Delaware limited liability company (“**LCD Asante**”), and ASANTE DEVELOPMENT PARTNERS, LLC, a Delaware limited liability company (“**ADP**”). The City, LCD Asante, and ADP may be referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS

A. The City, LCD Asante, and ADP are parties to that certain Asante Development Agreement, recorded on November 18, 2005, in the Office of the County Recorder of Maricopa County, Arizona, at Instrument No. 2005-1750101, as amended by that certain First Amendment to Asante Development Agreement, recorded on October 6, 2006, at Instrument No. 2006-1328209, and as amended by that certain Second Amendment to Asante Development Agreement, recorded on November 4, 2020, at Instrument No. 2020-1072628 and re-recorded on December 15, 2020, at Instrument No. 2020-1235888 (together with all amendments and other assignments and addendums, collectively, the “**Agreement**”).

B. ADP and the City previously entered into that certain Exchange and Purchase Agreement dated April 15, 2025, pursuant to which ADP conveyed to the City that certain real property located in the City of Surprise, Arizona, as legally described in Exhibit A attached hereto and incorporated herein (the “**Released Property**”).

C. The Agreement encumbers some or all of the Released Property and the Parties desire to enter into this Amendment to amend the Agreement to release the Released Property from the Agreement.

Now, therefore, in consideration of the foregoing recitals and representations and the mutual promises contained in this Amendment, and as additional consideration under the foregoing Exchange and Purchase Agreement, the Parties agree as follows:

1. Defined Terms. All capitalized terms used herein, unless otherwise specified in this Amendment, shall have the same meaning ascribed to them in the Agreement.

2. Amendment to Agreement. The Agreement is hereby amended to release the Released Property from the Agreement in all respects. Accordingly, the definitions of “Property” under the Agreement is hereby amended to exclude the Released Property in all respects. The Released Property shall have no obligations or liabilities under the Agreement.

3. Conflicts. To the extent that the terms and conditions of this Amendment or conflict with any provision of the Agreement, the terms of this Amendment shall control. All other terms of the Agreement not modified by this Amendment shall remain the same.

4. Counterparts; Signatures. This Amendment may be signed in multiple counterparts, all of which taken together shall constitute one and the same agreement. Further, copied or electronically or facsimile transmitted signatures of an original signature shall be treated for all purposes as an original signature. Any Party may, for purposes of recording a single document with all signature and notary pages attached, remove the signature and notary pages from duplicate counterpart copies hereof and attach said pages to the counterpart copy hereof signed by another Party. After execution and delivery of this Amendment, a copy of the signed Amendment shall be considered for all purposes as an original of the Amendment to the maximum extent permitted by law, and no party to this Amendment shall have any obligation to retain a version of the Amendment that contains original signatures in order to enforce the Amendment, or for any other purpose, except as otherwise required by law.

SIGNATURE PAGES FOLLOW

IN WITNESS WHEREOF, the Parties have executed this Amendment to be effective as of the date first set forth above.

THE CITY:

CITY OF SURPRISE, ARIZONA, an Arizona
municipal corporation

By: _____

Name: _____

Its: _____

ATTEST:

By: _____

City Clerk

APPROVED AS TO FORM:

By: _____

City Attorney

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this _____ day of June, 2025,
by _____, the _____ of the City of Surprise,
Arizona, on behalf of the City.

Notary Public

My commission expires:

LCD:

LCD ASANTE, LLC,
a Delaware limited liability company

By: Lennar Communities Development, LLC,
a Delaware limited liability company
Its: Member

By: _____

Name: _____

Title: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me on the ____ day of June, 2025, by _____, the _____ of LENNAR COMMUNITIES DEVELOPMENT, LLC, a Delaware limited liability company, the Member of LCD ASANTE, LLC, a Delaware limited liability company, for and on behalf of the company.

Notary Public

My Commission Expires:

ADP:

ASANTE DEVELOPMENT PARTNERS LLC, a
Delaware limited liability company

By: Lennar Communities Development, LLC, a
Delaware limited liability company

Its: Manager

By: _____

Name: _____

Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me on the ____ day of June, 2025, by _____, the _____ of LENNAR COMMUNITIES DEVELOPMENT, LLC, a Delaware limited liability company, the Manager of ASANTE DEVELOPMENT PARTNERS LLC, a Delaware limited liability company, for and on behalf of the company.

Notary Public

My Commission Expires:

The undersigned, to the extent it owns any of the real property subject to the Agreement, hereby consents to the foregoing Amendment.

MILLROSE PROPERTIES ARIZONA, LLC, an
Arizona limited liability company

By: Lennar Arizona, LLC, an Arizona limited
liability company, Attorney-In-Fact for Millrose
Properties Arizona, LLC

By: _____
Name: _____
Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me on the ____ day of June, 2025, by
_____, the _____ of Lennar Arizona, LLC, an Arizona
limited liability company, Attorney-In-Fact for MILLROSE PROPERTIES ARIZONA, LLC, an
Arizona limited liability company, for and on behalf of the company.

The undersigned, to the extent it owns and/or has the option to purchase any of the real property subject to the Agreement, hereby consents to the foregoing Amendment.

LENNAR ARIZONA, LLC,
an Arizona limited liability company

By: _____
Name: _____
Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me on the ____ day of June, 2025, by _____, the _____ of LENNAR ARIZONA, LLC, an Arizona limited liability company, for and on behalf of the company.

Notary Public

My Commission Expires:

The undersigned, to the extent it owns and/or has the option to purchase any of the real property subject to the Agreement, hereby consents to the foregoing Amendment.

PULTE HOME COMPANY, LLC,
a Michigan limited liability company

By: _____
Name: _____
Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me on the ____ day of June, 2025, by _____, the _____ of **PULTE HOME COMPANY, LLC**, a Michigan limited liability company, for and on behalf of the company.

Notary Public

My Commission Expires:

The undersigned, to the extent it owns and/or has the option to purchase any of the real property subject to the Agreement, hereby consents to the foregoing Amendment.

TAYLOR MORRISON/ARIZONA, INC.,
an Arizona corporation

By: _____
Name: _____
Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me on the ____ day of June, 2025, by _____, the _____ of **TAYLOR MORRISON/ARIZONA, INC.,** an Arizona corporation, for and on behalf of the corporation.

Notary Public

My Commission Expires:

EXHIBIT A

Released Property Legal Description

[SEE ATTACHED]

**ASANTE
POLICE SUBSTATION BOUNDARY
LEGAL DESCRIPTION**

A portion of the Northeast Quarter of Section 12, Township 4 North, Range 2 West of the Gila and Salt River Meridian, Maricopa County, Arizona, being more particularly described as follows:

COMMENCING at a found 2 inch aluminum cap, RLS 36562 accepted as the Northeast corner of said Section 12 from which a found City of Surprise brass cap flush accepted as the East Quarter corner thereof bears South 00°44'56" West, 2634.27 feet;

Thence South 00°44'56" West, 772.33 feet along the east line of said Northeast Quarter;

Thence leaving said east line, North 89°15'04" West, 67.50 feet to the westerly Right of Way line of 163rd Avenue as shown on the Map of Dedication for "Asante Phase One", recorded in Book 857 of Maps, Page 17, Maricopa County Records also being the **POINT OF BEGINNING**;

Thence South 00°44'56" West, 544.50 feet along said westerly Right of Way line to the northeast corner of a Final Plat for Fire Station 304, recorded in Book 1511 of Maps, Page 2, Maricopa County Records;

Thence North 89°15'04" West, 400.00 feet along the north line of said Final Plat;

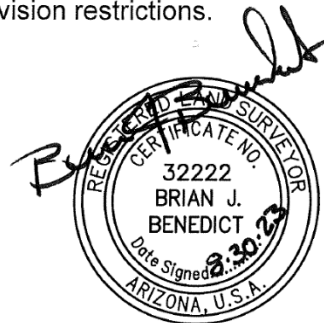
Thence leaving said north line, North 00°44'56" East, 544.50 feet along a line that is parallel with and 467.50 feet west of the east line of said Northeast Quarter;

Thence South 89°15'04" East, 400.00 feet to the **POINT OF BEGINNING**.

The above described parcel contains a computed area of 217,800 sq. ft. (5.0000 acres) more or less and being subject to any easements, restrictions, rights-of-way of record or otherwise.

The description shown hereon is not to be used to violate any subdivision regulation of the state, county and/or municipality or any land division restrictions.

Prepared by: HILGARTWILSON, LLC
2141 E. Highland Avenue, Suite 250
Phoenix, AZ 85016
Project No. 1909
Date August 2023



Asante Development Agreement Third Amendment

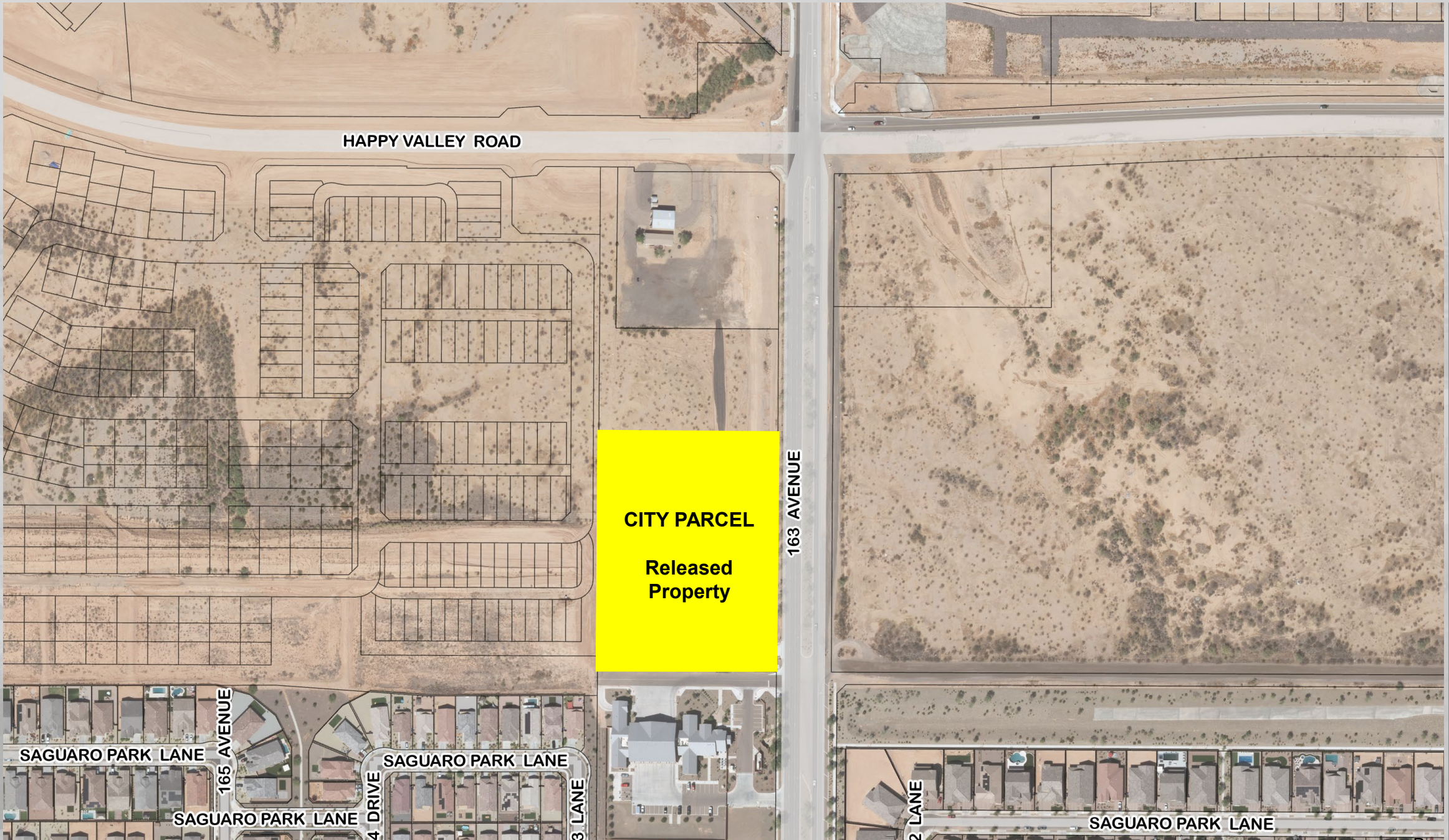
City Council
June 17, 2025



SURPRISE

ARIZONA

Page 673 of 869



VICINITY MAP

**ASANTE
POLICE SUBSTATION BOUNDARY
LEGAL DESCRIPTION**

A portion of the Northeast Quarter of Section 12, Township 4 North, Range 2 West of the Gila and Salt River Meridian, Maricopa County, Arizona, being more particularly described as follows:

COMMENCING at a found 2 inch aluminum cap, RLS 36562 accepted as the Northeast corner of said Section 12 from which a found City of Surprise brass cap flush accepted as the East Quarter corner thereof bears South 00°44'56" West, 2634.27 feet;

Thence South 00°44'56" West, 772.33 feet along the east line of said Northeast Quarter;

Thence leaving said east line, North 89°15'04" West, 67.50 feet to the westerly Right of Way line of 163rd Avenue as shown on the Map of Dedication for "Asante Phase One", recorded in Book 857 of Maps, Page 17, Maricopa County Records also being the **POINT OF BEGINNING**;

Thence South 00°44'56" West, 544.50 feet along said westerly Right of Way line to the northeast corner of a Final Plat for Fire Station 304, recorded in Book 1511 of Maps, Page 2, Maricopa County Records;

Thence North 89°15'04" West, 400.00 feet along the north line of said Final Plat;

Thence leaving said north line, North 00°44'56" East, 544.50 feet along a line that is parallel with and 467.50 feet west of the east line of said Northeast Quarter;

Thence South 89°15'04" East, 400.00 feet to the **POINT OF BEGINNING**.

The above described parcel contains a computed area of 217,800 sq. ft. (5.0000 acres) more or less and being subject to any easements, restrictions, rights-of-way of record or otherwise.

The description shown hereon is not to be used to violate any subdivision regulation of the state, county and/or municipality or any land division restrictions.

Prepared by: HILGARTWILSON, LLC
2141 E. Highland Avenue, Suite 250
Phoenix, AZ 85016
Project No. 1909
Date August 2023



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Page 1 of 1

Questions or Comments?

THANK YOU



SURPRISE
ARIZONA



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Lloyd Abrams, Director -
Community Development

Submitting Department: Community Development District: District 1

Staff Recommendations:

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of a Development Agreement between the City of Surprise and Desert Trails Partners, LLC. Resolution #2025-67.

Motion:

I move to approve Resolution #2025-67.

Background:

Desert Trails Partners, LLC owns approximately eight hundred ninety (890) acres of real property generally located north and south of Deer Valley Road between 211th and 219th Avenues. Owner purchased the property from HE Capital Fox Trails, LLC who had a previous Development Agreement with the City for this area, known as the Fox Trails Development Agreement. Current owner desires to revise the development plans and infrastructure needs for the property.

On April 16, 2024, City Council approved a rezoning of the property to Traditional Neighborhood Development (Desert Trails TND), Ordinance 2024-10. The Desert Trails Development Agreement will, if approved, terminate and replace the Fox Trails Development Agreement.

Owner's transportation obligations include: dedicating right of way for the half width of 211th Avenue and Pinnacle Peak Road to preserve legal access to the properties to the north, east and west of Desert Trails; designing and constructing an internal collector roadway west of the 211th Avenue alignment; financing and installing all portions of Deer Valley Road and 219th Avenue adjacent to the property; completing off-site improvements along Deer Valley Road to include all-weather access from the eastern edge of the property to 195th Avenue to address hundred (100) year flood event requirements; completing off-site improvements to 219th Avenue between the southern edge of the property and the northern edge of Mesquite Mountain Ranch to ensure two travel lanes in each direction which address the ten (10) year flood event requirements.

Owner's water and wastewater requirements include: annexing into the Surprise Foothills Water Supply Facility Development Agreement and paying the related Water System Buy-in Fee; financing,

constructing and dedicating to the city one groundwater well, two well sites and all necessary transmission and distribution lines; and limiting development of the property to a maximum of 891 EDU's unless owner secures additional capacity satisfactory to the city or participates with other developers in the expansion of the SPA 3 Water Reclamation Facility.

Owner's additional obligations include: dedicating a three (3) acre parcel for a future public safety facility; financing, constructing and maintaining the portions of the trailheads and regional and community paths located within the property in accordance with the City of Surprise Parks and Recreation Master Plan; and managing all neighborhood parks by the owner or an association formed by the owner.

Objective Analysis:

Potential positive impacts of this agreement include growth paying for itself and the city not fully administering the fees, as well as infrastructure is being built in an area of the city where public infrastructure is needed.

Potential negative impacts of this agreement include the city being required to operate and maintain additional infrastructure.

Policy Compliant:

This action is compliant with the City Council's policy relative to development paying for itself and preserving right of way for the future transportation needs of the city.

Financial Impact:

Per the agreement, Desert Trails Partners, LLC will be responsible for the installation of all infrastructure necessary to develop the project. The city will be responsible for the ongoing repair and maintenance of said infrastructure in future budget years, after acceptance, as well as the construction of the future public safety site, when needed. The acceptance of infrastructure increases the city's asset base and adds to future maintenance commitments.

Budget Impact:

While there is no immediate budgetary impact at this time, the acceptance of future infrastructure increases the city's asset base and will add maintenance commitments in future budget years.

FTE Impact:

This item does not have an immediate impact on current staffing levels but may in future budget years as staff will be required to assist with the operation and maintenance of future infrastructure.

ATTACHMENTS:

1. 25.05.07 Resolution Desert Trails Development Agreement_BAC
 2. Development Agreement_Digitally Signed by Applicant
 3. Desert Trails DA Presentation
-

RESOLUTION # 2025-67

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SURPRISE AND DESERT TRAILS PARTNERS, LLC, PERTAINING TO PROPERTY GENERALLY LOCATED NORTH AND SOUTH OF DEER VALLEY ROAD BETWEEN 211TH AND 219TH AVENUES, KNOWN AS DESERT TRAILS.

WHEREAS, the City of Surprise (the "City") is authorized to enter into development agreements, pursuant to A.R.S. § 9-500.05;

WHEREAS, Desert Trails Partners, LLC, owns approximately 890 acres of real property generally located north and south of Deer Valley Road between 211th and 219th Avenues, as more particularly described in Exhibit "A" (the "Property") to the Development Agreement (the "Agreement") that is the subject of this Resolution and is attached as Exhibit "A" hereto;

WHEREAS, City staff and Desert Trails Partners, LLC, have agreed upon the subject Agreement for the future development of the Property, which sets forth, among other things: (1) conditions, terms, restrictions, and requirements for the future development of the Property; and (2) other matters related to the future development of the Property; and

WHEREAS, Desert Trails Partners, LLC, now desires to obtain City Council approval to enter into the Agreement, attached hereto as Exhibit "A," for the purpose of setting forth certain obligations and commitments relative to the future development of the Property.

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

Section 1. The Development Agreement between the City and Desert Trails Partners, LLC, attached hereto as Exhibit "A," is approved.

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

[Signatures on following page]

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, Acting City Attorney

EXHIBIT A

Development Agreement

After recording, return to:
City Clerk
City of Surprise, Arizona
16000 N. Civic Center Plaza
Surprise, AZ 85374

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

DEVELOPMENT AGREEMENT (Desert Trails)

THIS DEVELOPMENT AGREEMENT (this “**Agreement**”) is entered into as of the _____ day of _____, 2025, (“**Effective Date**”), by and between the CITY OF SURPRISE, an Arizona municipal corporation (the “**City**”), and DESERT TRAILS PARTNERS, LLC, an Arizona limited liability company, (“**Owner**”). City and Owner are referred to herein individually as a “**Party**” or collectively as the “**Parties**.”

RECITALS:

A. This Agreement pertains to the approximately eight hundred ninety (890) acres of property generally located north and south of Deer Valley Road between 211th Avenue and 219th Avenue, and legally described and depicted in Exhibit A (the “**Property**”).

B. The Parties and/or their predecessors-in-interest, previously entered into the Fox Trails Development Agreement, which was recorded in the Office of the Maricopa County Recorder, No. 2000-0979134. (the “**2000 Agreement**”).

C. The City and HE Capital Fox Trails, LLC entered into the Development Agreement (Desert Trails f/k/a Fox Trails), recorded in the Office of the Maricopa County Recorder, No. 2010-033312 (the “**Previous Agreement**”), which superseded the 2000 Agreement due to changing conditions and the owner’s desire to revise the development plan.

D. The Previous Agreement was amended by Addendum One, which was recorded in the Office of the Maricopa County Recorder, No. 2022-0903388. The Previous Agreement, as amended by Addendum One, is currently in force and effect and runs with the Property.

E. Owner has purchased the Property from HE Capital Fox Trails, LLC, and on April 16, 2024, the City of Surprise City Council (“**Council**”) approved of a rezoning for the Property to Traditional Neighborhood Development, Ordinance #2024-10 (“**Desert Trails TND**”).

F. Due to Owner’s desires to revise the development plan for the Property, the Previous Agreement no longer adequately addresses the development plans and infrastructure

needs for the Property and the Parties wish to terminate the Previous Agreement and replace it with this Agreement.

G. Owner believes that development of the Property will result in significant planning and economic benefits to the City and its residents by (i) increasing tax and other revenues to the City based on improvements to be constructed on the Property and the operation of new businesses on the Property; and (ii) creating housing and employment in the City through the development of the Property, and (iii) providing for the design, construction and financing of public infrastructure to service the Property; and (iv) providing for other matters relating to the development of the Property.

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

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, and the premises and mutual promises set forth in this Agreement, the City and Owner state, confirm and agree as follows:

1. Rescission of the Previous Agreement. The Parties hereby agree to rescind, cancel and terminate the Previous Agreement(s) and all amendments and/or addendums thereto, and that as of the Effective Date, the Previous Agreement will no longer be of any force or effect. The recordation of this Agreement shall provide notice to all future successors in interest of either Party that the Previous Agreement, including Addendum One, has been terminated.

2. Code Compliance. Unless otherwise amended or provided for within this Agreement or the Desert Trails TND (attached as Exhibit B), Owner shall develop the Property in accordance with the rules, ordinances, regulations, standards and administrative policies of the City that are in effect at the time submittals or permit applications are received by the City. The water system infrastructure and sewer system infrastructure shall be designed, constructed and installed in accordance with this Agreement, the Water Master Plan (defined in Section 4.2), Wastewater Master Plan (defined in Section 5.1), the City's Integrated Water Master Plan (as such plan may be amended from time to time) and the City's Water and Wastewater Facility Guidelines, dated April 2011 (as such guidelines may be amended from time to time).

3. Costs. The term "Costs" shall have the meaning as set forth in the City of Surprise Municipal Code ("SMC"), 42-3, and shall mean the actual cost of:

- (a) Right-of-way or easement acquisition;
- (b) Construction of the special public improvements as determined by the actual costs, such construction to include, but shall not be limited to construction and installation of water lines, reclaim water lines, sewer lines, storm sewer lines and systems, asphaltic and concrete paving, curb, gutter and sidewalks, streetlights, traffic signals and public landscaping
- (c) Inspection, testing and permit fees;

- (d) Engineering and design fees required for preparation of plans and specifications;
- (e) Incidental fees, expenses and charges, including but not limited to capitalized interest required to complete the improvements.
- (f) Financing costs to the City, where applicable.

4. Water.

4.1 Assured Water Supply. The City has a Designation of Assured Water Supply pursuant to ARS § 45-576. Subject to water availability on a first-come, first-served basis, and the City maintaining its designation of assured water supply at the time any final plat is requested, the City shall certify an assured water supply for any use for which an assured water supply is required by law.

4.1.1 Water Rights. Owner shall dedicate to City any appurtenant surface water rights and if authorized by law, extinguish any grandfathered groundwater rights associated with the Property and pledge the resulting extinguishment credits to City.

4.2 Surprise Foothills Water Supply Facility. The Property is identified as a “future expansion area” in the Surprise Foothills Water Supply Facility Development Agreement and Amendment 1 recorded in the Office of the Maricopa County Recorder, No. 2016-0954034 and 2023-0150088 (“**SF Water Agreement**”). Pursuant to the SF Water Agreement, the Property shall annex into the Service Area (as defined in the SF Water Agreement), which will allow the Property to receive water service from the Surprise Foothills Water Supply Facility (defined in the SF Water Agreement).

4.2.1 Update Waterworks Analysis. Owner shall be required to update the infrastructure analysis prepared by Waterworks Engineers, attached to the SF Water Agreement as Exhibit C, to reflect the addition of the Property to the Service Area.

4.2.2 Annexation into SF Water Agreement. Owner shall be required to execute the annexation petition, attached to the SF Water Agreement as Exhibit E, to formally annex the Property into the SF Water Agreement.

4.2.3 Acquisition of the Water Campus Expansion Area. Owner agrees to acquire and convey to the City the entirety of the expansion area depicted in Exhibit G of the First Amendment to the Surprise Foothills Water Supply Facility Development Agreement for the purpose of expanding the existing water campus in order to accommodate the addition of the Property to the Service Area. The purchase price to be paid by Owner for the water campus expansion area shall be the fair market value to be determined by an independent appraisal conducted within six (6) months of the date the expansion area is to be purchased. City and Owner agree to cooperate on an amendment to the SF Water Agreement to establish a separate buy-in fee to reimburse Owner the costs incurred to purchase the expansion area (minus Owner’s proportionate share).

4.2.4 Payment of Water System Buy-in Fee. Following annexation of the Property into the SF Water Agreement, Owner agrees to pay the Water System Buy-in Fee (defined in the SF Water Agreement) in accordance with the terms and provisions of the SF Water Agreement.

4.3 Water System Infrastructure.

4.3.1 Well. Owner shall finance, design, construct, install, permit and dedicate to City, in fee, one groundwater well (the “**Well**”) that produces at least one thousand, two hundred and seventy-five (1,275) gallons per minute of water. Owner shall provide any remediation necessary to the Well, such that the water delivered to the system meets the City’s drinking water standards in effect at the time the permit for the Well construction is issued by the City. The City acknowledges that one (1) well has been previously drilled within the Property and that Owner may either drill a new well or utilize the previously drilled well to satisfy the Well requirement. If requested, Owner shall provide the City with well impact waivers for any wells within the Property.

4.3.1.1 Well Site. Owner shall provide and dedicate to the City, in fee, two (2) approximately one hundred fifty foot by one hundred fifty foot (150’ x 150’) sites, which will include the well site perimeter improvements (8’ block wall, gates, utilities stubbed, etc.) (the “**Well Sites**”) in accordance with the City of Surprise Water Guidelines and Standards. If the Well Sites are located next to a park, stormwater system or open space area owned by Owner, Owner shall dedicate to the City a flowage easement over such park, stormwater system or open space area. Unless waived in writing by the City, the Well Sites shall not be located within a 404 wash, flood plain (after a CLOMR/LOMR), hillside with slopes greater than 15%, or identified subsidence area. The Well Sites shall be dedicated to the City, in fee, in accordance with Section 11.3.

4.3.2 Well Transmission Line. Owner shall finance, design, construct, install and dedicate to City, in fee, the well transmission line (the “**WT Line**”) from the Well to the Surprise Foothills Water Supply Facility. The WT Line shall be sized to accommodate flows for up to three groundwater wells at an anticipated capacity of 1,200 gallons per minute each.

4.3.3 Water Distribution Lines. Owner shall finance, design, construct, install and dedicate to City, in fee, the water distribution lines at the locations and sizes as approved by the City.

4.4 Water Service. Upon annexation of the Property into the SF Water Agreement and the completion of any improvements identified in the Updated Water Works Analysis as being necessary to provide water service to the Property, the City commits to provide municipal water service to the Property in accordance with the terms and conditions of this Agreement and the SF Water Agreement.

4.5 Water Infrastructure Reimbursement.

4.5.1 Water System Buy-in Fee. Owner shall receive a credit against the City Portion (defined in the SF Water Agreement, Section 10.3) of the Water System Buy-in Fees to be collected within the Property in the amount of the approved Well and Well Transmission Line Costs. Upon completion of the Well and Well Transmission Line, Owner shall submit documentation to the City evidencing the Costs for the Well and Well Transmission Line, as well as lien releases from the contractors for both the Well and Well Transmission Line. City shall review and if acceptable, approve the Well and Well Transmission Line Design and Construction Costs.

4.5.2 Water Distribution Lines Repayment Program. The Costs associated with the water distribution lines that abut property not within the Property and that are used to distribute water to such abutting properties may be eligible for repayment through the City’s Special Public Improvement Repayment program, pursuant to SMC Sections 42-03 through

42-10.

4.6 Water Development Fees. City shall comply with A.R.S. § 9-463.05. City currently has in place a water resource development fee that shall be assessed and collected within the Property at the time of each final plat approval

5. Wastewater.

5.1 Water Reclamation Facility Owner has secured one hundred twenty-four thousand seven hundred forty (124,740) gallons per day of capacity in the SPA 3 Water Reclamation Facility. Based on the approved SPA 3 wastewater standard of one hundred forty (140) gallons per day/dwelling unit, Owner has secured wastewater capacity for eight hundred ninety-one (891) equivalent dwelling units (EDUs). Owner is working with the City and other property owners in SPA 3 to address the expansion of the SPA 3 Water Reclamation Facility ("WRF"). Unless and until Owner and/or other property owners in SPA 3 construct an expansion to the current WRF or otherwise provide a wastewater solution satisfactory to the City, the City shall not issue any approvals or other permits that would allow more than 891 EDUs. Owner understands and agrees that development of the Property shall be limited to eight hundred ninety-one (891) EDUs until Owner has secured additional wastewater capacity satisfactory to the City.

5.2 Sewer Lines. Owner was a party to the SPA 3 North Sewer Interceptor Agreement, signed by the City on December 11, 2006, and the First Amendment to the SPA 3 North Sewer Interceptor Agreement, recorded in the Office of the Maricopa County Recorder, No. 2009-0163226 (collectively the "SPA 3 North Sewer Interceptor Agreement"), which expired on February 20, 2019. The SPA 3 North Sewer Interceptor Agreement addressed all of Owner's obligations relative to the sewer interceptor in Deer Valley Road and all other off-site sewer interceptors needed to serve the Property. The Parties acknowledge and agree that the Deer Valley Road sewer interceptor and the off-site sewer interceptors addressed in the SPA 3 North Sewer Interceptor Agreement needed to provide sewer service to the Property have been completed and accepted by the City, and that Owner shall have no additional obligation to finance, design, construct or install any off-site sewer interceptors.

5.3 Sewer Service. The City's commitment to provide municipal sewer service to the Property shall be limited to the amount of wastewater treatment plant capacity secured by Owner. Currently, Owner has secured eight hundred ninety-one (891) EDUs.

6. Transportation.

6.1 211th Avenue. Owner shall dedicate to the City fifty-five feet (55') of right of way for the half width of a minor arterial for 211th Avenue to preserve legal access to the properties to the north of Desert Trails. Owner shall not be required to design or construct any portion of 211th along the section line. Owner shall design and construct an all-weather north/south internal collector roadway within the Property, west of the 211th Avenue alignment at a location approved by the City ("**Collector Roadway No. 1**"). This roadway will serve the Property and shall provide access for future development north of the Property. Collector Roadway No. 1 shall be constructed in accordance with the City's design standards for a collector roadway.

6.2 Pinnacle Peak Road. Owner shall dedicate to the City fifty-five feet (55') of right of way for the half width of a minor arterial for Pinnacle Peak Road to preserve legal access to the properties east and west of the Property. Owner shall not be required to design or construct any portion of Pinnacle Peak Road along the section line. Owner shall design and

construct an all-weather east/west internal collector roadway within the Property, south of the Pinnacle Peak Road alignment at a location approved by the City (“**Collector Roadway No. 2**”). Collector Roadway No. 2 shall provide traffic circulation, fire access, and access to the Property and the future development located north of the Property. Collector Roadway No. 2 shall be constructed in accordance with the City’s design standards for a collector roadway.

6.3 Deer Valley Road (On-site). Owner shall be required to finance, design, construct and install all portions of Deer Valley Road adjacent to the Property. Deer Valley Road shall be designed, constructed, and installed as a major arterial in accordance with City of Surprise Engineering Standards, and Owner shall be required to dedicate:

(i) sixty-eight feet (68’) of right-of-way where the Property abuts Deer Valley Road on one side, and

(ii) one hundred thirty-six feet (136’) of right-of-way where the Property abuts Deer Valley Road on both sides.

6.4 Deer Valley Road (Off-site). Owner shall be required to complete the portion of Deer Valley Road between the eastern edge of the Property and continuing to 195th Avenue. The off-site improvements to Deer Valley Road shall provide “all-weather” access to the Property and consist of a minimum of twenty-six feet (26’) of permanent pavement at ultimate grade with necessary drainage facilities that meet City standards. Owner shall not be required to install any curbs, gutters, sidewalks, landscaping or streetlights with the off-site portion of Deer Valley Road, unless such improvements are needed to provide all-weather access. The side slopes and character of this roadway shall meet current engineering standards and shall be posted at 45mph.

6.5 219th Avenue (On-site). Owner shall be required to finance, design, construct and install the east half of 219th Avenue adjacent to the Property. 219th Avenue shall be designed, constructed and installed as a “minor” arterial as defined by the City’s Engineering Standards.

6.6 219th Avenue (Off-site). Owner shall be required to complete the portion of 219th Avenue between the southern edge of the Property and -the northern edge of Mesquite Mountain Ranch. The off-site improvements to 219th Avenue shall address the ten (10) year flood event and consist of a minimum of two travel lanes in each direction of permanent pavement that meets City standards per the ultimate street cross section to avoid future reconstruction. Owner shall not be required to install any curbs, gutters, sidewalks, landscaping or streetlights with the off-site portion of 219th Avenue, unless such improvements are needed to address the ten (10) year flood event.

6.7 Roadway Phasing. The roads described in Sections 6.1-6.6 and shown in Exhibit C shall be constructed in a manner and sequenced to meet the required access to and from the Property as determined by the City. All roadway improvements identified in each phase shall be financed, designed, and constructed prior to the issuance of any building permits (excluding building permits for model homes) within each phase. At the commencement of Phase I, Owner shall construct Deer Valley in phases to maintain two lanes of traffic during the construction of the ultimate six lane arterial roadway section. Owner shall provide two interim lanes of traffic constructed on the south half of the six-lane major arterial alignment to maintain traffic while the future all-weather westbound lanes are constructed. Owner shall shift traffic to the north side while any remaining improvements to the south half of the major arterial cross section is

constructed. Additionally, in Phase 1 the Owner shall construct a 26' wide paved temporary roadway segment that connects to the property to the development's internal roadway network along the 211th roadway alignment from Deer Valley Road to maintain two points of unrestricted access for fire and safety. This temporary roadway segment shall remain in place and operational at all times until the proposed improvements included in Phase 2 have been completed. At the commencement of Phase 2, Owner shall construct the east/west collector across the Trilby Wash connecting into 219th Ave. in accordance with Section 6.2 and the east half of 219th from the north boundary line to Deer Valley Roadway in accordance with Section 6.6. These roadways provide traffic circulation and secondary access for fire and safety. Owner shall design and construct the remaining roadways identified in this agreement per the roadway phasing schedule. Owner shall submit a construction sequencing plan with a maintenance of traffic plan prior to approval and permits issuance.

6.8 Off-site Roadway Repayment Program. In the event Owner is required to acquire land and/or design, construct and install portions of either 219th Avenue or Deer Valley Road that do not abut the Property to their ultimate conditions, then the acquisition costs and/or the associated Design and Construction Costs may be eligible for repayment through the City's Public Improvement Repayment program, SMC Sections 42-3 through 42-10. (exception for ASLD Land)

7. Public Safety (Police or Fire). Owner shall, within one hundred and eighty (180) days of the Effective Date, dedicate to the City an approximate three (3) acre site for a future public safety facility. The public safety facility shall be generally located west of the wash that traverses the property, and south of Pinnacle Peak Road, as depicted in Exhibit D. For the portion of the City's Police or Fire Development Impact Fee attributable to land, Owner may be entitled to a credit on permits issued within the Property in accordance with A.R.S. Sec. 9-463.05 and the SMC.

8. Parks and Regional Trails.

8.1 Regional Trail. Owner shall finance, design, construct, install, and maintain the portions of the trailheads, regional paths and community paths (as identified in the City of Surprise Parks and Recreations Master Plan, dated December 2015 (as such plan may be amended from time to time)) located within the Property (the "**Regional Trails**"). The Regional Trails shall be designed, constructed, and maintained by Owner and/or a future HOA in accordance with the City of Surprise Parks and Recreations Master Plan.

8.2 Neighborhood Parks. The neighborhood parks, pocket parks and all other open space areas within the Property shall be designed and constructed in accordance with City of Surprise Parks and Recreations Master Plan and shall be owned, operated and maintained by Owner, or an association to be formed by Owner.

9. Subdivision. Owner shall not subdivide or split the Property by any means other than a plat or subdivision approved by the City.

10.1 Financial Assurances. A financial assurance is required in accordance with Chapter 108, Article III, of the SMC.

10. Construction and Dedication.

10.1 Review and Design. All design, construction, and installation of the public infrastructure installed and constructed by Owner pursuant to this Agreement shall be subject to the City's review and approval (in writing) and shall be in accordance with Section 2 of this

Agreement.

10.2 Public Procurement. All construction contracts for the Well, WT line, off-site water distribution lines, off-site portions of Deer Valley Road, off-site portions of 219th Avenue the Regional Trails, and any public infrastructure eligible for City reimbursement shall be publicly procured by Owner pursuant to the Arizona Revised Statutes (“A.R.S.”), as if the projects were being performed by the City, including, but not limited to, compliance with A.R.S. Title 34 for public improvements (if applicable). Owner agrees to provide the City with documentation evidencing compliance with the City’s public procurement rules. Notwithstanding the foregoing, Owner reserves the right to forgo the public procurement process with the understanding that Owner may be forfeiting reimbursement from the City.

10.3 Conveyance of Property. On the final plats (or by some other instrument in the event a final plat is not required), Owner shall dedicate to the City all parcels, rights-of-way and easements within the Property needed for the public infrastructure, or as required pursuant to this Agreement, free and clear of all encumbrances which could affect marketability of title.

10.4 Phasing of Public Infrastructure. Owner may construct the public infrastructure in phases as public infrastructure becomes necessary for each phase of development as determined by the City.

10.5 Right of Way Acquisition. Owner shall be responsible for acquiring the right(s)-of-way (“ROW”) and/or easement(s), such as drainage easements, slope easements or public utility easements, that may be necessary for the roadway improvements through commercially reasonable efforts with the property owners. Owner shall follow the requirements set forth in A.R.S., Title 12, for the acquisition of any such property as if Owner were a government entity obtaining property by eminent domain and work with the City’s Real Estate Administrator from the beginning of the negotiation process to ensure compliance with applicable State statutes and to expedite the process. If Owner is unable to acquire the ROW and/or easement(s) after the exercise of reasonable diligence and appropriate offers of just compensation as determined by the City, then Owner may request in writing that the City initiate eminent domain proceedings to acquire the ROW and/or easement(s). The City may, in its sole discretion, choose to exercise, or not, its power of eminent domain to acquire the necessary ROW and/or easement(s). In the event the City chooses to exercise its power of eminent domain, either through the City Attorney’s Office or by retaining outside counsel, Owner shall be responsible for all fees and costs incurred by the City associated with the condemnation action, including but not limited to the initial deposit and final award of just compensation, attorneys’ fees, expert fees, witness fees, filing fees and court costs, jury fees, etc. The City may assist Owner in acquiring any right-of-way necessary to install public infrastructure, including specifically the right-of-way needed for the WT line, off-site water distribution lines, and off-site portions of both 219th Avenue and Deer Valley Road, even if such assistance means the use of the City’s condemnation authority. City, within the City’s sole discretion, may assist owner in acquiring the right-of-way needed from the Arizona State Land Department (ASLD) by, among other discretionary acts, agreeing to be the applicant on an application for right-of-way needed from ASLD. Nothing herein shall relieve Owner of the obligation to acquire the necessary right-of-way from the ASLD. In the event City exercises its discretion and does not provide assistance to Owner in acquiring right-of-way from ASLD, Owner

shall still be obligated to acquire said right-of-way through alternative means. In the event the City uses its condemnation authority, all actual costs incurred by the City during the condemnation process shall be reimbursed to the City by Owner. This shall include an amount of reasonable attorney's fees as determined and calculated by the City should the eminent domain litigation be handled "in-house" by the City Attorney's Office.

11. General Provisions.

11.1 Term. The term of this Agreement shall be in accordance with SMC 42-7, as may be amended from time to time. The Desert Trails community is approximately 880 acres in size. The term of this Agreement will become effective upon signature of all parties and recordation of this Agreement. This Agreement will end twenty (20) years after the first assessment is paid on behalf of a benefited lot or property, or when the reimbursement amount has been repaid, whichever is earlier. The term of this Agreement may be extended for not more than two consecutive five-year extensions, upon a City finding that: (a) development within the assessment boundary is ongoing or imminent; and (b) the parties within the assessment boundary will be served by the improvements for which they will be assessed. The City's obligation to continue providing municipal services to the portions of the Property receiving municipal services shall be in accordance with the Arizona Revised Statutes.

11.2 Recordation. This Agreement shall be recorded in its entirety in the Official Records of Maricopa County, Arizona, not later than ten (10) days after its full execution.

11.3 Notices and Filings. All notices, filings, consents, approvals and other communications provided for herein or given in connection herewith shall be validly given, filed, made, delivered or served if in writing and delivered personally, emailed or sent by certified United States Mail, postage pre-paid, return receipt requested if to:

City: City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374
Attn: City Manager
Email: bob.wingenroth@surpriseaz.gov

With Copy to: City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374
Attn: Chief Deputy City Attorney
Email: jeffrey.murray@surpriseaz.gov

Owner: Desert Trails Partners, LLC
c/o Emmerson Holdings
7373 N. Scottsdale Road, #B210
Scottsdale, AZ 85253
Attn: Chase Emmerson
Email: chase@finalplat.com

With Copy to: Gilbert Blilie PLLC

701 N. 44th Street
Phoenix, AZ 85008
Attn: Jeffrey M. Blilie
Email: jblilie@gilbertblilie.com

or to such other address or addresses as may hereafter be specified by notice given by any of the above for itself to the others. Any notice or other communication directed to any Party shall become effective upon the earliest of the following: (a) actual receipt by that Party; or (b) thirty-six (36) hours after deposit with the United States Postal Service, addressed to the Party.

11.4 Default. Failure by either Party to perform or otherwise act in accordance with any term or provision hereof shall constitute a breach of this Agreement by such Party. Any failure to pay money or related to any other monetary obligation hereunder not cured within five (5) days after written notice is received from another Party shall constitute a default under this Agreement by the non-paying Party. Any other breach not cured within thirty (30) days after written notice is received from another Party, shall constitute a default by the breaching Party under this Agreement; provided, however, that if the failure is such that more than thirty (30) days would reasonably be required to perform such action or comply with any term or provision hereof, then the breaching Party shall have such additional time as may be necessary to perform or comply so long as the breaching Party commences performance or compliance within said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation within ninety (90) days after written notice is received from another Party. Any notice of a breach shall specify the nature of the alleged breach and the manner in which said breach may be satisfactorily cured, if possible.

11.5 Dispute Resolution. If there is a dispute hereunder which the Parties cannot resolve between themselves, the Parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the Parties agree to attempt to settle the dispute by non-binding mediation before commencement of litigation. The mediation may be held under the commercial mediation rules of the American Arbitration Association, or those rules required by the selected mediator. The matter in dispute shall be submitted to a mediator mutually selected by the Parties. If the Parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the City and Owner shall request the presiding judge of the Superior Court in and for the County of Maricopa, Arizona, to appoint an independent mediator. The mediator selected shall have at least five (5) years' experience in mediating or arbitrating disputes relating to development. The cost of any such mediation shall be divided equally between the City and Owner. The results of the mediation shall be nonbinding on the Parties, and any Party shall be free to initiate litigation subsequent to the moratorium.

11.6 Choice of Law, Venue, Damages, and Attorneys' Fees. Any dispute, controversy, claim or cause of action arising out of or related to this Agreement shall be governed by Arizona law. The venue for any such dispute shall be Maricopa County, Arizona, and each Party waives the right to object to venue in Maricopa County, or the United States District Court for the District of Arizona located in Phoenix, Arizona, for any reason. No Party shall be entitled to recover any monetary damages herein. Relief shall be limited non-monetary equitable relief such as a declaratory judgment or an order for specific performance. Neither party shall be entitled to recover any of its attorneys' fees nor other costs from any other Party incurred in any such

dispute, controversy, claim or cause of action, but each Party shall bear its own attorneys' fees and costs, whether the same is resolved through mediation, litigation in a court, or otherwise.

11.7 Good Standing and Authority. The Parties represent and warrant that each is duly formed and validly existing under Arizona laws and that the individuals executing this Agreement on behalf of their respective Party are authorized and empowered to bind the Party on whose behalf each such individual is signing.

11.8 Assignment. The provisions of this Agreement are binding upon and shall inure to the benefit of the Parties, and all of their successors in interest and assigns; provided; however, that Owner's rights and obligations hereunder may be assigned, in whole or in part, to a person or entity that has acquired title to the Property or a portion thereof (without the consent of the City) and only by a written instrument recorded in the Official Records of Maricopa County, Arizona, expressly assigning such rights and obligations. In the event of a complete or partial assignment by Owner, all or a portion of Owner's rights and obligations hereunder shall terminate effective upon the assumption by Owner's assignee of such rights and obligations and the execution of an addendum that recognizes the assignment.

11.9 Termination Upon Sale of Subdivided Lots. Except as otherwise provided herein, this Agreement is not intended to and shall not create conditions or exceptions to title or covenants running with the individual lots within the Property. Therefore, in order to alleviate any concern as to the effect of this Agreement on the status of title to any of the Property, so long as not prohibited by law, this Agreement shall terminate without the execution or recordation of any further document or installment as to any finally subdivided lot, and thereupon such lot shall be released from and no longer be subject to or burdened by the provisions of this Agreement. Any title insurer can rely on this Section 13.9 when issuing any commitment to insure title or when issuing a title policy in connection with the sale of a particular lot within the Property and, accordingly, not show this Agreement as an exception to the title of such lot.

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

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

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

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

11.14 Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement.

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

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

11.17 Conflict of Interest. This Agreement is subject to the terms of ARS § 38-511.

11.18 Owner's Representations. Nothing contained herein shall be deemed to obligate Owner to complete any part of the development of the Property.

11.19 Entire Agreement. This Agreement, together with the following Exhibits attached hereto (which are incorporated herein by this reference) constitutes the entire agreement between the Parties.

- (a) Exhibit A: Legal description and depiction of the Property
- (b) Exhibit B: Desert Trails TND
- (c) Exhibit C: Roadway Phasing Schedule
- (d) Exhibit D: Public Safety Site Map

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

11.20 Time. Time is of the essence of this Agreement and with respect to the performance required by each Party.

11.21 Representatives. The Parties agree to designate and appoint a representative to act as a liaison between the City and its various departments and Owner. The initial representative for City shall be the Community Development Director or his designee and the initial representative for the Owner shall be Chase Emmerson. The representatives shall be available at all reasonable times to discuss and review the performance of the Parties and the development of the Property.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

CITY:

CITY OF SURPRISE, an Arizona municipal corporation

By _____
Mayor Kevin Sartor

Date _____

APPROVED AS TO FORM:

City Attorney

ATTESTED:

City Clerk

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this _____ day of _____, 2025, before me personally appeared Kevin Sartor, the Mayor of the CITY OF SURPRISE, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he or she signed the above/attached document.

[Affix notary seal here]

Notary Public

OWNER:

DESERT TRAILS PARTNERS, LLC, an Arizona
limited liability company

By: Chase Emerson, ^{Manager Emerson Holding}
Its Manager

Date: 5/6/2025

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 6th day of May, 2025, before me personally appeared Chase Emerson
~~Manager, Emerson Holdings~~ DESERT TRAILS PARTNERS, LLC, an
Arizona limited liability company, for and on behalf thereof, whose identity was proven to me on
the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged
that he or she signed the above/attached document.

[Affix notary seal here]

Kim Hardy
Notary Public



EXHIBIT A

Legal Description and Depiction of the Property

[see attached pages]

EXHIBIT A

Legal Description and Depiction of the Property

The Land referred to herein below is situated in the County of Maricopa, State of Arizona, and is described as follows:

A portion of Sections 13 and 24, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows:

Commencing at the Northwest corner of said Section 13, being marked by a 1/2 inch rebar, from which the North quarter corner of said Section 13, being marked by a G.L.O. Brass Cap, bears South 89 degrees 59 minutes 50 seconds East, a distance of 2639.48 feet;

Thence South 89 degrees 59 minutes 50 seconds East along the North line of the Northwest quarter of said Section 13, a distance of 67.50 feet to the East line of the right-of-way for 219th Avenue, more particularly described in Document No. 2005-0146651, records of Maricopa County, Arizona, also being the TRUE POINT OF BEGINNING;

Thence continuing South 89 degrees 59 minutes 50 seconds East along said North line, a distance of 2571.98 feet to the North quarter corner of said Section 13;

Thence North 89 degrees 59 minutes 33 seconds East along the North line of the Northeast quarter of said Section 13, a distance of 2639.70 feet to the Northeast corner of said Section 13;

Thence South 00 degrees 03 minutes 06 seconds West along the East line of said Northeast quarter, a distance of 2636.68 feet to the East quarter corner of said Section 13;

Thence South 00 degrees 19 minutes 05 seconds West along the East line of the Southeast quarter of said Section 13, a distance of 2641.42 feet to the Southeast corner of said Section 13;

Thence South 00 degrees 01 minutes 28 seconds West along the East line of the Northeast quarter of said Section 24, a distance of 2636.02 feet to the East quarter corner of said Section 24;

Thence South 89 degrees 55 minutes 35 seconds West along the East-West mid-section line of said Section 24, a distance of 2630.51 feet to the center of said Section 24;

Thence continuing South 89 degrees 55 minutes 35 seconds West along said East-West line, a distance of 1315.67 feet to the Southwest corner of the Southeast quarter of the Northwest quarter of said Section 24;

Thence North 00 degrees 03 minutes 46 seconds East along the West line of the Southeast quarter of the Northwest quarter of said Section 24, a distance of 1319.97 feet to the Northwest corner of said Southeast quarter of the Northwest quarter of Section 24;

Thence South 89 degrees 57 minutes 29 seconds West along the South line of the Northwest quarter of the Northwest quarter of said Section 24, a distance of 657.64 feet to the Southwest corner of the East half of the Northwest quarter of the Northwest quarter of said Section 24;

Thence North 00 degrees 04 minutes 16 seconds East along the West line of the East half of the Northwest quarter of the Northwest quarter of said Section 24, a distance of 1320.33 feet to the North line of the Northwest quarter of said Section 24;

Thence South 89 degrees 59 minutes 24 seconds West along the Northwest quarter of said Section 24, a distance of 589.94 feet to the East line of the right-of-way for 219th Avenue as described in Document No. 2005-0146651, records of Maricopa County, Arizona;

Thence North 00 degrees 01 minutes 53 seconds West along East right-of-way line being parallel with and 67.50 feet East of the West line of the Southwest quarter of said Section 13, a distance of 2639.70 feet;

Thence North 00 degrees 01 minutes 49 seconds West, continuing along said East right-of-way line and being parallel with and 67.50 feet East of the West line of the Northwest quarter of said Section 13, a distance of 2639.53 feet to the TRUE POINT OF BEGINNING;

EXCEPT all coal and other minerals in said land as reserved to the United States in Patent recorded in Book 382 of Deeds, Page 86.

APN: 503-80-011Q, 503-80-011R, 503-80-017A, 503-80-017B, 503-80-018C, 503-80-018D, 503-80-018E, 503-80-018F, 503-81-028D, 503-81-028E, 503-81-028F, 503-81-028G, and 503-81-028H

VICINITY MAP

N.T.S.



PINNACLE PEAK RD

Sec. 13

211TH AVE

219TH AVE

Sec. 24

SITE

BEARDSLEY RD (ALIGN.)

**SECTIONS 13 & 24 , T. 4 N., R. 3 W.
MARICOPA COUNTY, ARIZONA**

EXHIBIT B

Desert Trails TND

[see attached pages]

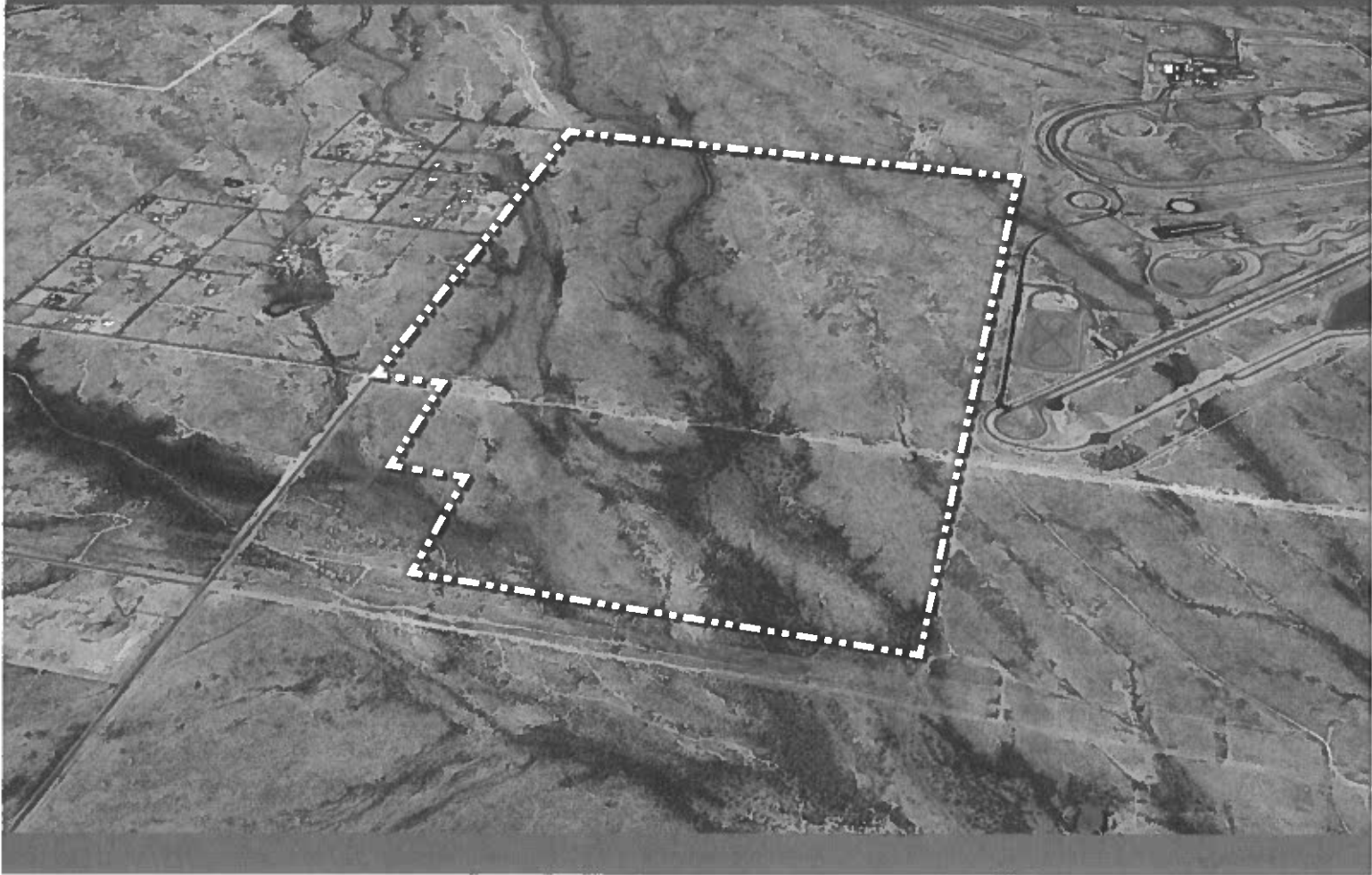
DESERT TRAILS

TND ZONING NARRATIVE

Site Analysis | Proposed Zoning and Conceptual Land Use Plan | Regulatory Development Standards

CASE #: FS23-0586

MAY 2024



PRESENTED BY:



APPLICANT TEAM

PROPERTY OWNER / DEVELOPER

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Bethany Holder, LLC

HV Holder, LLC

C/O Chase Emmerson

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TABLE OF CONTENTS

1. PROJECT INTRODUCTION	1
1.1 Purpose	1
1.2 Site Location.....	1
1.3 Organizational Structure	1
2.SITE ANALYSIS	1
2.1 Existing Land Uses on Site and Surrounding	1
2.2 General Plan Land Use and Zoning Designations	2
2.3 Existing Roads, ROW and Utilities.....	2
2.4 Site Topography and Vegetation	2
2.5 Existing Drainage	2
2.6 Existing Water and Sewer Infrastructure	3
2.8 School Districts	3
2.9 Fire, Police and Refuse Service.....	3
2.10 Luke Air Force Base Compatibility Analysis.....	3
2.11 Ford Proving Grounds Compatibility	4
3. PROPOSED ZONING AND DEVELOPMENT PLAN.....	5
3.1 Traditional Neighborhood Development (TND) Zoning & Overlay Districts	5
3.2 Development Plan Summary	6
3.3 Zoning District Overlay Designations	6
3.4 Circulation and Access	10
3.5 Drainage Report Summary	10
3.6 Wildlife Linkage Corridor.....	11
3.7 Water and Sewer Infrastructure	11
3.8 Preliminary Phasing	11
4. REGULATORY STANDARDS, CLARIFICATIONS & DEVIATIONS	12
5. CONCLUSION.....	16

LIST OF FIGURES

- Figure 1: Regional Vicinity Map
- Figure 2: Aerial Photograph of Site
- Figure 3: Existing General Plan Land Use Map
- Figure 4: Existing Zoning Map
- Figure 5: Regional Transportation Plan
- Figure 6: Luke Air Force Base Compatibility Map
- Figure 7: Zoning Map with TND Overlay Districts
- Figure 8: Development and Open Space Plan
- Figure 9: Preliminary Phasing Plan

LIST OF TABLES

- Table 1: Existing and Surrounding Site Data
- Table 2: Luke AFB GDC Density & Unit Count Analysis
- Table 3: Projected Lot Categories per LDO Table 106-4b
- Table 4: Land Use Designation Summary
- Table 5: Land Use Data Table
- Table 6: Required Open Space Acreage

1. PROJECT INTRODUCTION

RVi Planning & Landscape Architecture, on behalf of Emmerson Holdings, LLC, is pleased to submit this rezoning application for the Desert Trails property to change the zoning from Planned Area Development (Desert Trails PADA 08-147) to Traditional Neighborhood Development (TND) in accordance with the City of Surprise Land Development Ordinance.

1.1 Purpose

The purpose of this rezoning is to: 1) Update the zoning entitlements to be in line with the newly adopted Surprise Land Development Ordinance to ensure seamless implementation of the project as it develops over time; 2) Modify and update the land uses, circulation plan and development standards to conform to the City's current regulations and today's market conditions, particularly related to housing demand and product types; and 3) Utilize the Traditional Neighborhood Development (TND) district with associated overlay zones to develop a well-designed, sustainable, and market-relevant master planned community to promote a variety of much needed single-family and multi-family housing options in Surprise, along with all the support services necessary for a sustainable community such as commercial and retail uses, schools, parks, trails, and natural open spaces.

1.2 Site Location

Desert Trails is an approximate 879.7-acre property located on both sides of Deer Valley Road between 219th Avenue and the 211th Avenue alignment within the City of Surprise. The northern boundary of the property is on the Pinnacle Peak alignment, while the southern boundary varies along the western edge but generally extends ½ mile south of Deer Valley Road. See **Figure 1: Regional Vicinity Map** for the property location and regional context.

The Assessor Parcel numbers affiliated with the property include APN#'s 503-81-028D, 028E, 028F, 503-80-018C, 018D, 017A, 017B, 011Q and 011R. The property is located within the City of Surprise Special Planning Area 3 (SPA-3) for water and sewer service and is currently vacant desert land.

1.3 Organizational Structure

This rezoning narrative will provide the framework for future development of the property and is organized into 5 sections, including:

- Project Introduction
- Site Analysis
- Proposed TND Zoning and Development Plan
- Regulatory Standards
- Conclusion

The project will conform to the newly adopted Land Development Ordinance (LDO) and Planning & Engineering Design Standards (PEDS) except as modified within the allowable parameters of the TND zoning district.

2. SITE ANALYSIS

The Desert Trails property is located within the City of Surprise municipal boundaries and is part of the SPA-3 planning area. The City extends to the north, west and south, but immediately to the east is unincorporated Maricopa County land.

2.1 Existing Land Uses on Site and Surrounding

The property is entirely comprised of vacant desert land. To the north is primarily vacant land with at least one large lot residential property within the WBJ Estates Rural Subdivision. To the west is a mix of vacant desert land and scattered large lot residential development. To the south is vacant desert land and to the east is the Ford Proving Grounds on leased land from the Arizona State Trust. Approximately 1-mile north is an Auxiliary Field of the Luke Air Force Base. See **Figure 2: Aerial Photograph of Site** for the property boundary and immediately surrounding land uses.

Further to the south and west are several large-scale master planned communities, including Ana Mandara, Mesquite Mountain Ranch, Rancho Vista, Surprise 320, Buena Vista Ranch, Surprise Foothills, and others. These projects are all in various stages of planning and development in this general growth area of the City of Surprise.

TABLE 1: EXISTING AND SURROUNDING SITE DATA

LOCATION	GENERAL PLAN LAND USE	EXISTING ZONING	EXISTING LAND USE
Site	Neighborhood, Open Space	Planned Area Development (PAD)	Vacant
North	Neighborhood, Employment	Rural Residential (RR)	Vacant, Residential
South	Neighborhood, Open Space	Rural Residential (RR)	Vacant
East	Employment	Rural-43 (R-43)	Ford Proving Grounds
West	Neighborhood, Open Space	Rural Residential (RR)	Vacant, Residential

2.2 General Plan Land Use and Zoning Designations

The City of Surprise 2035 General Plan Map designates the property as a mix of Neighborhood and Open Space land use designations. The Open Space designation generally follows the Trilby and Iona Wash corridors, while the Neighborhood land use designation covers the remainder of the property. There are small slivers of Employment land use designation both at the northeast and southeast portions of the property. See **Figure 3: General Plan Land Use Map** for the City's General Plan land use designations on the property and surrounding area.

The property is currently zoned PAD with a mix of low and medium density residential, mixed-use commercial and open space uses. Property to the north, west and south is zoned Rural Residential (RR) within the City of Surprise. Property to the east in unincorporated Maricopa County is zoned R-43, but the land is currently being used as a proving ground for Ford Motor Company. There are several other PADs in the general vicinity of the property as well. See **Figure 4: Existing Zoning** for the zoning designations on the site and surrounding area.

2.3 Existing Roads, ROW and Utilities

The Desert Trails property is bounded by the Pinnacle Peak alignment to the north, 211th Avenue alignment to the east, 219th Avenue to the west, and south of Deer Valley Road to the south. Currently, the only formal roadway improvement adjacent to the property is along 219th Avenue where strip paving with one lane in each direction is provided on the east side of the section line. Maricopa County Assessor mapping identifies 67.5' of right-of-way dedicated on the east side of 219th Avenue, providing more than the necessary ½ street ROW along this alignment.

There appears to be an unimproved dirt road along the north side of the Pinnacle Peak alignment, but this road is not dedicated or maintained by the City. There are no improvements along Deer Valley Road, and no right-of-way has been dedicated. There are several roads that are planned in the area, most notably and as mentioned above, 219th Avenue as a minor arterial road along the property's western boundary and Deer Valley Road as a modified Parkway using a 136' major arterial right-of-way cross section but with limited access locations along the property. 211th Avenue will not extend along the property's eastern boundary, nor will Pinnacle Peak extend along the property's northern boundary adjacent to the site. See **Figure 5: Regional Transportation Map** for a map of all the planned roadways within the vicinity of the Desert Trails community.

2.4 Site Topography and Vegetation

The property is relatively flat with gentle slopes from the northwest to the southeast. The topographic relief from north to south is approximately 50 +/- feet.

The plant communities are typical of the Lower Colorado River Valley Sonoran Desert scrub. Denser vegetation is found along the two wash corridors, while more dispersed vegetation is found throughout the property. A more detailed Biological Evaluation is included with this submittal under separate cover.

2.5 Existing Drainage

The Desert Trails development generally slopes from the northwest to the southeast following three major wash corridors. The Trilby Wash enters the site along the northern boundary which is the Pinnacle Peak alignment, flows mostly south, slightly east until it combines with the other washes. The Iona East Wash enters the site along the western boundary

just south of the Pinnacle Peak alignment and flows southeast until it intersects the Trilby Wash. The Iona West Wash remains on the fringe of the southwester portion of the property, entering the site on the western boundary south of Deer Valley Road and flows east until intersecting with the other two washes. The portions of land between the washes have small ridges that direct water to the flowlines. The northeast corner of the property is generally flat with a slope in the southeastern direction with some flows being directed towards the Trilby Wash.

2.6 Existing Water and Sewer Infrastructure

The Desert Trails development contains no existing water infrastructure which currently services the City. There is one existing well on the property which will be tested and reviewed for viability to be added to the system. The development is included in the Surprise Foothills Water Campus Development Agreement per the First Amended as approved at the March 7th, 2023 City Council. The Site is located approximately 9,500' east of the Surprise Foothills Water Campus which houses the Zone 7 tanks and booster pumps.

The Desert Trails development contains a 30-inch regional sewer line within the Deer Valley Road alignment which bisects the southern portion of the property. This sewer line is intended to serve all developments west and south of Desert Trails. Flows are conveyed to the SPA 3 Developer Wastewater Facility located approximately 18,400' east of the site, and 3,800' south of Deer Valley Road. Desert Trails is included in the SPA 3 Water Reclamation Facilities Development Agreement which allocates pre-paid sewer credits.

2.7 Electricity

Electrical service for this project will be provided by Arizona Public Service (APS). Electrical service is anticipated to be provided from the existing APS Trilby Wash Substation which is located east of this project. Existing overhead electrical lines cross the southern portion of the project and will be avoided as a part of the development of this project.

2.8 School Districts

Desert Trails is located within the Wickenburg Unified School District #9. This district covers over

1,100 miles and currently serves approximately 1,200 students in grades Pre-K through 12. The district currently operates 5 schools, with the closest school being Festival Foothills Elementary School (K-8) located in the Festival Foothills community, located approximately 5-miles west of the property. The closest high school is Wickenburg High School, located at 1090 South Vulture Mine Road. However, Arizona is an open enrollment state, which means parents can enroll their children in schools outside of their home school and home district boundaries, space permitting. Due to this, students at Desert Trails have the option to attend schools within the Dysart District, which is immediately adjacent to the property to the east and south, and may be closer than Wickenburg district schools.

2.9 Fire, Police and Refuse Service

Desert Trails is within the municipal service area of the City of Surprise. As such, Surprise will provide fire, police, and residential refuse service to the property. The closest fire stations include Stations 303 or 306, both located approximately 10-12 +/- miles from the site. Buckeye also has Fire Station #704, approximately 8 +/- miles from the property. Nearby there is a fire station planned as a part of the Surprise Foothills development approximately 2 +/- miles to the west, and a fire station planned as part of the Ana Mandara development approximately 2 +/- miles to the south. Additionally, fire station #304 is at the SWC of 163rd Avenue and Happy Valley Road, as well as two fire stations potentially planned at the NEC of Norfolk and 183rd Ave, and at Deer Valley Road and 195th Ave. Finally, this property may include a fire station at the northwest corner.

2.10 Luke Air Force Base Compatibility Analysis

To protect the long-term viability of Luke Air Force Base (LAFB), a concept of graduated residential densities adjacent to their base and active auxiliary fields has been developed. The Graduated Density Concept (GDC) provides guidelines for residential development up to and surrounding the "high noise and accident potential zone," commonly referred to as the 65 DNL line, as defined by ARS 28-8461, which may limit future operations of the U.S. Air Force. In the absence of a more restrictive state, county or municipal general or comprehensive plan, graduating densities away from the 65 DNL are to be as follows:

TABLE 2: LUKE AFB GDC DENSITY & UNIT COUNT ANALYSIS

LAFB ZONE	GROSS AC.	LUKE MAX DENSITY	LUKE MAX UNITS	TOTAL UNITS PROPOSED	TOTAL GROSS DENSITY
A	149.3	2.0	299	293	2.0
B	329.9	4.0	1,320	1,000	3.1
C	410.4	6.0	2,463	1,373	3.4
TOTAL	889.6	-	4,082	2,666	3.0

- A maximum of two dwelling units per acre from the 65 DNL to a ½ mile zone (Zone A).
- A maximum of four dwelling units per acre from the ½ mile to 1 mile zone (Zone B).
- A maximum of six dwelling units per acre from the 1-mile to 3-mile zone (Zone C).

The applicant evaluated the GDC for the project and will follow the policies related to maximum densities within each of the three zones defined above. Approximately 149.3-acres of land falls within Zone A, allowing for up to 299 residential units. Approximately 329.9-acres of land falls within Zone B, allowing for up to 1,320 residential units. Approximately 410.4-acres of land falls within Zone C, allowing for up to 2,463 residential units. In total, a maximum of 4,082 residential units are permitted within the Desert Trails project in accordance with the calculations provided above.

Table 2: Luke AFB GDC Density & Unit Count Analysis above provides the summary analysis of the Luke AFB density and unit count requirements per the GDC.

The applicant prepared and submitted a preliminary analysis of the GDC to Luke AFB for their preliminary review. Jenn Rahn, Senior Planner Community Initiatives Team provided a written e-mail response on May 2, 2023, indicating that upon initial review, the preliminary plans follow the guidelines of the GDC. After plans were formally submitted to the City of Surprise, Christopher P. Toale with Luke AFB reviewed the application and officially responded in a letter dated August 7, 2023 that the request for 2,666 units with a proposed density of 3.0 du/ac meets the GDC due to feathered densities across three zones identified on the site plan. See **Figure**

6: Luke Air Force Base Compatibility Map for the location of the various noise contours and density restrictions associated with them overlaid on the Desert Trails property.

2.11 Ford Proving Grounds Compatibility

The Applicant has coordinated closely with the Ford Proving Grounds (FPG) located immediately east of the Desert Trails property to ensure appropriate compatibility between the two uses. The Applicant has met with Bjorn Bondo, the FPG facilities representative to discuss the project and review the previous outdated buffer agreement based on the old PAD. It was agreed that a new letter agreement related to transitions and buffers between the two properties will be established to define the development conditions along the eastern edge of the Desert Trails property between Deer Valley Road and the Pinnacle Peak alignment.

The new agreement between the Desert Trails community and the FPG includes the following:

- 211th Avenue right-of-way and road will not be developed between the two properties in accordance with the City of Surprise. (Note that the easternmost 55' of land owned by the property ownership group is not currently within the City of Surprise. The Applicant does plan to annex into the City, but this land area has been excluded from the rezoning application. Rezoning of this land area is not necessary and will remain as equivalent zoning upon annexation.)
- Construct an eight foot (8') solid block wall (rather than the traditional 6' wall) along the eastern property line of Desert Trails between Deer Valley Road and the Pinnacle Peak alignment. (Note that the eastern 55' of the ownership group property is not being rezone, and therefore does not need

to meet the TND requirement for perimeter wall treatment as this portion of property is not zoned TND.)

- Limit the first row of homes along the eastern edge of Desert Trails between Deer Valley Road and the Pinnacle Peak alignment to single-story.
- Maintain a one-hundred-foot (100') building setback to the first row of single-story homes from the FPG boundary along the eastern edge of Desert Trails between Deer Valley Road and the Pinnacle Peak alignment.
- Provide landscaping within the eastern thirty feet (30') of the one-hundred foot (100') building setback, including shade trees that will provide additional visual and noise buffering at a minimum of every twenty-five feet (25') along the eastern edge of Desert Trails between Deer Valley Road to the Pinnacle Peak alignment. (Note this portion of the property is not included in the TND zoning application as it is not currently within the City of Surprise.)
- The developer shall include a homebuyer disclosure regarding noise.

55' of this 100' building setback from the FPG boundary is not included in this rezoning application, and will not contain any portion of a residential lot. However, it is still being included as a part of the buffer. The remaining 70' of the building setback beyond the 30' landscape buffer can be developed in a variety of ways, including but not limited to:

- Additional open space
- Local street connections and end tracts
- Cul-de-sac bulbs
- Sideyards, front yards and driveways as permitted under zoning at time of development
- Extended rear yards as permitted under zoning at time of development

A formal letter outlining this proposal along with graphic examples of the buffer was sent to Bjorn Bondo with FPG on June 15, 2023, from Jeff Blilie with Beus Gilbert McGroder. The Applicant recieved a response of approval from Bjorn Bondo on September 1, 2023.

3. PROPOSED ZONING AND DEVELOPMENT PLAN

3.1 Traditional Neighborhood Development (TND) Zoning & Overlay Districts

The property is currently zoned Planned Area Development (PAD) within the City of Surprise. With the City's newly adopted Land Development Ordinance (LDO), PAD is no longer an applicable zoning district. While PADs still exist within the City, staff has urged developers to transition to the new LDO as amendments are considered to existing PADs. As such, the Desert Trails project is proposing to rezone to Traditional Neighborhood District (TND), which was recommended by staff as the most appropriate zoning district for this property.

The TND zoning district provides an alternative district beyond the typical single use residential zoning categories. TND is a hard zone that is ready-made for master planned communities such as Desert Trails. Consistent and predictable development standards, a specific list of permitted land uses, and basic design standards are outlined in the LDO and throughout the Planning & Engineering Design Standards (PEDS) to ensure a well-designed and walkable multi-use development. This district provides flexibility to create a sense of place, allows a mix of land uses and blended densities, and allows for different building types to create neighborhoods that are more economically, socially, and environmentally sustainable that would otherwise be obtainable through conventional zoning and development methods. See **Figure 7: Zoning Map with TND Overlay Districts**.

The Desert Trails property meets all the required criteria for a TND zoning district as defined within **Article IV, Section 106-4.1. General** of the LDO. The Desert Trails TND will incorporate the following overlay zones within the overall TND zoning district:

- TND-R. The residential overlay is for those development parcels that are predominately designated for residential and the other neighborhood-oriented land uses listed in **Table 106-1c** and **Table 106-1d** of the LDO.
- TND-C. The commercial overlay is for those development parcels that are predominately designated for commercial land uses listed in **Table 106-1c** and **Table 106-1d** of the LDO.

- TND-OS. The open space overlay is for those development parcels that are designated as open space, to be retained in perpetuity as such, per the percentages required for the Desert Trails TND development. Uses shall be limited to those listed in **Table 106-1c** and **Table 106-1d** of the LDO.

It is important to note that the Desert Trails TND does not require or provide for the Mixed Use (TND-MU) overlay in accordance with **Footnote 5 of Table 106-4a** as the overall gross density of the project is less than four (4) du/ac.

3.2 Development Plan Summary

The Desert Trails development plan includes a balanced mix of TND-R, TND-C, and TND-OS as prescribed within the TND district regulations. This balance will provide for an appropriate mix of single-family and multi-family residential uses and densities that range from 2.0 du/ac up to 20.0 +/- du/ac, commercial and retail/service uses, civic uses including a school site and public trailhead, parks, trails and open space uses. The land uses are organized based on the overall opportunities and constraints affiliated with the property. These include the overall regional transportation and circulation system, community access points, significant drainage corridors including the Trilby and Iona Wash corridors, perimeter buffers where appropriate, surrounding land uses, transition of densities, internal circulation, walkability, and connectivity of the overall development plan. This all culminates in a well-designed community master plan that encourages walkability, provides for a sense of place, and allows for a mix of uses and residential densities that will create a mixed-use community that is economically, socially, and environmentally sustainable.

The most significant natural features driving the overall development plan are the Trilby and Iona Wash corridors that bisect the site from the northwest to the southeast. These wash corridors create significant limitations for roadway and pedestrian connectivity along the perimeter and interior of the development due to the significant size and flow of these major wash corridors. As such,

roadway circulation and connectivity are limited to minimize the crossing of these wash corridors, limiting the impact of disturbance of these natural features and the flora and fauna that inhabit them, as well as minimizing cost of major culvert/bridge crossing structures. This approach of limiting roadway crossings, maintaining the natural desert environment within the designated floodway, and providing a 75' transitional buffer area as permanent open space supports the City and community's goal of preserving these important habitat corridors within the development.

The commercial and multi-family parcels are located along the major roadways to ensure high visibility, access and to provide an appropriate transition to the remainder of the residential development. Two parks, one public and one private, are located for easy access both from internal roadways as well as connected to the primary wash corridors to ensure trail connectivity to the regional trail system.

The school is at the intersection of the two collector roadways internal to the development to encourage walkability and ensure multiple access points for effective circulation and visibility, while keeping the school off the major arterial roads along the perimeter of the development.

The remaining parcels include single-family residential uses of varying densities and lot sizes that will all be connected through the community open space and trail system to promote walkability and motorized and non-motorized community connectivity. See **Figure 8: Development & Open Space Plan** for a graphic depiction of the overall land use and open space system for the Desert Trails community.

3.3 Zoning District Overlay Designations

3.3.1 TND-R: All TND-R developments are required to provide a minimum of three distinctly different lot categories to create diverse subdivisions with a multitude of housing types.

Desert Trails proposes the following four (4) lot categories and estimate ranges but reserves the right to modify and/or utilize additional Lot Categories found in Table 106-4b of the LDO if a minimum of 20% of the total residential units within the development are provided within three distinct lot categories. Note that since four (4) lot categories are provided in **Table 3: Projected Lot Categories per LDO Table 106-4B**, any one individual lot category can drop below 20% so long as collectively, there are three combined categories that provide a minimum of 20%.

Single-Family Residential: The project proposes approximately 530.4-acres of single-family residential throughout the site as indicated on **Figure 8: Development & Open Space Plan**. The projected unit count proposed in these areas is 1,854 units. The above numbers are approximate, and the total acreage and unit count will vary as permitted within the TND District regulations and will be determined during the platting of the property on a phased basis over time.

Multi-Family Residential: The project proposes approximately 80-acres of multi-family residential uses, with all parcels located adjacent to Deer Valley Parkway or 219th Avenue as indicated on **Figure 8: Development & Open Space Plan**. Within the multi-family residential designation, individual parcel densities will generally range from approximately 6 du/ac to 20 +/- du/ac. The projected unit count proposed in these areas is approximately 812 units. The above numbers are approximate, and the total unit count will vary as permitted within the TND District regulations and will be determined during the platting of the property and/or site planning of the property on a phased basis over time.

School/Civic Use: An approximate 16.6-acre school site will be provided under the TND-R overlay district. The proposed K-8 school site is in the northern portion of the site at the intersection of the two collector roadways, providing excellent visibility and access within the community. The school is also located immediately north of the proposed community park, providing for a community-wide amenity within proximity of the school. The size and location of the school site has been coordinated with and reviewed by the Wickenburg School District to ensure it meets the long-term needs of the district. A letter of support dated September 28, 2023 from Dr. Remondini, Superintendent of Wickenburg School District has been provided to the Applicant and the City confirming support for the size and location of the school site. Further, this school site will serve as a civic use as required within the TND ordinance.

3.3.2 TND-C: Commercial Parcel: The intent of the TND-C designation is to provide commercial uses that support the needs of the community in an integrated fashion that is compatible with the surrounding residential neighborhoods.

Per FS23-0586 stipulations D and E, the Desert Trails development is required to provide 23.0 acres of TND-C designated property. Two commercial parcels are provided, totaling 23.0-acres, which are both along 219th Avenue, providing convenient access both to Deer Valley Road and to Sun Valley Parkway. A 20.0 acre community-scaled commercial parcel is located at the northeast corner of 219th Avenue & Deer Valley Road. This location is ideal for providing both local and community-wide access to commercial and retail services which will support the growing population in this area of Surprise. A second smaller 3.0 acre parcel is proposed at the Southeast corner of 219th Avenue and the Pinnacle Peak alignment with the use restricted to public safety only.

TABLE 3: PROJECTED LOT CATEGORIES PER LDO TABLE 106-4B ⁽¹⁾

B (40' MIN)	C (48' MIN) ⁽²⁾	D (65' MIN) ⁽²⁾	G (MF)	TOTAL	TOTAL GROSS DENSITY
3,500-4,949	4,950-7,999	8,000-11,999	16,000+	-	
727	800	327	812	2,666	3.0
27%	30%	12%	30%	100%	

⁽¹⁾ The lot count and percentage distribution represented on the table is approximate and will likely change as the project is developed over time. As indicated above, the project will commit to a minimum of three different combined Lot Categories as further defined within Section 4, Regulatory Standards, Clarifications and Deviations.

⁽²⁾ The lot width standards for categories C and D are being revised per the deviation request.

3.3.3 TND-OS: Community Open Spaces: Open space is required at a ratio of 0.03 acres per dwelling unit in TND developments. The proposed unit count of 2,666 equates to a requirement of 80.0 acres under the TND-OS overlay. Due to the onsite convergence of the Iona and Trilby washes, Desert Trails will be providing a significantly higher quantity of open space, equating to approximately 213-acres zoned as TND-OS. This area includes both washes, as well as an approximate 25-acre park and public trailhead located south of Deer Valley Parkway. The public trailhead will serve as an additional civic use as permitted by the TND district.

In addition to the TND-OS overlay district, supplementary open space and recreation areas will be incorporated and detailed further within the TND-R neighborhoods as development occurs. The open space program will include one community park north of Deer Valley that is approximately ten to fifteen acres, and several smaller local parks/active open space areas that are integrated into each neighborhood and generally within a ¼ to ½ mile walking distance to all residents within the community. Neighborhood parks will include a combination of passive and active amenity types that may include shaded seating areas, limited turf areas, dog parks, sport courts, ramadas, BBQs, tot lots, trails, and walking paths. The community and neighborhood parks, trails and trailhead are envisioned to be connected by open space and/or trail corridors providing a usable open space area network with the community that serves the entire development.

Three trail types in conformance with the City of Surprise Park and Recreation Master Plan are proposed for the development, including a Regional Path, Community Paths, and Local Paths. The Regional Path is located along the east edge of the Trilby Wash corridor. This will provide future regional trail connections to the north and south of the property, and access to the proposed trailhead. The Community Paths are proposed in three locations in the general location as shown on the City's Trails Master Plan. The FPG provides a barrier to the northeast. For this reason, one of the trails has been located along the southern side of Deer

Valley Road within the development in an east/west direction, and two have been designed in a north/south configuration: one along the eastern perimeter buffer, and one within the western wash corridor. These community trails are intended to provide future connection opportunities to adjacent properties, and precise alignments will be determined during the platting process. The Local Paths are provided to connect from the Regional Path to the various residential parcels and parks within the development. See **Figure 8: Development & Open Space Plan** for a graphic depiction of the overall open space and trail system.

In addition to **Figure 7: Zoning Map with TND Overlay Districts** and **Figure 8: Development & Open Space Plan**, **Table 5: Land Use Data Table** is provided on the following page. Table 5 provides further details on the overall land use designations within each of the TND Overlay Districts, including a breakdown of TND overlay districts, land uses and Lot Categories by parcel, gross parcel acreages, and projected unit count by parcel. While not regulatory, the purpose of this table is to demonstrate how the overall land use plan conforms to the requirements of the TND regulations and provides additional site data on a parcel-by-parcel basis. Pursuant to the TND regulations, each individual parcel defined within Table 5 may be adjusted so long as any parcel adjustments are within the same TND Overlay District. This will allow for flexibility among end users to shift parcel lines to accommodate individual subdivisions and/or site plans while maintaining the overall TND Overlay District requirements as the project is developed over time.

TABLE 4: LAND USE DESIGNATION SUMMARY

ZONING	GROSS AC.
TND-C	23.0 AC.
TND-OS	212.5 AC.
TND-R	644.1 AC.
TOTAL	879.7 AC.

TABLE 5: LAND USE DATA TABLE

PHASE	DEVELOPMENT UNIT	LAND USE CATEGORY	ZONING	GROSS AC.	LOT CATEGORY PER LDO	PROJECTED RESIDENTIAL UNITS
1	A	SFR	TND-R	56.3	B	252
	B	SFR	TND-R	25.4	C	96
	C	SFR	TND-R	34.5	C	150
	D	SFR	TND-R	31.6	B	134
Phase 1 Subtotal:				147.8		632
2	E	SFR	TND-R	33.6	C	133
	F	Wash	TND-OS	48.1	-	-
	G	Park	TND-R	16.8	-	-
	H	SFR	TND-R	38.3	C	147
	I	SFR	TND-R	56.6	D	142
	J	School	TND-R	16.6	-	-
	K	SFR	TND-R	42.1	D	110
	L	Wash	TND-OS	10.6	-	-
Phase 2 Subtotal:				262.7		532
3	M	Comm.	TND-C	3.0	-	-
	N	SFR	TND-R	30.9	D	75
	O	SFR	TND-R	43.7	C	159
	P	SFR	TND-R	36.1	C	115
	Q	SFR	TND-R	33.2	B	129
	R	Park	TND-OS	24.9	-	-
	S	Wash	TND-OS	90.0	-	-
	T	SFR	TND-R	41.4	B	152
	U	MFR	TND-R	17.6	G	284
Phase 3 Subtotal:				320.8		914
4	V	Comm.	TND-C	20.0	-	-
	W	SFR	TND-R	26.7	B	60
	X	Wash	TND-OS	38.9	-	-
	Y	MFR	TND-R	18.1	G	113
	Z	MFR	TND-R	19.1	G	134
	AA	MFR	TND-R	25.5	G	281
Phase 4 Subtotal:				148.4		651
TOTAL:				879.7		2,666

3.4 Circulation and Access

As a result of extensive discussions with the City of Surprise Transportation and Planning staff, some modifications are being proposed to the roadway system immediately adjacent to the Desert Trails property. The following is a summary of the agreed upon roadways alignments and classifications within and adjacent to Desert Trails.

Deer Valley Parkway: Deer Valley Parkway is designated as a modified parkway corridor with a 136-foot right-of-way consistent with a major arterial, but to increase capacity and limiting turning conflicts, access points are limited to the approximate ¼ mile locations, generally consistent with parkway standards. Due to the location of the wash crossings, the precise location of access points off Deer Valley Parkway will be adjusted as appropriate to avoid impacts to the washes and may stray slightly from the ¼ mile location points. Improvements to Deer Valley Parkway will extend east from the subject site to 195th Avenue where it will connect with existing improvements, ultimately connecting to Grand Avenue to the east, and extending to the Buckeye municipal border and beyond to the west.

219th Avenue: 219th is designated as a minor arterial road with a 110' full right-of-way. Prior to this development application, 67.5-feet of right-of-way was dedicated on the east side of 219th Avenue, providing more than the 55' required for the east side ½ street ROW necessary for this roadway. The Applicant will coordinate with the City to determine if the additional dedication of 12.5-feet of right-of-way not needed for the ultimate build-out of 219th Avenue can be abandoned and included within the Desert Trails property. Improvements to 219th Avenue will extend south from the site to the Beardsley Road alignment and will ultimately connect to Sun Valley Parkway.

Internal High-Capacity Collector: A 105' high-capacity collector road (Collector Road A) is proposed to the east of the Trilby Wash, connecting Deer Valley Parkway to the northern edge of the property, providing localized access through the site. Additionally, this provides a new improved access point for the rural properties to the north of the site that currently use unimproved dirt roads as their primary access.

Internal Residential Collector: An 80' residential collector road is proposed to connect Road A to 219th Avenue and will cross the Trilby Wash internal to the development (Collector Road B). This road will connect the east and west sides of the Trilby Wash via a dry crossing and will provide additional localized access through the development.

211th Avenue alignment and Pinnacle Peak alignment: Due to existing conditions within and adjacent to the property, including the Trilby Wash, Ford Proving Grounds and Luke AFB Auxiliary Field, 211th Avenue and Pinnacle Peak Road will not extend adjacent to the property. All north/south and east/west connections will occur internal to the Site as described above.

3.5 Drainage Report Summary

A Conditional Letter of Map Revision (CLOMR) will be prepared to revise the Special Flood Hazard Areas (SFHA) per Federal Emergency Management Agency (FEMA). This effort will refine the wash areas and seek to designate more areas of the property as Zone X for which lots can be constructed. Minor washes that reside within the site will be routed using methods such as channelization to help maintain existing flows as they enter the site and discharge them in their historic locations on the downhill sides. All wash areas will be designed in accordance with the PEDS and LDO. Onsite flows will be collected within local roadways, conveyed to storm drain systems which will outfall into retention basins throughout the site. Per City guidelines the retention basins will be sized for 100-year, 2-hour storm events but the project will seek a waiver for a pre-vs-post retention condition for retention basins that adjoin the major wash corridors.

3.6 Wildlife Linkage Corridor

The majority of the subject property is covered by a Wildlife Linkages Corridor Overlay. In conformance with the Conservation Element of the City's General Plan, this property will develop with wildlife friendly regulations and ensure that identified wildlife corridors are protected as described in Section 104-2 of the LDO. An Environmental Inventory Plan will be provided in the Preliminary Plat stage to identify the extent of environmentally sensitive features present on the site that are to be protected.

A culvert crossing under Deer Valley Parkway will be provided that will serve as drainage conveyance, a wildlife corridor crossing, and pedestrian crossing of Deer Valley Road. This installation will aid in facilitating north/south wildlife migration through the property. The pedestrian crossing will be provided to facilitate a grade-separated crossing away from traffic along the regional trail corridor crossing Deer Valley Road.

3.7 Water and Sewer Infrastructure

Water service will be provided to the Property by the City of Surprise. Distribution lines will be designed throughout the project based on City design criteria to provide water to Desert Trails parcels. Offsite infrastructure may be required and will be dependent on existing facilities at the time of final design and construction. At this time, existing water facilities extend from the Surprise Foothills Water Campus east along Deer Valley Road to 227th Avenue before turning south to service Mesquite Mountain Ranch. A waterline extension will be required from the existing limits of the system to the western boundary of the project at 219th Avenue. Waterline improvements will be required such that a looped water system is provided to the project.

Sewer service will be provided to the Property by the City of Surprise. Distribution lines will be designed throughout the project based on City design criteria. Onsite flows will generally consist of 8-inch sewer lines which will convey the wastewater to 219th Avenue, internal collector roads or through local roads with the ultimate outfall being the existing 30-inch sewer line within Deer Valley Road. From there the existing system will convey the wastewater along Deer Valley Road east for distribution to the SPA 3 Developer Wastewater Facility.

3.8 Preliminary Phasing

Desert Trails is a large master planned community at almost 900-acres, and as such, will be developed in several phases over many years. To properly plan for local and regional infrastructure, a preliminary phasing plan has been developed to assist in guiding the development over the next 10-20 years. While the phasing plan is not regulatory, and changes to phasing can be made without triggering an amendment to the TND zoning, the preliminary phasing plan will be the basis for phased infrastructure and development planning. Each phase will have at least two points of access, in compliance with transportation and fire requirements. If the phasing plan changes significantly over time, updates to the phased improvements will need to be considered as the various development plans and platting is processed through the City of Surprise through an administrative review process. See **Figure 9: Preliminary Phasing Plan** for a visual depiction of the proposed project phasing.

It should also be noted that Parcels Y, Z, and AA, all medium or high-density residential development parcels, can be developed at any time between Phase 1 and Phase 4 based on market conditions. The Phase 1 improvements will allow these parcels to develop.

4. REGULATORY STANDARDS, CLARIFICATIONS & DEVIATIONS

Desert Trails will follow the regulatory development standards as defined within Part II – Land Development Ordinance, Chapter 106 – Zoning and Use Standards, Article IV, Traditional Neighborhood Development (TND) Zoning Districts of the Land Development Code and the Planning & Engineering Design Standards (PEDS) as modified through this TND zoning application. One of the provisions within the TND district is the ability to propose alternatives to the regulatory standards if the alternative meets the intent of the TND district or PEDS. The section below will identify any clarifications and/or deviations proposed to the standards that the applicant has uncovered through this zoning process. Other than items defined below, the intent is that Desert Trails will conform to the standards as defined in the TND district, with the acknowledgment that as the project is developed over time, if additional clarifications and/or interpretations are necessary, Staff and the developer will work together cooperatively to resolve them based on the reasonable intent of the standard.

Section 106-4.2 B: TND Development Standards references the required Overlay Districts to be included within the Development.

The Desert Trails community will provide the required mix of TND-R, TND-C, and TND-OS per the TND ordinance and modified by City Council stipulations. Desert Trails will not provide TND-MU as permitted in the TND ordinance as the overall gross density of the project will be less than 4 du/ac.

Section 106-4.2 C.3: TND Required Mixture of Land Uses, Subsection C.3 requires varying lot size to prevent homogeneous subdivisions filled with repetitive housing types. Desert Trails shall comply with the requirement that three distinctly different lot categories as defined per Table 106-4b be provided that meet the following criteria:

- a. A minimum of one thousand five hundred (1,500) square foot differential in lot area.

This standard shall apply to all single-family detached residential platted subdivisions within the overall community. Lot sizes will likely range

from 4,945 square feet up to over 9,000 square feet, though final lot sizes will be determined at the time of platting. No deviation required.

- b. A lot width differential of at least twenty (20) percent:

This standard shall apply to all single-family detached residential platted subdivisions within the overall community. Lot width will likely range from 42' wide to 70' wide or wider. This represents an over 60% differential in lot width from smallest to largest, far exceeding this requirement. No deviation required.

- c. No one (1) lot category shall comprise more than sixty percent (60%) of the total number of residential lots within a TND development and each of the three (3) lot categories must individually comprise a minimum of twenty percent (20%) of the total number of residential lots within a TND development.

A total of four (4) Lot categories are proposed within Desert Trails, including Categories B, C, D, and G. The project will meet the standard by providing at least 3 lot categories of no less than 20% and no more than 60% of any one lot category to avoid too much or too little of any one lot category. No deviation required.

- d. Alternatives to these criteria may be approved as part of the TND plan of development if the proposed alternatives meet the intent of the lot diversity criteria.

Clarification to this standard as it relates to Desert Trails regarding the location and configuration of the mix of lot categories and sizes. There will be a mix of lot sizes within each phase of development, but the requirements for the overall mix and ratio will be based on full build-out, not each individual phase. Additionally, the mix of lot sizes can occur by individual platted subdivision or intermixed within a platted subdivision as referenced in the PEDS Section 2.1.K.

TABLE 6: REQUIRED OPEN SPACE ACREAGE		
GROSS ACRES	TOTAL DWELLING UNITS	OPEN SPACE
879.7	2,666	0.03 ac/du
Required		80.0
Approximate Provided		216.1

Section 106-4.2 C.4: TND Required Mixture of Land Uses, Subsection C.4 regulates the minimum amount of certain land uses based on overall residential unit count. While the overall unit count will likely vary as the project is developed over time, Desert Trails will fully comply with the requirements of this section as follows:

Civic Use: While only one (1) main civic use is required, Desert Trails will provide two civic uses, including a school site donation for a new K-8 school to be developed by the Wickenburg School District, and a public trailhead to be built by the developer and dedicated to the City. No deviation required.

Open Space: 0.03 ac/du is required. Desert Trails will far exceed this requirement based on the projected unit count. No deviation required.

The TND ordinance requires a prescribed amount of open space acreage based on the total dwelling units provided within the development. While the total unit count may vary as the project is developed over time, an initial estimate of the total unit count has been used for purposes of evaluating the projected requirement for open space acreage.

Table 6: Required Open Space Acres demonstrates the required and provided open space acreage based on the estimated 2,666 total dwelling units proposed within Desert Trails.

Table 106-4b – Development Standards for TND-R Parcels

1. **Deviation:** Reduce the Minimum Lot Width in Lot Category C from 50' to 48'.

Justification: Lot Category C has a Lot Area in square feet requirement of between 4,950 – 7,999 square feet, and a minimum lot width of 50'. The proposed lot area within this category includes a mix of 5,520 square feet (based on 48' x 115' lot size), and 6,360 square feet (based on 53' x 120' lot size). To meet the minimum 50' lot width requirement within a category of minimum 4,950 square feet, the lot depth would need to be 99' deep, which is not a realistic lot size based on current market demand. Concurrently, if we include this lot size in Category B which allows a narrower lot width, we will exceed the maximum lot area requirement of 4,949 square feet. Based on this analysis, a proposed 48' x 115' lot size, which is a standard lot size for homebuilders, does not fit into either of the Lot Categories as defined in the LDO. As such, we are proposing to reduce the Lot Width within Category C from 50' to 48' to allow this lot size within the appropriate Lot Category based on Lot Area in square feet.

2. **Deviation:** Reduce the Minimum Lot Width in Lot Category D from 70' to 65'.

Justification: Lot Category D has a Lot Area in square feet requirement of between 8,000 – 11,999 square feet, and a minimum lot width of 70'. The proposed lot area within this category includes a mix of 8,125 square feet (based on 65' x 125' lot size), and 9,100 square feet (based on 70' x 130' lot size). To meet the minimum 70' lot width requirement within a category of minimum 8,000 square feet, the lot depth would need to be 114' deep, which is not a realistic lot size based on current market demand. Concurrently, if we include this lot size in Category C which allows a narrower lot width, we will exceed the maximum lot area requirement of 7,999 square feet. Based on this analysis, a proposed 65' x 125' lot size, which is a standard lot size for homebuilders, does not fit into either of the Lot Categories as defined in the LDO. As such, we are proposing to reduce the Lot Width within Category C from 70' to 65' to allow this lot size within the appropriate Lot Category based on Lot Area in square feet.

3. **Deviation:** Reduce the minimum average area per dwelling unit from 2,500 square feet to 2,000 square feet within Lot Category G.

Justification: The 2,500 square feet average area for Lot Category G, Multi-Family, translates to an overall density of 17.4 dwelling units per acre. This would not permit a traditional 2-3 story multi-family development such as garden-style apartments. To allow this type of development within Desert Trails, reducing the minimum average square feet to 2,000 square feet would allow up to 21.8 dwelling unit per acre, consistent with traditional garden-style apartments which may be in demand in the Desert Trails community. This change will not impact the overall residential unit count proposed for the development.

PEDS Standards and Deviations:

Below are various PEDS standards that are proposed to be modified through the Desert Trails TND as summarized below.

Section 2.1 K General Land / Site Design & Development: *TND shall provide blended density residential neighborhoods that provide for and encourage different housing types (i.e., detached single-family, attached product, duplex, townhome, shared court, shared cluster, mansion apartment, live/work) and varying lot sizes within the same residential development parcel(s) and preferably on the same street rather than separating housing types by whole neighborhoods.*

Deviation: The requirement for blended densities within the same platted subdivision and/or same street is optional within Desert Trails, but a mix of densities and product types is required per the minimum of three Lot Categories as required within a TND development.

Justification: Desert Trails will exceed the requirements for a mix of Lot Categories and Lot Sizes, promoting the PEDS goal for a variety of housing types. However, since Desert Trails is in a suburban, not urban context, various densities may be provided on a parcel-by-parcel basis. Each parcel will be interconnected with a comprehensive trail system to promote walkability, connectivity of open spaces and community amenities.

Section 2.3 C. 4: Circulation Design Standards to TND: *The creation of new dead-end streets shall not be permitted in a TND Development. All thoroughfares shall terminate at other thoroughfares, forming a network. Internal thoroughfares shall connect wherever possible to thoroughfares on adjacent sites or developments, except when constrained by topography.*

Deviation: cul-de-sacs or dead-end streets shall only be allowed when site constraints necessitate their use.

Justification: Due to the unique constraints on the site, including the Trilby Wash flowing through the center of the property, and the Ford Proving Grounds limiting roadway connectivity to the east, some cul-de-sacs may be necessary based on the overall community design.

2.6 A.2 a: Edge Treatment: *New residential development proposed for the edge of the urbanized area of the City shall buffer and transition from existing adjacent agricultural or rural development. Any increased density shall be designed inward onto the new project and/or along the shared urbanized edge.*

a. *Buffer the existing established neighborhood using a landscaped open space tract that is a minimum of one-hundred feet (100') in width along the perimeter between the two neighborhoods.*

Deviation: Along the western edge of the property, a minimum 100' buffer will be provided from the section line, including a 67.5' roadway right-of-way for the east half of 219th Avenue, plus an additional 32.5' open space tract for a total of 100'. Additionally, when 219th is built out in the future, an additional 55' of ROW will be provided along the western half-street, for a total of 155', providing for over 150% of the total buffer requirement along the western edge. Additionally, a 100' buffer will be provided for the +/-330' portion of the northern boundary where there are existing rural residential lots within the WBJ Estates Rural Subdivision. This standard shall not apply to the eastern, southern, or undeveloped remainder of the northern perimeter.

Justification: The only edges of the Desert Trails project adjacent to agricultural or rural development is the western edge and a small portion of the northern edge. The southern (confluence of the Trilby and Iona washes), and remainder of the northern (future employment, currently zoned Rural Residential) edges are not adjacent to agricultural or rural residential development and thus no additional buffer is needed. The eastern perimeter adjacent to FPG is not within the City or the TND district, therefore this standard does not apply.

2.6 B.1 and 3, Additional Edge treatment for TND: 1)

The exterior boundary for a TND development shall be designed in a manner that provides fifty percent (50%) of the frontage to the greater community that are something other than typical privacy perimeter walls, including but not limited to, open space areas, civic space land uses, mixed use and multi-family land uses.

Deviation: This standard shall apply to the western boundary, southern boundary, and the +/-330' portion of the northern boundary where there are existing rural residential lots within the WBJ Estates Rural Subdivision. This standard does not apply to the remainder of the northern boundary or the eastern boundary.

Justification: Along the eastern boundary the Ford Proving Grounds has requested a solid perimeter wall along the entire property line to ensure visual privacy of the proving grounds property. Since the eastern 55' of land area adjacent to Ford Proving Grounds is not within the City or the TND district, therefore this standard does not apply to the eastern perimeter. The majority of the northern perimeter is undeveloped with no roadway provided and, although currently zoned as Rural Residential, is ultimately planned as future employment and/or other non-residential uses, so this standard does not provide any community benefit.

PEDS Section 2.6.D Edge Treatment & Transition.

Screening: *In order to promote a more "visually friendly" and open community, the construction of long, unbroken and monotonous expanses of six foot (6') high, solid fences and stucco walls around the perimeter of new single and/or multi-*

family residential developments is strongly discouraged. If perimeter walls are provided, they shall be designed to include: changes in the surface plane of the wall or fence; variable heights; articulated recesses and wall offsets sufficient in depth to permit landscape pockets for the planting of significant clusters of mature trees and shrubbery.

Deviation: This standard shall be modified for the eastern perimeter between Deer Valley Road and Pinnacle Peak Road due to the security and privacy agreement between the developer and the Ford Proving Grounds property immediately east of the site. The modification removes the requirement for a change in the surface plane of the wall or fence and will allow for a continuous eight foot (8') tall solid wall along this entire boundary as agreed to between the developer and Ford Proving Grounds (FPG) to ensure appropriate privacy and security to the FPG property. In order to mitigate these requirements, the developer shall incorporate design elements to break up the monotony of the wall, which may include (but not limited to) one or more of the following: Columns at least every 100 feet that provide pop-outs to break up the wall plane; variation on wall materials, such as the use of smooth and split face block; variations on color or material to provide variation to the wall; dense pockets of landscaping periodically to break up the wall plane; other design techniques that serve to break the monotony of the long wall plane as proposed during the platting process.

Justification: FPG has been operating on their property for years with the benefit of no adjacent development. With the Desert Trails community bring new homes and residents to the area, they have concerns related to the privacy and security of their testing facility, and have requested that we provide a solid, eight-foot (8') block wall along their entire western property boundary where adjacent to the Desert Trails community. Additionally, they have requested a minimum 100' buffer, with no homes within this buffer area and a minimum of 30' of landscaping within the easternmost portion of this area. The eastern boundary does not provide for any public right-of-way, visibility, or access between the two developments. Undulations in the wall would create safety, security, and

maintenance concerns as there is no connectivity between the two private properties, and it would create hidden gaps between the existing FPC fence and the new proposed block wall. To ensure the design of the wall is enhanced on the Desert Trails side to meet the intent of this standard, the developer will provide mitigation such as what is suggested above.

5. CONCLUSION

The proposed TND rezoning application seeks to encourage future development consistent with the City's 2035 General Plan, the City of Surprise LDO and PEDS, current market demands for the area, compatibility with surrounding developments, while also setting a precedent for the use of the TND zoning district in the City of Surprise in a more suburban setting. The project team has coordinated with City staff regarding the regional transportation system and proper application of TND zoning in a rapidly growing area of the City of Surprise. The proposed development plan is designed to offer a broad mix of housing types appropriate for the area with a range of densities permitted within the neighborhoods land use designation, along with an appropriate mix of commercial services, civic uses and natural and improved open spaces; all interconnected with a comprehensive trail system.

The TND development is intended to ensure a well-designed and walkable mixed-use development with flexibility to create a sense of place, variety of building types, and interconnected neighborhoods that are economically, socially, and environmentally sustainable. The proposed plan will provide opportunities to reduce automobile trip demand based on the mix of uses and interconnected trail system; provide for a wide variety of residential uses to accommodate diverse family sizes, age groups, and income levels; promote a range of commercial uses focused on meeting the daily needs of the residents while being compatible with the residential neighborhoods; provide civic uses to promote social sustainability; promote walkability and healthy lifestyles through its trail system and recreational open spaces; and achieve design excellence that will enhance the unique character of the Desert Trails community and the City of Surprise.

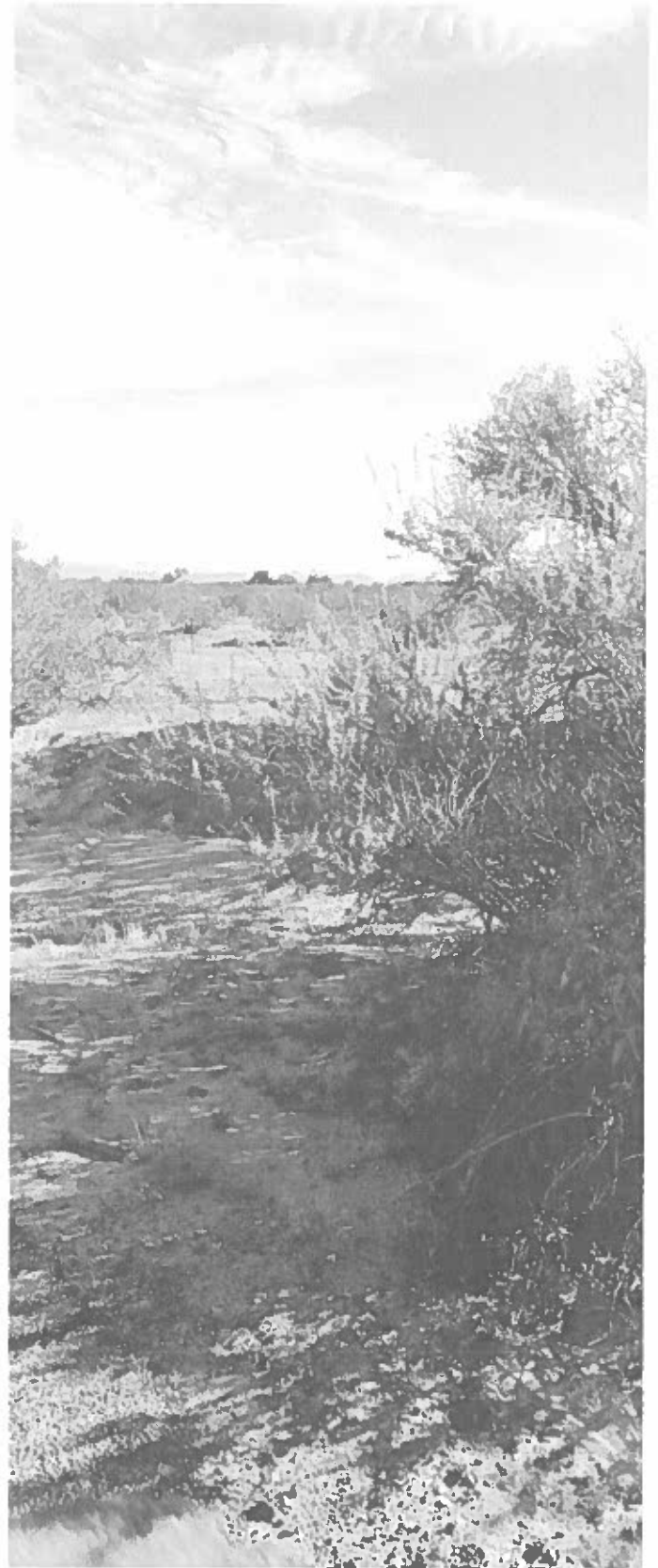


FIGURE 1: REGIONAL VICINITY MAP

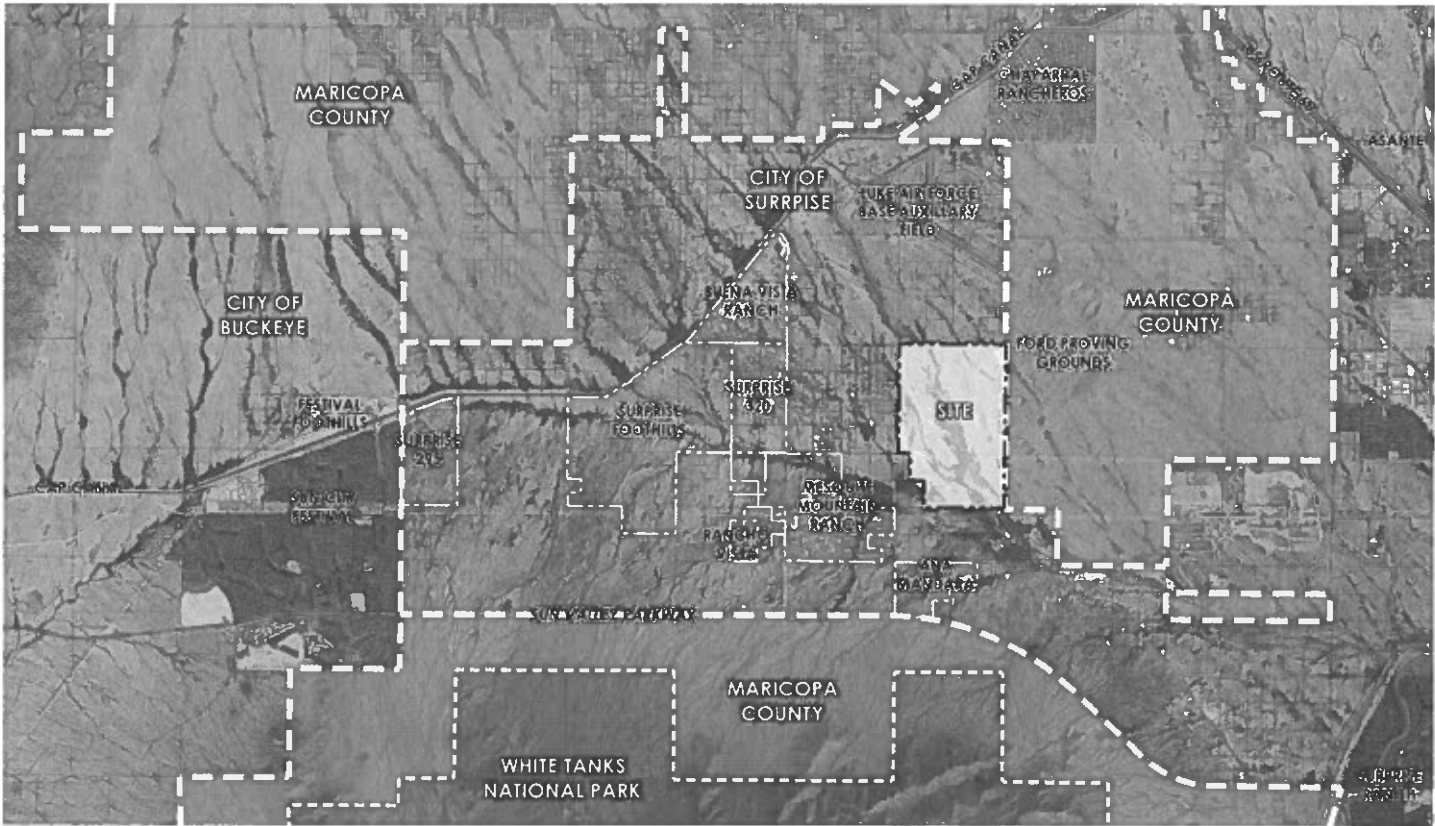


FIGURE 2: AERIAL PHOTOGRAPH OF SITE

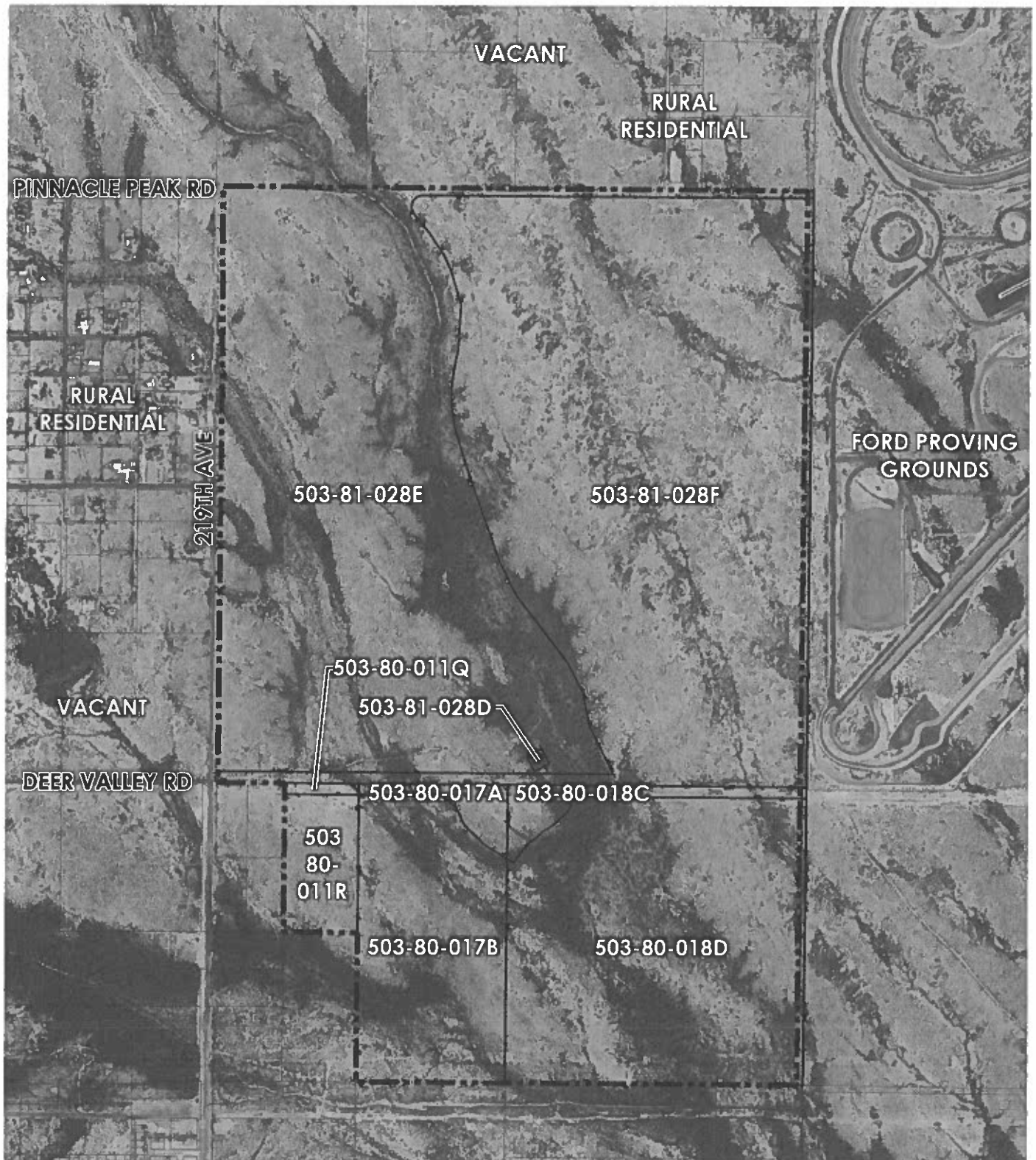


FIGURE 3: EXISTING GENERAL PLAN LAND USE MAP

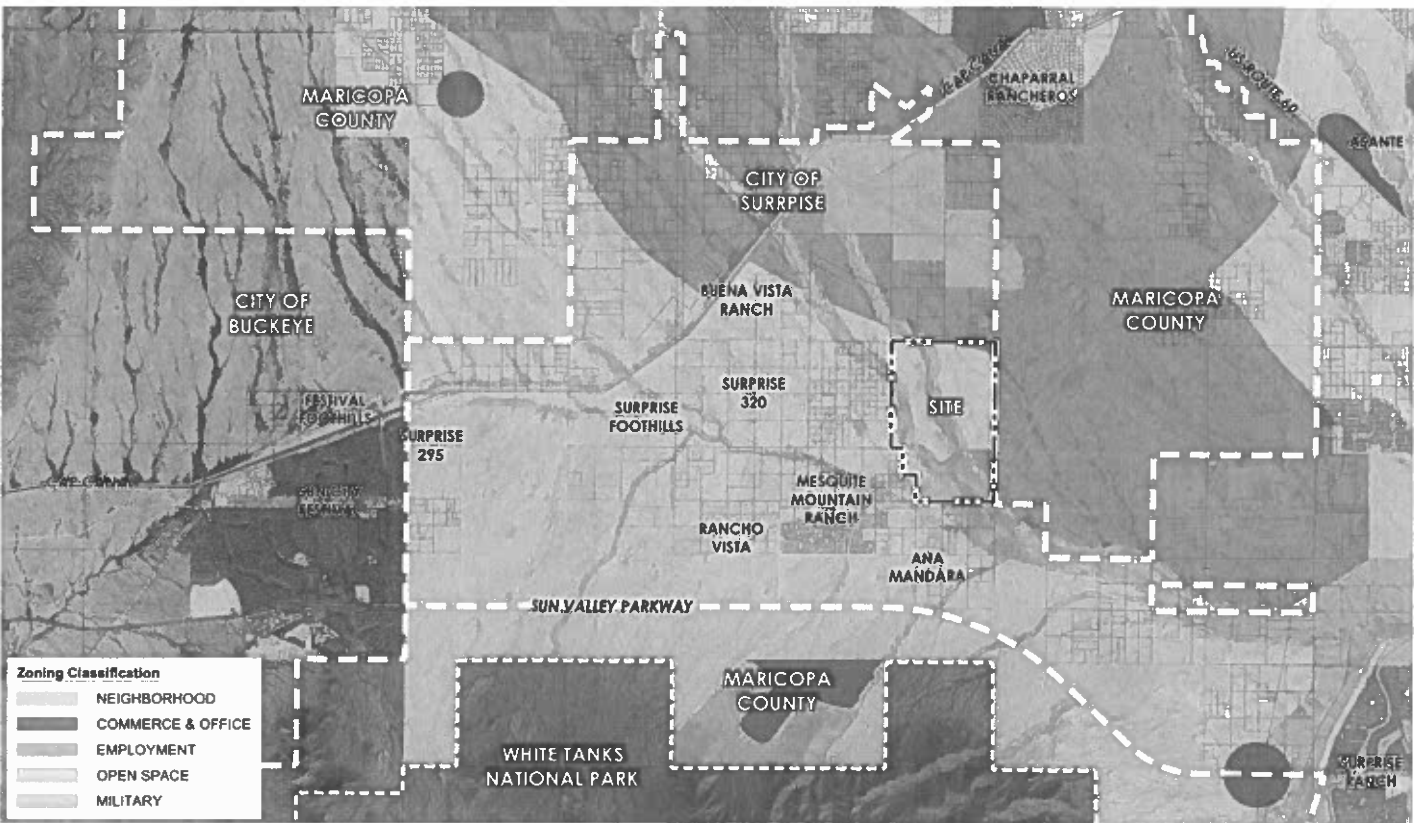


FIGURE 4: EXISTING ZONING MAP

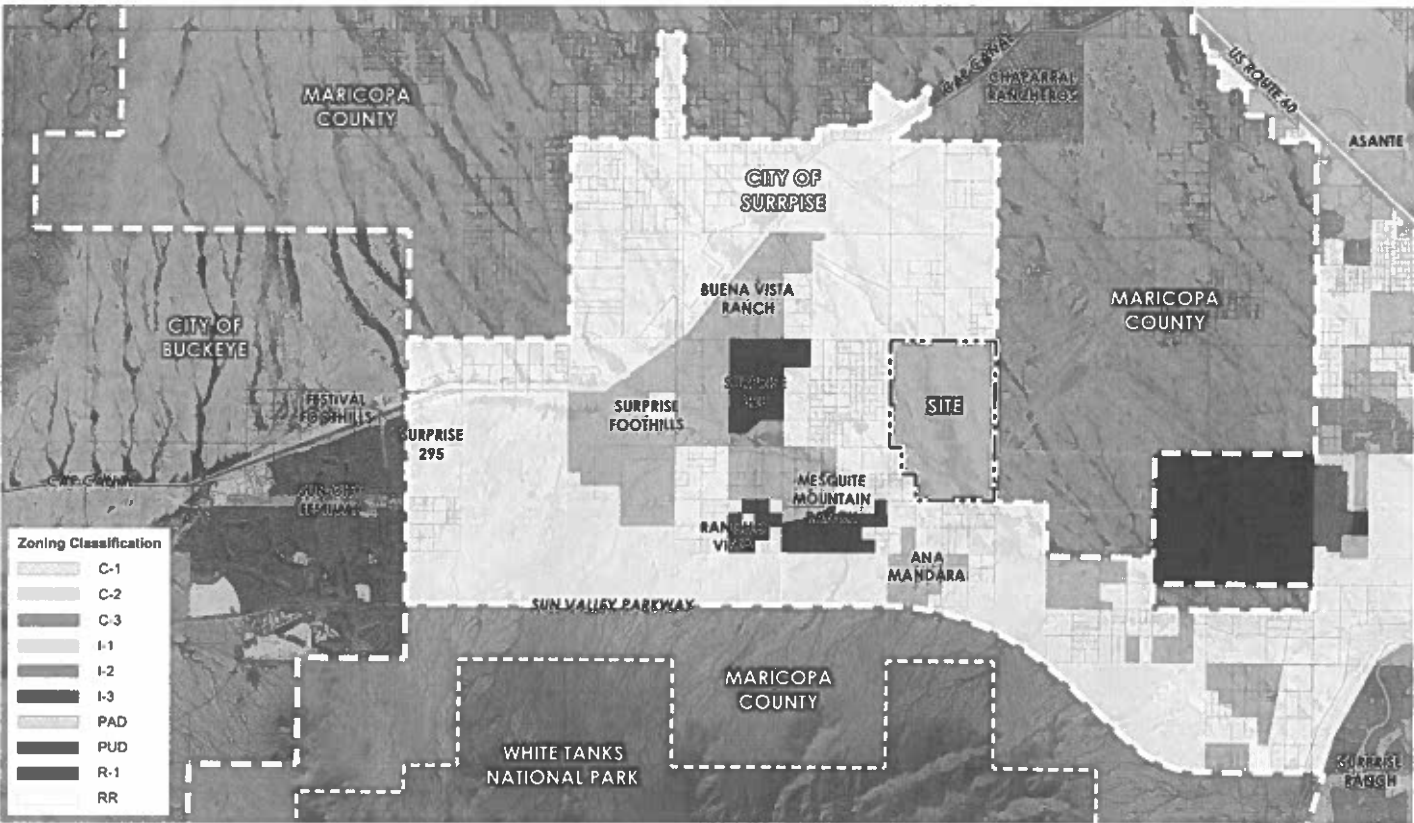




FIGURE 6: LUKE AIR FORCE BASE COMPATIBILITY MAP

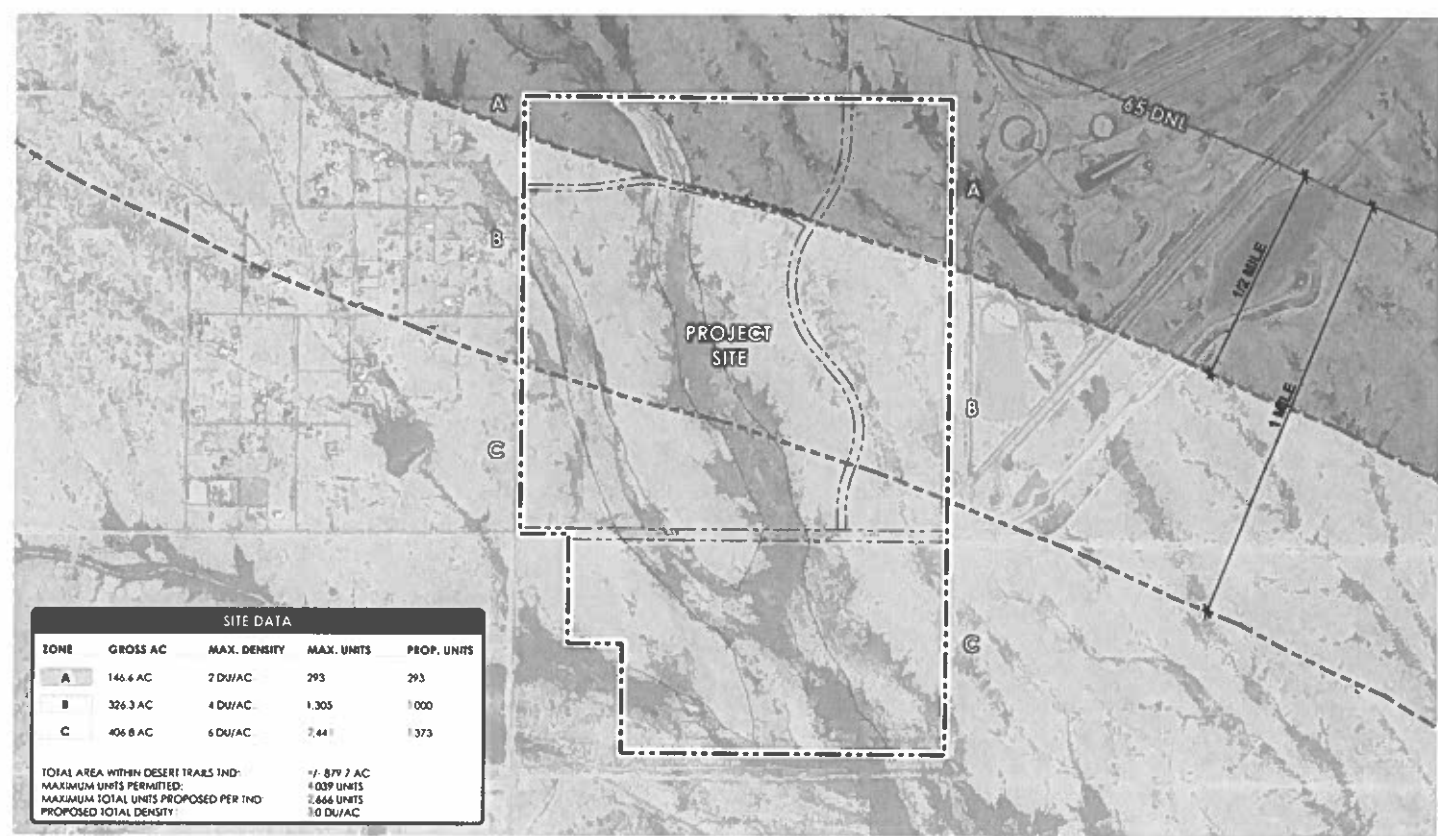


FIGURE 7: ZONING MAP WITH TND OVERLAY DISTRICTS

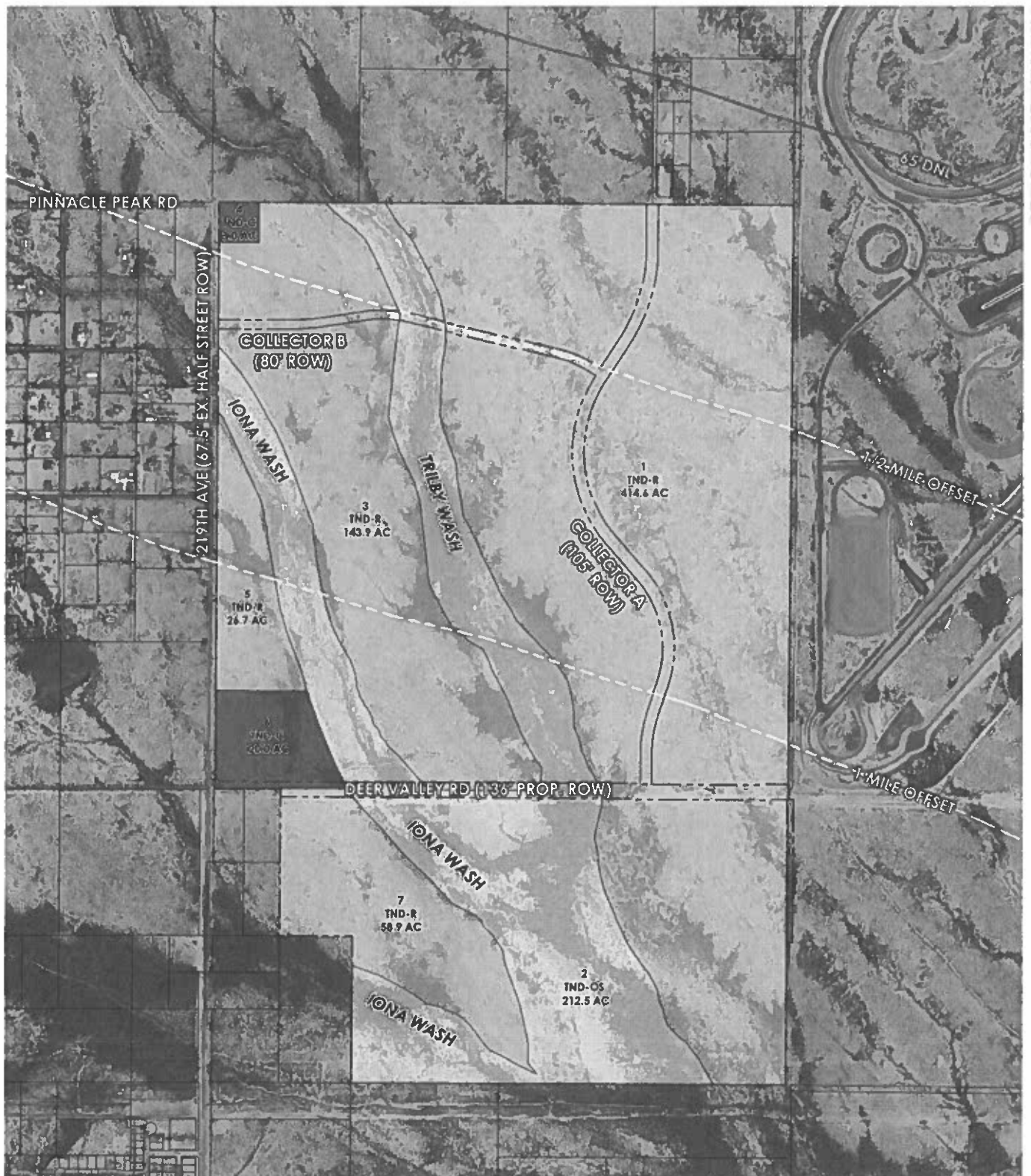
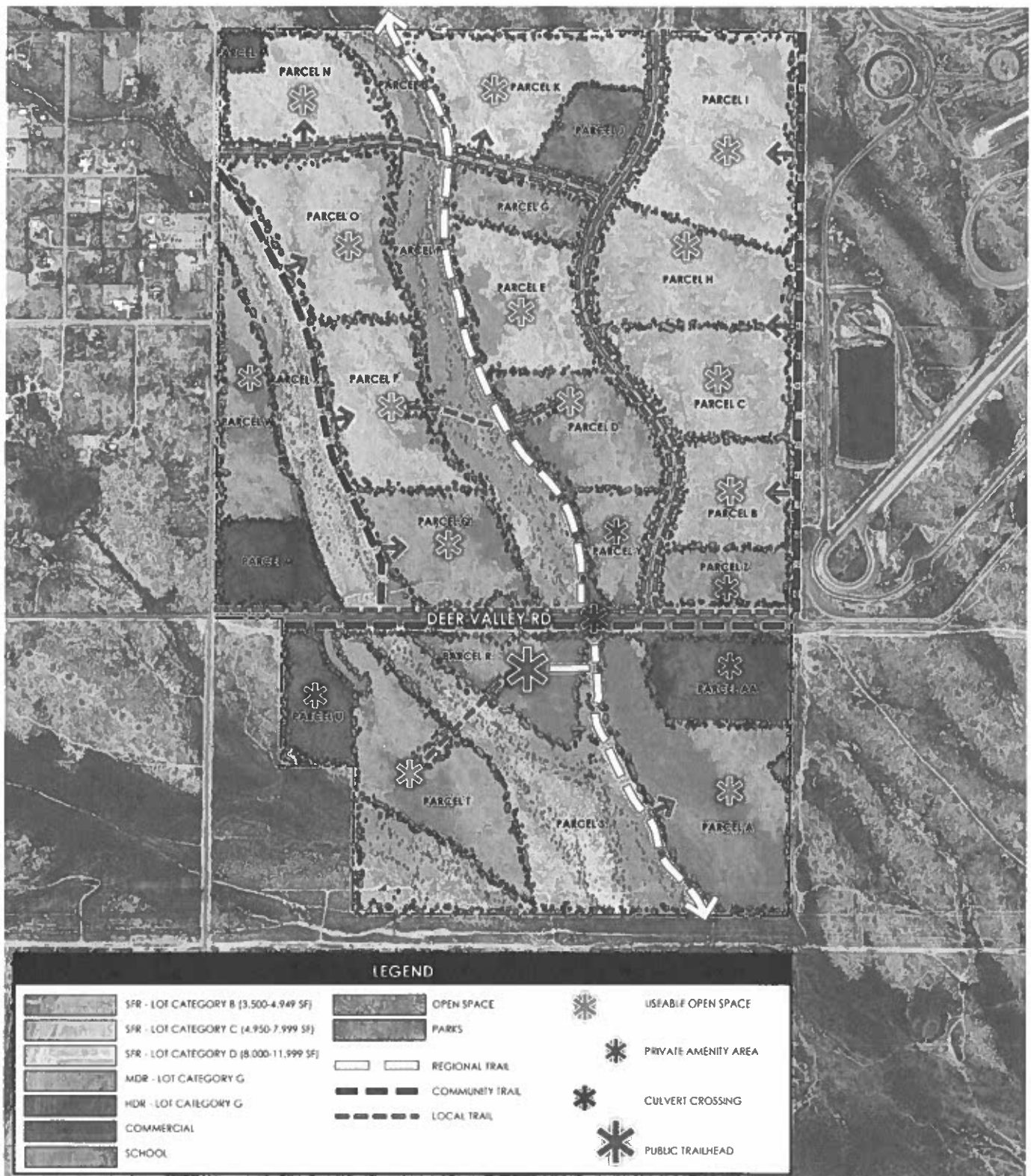


FIGURE 8: DEVELOPMENT AND OPEN SPACE PLAN



Map Labels:

- Collector B Phase 3:** 100 Yr Dry Crossing
- Collector A:** Phase 1 & 2
- 211th North:** Phase 1: Temporary Secondary Access
- Deer Valley Road East:** Phase 1
- 211th South:** Phase 1
- Deer Valley Road - Offsite:** Phase 1: 2 Lane Road 100 Yr Dry Crossing
- 219th North:**
 - Phase 4: East Half Street
 - Phase 3: East Half Street 100 Yr Dry Crossing
- 219th South:**
 - Phase 1: East 2 Lanes 10 Yr Dry Crossing
 - Phase 2: West 2 Lanes 10 Yr Dry Crossing
- Deer Valley Road West:**
 - Phase 1: South 2 Lane Wet Crossing
 - Phase 3: North Half Street 100 Yr Dry Crossing
 - Phase 4: Full Row 100 Yr Dry Crossing
- Other Labels:** Pinnacle Peak Road, Mesquite Mountain Ranch, Ford Proving Grounds, 195th Avenue.

Legend:

- Phase 1:** (Dark Gray)
- Phase 2:** (Medium Gray)
- Phase 3:** (Light Gray)
- Phase 4:** (Dark Gray)
- Any Phase / Per Market Demand:** (Hatched Pattern)



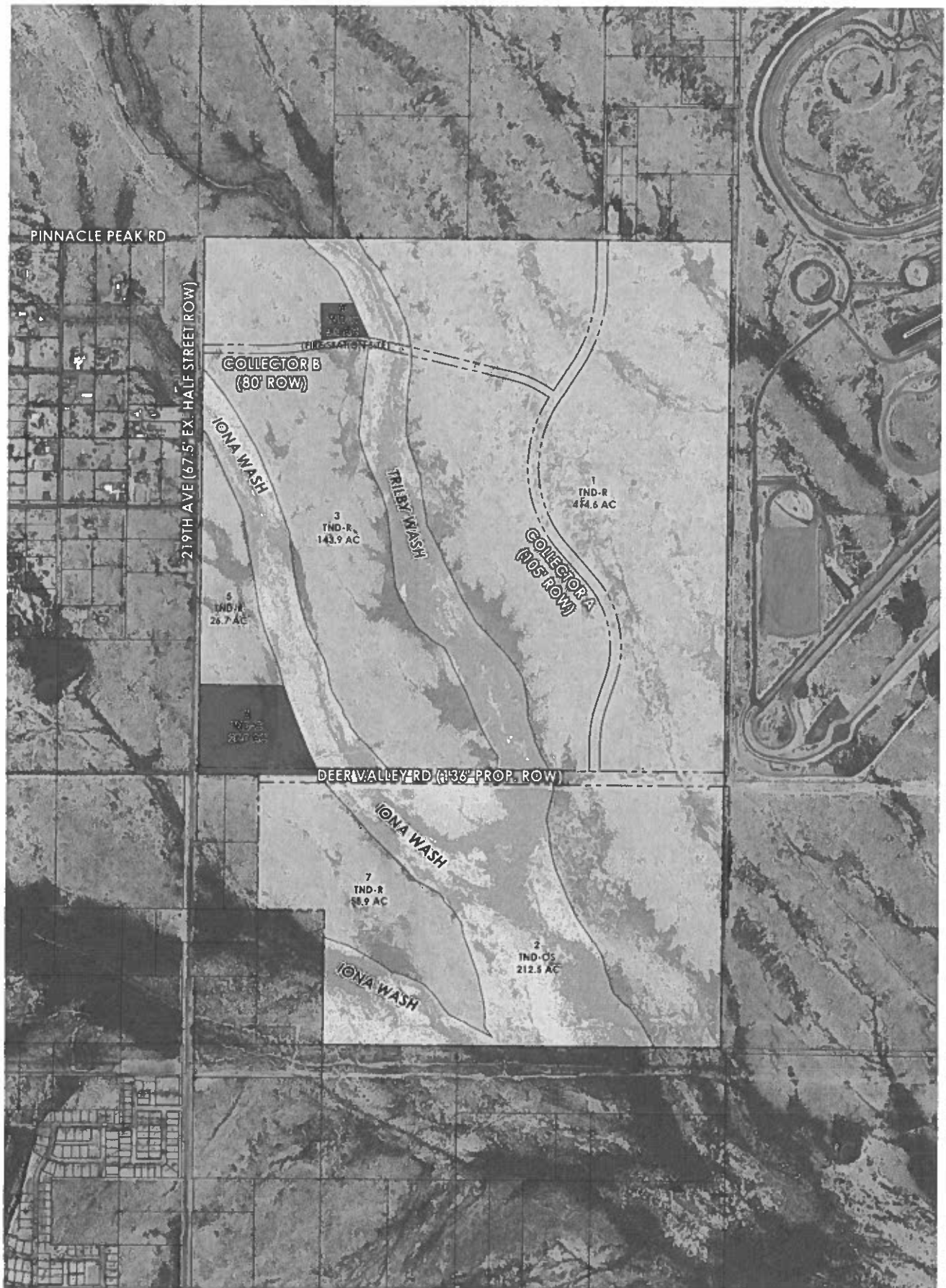
EXHIBIT C
Roadway Phasing Plan

[see attached pages]

EXHIBIT D

Public Safety Site Map

[see attached page]



DESERT TRAILS • TND ZONING OVERLAY DISTRICT MAP

- SURPRISE, AZ
 2025-01-08
 22006980
 EMMERSON HOLDINGS



This map was prepared by RVI for Emerson Holdings, Inc. and is not to be used for any other purpose without the written consent of RVI. The map is not a warranty, representation, or guarantee of any kind. The map is provided as a reference only. The map is not to be used for any other purpose without the written consent of RVI.

Desert Trails Development Agreement Resolution 2025-67

City Council
June 17, 2025



SURPRISE

ARIZONA

Page 733 of 869

Owner/Developer Obligations

Transportation:

- Dedicate ROW for the half widths of 211th Ave. and Pinnacle Peak Rd.
 - Preserves legal access for properties to the north, east and west of Desert Trails
- Design and construct an internal collector roadway west of 211th Ave
- Finance and install all portions of Deer Valley Road and 219th Avenue adjacent to the project
- Complete off-site improvements along Deer Valley Road from eastern edge of property to 195th Ave.
- Complete off-site improvements along 219th Ave. from southern edge of property to northern edge of Mesquite Mountain Ranch



SURPRISE

ARIZONA

Owner/Developer Obligations

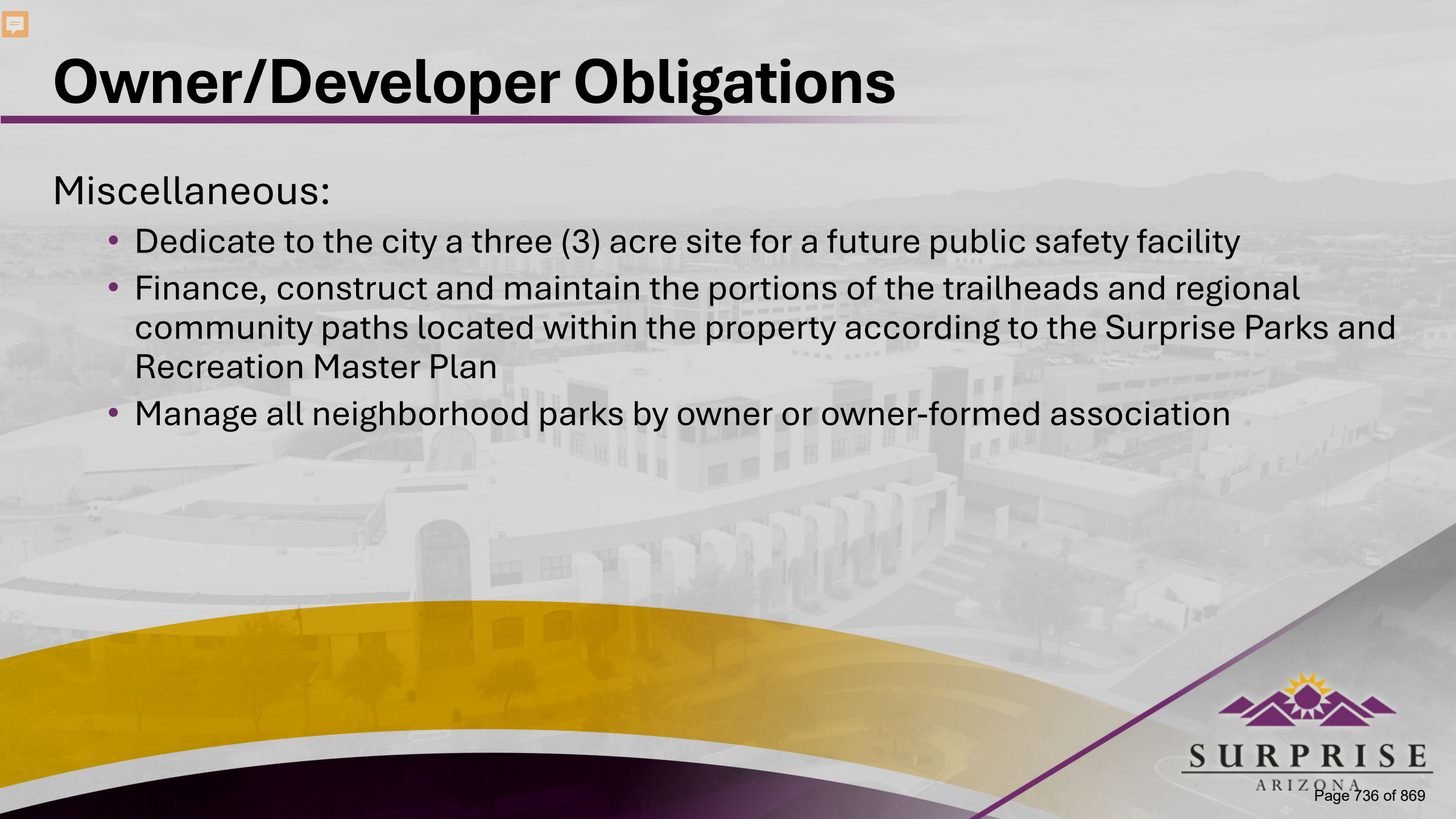
Water & Wastewater:

- Annex into the Surprise Foothills Water Supply Facility Development Agreement and pay related Water System Buy-In Fee
- Finance, install and dedicate to the city one groundwater well, two well sites and all necessary transmission and distribution lines
- Limit development of the property to 891 EDU's until/unless additional capacity is secured or the owner participates in expansion of the SPA 3 Water Reclamation Facility



SURPRISE

ARIZONA



Owner/Developer Obligations

Miscellaneous:

- Dedicate to the city a three (3) acre site for a future public safety facility
- Finance, construct and maintain the portions of the trailheads and regional community paths located within the property according to the Surprise Parks and Recreation Master Plan
- Manage all neighborhood parks by owner or owner-formed association



SURPRISE

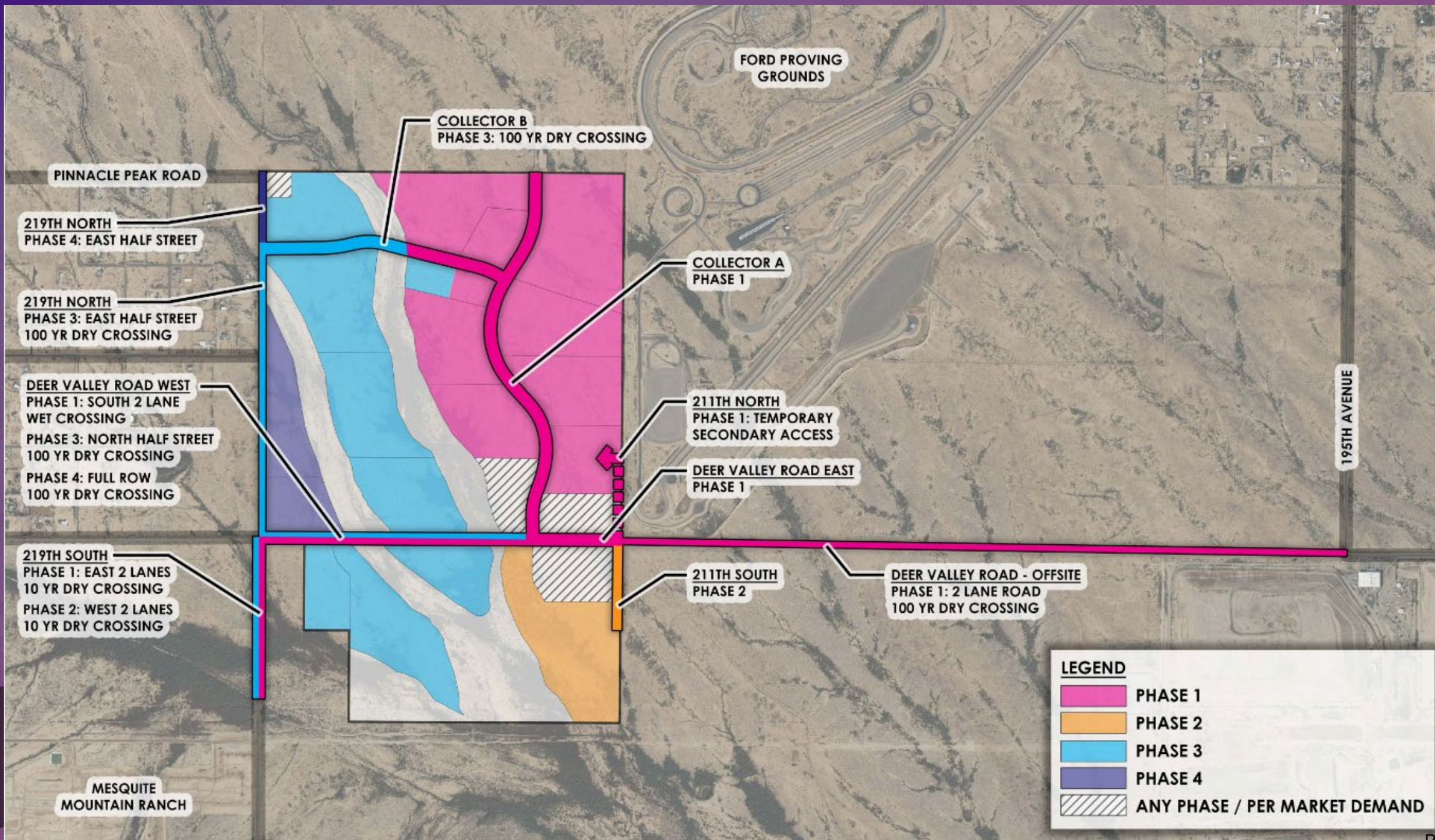
ARIZONA

City Obligations

- Construction of a future public safety site
- Ongoing repair and maintenance of dedicated infrastructure upon acceptance from owner/developer



Vicinity Map



Questions or Comments?

THANK YOU



SURPRISE

ARIZONA



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Lloyd Abrams, Director -
Community Development

Submitting Department: Community Development District: District 1

Staff Recommendations:

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of a Development Agreement between the City of Surprise and Nobella Surprise Owner, LP. Resolution #2025-77.

Motion:

I move to approve Resolution #2025-77.

Background:

Developer owns real property generally located between 155th Avenue and 163rd Avenue, north of Jomax Road, known as Nobella, on which the Developer plans to build up to 547 equivalent dwelling units (EDUs). This agreement outlines the obligations of the Owner and the City. The Developer is responsible for designing and constructing infrastructure improvements per approved master reports and zoning ordinances. These improvements can be phased, subject to City approval.

Water improvements include offsite improvements required to serve the Benefited Properties and are comprised of water treatment, pressure zone improvements, storage and one 12" high-pressure water line in Jomax Road. The mechanism for developer reimbursement for offsite or oversized improvements is buy-in fees paid by the Benefited Property Owners.

Wastewater improvements are those required by the Wastewater Master Report to connect to existing wastewater infrastructure and include one 10" sewer line to serve the Projects. Developer is obligated to acquire additional capacity in SPA 2 WRF prior to City approval of any final plat, site plan or building permit.

Developer will also build a park with parking area ("Nobella Park") to provide a significant amenity that complements the surrounding residential neighborhoods and to supply recreational uses and related facilities. Nobella Park will be available for use by the residents of all the Benefited Properties.

City obligations include assisting the Owner in acquiring any necessary right-of-way for the installation of the roadways, at the Owner's expense, in accordance with the agreement. City approval of final plat, site plan, building permit, sewer or water connection will be contingent upon proof of Benefited

Owner's buy-in fee payment to Owner.

City will review and approve or object to costs of Offsite Infrastructure Improvements within 60 days.

Objective Analysis:

Potential positive impacts of this agreement include growth paying for itself, as well as infrastructure being built in an area of Surprise where public infrastructure is needed.

Policy Compliant:

This action is compliant with the City Council's policy relative to development paying for itself.

Financial Impact:

The developer will be responsible for the design, construction and installation of various infrastructure improvements as outlined in the agreement. The City will be responsible for operation and maintenance costs upon acceptance. The acceptance of infrastructure increases the City's asset base and adds to future maintenance commitments.

Budget Impact:

This item has no immediate budget impact. However, the anticipated incremental additional maintenance expense associated with the public infrastructure will be incorporated into future budgets.

FTE Impact:

This item does not have an impact on current staffing levels. In future budget years, staff may be required to assist with the operation and maintenance of accepted infrastructure.

ATTACHMENTS:

1. Resolution 2025-77
 2. Nobella Development Agreement
 3. Presentation - Nobella DA
-

RESOLUTION # 2025-77

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING THE DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SURPRISE AND NOBELLA SURPRISE OWNER, LP, PERTAINING TO PROPERTY GENERALLY LOCATED BETWEEN 155TH AVENUE AND 163RD AVENUE, NORTH OF JOMAX ROAD , KNOWN AS NOBELLA.

WHEREAS, the City of Surprise (the “City”) is authorized to enter into development agreements, pursuant to A.R.S. § 9-500.05;

WHEREAS, Nobella Surprise Owner, LP, owns approximately 199 acres of real property generally located between 155th Avenue and 163rd Avenue, north of Jomax Road, as more particularly described in Exhibit “A” (the “Property”) to the Development Agreement (the “Agreement”) that is the subject of this Resolution and is attached as Exhibit “A” hereto; and

WHEREAS, City staff and Nobella Surprise Owner, LP, have agreed upon the subject Agreement for the future development of the Property, which sets forth, among other things: (1) conditions, terms, restrictions, and requirements for the future development of the Property; (2) other matters related to the future development of the Property; and

WHEREAS, Nobella Surprise Owner, LP, now desires to obtain City Council approval to enter into the Agreement, attached hereto as Exhibit “A,” for the purpose of setting forth certain obligations and commitments relative to the future development and use of the Property.

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

Section 1. The Development Agreement between the City and Nobella Surprise Owner, LP, attached hereto as Exhibit “A,” is approved.

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

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, Acting City Attorney

EXHIBIT A

Development Agreement

City Clerk
City of Surprise, Arizona
16000 N Civic Center Plaza
Surprise, AZ 85374

With a copy to:
Nobella Surprise Owner L.P.
2375 E. Camelback Road, Suite 150
Phoenix, AZ 85016
Attn: Christina Maksimovic & Chris Anderson

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “**Agreement**”) is made as of this 17th day of June, 2025 (the “**Effective Date**”), by and between the City of Surprise, a municipal corporation organized and existing under the laws of the State of Arizona, (the “**City**”) and Nobella Surprise Owner, LP, a Delaware limited partnership (“**Developer**”). Each of the City and Developer may be referred to in this Agreement as a “**Party**” and collectively the “**Parties.**”

RECITALS

A. Developer owns parcels of real property located within the City’s boundaries that currently are intended to be developed separately (respectively, the “**Hines Group 1 Parcels**” the “**Hines Group 2 Parcels**,” and the “**Hines Group 3 Parcels**,” and collectively, the “**Hines Parcels**”). The Hines Parcels are legally described in Exhibit A-1 and depicted on Exhibit A-2, each attached hereto.

B. Developer seeks to cause the development of the Hines Parcels in accordance with City Ordinances 2022-12 and 2024-06 (“**Rezoning Ordinances**”), approving development of residences (the “**Projects**”) comprising a maximum of five hundred forty-seven (547) equivalent dwelling units (each, an “**EDU**” and collectively, the “**EDUs**”).

C. Developer desires to enter into this Agreement to address those matters set forth in Arizona Revised Statutes (“**A.R.S**”) § 9-500.05, including among other things, the design, construction, timing, and responsibility for various public improvements described in this Agreement (“**Infrastructure Improvements**”) that are necessitated by the development of the Projects, and to support the development of certain surrounding properties listed and depicted on Exhibit A-3 (the “**Water/Wastewater Benefited Properties**” and individually, a “**Water/Wastewater Benefited Property**”) and Exhibit A-4 (the “**Park Benefited Properties**” and individually, a “**Park Benefited Property**”). The Water/Wastewater Benefited Properties and the Park Benefited Properties (collectively, the “**Benefited Properties**” and individually, a “**Benefited Property**”) are owned by those associated with such Benefited Properties (each a “**Benefited Owner**” and collectively, the “**Benefited Owners**”). This Agreement also addresses the financing and reimbursement mechanisms for the Infrastructure Improvements.

D. City previously has approved various master reports, which, subject to the review and approval of the City, may be amended in the development of the Infrastructure Improvements,

including the Drainage Report prepared by Terrascope Consulting (July 29, 2024) (“**Master Drainage Report**”), Nobella Final Water Report prepared by Terrascope Consulting (June 11, 2024) (“**Master Water Report**”), and Nobella Final Sewer Report prepared by Terrascope Consulting (July 23, 2024) (“**Master Sewer Report**”) (together “**Master Reports**”).

E. Developer believes that development of the Hines Parcels and surrounding properties, including the Benefited Properties, pursuant to this Agreement will result in benefits to City and its residents by increasing the housing options with the City’s General Plan 163rd Avenue Corridor Growth Area, promoting orderly development, constructing as a significant part of the Infrastructure Improvements, including off-site water and wastewater infrastructure with regional benefits, and other public improvements more fully described in these Recitals and this Agreement.

F. The Parties acknowledge and agree that development of the Hines Parcels in accordance with the Rezoning Ordinances is consistent with the City’s General Plan.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties agree as follows:

AGREEMENT

1. Design and Construction Costs. The term “**Costs**” used in this Agreement shall have the same meaning as the definition of “Costs” set forth at Section 42-3 of the Surprise Municipal Code (“**SMC**”) for public improvement repayment agreements as of the Effective Date.

2. Infrastructure Improvements. Except as set forth in this Agreement, Developer shall be responsible to cause the design, construction, and installation of the Infrastructure Improvements in accordance with the Master Reports, as may be amended and if approved by the City, consistent with the Rezoning Ordinances. Such Infrastructure Improvements may be phased in accordance with the Projects’ phasing plan as set forth in Exhibit B hereto (“**Phasing Plan**”). Any amendment to the Phasing Plan shall be subject to the City’s review and approval.

a. Right of Way, Permits, and Easements. Developer, its agents, and employees, shall have the additional right, upon receipt from the City of an appropriate right-of-way or other applicable permit, to enter, remain upon, cross over, and undertake construction on, over, and under any City rights-of-way to the extent reasonably necessary to facilitate construction, or to perform necessary maintenance or repairs (during the period for which Developer is responsible for such maintenance and repairs) of the Infrastructure Improvements as well as for any other uses set forth in such each permit. The use of such rights-of-way, pursuant to an applicable permit, shall not unreasonably impede or adversely affect the City’s use and enjoyment thereof and shall be subject to any other limitations set forth in any such permit. If the City provides authority to make use of any non-exclusive easement area, Developer shall not interfere unreasonably with the previously approved use/user of said easement area.

b. Restrictions and Obligations. Upon completion of such construction, repairs, or maintenance, the Developer shall cause such City easements and rights-of-way used pursuant to any right-of-way permit to be restored to the same or better condition as it existed prior to Developer’s entry on such easements and rights-of-way.

c. **Construction Water Use.** Developer will cause all contractors and subcontractors to make reasonable efforts to obtain and use non-potable water for construction of the Projects and the Infrastructure Improvements. To the extent non-potable water is not reasonably available, City agrees that potable water may be used and City will not withhold any permits or approvals based on the use of potable water for construction of the Projects or the Infrastructure Improvements. Developer shall be solely responsible for purchase, transportation, and use of water for any such construction.

3. **Offsite Infrastructure Improvements.** Developer shall provide Infrastructure Improvements that are not within or adjacent to the Hines Parcels, that serve other properties, including the other Benefited Properties, or that include excess or oversized capacity beyond what is necessary to serve the Hines Parcels as specified in the Master Reports (all of which shall be referred to in this Agreement as the “**Offsite Infrastructure Improvements**”).

a. **Reimbursement Entitlement.** Developer shall seek reimbursement for the Costs of the Offsite Infrastructure Improvements as defined in and in accordance with Chapter 42 of the S.M.C., and as otherwise provided in this Agreement. Notwithstanding any contrary provisions of this Agreement, the Parties shall comply with all applicable laws including but not limited to A.R.S. § 9-463.05.

b. **Estimated Budget.** For each of the Water/Wastewater Infrastructure Improvements, and the Park Improvements (each as defined below), Developer has prepared an estimated budget that has been reviewed and approved by the City (each, an “**Estimated Budget**”), as set forth on Exhibit C-1, and Exhibit C-2, respectively, the amounts of which have been allocated by Developer to each Benefited Property. The Estimated Budget and allocation to the Benefited Properties for each category of Infrastructure Improvements may be amended from time to time by Developer, subject to the review and approval of the City (such review and approval not to be unreasonably conditioned, delayed, or withheld), and shall thereafter be deemed to have been incorporated into this Agreement. In accordance with S.M.C. § 42-7(g), prior to allowing a Benefited Property to connect to or to use an Infrastructure Improvement, City shall verify that the Benefited Owner of a Benefited Property has paid its reimbursement share to the Developer with respect to each Infrastructure Improvement category serving such Benefited Property.

4. **Assured Water Supply.** The City has a Designation of Assured Water Supply pursuant to A.R.S. § 45-576. This Agreement is not a written commitment of water service from the City pursuant to A.R.S. § 9-463.01(I).

5. **Water/Wastewater Supply and Infrastructure.** Water supply for the Projects shall be provided by the City pursuant to the terms of the North Jomax Water Development Agreement (Regional Improvements Overlay Agreement) between North Jomax Water Coordinator, LLC (“**NJWC**”) and the City, dated May 7, 2024, and recorded at Document No. 2024-0309586 in the Official Records of Maricopa County, Arizona (the “**Overlay Agreement**”). City shall provide wastewater treatment to serve the Projects based upon the development timing and capacity requirements defined through the current Master Wastewater Report, on file with Water Resources Management Department. Developer has access to 325 EDUs based on 210 gallons per day for SPA 2 wastewater treatment capacity. Additional capacity shall be acquired, if necessary, prior to any City approval of a final plat, site plan, or building permit pursuant to the SPA 2 Water Reclamation Facility Capacity Allocation Agreement, on file with the Water Resources Management Department.

Proof of ownership of capacity will be required prior to the City's approval of any final plat for the Projects.

a. **Water Infrastructure Improvements.** Off-site improvements to the City's water infrastructure will be required to serve the Projects and the Water/Wastewater Benefited Properties, including but not limited to water treatment, pressure zone improvements, and storage ("**Water Infrastructure Improvements**"). The water treatment, pressure zone improvements, and storage are, to the extent required in the SPA 2 North Water Expansion Agreement, the obligation of the Developer. The SPA 2 North Water Expansion Agreement must be fully executed by Developer or its successors or assigns prior to approval of any final plat for any phase of Nobella. Developer will construct the Water Infrastructure Improvements, which shall comprise (1) a 12" high-pressure water line in Jomax Road from the existing 16" water distribution line in Jomax Road at 163rd Avenue to the eastern boundary of the Hines Parcels at 157th Avenue. The Water Infrastructure Improvements are more fully described in the Master Water Report. Once completed, Developer shall dedicate the Water Infrastructure Improvements to the City. A 12" water distribution line is not necessary to serve the Projects, and the increase in size constitutes an Offsite Infrastructure Improvement that will be capable of serving additional land comprising the Water/Wastewater Benefited Properties.

b. **Wastewater Infrastructure Improvements.** As part of the Projects, Developer shall construct the wastewater improvements set forth in the Wastewater Master Report to connect to existing wastewater infrastructure ("**Wastewater Infrastructure Improvements**"). A 10" sewer line is necessary to serve the Projects, and any increase in size also would be considered an Offsite Infrastructure Improvement.

c. **Water/Wastewater Infrastructure Improvements.** The Water Infrastructure Improvements and the Wastewater Infrastructure Improvements will be, at least in part, constructed together and, accordingly, the Estimated Budget for these has been combined to provide avoidance of duplicated costs and are, for purposes of reimbursement to Developer under this Agreement, referred to as the "**Water/Wastewater Infrastructure Improvements.**" To the extent that Water/Wastewater Infrastructure Improvements constitute an Offsite Infrastructure Improvement, such Water/Wastewater Infrastructure Improvements are subject to reimbursement for Costs under the hierarchy set forth in Section 3, and such Costs shall be eligible for repayment pursuant to S.M.C., Chapter 42, and Section 9 of this Agreement. An Estimated Budget, Benefited Area, and Buy-In Fee worksheet for the Offsite Infrastructure Improvements portion of the Water/Wastewater Benefited Properties are attached hereto as Exhibit C-1.

d. **Use of Right-of-Way & Accommodations.** Except as provided in Section 5a of this Agreement, Developer will be solely responsible for funding and constructing the water distribution lines to the Hines Parcels pursuant to the Master Water Report, and City acknowledges that such water distribution lines may run within City right-of-way, including but not limited to Nobella Parkway, East-West Road, and Jomax Road. As set forth in the Master Water Report, the Projects will connect to Pressure Zone 3A prior to issuance of the first building permit for the Projects; however, an interim connection for the purpose of serving the Projects may be to Pressure Zone 2A, provided that the SPA 2 North Water Expansion Agreement has been executed by Developer or its successors and assigns. Developer agrees that construction of the Pressure Zone 3A connection will be completed prior to issuance of a certificate of occupancy for the Projects, provided that grading and infrastructure improvements to the Hines Parcels for such plat may commence subject to an Alternative Assurance Agreement as set forth in S.M.C. § 108-3.2.

6. Park Improvements. In connection with the construction of the Projects and pursuant to the Development Plan, Developer will create a park open to the public (the “**Nobella Park**”), on the portion of the Hines Parcels described on Exhibit D-1 and depicted on Exhibit D-2 (the “**Park Area**”). The Park Area shall include a parking area over which the public shall be allowed to drive and park motor vehicles. (See Exhibit D-3 and Exhibit D-4, the “**Parking Area**”). (The Nobella Park and all of its associated improvements shall be deemed the “**Park Improvements**.”) The Nobella Park shall be designed and constructed in accordance with City of Surprise Parks and Recreations Master Plan and shall be owned, operated, and maintained by Developer, or an Association to be formed by Developer. As more fully described below, on completion of the Projects and the Nobella Park, the Nobella Park will be made available for use by the residents of all the Benefited Properties. The costs of operating, repairing, and maintaining the Nobella Park will be borne by the residents of the Projects and of the other Park Benefited Properties, as more fully described below, including any Association ultimately formed and responsible for the Nobella Park. The Costs for the Park Improvements are subject to reimbursement by the Park Benefited Properties under the hierarchy set forth in Section 3, eligible for repayment pursuant to S.M.C., Chapter 42, and as set forth in Section 9 of this Agreement. An Estimated Budget, Benefited Area, and Buy-In Fee worksheet for the portion of the Costs for the Park Improvements attributable to the Park Benefited Properties are attached as Exhibit C-2.

a. Indemnification. To the fullest extent permitted by law, Developer, its successors and assigns, and any Association later formed, shall indemnify, defend, and hold harmless the City and its council members, managers, officers, boards, commissions, officials, employees, or agents (collectively “Indemnified Party”), for, from, and against any and all losses, claims, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, claims processing, investigation, court costs, and the costs of appellate proceedings) to which any such Indemnified Party may become subject, under any theory of liability whatsoever (“Claims”), including negligence, insofar as such Claims (or actions with respect thereof) relate to, arise out of, or are caused by, or in connection with this provision, or the City’s enforcement of this provision, or the City’s enforcement of S.M.C., Chapter 42, with respect to this provision, or the Nobella Park including the Park Area or the Parking Area or the Park Improvements, or the City’s collection or attempted collection of fees for the Park Improvements pursuant to S.M.C., Chapter 42.

b. Maintenance Expense. Notwithstanding that the Nobella Park will be available for use by residents of the Benefited Properties, Developer agrees that the City will not be responsible for the costs of the operation, repair, and maintenance of the Nobella Park. The costs and expenses incurred in such operation, repair, and maintenance shall be shared among owners within the Projects (and the other Park Benefited Properties as Developer may arrange) as “common” expenses of an association (the “**Association**”) to be formed under the terms of a recorded and binding Declaration setting forth certain Conditions, Covenants, and Restrictions that are binding, enforceable, and applicable to the Projects and the other Park Benefited Properties. The City shall not, at any time, be liable or otherwise responsible for the operation, repair, maintenance, or replacement of the Nobella Park, and/or the Park Improvements.

7. City Duties and Obligations Regarding Payback Provisions. City shall be responsible for the duties and obligations upon the triggering of any “Payback Provision” as set forth in Chapter 42 of the S.M.C., specifically § 42-7, and as further described below:

a. Pursuant to S.M.C. § 42-7(g), prior to allowing a Benefited Owner to connect a Benefited Property to or to use an Infrastructure Improvement, or at an earlier time within the City's sole discretion, (e.g., prior to approving a building permit, sewer connection, water connection, site plan, or final plat), the City shall verify that the Benefited Owner has paid its reimbursement share to the Developer.

b. During the Term of this Agreement, reviewing and approving the Costs for each Offsite Infrastructure Improvement. The City shall have sixty days (60) to review and approve or object to the Costs for each Offsite Infrastructure Improvement. If the City objects to Developer's Costs submittal, the City immediately shall notify Developer, and the City and Developer agree to work in good faith to resolve the issue or concern with respect to Developer's submittal of Costs. If the issue or concern cannot in good faith be resolved by the City and Developer, then, subject to the provisions of Section 17, the Parties may submit this matter to non-binding mediation.

8. Payback Provisions; Buy-In Fees.

a. **Calculating Buy-In Fees.** The initial estimate of the Buy-In Fee for each category of Offsite Infrastructure Improvement is set forth on Exhibits C-1 and C-2. Accordingly, Developer shall calculate the Buy-In Fees using the spreadsheets in Exhibits C-1 and C-2, which have been approved by the City for this Agreement. These Exhibits reflect a static picture of each spreadsheet, and each spreadsheet includes a series of formulas for accurately and equitably calculating each Buy-In Fee for the associated Offsite Infrastructure Improvement. Upon written request from a Benefited Owner, Developer promptly shall provide such Benefited Owner with an Excel file copy of the requested Buy-In Fees spreadsheet with appropriate interest.

b. **Adjusting Buy-In Fees.** Developer shall adjust the amount of the initial Buy-In Fees by calculating the amount of the actual total Costs and determining each final Buy-In Fee on Developer's completion and City's acceptance, if acceptable, of each category of Infrastructure Improvement. On finalizing each such Buy-In Fee amount, such amount shall be applied proportionately to any Benefited Property that will utilize the associated Infrastructure Improvement(s) and that, accordingly, is subject to the Buy-In Fee payments to Developer pursuant to Reimbursement Provisions.

c. **Collecting the Buy-In Fees.** During the Term of this Agreement, upon written request by a Benefited Owner, Developer shall provide such Benefited Owner with an invoice showing the Buy-In Fees per EDU that such Benefited Owner is required to pay as a condition of developing a Benefited Property in the Benefited Area. Developer shall direct each Benefited Owner to remit payment of its Buy-In Fees directly to Developer. Upon receipt of a Benefited Owner's Buy-In Fees, Developer shall provide such Benefited Owner with a signed Notice of Payment attached hereto as Exhibit E. If Developer has collected Buy-In Fees from a Benefited Owner and the amount of the applicable Buy-In Fees is subsequently increased pursuant to Section 10b, then Developer shall provide the Benefited Owner with an additional invoice reflecting any increase in the applicable Buy-In Fees per EDU, and such Benefited Owner shall be required to pay such increase. Upon receipt of a Benefited Owner's full additional payment of such adjusted Buy-In Fees, Developer shall provide such Benefited Owner with an updated, completed Notice of Payment in the form of Exhibit E reflecting the increase in such Buy-In Fees paid by such Benefited Owner. If such previously paid Buy-In Fees are in excess of the amount of any adjusted amount determined pursuant to Section 10b of this Agreement as calculated on

completion of all Infrastructure Improvements, Developer promptly shall refund such amount plus earned interest thereon, if any, to the Benefited Owner.

d. Time of Collection. During the Term of this Agreement, the Buy-In Fees Developer may collect from a Benefited Owner shall be due and paid to Developer upon the earliest applicable of the following after recordation of this Agreement (i) prior to the City's approval of any building permit, sewer connection, water connection, site plan, or final plat for a Benefited Property; or (ii) a Benefited Property being connected to or utilizing any of the Offsite Infrastructure Improvements.

e. Receipt and Application. Developer shall collect the Buy-In Fees for all Offsite Infrastructure Improvements that have been and that have not yet been completed by Developer. The Buy-In Fees for an Offsite Infrastructure Improvement that has not yet been completed by Developer shall be the initial Buy-In Fee identified in this Agreement, which is based on the Estimated Budget for such Offsite Infrastructure Improvement, subject to reconciliation to actual cost pursuant to Section 10(b). Any Buy-In Fees collected by Developer during the Term of this Agreement for Infrastructure Improvements that have been completed and accepted by the City may be deposited into Developer's general account or otherwise deposited in an account designated by Developer. Any Buy-in Fees collected by Developer for Infrastructure Improvements not yet completed or accepted by the City shall be held by Developer in an interest-bearing escrow account to be opened by Developer with First American Title Insurance Company acting as an escrow agent. Any such Buy-In Fees deposited into such escrow account may be withdrawn by Developer once construction has begun on the associated Infrastructure Improvement and deposited in an account designated by Developer.

f. Notification to City. During the Term of this Agreement, Developer shall notify the City and provide to the City a copy of each Notice of Payment when a Benefited Owner pays Buy-In Fees or adjusted Buy-In Fees. Each such Notice of Payment shall include a statement of whether a Benefited Owner has paid all such Buy-In Fees. The City promptly shall acknowledge receipt of each Notice of Payment and return to Developer a copy of each such Notice of Payment acknowledged by the City. Developer promptly shall forward to the applicable Benefited Owner a copy of the Notice of Payment as executed by the City.

9. Term. This Agreement shall become effective upon the Effective Date and shall automatically terminate ten (10) years after the first assessment has been paid on behalf of any Benefited Owner ("**Term**"). The Term may be extended on mutual agreement by the City and Developer for two (2) additional five (5) year terms provided that development within the Benefited Area for any Offsite Infrastructure Improvement is ongoing or imminent, and the parties within the assessment boundary will be served by the improvements for which they will be assessed, consistent with S.M.C. § 42-7.

10. Public Bidding. Developer shall be required to comply with the requirements of A.R.S., Title 34, and S.M.C. § 42-5(d) for any Offsite Infrastructure Improvements for which Developer will be seeking reimbursement through receipt of Impact Fee Credits or other City funds. Notwithstanding, the preceding sentence, Developer shall not be required publicly to bid to be reimbursed for Offsite Infrastructure Improvements if the reimbursement mechanism is solely through the collection of a Buy-In Fee.

11. Release of Public Lots. To alleviate any possible concern as to the effect of this Agreement on the status of title to any portion of the Hines Parcels and any other Benefited Property, to the extent permitted by law, the provisions of this Agreement shall not create conditions or exceptions to title or covenants, obligations, or liabilities with respect to, and will not apply to, any lot that has been finally subdivided and individually (and not in bulk) leased for a period of longer than one year or sold to third party residential purchaser or user thereof, any transfer of common area to a homeowner's association, or any transfer of a property to a governmental or quasi-governmental entity or public utility ("**Public Lot**") and thereupon such Public Lot automatically will be released from and no longer be subject to or burdened by the provisions of this Agreement. A lessor or seller of a Public Lot may record a memorandum of lease or include in any deed transferring title to such Public Lot a statement to the effect that the subject lease or sale concerns a lease or sale of a Public Lot and that the recording of such memorandum of lease or deed thereby provides as a matter of public record notice that this Agreement thereby is release from such Public Lot.

12. Recordation. This Agreement shall be recorded in its entirety in the Official Records of Maricopa County, Arizona, not later than ten (10) days after its full execution.

13. Noticed and Filings. All notices, filings, consents, approvals, and other communications provided for herein or given in connection herewith shall be validly given, filed, made, delivered, or served if in writing and delivered personally, emailed, or sent by first-class United States Mail to:

City: City of Surprise
16000 N Civic Center Plaza Surprise, AZ 85374
Attn: Community Development Director
Email: Lloyd.abrams@surpriseaz.gov
Phone: 623-222-3021

With Copy to: City of Surprise
16000 N Civic Center Plaza Surprise, AZ 85374
Attn: City Attorney
Email: jeffrey.murray@surpriseaz.gov
Phone: 623-222-1152

Developer: Nobella Surprise Owner L.P.:
2375 E. Camelback Road, Suite 150
Phoenix, AZ 85016
Attn: Christina Maksimovic; Chris Anderson; Corporate Counsel
Email: christina.maksimovic@hines.com;
Chris.anderson@hines.com
Corporate.legal@hines.com
Phone: 602.385.4000

or to such other address or addresses as may hereafter be specified by notice given by any of the above for itself to the others. Any notice or other communication directed to any Party shall become effective upon the earliest of the following: (a) actual receipt by that Party; or (b) thirty-six (36) hours after deposit with the United States Postal Service, addressed to the Party.

14. Default. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any term or provision hereof shall constitute a breach of this Agreement. Any breach not cured within thirty (30) days after written notice is received by a breaching Party from a non-breaching Party, shall constitute a default under this Agreement; provided, however, that if the failure is such that more than thirty (30) days would reasonably be required to perform such action or comply with any term or provisions hereof, then the breaching Party shall have such additional time as may be necessary to perform or comply as long as the breaching Party commences performance or compliance withing said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation. Any notice of a breach shall specify the nature of the alleged breach and the manner in which said breach may be satisfactorily cured, if possible. The thirty (30) day period shall not apply where an ordinance or statute requires City to perform or otherwise act in a period more than thirty (30) days. If a breach remains uncured following the thirty (30) day period, the only remedy permitted shall be specific performance, and the City shall not be responsible, liable, or obligated to pay any monetary damages, except as specifically allowed by this Agreement.

15. Dispute Resolution. If there is a dispute hereunder that the Parties cannot resolve between themselves, the Parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the Parties agree they shall attempt to settle the dispute by nonbinding mediation before commencement of litigation. The mediation may be held under the commercial mediation rules of the American Arbitration Association, or other applicable rules as required by the Parties' selected mediator. The matter in dispute shall be submitted to a mediator mutually selected by the Parties. If the Parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the Parties shall request the presiding judge of the Superior Court in and for the County of Maricopa, Arizona, to appoint an independent mediator. The mediator selected shall have at least five (5) years of experience in mediating or arbitrating disputes relating to development of municipal infrastructure, if available. The cost of any such mediation shall be divided equally between the Parties. The results of the mediation shall be nonbinding on the Parties, and either Party shall be free to initiate litigation subsequent to the moratorium.

16. Choice of Law, Venue, and Attorneys' Fees. Any dispute, controversy, claim, or cause of action arising out of or related to this Agreement shall be governed by Arizona law. The venue for any such dispute shall be Maricopa County, Arizona, and each Party waives the right to object to venue in Maricopa County for any reason. Depending on the nature of the claims, a Party may file an action in the Federal District Court, for the District of Arizona, in Phoenix, Arizona. No Party shall be entitled to recover any of its attorneys' fees nor other legal costs from any other Party incurred in any such dispute, controversy, claim, or cause of action, but each Party shall bear its own attorneys' fees and costs, whether the same is resolved through mediation, arbitration, litigation in a court, or otherwise.

17. Good Standing and Authority. Each Party represents and warrants that it is duly formed and validly existing under applicable law and that the individual executing this Agreement on behalf of such Party is authorized and empowered to bind the Party on whose behalf such individual is signing.

18. Assignment. The provisions of this Agreement are binding upon and shall inure to the benefit of the Parties, and all their successors in interest and assigns. This Agreement may be assigned in whole or in part by Developer, contingent upon prior written approval by the City.

If Developer undertakes a complete or partial assignment of all or a portion of Developer's rights and obligations hereunder, Developer's rights and obligations, to the extent of such assignment, shall terminate effective upon the assumption by Developer's assignee of such rights and obligations and service of written notice upon the City of the partial or whole assignment. All rights and obligations under this Agreement constitute covenants that run with the land and are binding on the Hines Parcels and any Benefited Property that becomes subject to this Agreement and any successors and assigns to the Hines Parcels and such Benefited Property.

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

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

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

22. Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement.

23. Recitals. The Recitals are incorporated as if fully set forth herein.

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

25. Computation of Time. Any reference to a "day" in this Agreement shall mean a City business day unless otherwise noted. In computing any period of time under this Agreement, the date of the act or event from which the designated period of time begins to run shall not be included. The last day of the period so completed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day that is not a Saturday, Sunday, or legal holiday. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00pm (Arizona time) on the last day of the applicable time period provided herein.

26. Conflict of Interest. This Agreement is subject to the terms of A.R.S. § 38-511.

27. No Obligation to Develop. Nothing contained herein shall be deemed to obligate Developer to complete any part of the development of the Projects, and the responsibility to design and construct the Infrastructure Improvements is contingent upon Developer moving forward with the development of the Projects.

28. Entire Agreement. This Agreement, together with the exhibits as named below, constitutes the entire understanding and agreement between the Parties with respect to the subject matter hereof and supersedes any prior written or oral understandings or agreements between the Parties with respect thereto.

29. Modification of Agreement. This Agreement may be amended at any time by mutual written amendment executed by the Parties. The balance of owners need not execute any such amendment for any such amendment to be effective. All amendments to this Agreement must be recorded in the Official Records of Maricopa County, Arizona, within ten (10) days following execution, as required by A.R.S. § 9-500.05(D).

30. Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by a Party of the breach of any provision of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement. Nothing in this Agreement shall constitute or be deemed to be a waiver by Developer of its right to request future rezonings or changes in development standards for all or any portion(s) of the Hines Parcels pursuant to City procedures and requirements existing at the time of the request. Nothing in this Agreement shall be deemed to be a waiver by City of the right to act, by approval or denial, on such rezoning or change. Further, nothing in this Agreement shall constitute or be deemed to be a waiver or relinquishment by Developer of its rights to continue nonconforming uses of all or any portion(s) of the Hines Parcels that may exist, or have existed, as of the Effective Date of this Agreement.

31. Severability. If any provision or provisions of this Agreement, or the application thereof to any person or circumstance, is determined to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is so determined invalid or unenforceable, will not be affected thereby, and each provision hereof will be valid and will be enforced to the fullest extent permitted by law.

32. Exhibits. All exhibits hereto are incorporated herein by reference as though fully set forth herein. The list of exhibits is as follows:

Exhibit A-1: Hines Parcels Descriptions
Exhibit A-2: Hines Parcels Depictions
Exhibit A-3: Water/Wastewater Benefited Properties
Exhibit A-4: Park Benefited Properties
Exhibit B: Phasing Plan
Exhibit C-1: Water/Wastewater Estimated Budget, Benefited Area, and Buy-In Fee Worksheet
Exhibit C-2: Park Estimated Budget, Benefited Area, and Buy-In Fee Worksheet
Exhibit D-1: Park Area Description
Exhibit D-2: Park Area Depiction
Exhibit D-3: Parking Area Description
Exhibit D-4: Parking Area Depiction
Exhibit E: Notice of Payment

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY:

CITY OF SURPRISE
an Arizona municipal corporation

By: _____
Kevin D. Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

APPROVED AS TO FORM ONLY:

Jeffrey Murray, City Attorney

STATE OF ARIZONA
County of Maricopa

On this _____ day of _____ 2025, before me personally appeared Kevin D. Sartor, the Mayor of the City of Surprise, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

Notary Public

NOBELLA SURPRISE OWNER LP
a Delaware limited partnership

By: Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Nobella Surprise LP
a Delaware limited partnership
Its: Sole Member

By: Hines AZ Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Hines AZ Nobella Surprise Associates LP
a Delaware limited partnership
Its: Sole Member

By: Hines Investment Management Holdings LP
a Texas limited partnership
Its: General Partner

By: _____
Name: _____
Title: _____

STATE OF ARIZONA
County of Maricopa

On this _____ day of _____ 2025, before me personally appeared _____, the _____ of Nobella Surprise Owner, LP, a Delaware limited partnership, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

Notary Public:

Exhibit A-1

Hines Parcels Description

Nobella – Phase 1

Located in Section 31, Township 5 North, Range 1 West, Gila and Salt River Meridian, Maricopa County, Arizona;

Beginning at the South Quarter corner of said Section 31, from which the Southwest corner of said Section 31, bears North 89°58'11" West, a distance of 2691.57 feet;

Thence North 89°58'11" West, along the South line of the Southwest Quarter of said section, a distance of 659.86 feet;

Thence departing said South line, North 00°07'06" East, a distance of 1,340.89 feet;

Thence South 89°50'42" East, a distance of 1,554.46 feet;

Thence South 33°05'50" East, a distance of 776.02 feet;

Thence South 00°07'32" West, a distance of 686.81 feet to the South line of the Southeast Quarter of said Section 31;

Thence South 89°59'40" West, along said South line, a distance of 1,319.61 feet to the Point of Beginning.

Containing 2,511,602.27 square feet or 57.66 acres, more or less.

Nobella – Phase 2

Located in East half of Section 31, Township 5 North, Range 1 West, Gila and Salt River Meridian, Maricopa County, Arizona;

Commencing at the South Quarter corner of said Section 31, from which the Southwest corner of said Section 31, bears North 89°58'11" West, a distance of 2691.57 feet;

Thence North 00°07'05" East, along the North-South mid-section line of said Section, a distance of 2175.72 feet to the Point of Beginning;

Thence continuing North 00°07'05" East, a distance of 228.73 feet to the Center Quarter corner of said Section;

Thence continuing North 00°07'05" East along said line, a distance of 1,320.34 feet;

Thence departing said line, South 89°36'43" East, a distance of 660.42 feet;

Thence South 00°08'16" West, a distance of 1,320.56 feet;

Thence South 89°35'35" East, a distance of 659.97 feet;

Thence South 00°07'32" West, a distance of 1,708.14 feet;

Thence North 33°05'50" West, a distance of 776.02 feet;

Thence North 89°50'42" West, a distance of 358.74 feet;

Thence North 33°05'50" West, a distance of 890.21 feet to the beginning of a 540.00 foot radius curve, concave Northeasterly;

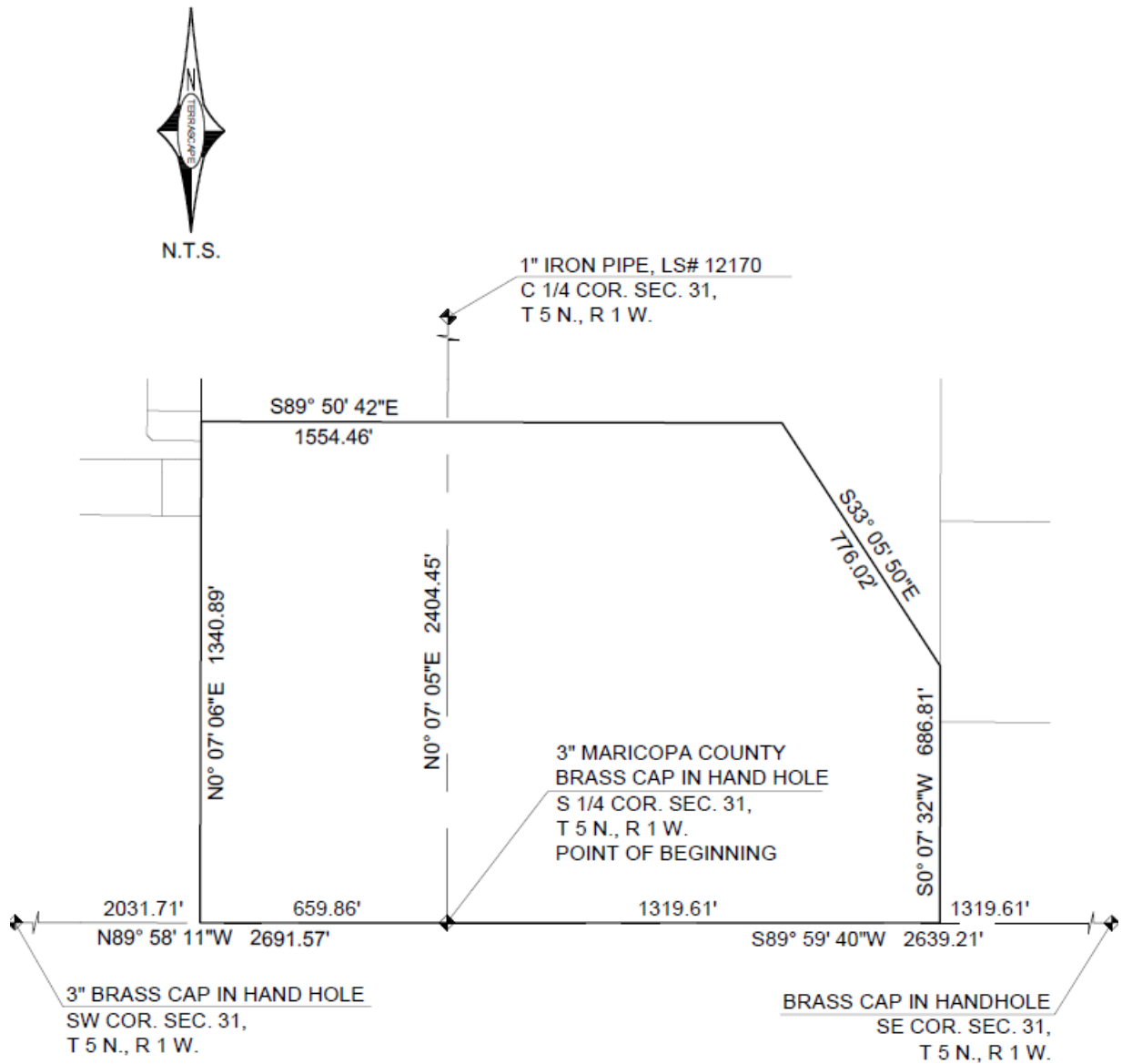
Thence Northwesterly along said curve, through a central angle of 11°01'25", an arc distance of 103.89 feet to the Point of Beginning.

Containing 2,192,047.41 square feet or 50.32 acres, more or less.

Exhibit A-2

Hines Parcels Depictions

Nobella Phase 1



Nobella Phase 2

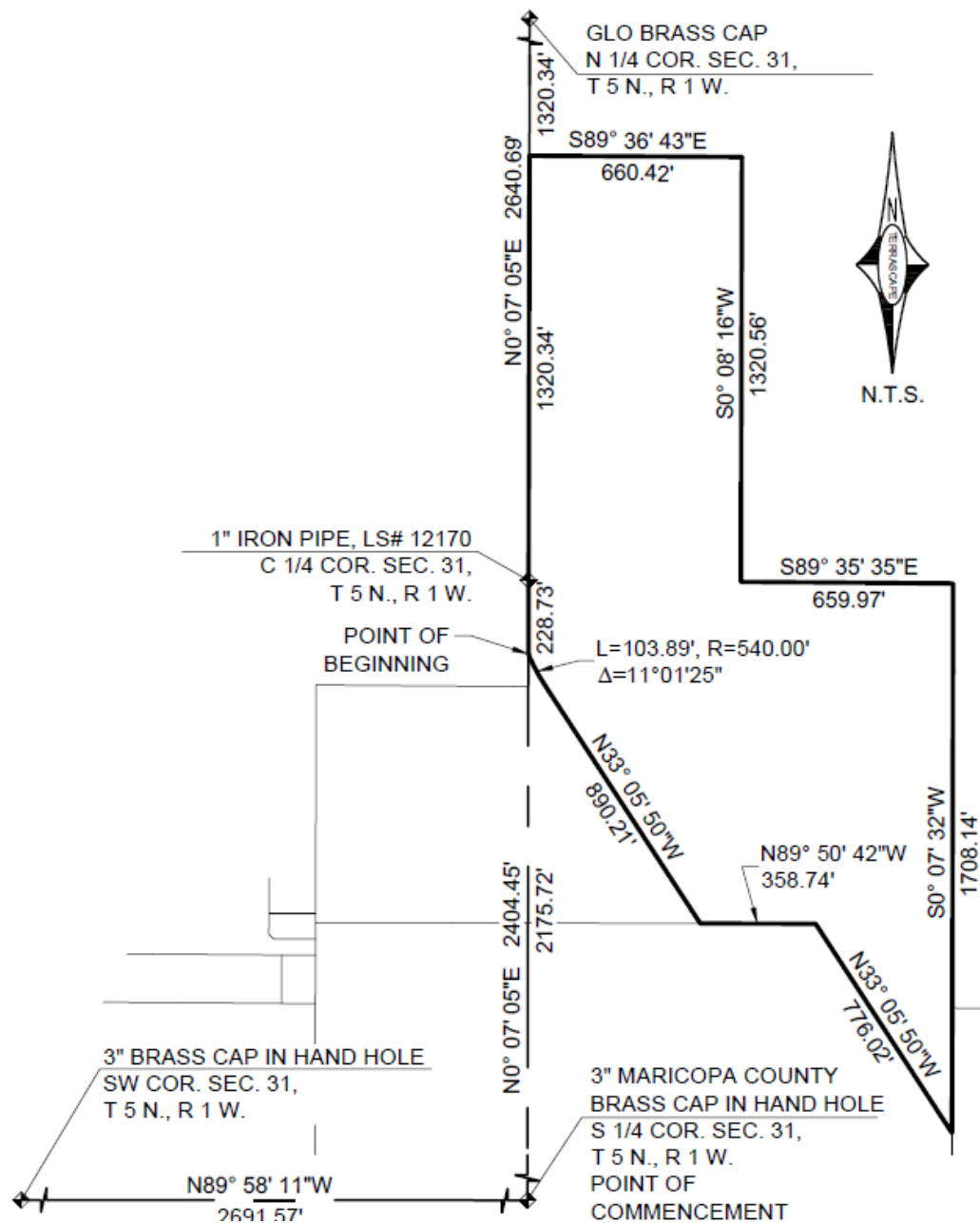


Exhibit A-3

Water/Wastewater Benefited Properties

Benefited Parcels (1)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
D	503-52-019Q	JOMAX SWA INVESTMENTS LLC	415,087	3.1%
E	503-52-019R	JOMAX SWA INVESTMENTS LLC	131,813	1.0%
F	503-52-079	JOMAX SWA INVESTMENTS LLC	205,194	1.5%
G	503-52-081B	HUGHES RANCH LLC	109,332	0.8%
H	503-52-080B	HUGHES RANCH LLC	111,383	0.8%
I	503-52-019M	M T SURPRISE ARIZONA PROPERTY LLC	112,478	0.8%
J	503-52-019K	M T SURPRISE ARIZONA PROPERTY LLC	578,325	4.3%
			1,663,612	12.4%

Benefited Parcels (2)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-024K	DEY SONIA MARLENE ESTATE OF	217,800	1.6%
B	503-52-024M	FIGUEROA REBECCA E	353,272	2.6%
C	503-52-024U	GILLASPY PAUL	316,551	2.4%
D	503-55-991	GARRETT BRADY PROPERTIES LLC	43,584	0.3%
E	503-55-992	GARRETT BRADY PROPERTIES LLC	53,918	0.4%
F	503-55-943	EQUITY TRUST COMPANY CUSTODIAN FBO JACQUELYN HAASE IRA	43,680	0.3%
G	503-55-993	GARRETT BRADY PROPERTIES LLC	65,261	0.5%
			1,094,066	8.2%

Benefited Parcels (3)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-56-903	KIRK AND LISA REESE FAMILY TRUST	94,330	0.7%
B	503-56-902	BALL BLAIR ANDREW/LORIN	50,666	0.4%
C	503-56-901	DAVIS BRADLEY CARL/SYDNEY JAYE	50,668	0.4%
D	503-52-026W	BSL INVESTMENT LLC	218,005	1.6%
E	503-52-026L	LAU AND JIANG LLC	871,645	6.5%
F	503-52-023C	JEMAD LLC	435,600	3.2%
			1,720,914	12.8%

Benefited Parcels (4)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-025G	PADEFORD JOHN C JR & CLARA T TR	1,672,261	12.5%
B	503-52-025D	JANTZ RYAN W/HEATHER	108,997	0.8%
C	503-52-025E	JANTZ RYAN W/HEATHER	109,006	0.8%
			1,890,264	14.1%

Benefited Parcels (5)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	9.3%
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	6.2%
			2,088,102	15.6%

Nobella Parcels

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-32-932	NOBELLA OWNER LLC	705,335	5.3%
B	530-32-927	NOBELLA OWNER LLC	167,766	1.3%
C	503-52-018E	NOBELLA OWNER LLC	370,442	2.8%
D	503-52-018F	NOBELLA OWNER LLC	359,283	2.7%
E	503-52-026T	NOBELLA OWNER LLC	217,904	1.6%
F	503-52-026R	NOBELLA OWNER LLC	217,829	1.6%
G	503-32-928	NOBELLA OWNER LLC	161,345	1.2%
H	503-32-930	NOBELLA OWNER LLC	84,310	0.6%
I	503-52-023K	NOBELLA OWNER LLC	347,325	2.6%
J	503-52-026U	NOBELLA OWNER LLC	217,922	1.6%
K	503-52-026S	NOBELLA OWNER LLC	217,847	1.6%
L	503-52-023P	NOBELLA OWNER LLC	217,800	1.6%
M	503-32-931	NOBELLA OWNER LLC	185,354	1.4%
N	503-52-023L	NOBELLA OWNER LLC	345,675	2.6%
O	503-52-023S	NOBELLA OWNER LLC	435,600	3.2%
P	503-52-023M	NOBELLA OWNER LLC	696,546	5.2%
			4,948,283	37%

TOTAL			13,405,241	100.0%
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Water/Wastewater Benefited Properties
Depiction

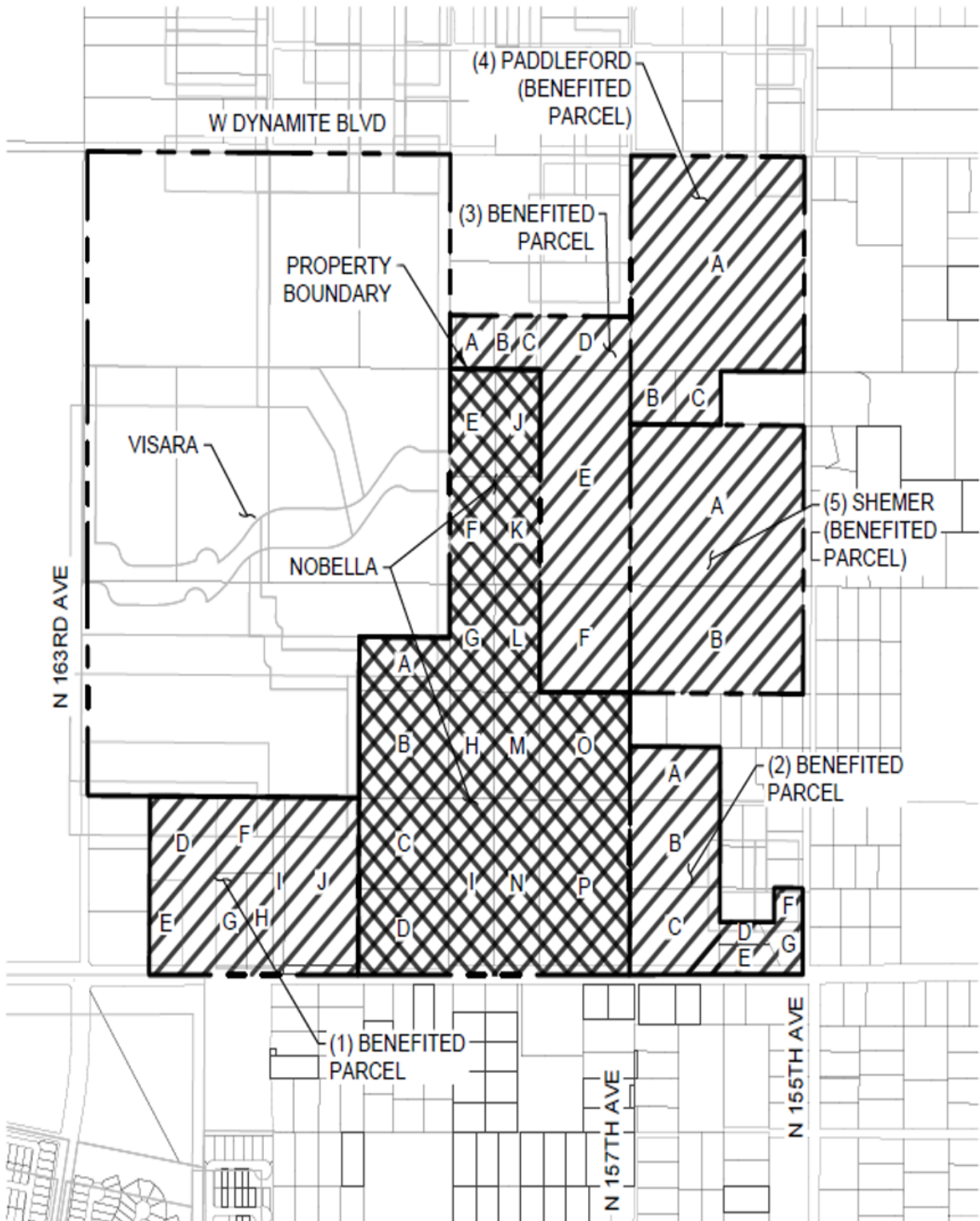


Exhibit A-4

Park Benefited Properties

Benefited Parcels (3)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
D	503-52-026W	BSL INVESTMENT LLC	218,005	2.5%
E	503-52-026L	LAU AND JIANG LLC	871,645	10.2%
F	503-52-023C	JEMAD LLC	435,600	5.1%
			1,525,250	17.8%

Benefited Parcels (5)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	14.6%
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	9.8%
			2,088,102	24.4%

Nobella Parcels

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-32-932	NOBELLA OWNER LLC	705,335	8.2%
B	530-32-927	NOBELLA OWNER LLC	167,766	2.0%
C	503-52-018E	NOBELLA OWNER LLC	370,442	4.3%
D	503-52-018F	NOBELLA OWNER LLC	359,283	4.2%
E	503-52-026T	NOBELLA OWNER LLC	217,904	2.5%
F	503-52-026R	NOBELLA OWNER LLC	217,829	2.5%
G	503-32-928	NOBELLA OWNER LLC	161,345	1.9%
H	503-32-930	NOBELLA OWNER LLC	84,310	1.0%
I	503-52-023K	NOBELLA OWNER LLC	347,325	4.1%
J	503-52-026U	NOBELLA OWNER LLC	217,922	2.5%
K	503-52-026S	NOBELLA OWNER LLC	217,847	2.5%
L	503-52-023P	NOBELLA OWNER LLC	217,800	2.5%
M	503-32-931	NOBELLA OWNER LLC	185,354	2.2%
N	503-52-023L	NOBELLA OWNER LLC	345,675	4.0%
O	503-52-023S	NOBELLA OWNER LLC	435,600	5.1%
P	503-52-023M	NOBELLA OWNER LLC	696,546	8.1%
			4,948,283	57.8%
TOTAL			8,561,635	100.0%

Exhibit A-4

Park Benefited Properties Depiction

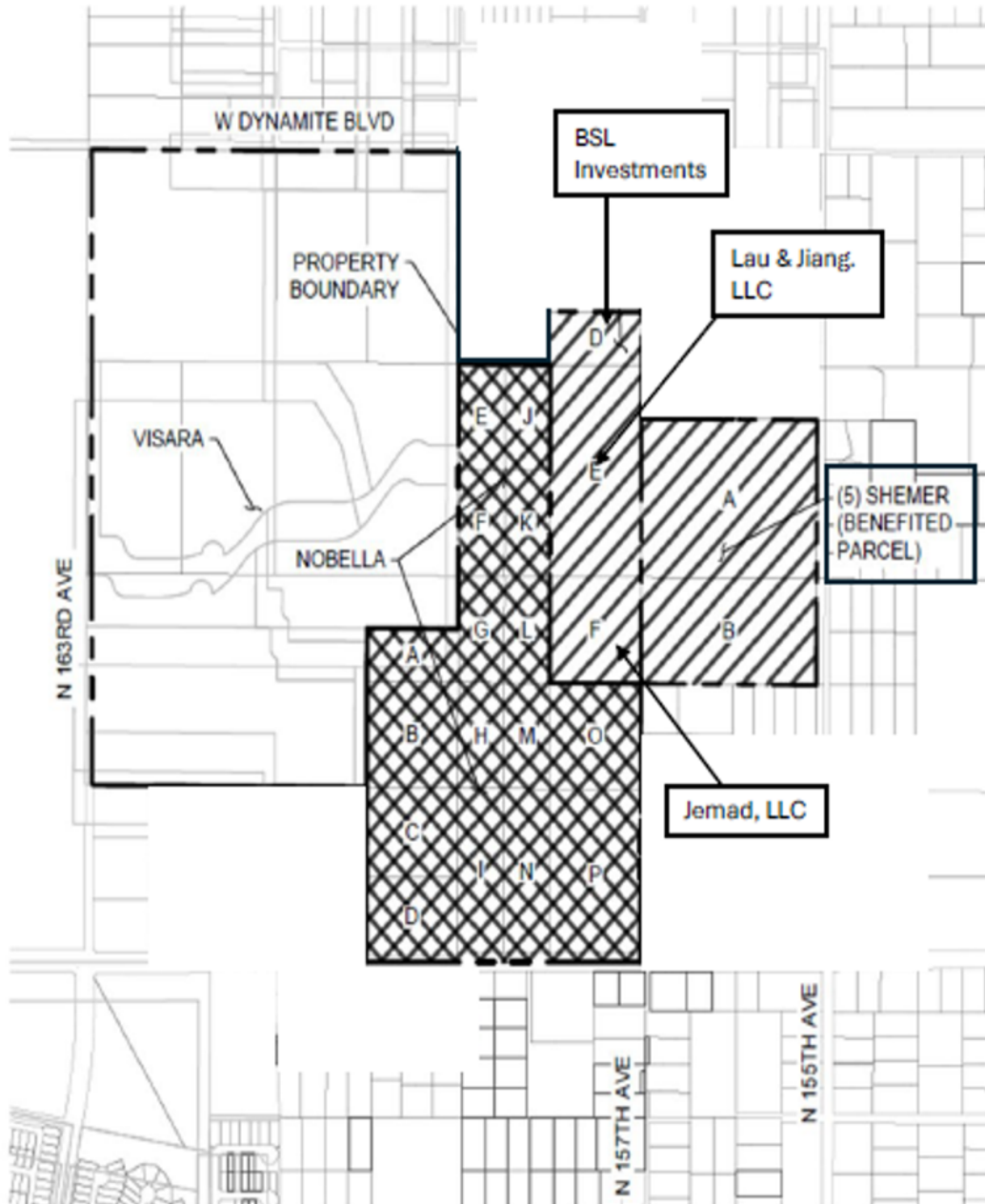


Exhibit B

Phasing Plan

- General Phasing Plan

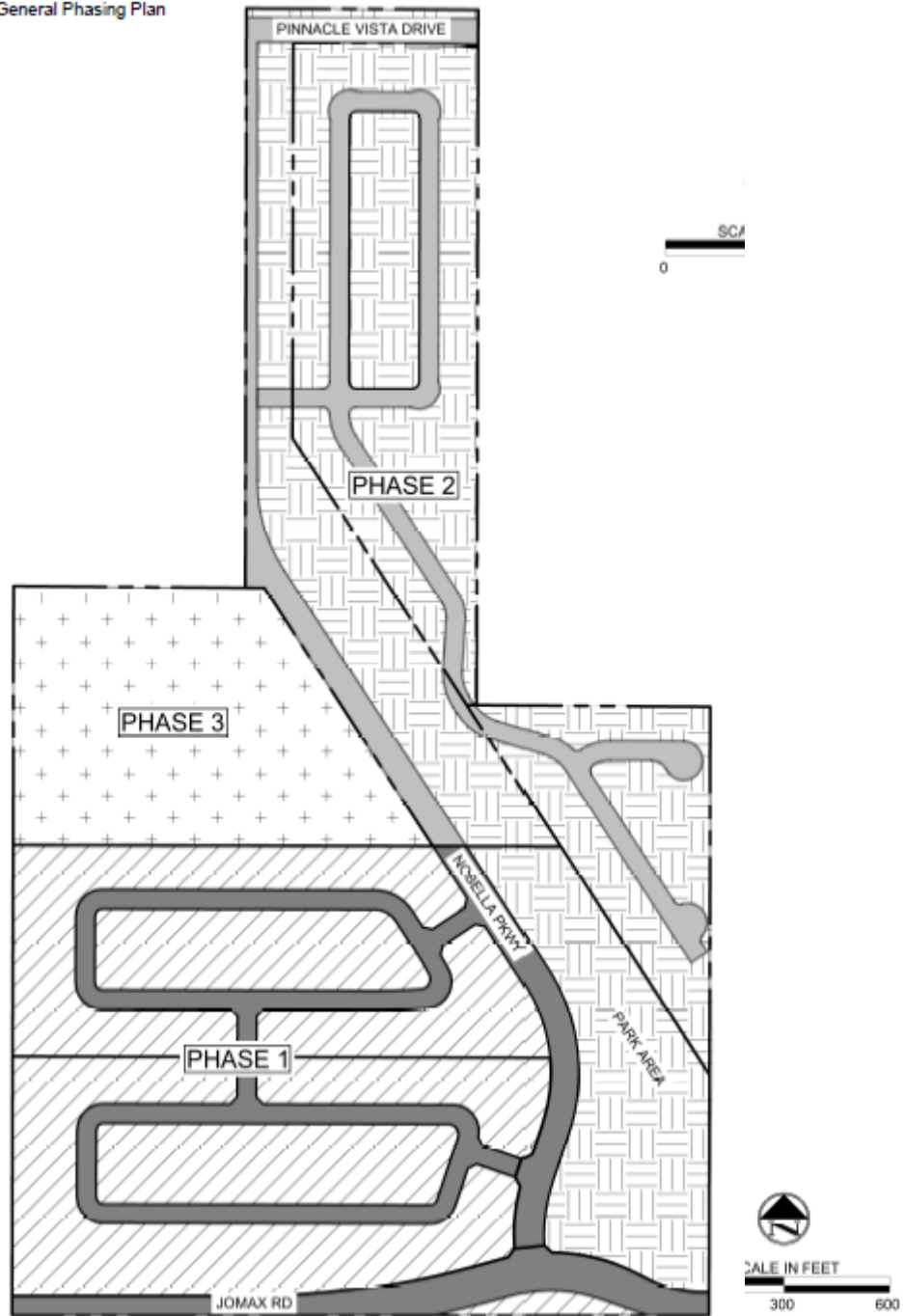


Exhibit C-1

Water/Wastewater Estimated Budget, Buy-In Fees Worksheet, and Benefited Area Depiction

Water/Wastewater Estimated Budget

Description	Jomax Rd/155th Water & Sewer
Linear FT Sewer	4,213
Linear FT Water	4,172
Architecture / Engineering <i>(allocated)</i>	\$ 287,236
Permits / Fees <i>(allocated)</i>	\$ 126,711
Survey / Staking <i>(allocated)</i>	\$ 23,701
Testing <i>(allocated)</i>	\$ 24,075
SWPPP <i>(allocated)</i>	\$ 6,500
Demolition	\$ -
Earthwork	\$ -
Sewer	\$ 1,135,239
Water	\$ 792,141
Reclaimed Water <i>(N/A)</i>	\$ -
Storm	\$ -
Dry Wells	\$ -
Rip Rap	\$ -
Dry Utilities	\$ -
Street Lights	\$ -
Concrete	\$ -
Paving	\$ -
Walls	\$ -
Landscaping	\$ -
Amenities	\$ -
Signage	\$ -
Cleanup	INCLUDED
General Conditions <i>(allocated)</i>	\$ 37,361
Contractor Insurance	INCLUDED
Pollution Insurance	INCLUDED
Escalation Allowance	EXCLUDED
Contingency	EXCLUDED
Contractor OH&P	INCLUDED
TPT Tax <i>(State/County @ 4.095%)</i>	\$ 99,630
TOTAL	\$ 2,532,594

Benefited Properties Water/Wastewater Buy-In Fees Worksheet

Jomax / 155th (Water & Sewer)

TOTAL \$ 2,532,594.00

Benefited Parcels (1)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
D	503-52-019Q	JOMAX SWA INVESTMENTS LLC	415,087	3.1%	\$ 78,421
E	503-52-019R	JOMAX SWA INVESTMENTS LLC	131,813	1.0%	\$ 24,903
F	503-52-079	JOMAX SWA INVESTMENTS LLC	205,194	1.5%	\$ 38,766
G	503-52-081B	HUGHES RANCH LLC	109,332	0.8%	\$ 20,656
H	503-52-080B	HUGHES RANCH LLC	111,383	0.8%	\$ 21,043
I	503-52-019M	M T SURPRISE ARIZONA PROPERTY LLC	112,478	0.8%	\$ 21,250
J	503-52-019K	M T SURPRISE ARIZONA PROPERTY LLC	578,325	4.3%	\$ 109,260
			1,663,612	12.4%	\$ 314,299

Benefited Parcels (2)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-52-024K	DEY SONIA MARLENE ESTATE OF	217,800	1.6%	\$ 41,148
B	503-52-024M	FIGUEROA REBECCA E	353,272	2.6%	\$ 66,742
C	503-52-024U	GILLASPY PAUL	316,551	2.4%	\$ 59,805
D	503-55-991	GARRETT BRADY PROPERTIES LLC	43,584	0.3%	\$ 8,234
E	503-55-992	GARRETT BRADY PROPERTIES LLC	53,918	0.4%	\$ 10,186
F	503-55-943	EQUITY TRUST COMPANY CUSTODIAN FBO JACQUELYN HAASE IRA	43,680	0.3%	\$ 8,252
G	503-55-993	GARRETT BRADY PROPERTIES LLC	65,261	0.5%	\$ 12,329
			1,094,066	8.2%	\$ 206,697

Benefited Parcels (3)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-56-903	KIRK AND LISA REESE FAMILY TRUST	94,330	0.7%	\$ 17,821
B	503-56-902	BALL BLAIR ANDREW/LORIN	50,666	0.4%	\$ 9,572
C	503-56-901	DAVIS BRADLEY CARL/SYDNEY JAYE	50,668	0.4%	\$ 9,572
D	503-52-026W	BSL INVESTMENT LLC	218,005	1.6%	\$ 41,187
E	503-52-026L	LAU AND JIANG LLC	871,645	6.5%	\$ 164,676
F	503-52-023C	JEMAD LLC	435,600	3.2%	\$ 82,296
			1,720,914	12.8%	\$ 325,125

Benefited Parcels (4)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-52-025G	PADELFORD JOHN C JR & CLARA T TR	1,672,261	12.5%	\$ 315,933
B	503-52-025D	JANTZ RYAN W/HEATHER	108,997	0.8%	\$ 20,592
C	503-52-025E	JANTZ RYAN W/HEATHER	109,006	0.8%	\$ 20,594
			1,890,264	14.1%	\$ 357,119

Benefited Parcels (5)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	9.3%	\$ 236,759
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	6.2%	\$ 157,737
			2,088,102	15.6%	\$ 394,496

Nobella Parcels

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-32-932	NOBELLA OWNER LLC	705,335	5.3%	\$ 133,256
B	530-32-927	NOBELLA OWNER LLC	167,766	1.3%	\$ 31,695
C	503-52-018E	NOBELLA OWNER LLC	370,442	2.8%	\$ 69,986
D	503-52-018F	NOBELLA OWNER LLC	359,283	2.7%	\$ 67,878
E	503-52-026T	NOBELLA OWNER LLC	217,904	1.6%	\$ 41,168
F	503-52-026R	NOBELLA OWNER LLC	217,829	1.6%	\$ 41,153
G	503-32-928	NOBELLA OWNER LLC	161,345	1.2%	\$ 30,482
H	503-32-930	NOBELLA OWNER LLC	84,310	0.6%	\$ 15,928
I	503-52-023K	NOBELLA OWNER LLC	347,325	2.6%	\$ 65,619
J	503-52-026U	NOBELLA OWNER LLC	217,922	1.6%	\$ 41,171
K	503-52-026S	NOBELLA OWNER LLC	217,847	1.6%	\$ 41,157
L	503-52-023P	NOBELLA OWNER LLC	217,800	1.6%	\$ 41,148
M	503-32-931	NOBELLA OWNER LLC	185,354	1.4%	\$ 35,018
N	503-52-023L	NOBELLA OWNER LLC	345,675	2.6%	\$ 65,307
O	503-52-023S	NOBELLA OWNER LLC	435,600	3.2%	\$ 82,296
P	503-52-023M	NOBELLA OWNER LLC	696,546	5.2%	\$ 131,595
Totals			4,948,283	37%	\$ 934,858

TOTAL			13,405,241	100.0%	\$ 2,532,594
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Water/Wastewater Benefited Area Depiction

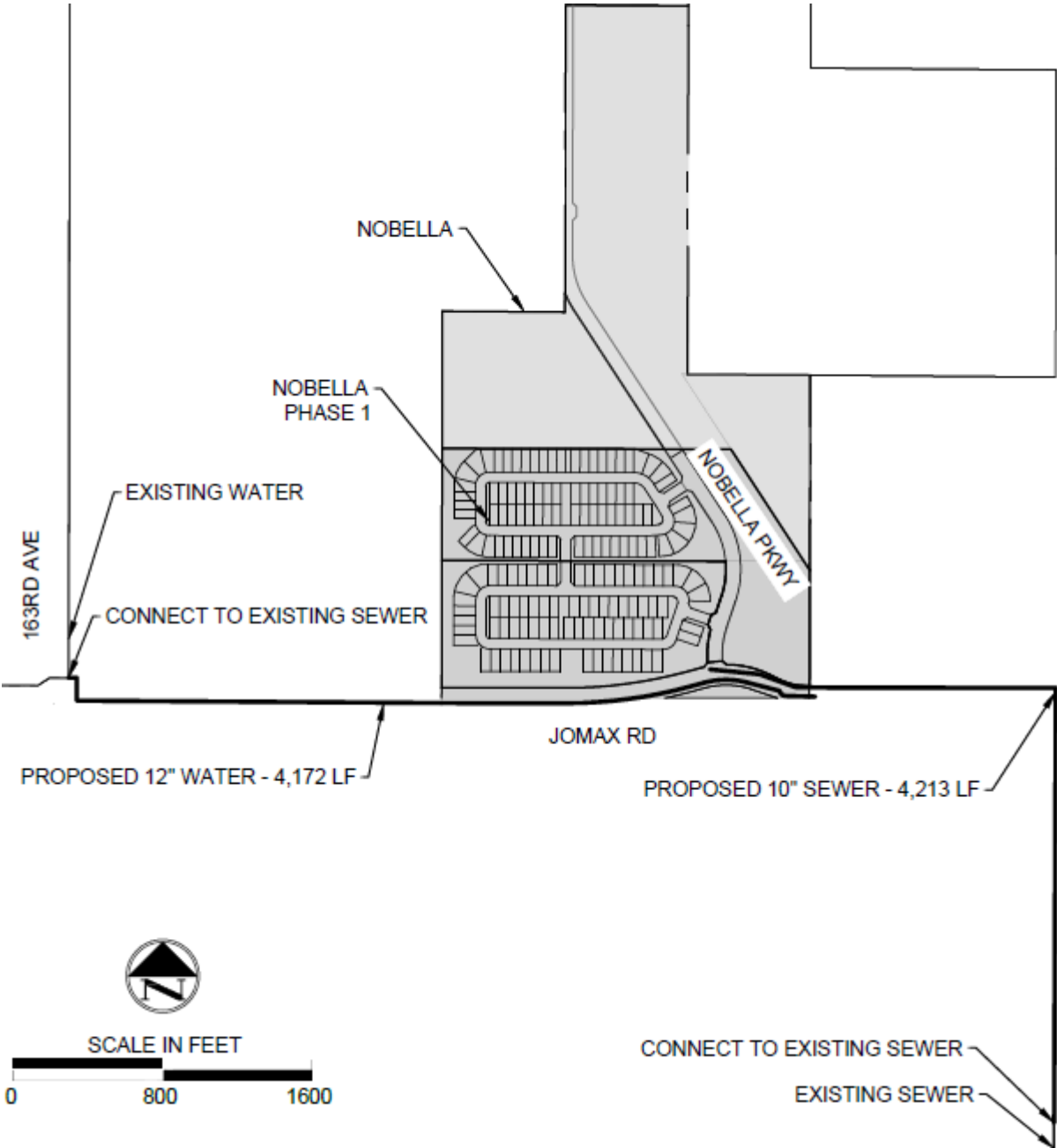


Exhibit C-2

Park Estimated Budget and Benefited Properties Park Buy-In Fees Worksheet

Park Estimated Budget

Description	Shared Regional Park Improvements
Architecture / Engineering <i>(allocated)</i>	\$ 342,156
Permits / Fees <i>(allocated)</i>	\$ 144,932
Survey / Staking <i>(allocated)</i>	\$ 23,548
Testing <i>(allocated)</i>	\$ 15,359
SWPPP <i>(allocated)</i>	\$ 16,376
Demolition	\$ -
Earthwork	\$ 374,775
Sewer	\$ -
Water	\$ -
Reclaimed Water <i>(N/A)</i>	\$ -
Storm	\$ 47,564
Dry Wells	\$ -
Rip Rap	\$ 127,789
Dry Utilities	\$ -
Street Lights	\$ -
Concrete	\$ 191,438
Paving	\$ -
Walls	\$ 120,750
Landscaping	\$ 914,752
Amenities	\$ 1,811,570
Signage	\$ 118,400
Cleanup	INCLUDED
General Conditions <i>(allocated)</i>	\$ 40,585
Contractor Insurance	INCLUDED
Pollution Insurance	INCLUDED
Escalation Allowance	EXCLUDED
Contingency	EXCLUDED
Contractor OH&P	INCLUDED
TPT Tax <i>(State/County @ 4.095%)</i>	\$ 175,675
TOTAL	\$ 4,465,670

Benefited Properties Park Buy-In Fee Worksheet

Shared Regional Park Improvements

TOTAL \$4,465,670

Benefited Parcels (3)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ FT.)	TOTAL %	TOTAL
D	503-52-026W	BSL INVESTMENT LLC	218,005	2.5%	\$ 113,709
E	503-52-026L	LAU AND JIANG LLC	871,645	10.2%	\$ 454,642
F	503-52-023C	JEMAD LLC	435,600	5.1%	\$ 227,205
			1,525,250	17.8%	\$ 795,556

Benefited Parcels (5)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ FT.)	TOTAL %	TOTAL
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	14.6%	\$ 653,651
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	9.8%	\$ 435,484
			2,088,102	24.4%	\$ 1,089,135

Nobella Parcels

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ FT.)	TOTAL %	TOTAL
A	503-32-932	NOBELLA OWNER LLC	705,335	8.2%	\$ 367,896
B	530-32-927	NOBELLA OWNER LLC	167,766	2.0%	\$ 87,505
C	503-52-018E	NOBELLA OWNER LLC	370,442	4.3%	\$ 193,219
D	503-52-018F	NOBELLA OWNER LLC	359,283	4.2%	\$ 187,399
E	503-52-026T	NOBELLA OWNER LLC	217,904	2.5%	\$ 113,657
F	503-52-026R	NOBELLA OWNER LLC	217,829	2.5%	\$ 113,618
G	503-32-928	NOBELLA OWNER LLC	161,345	1.9%	\$ 84,156
H	503-32-930	NOBELLA OWNER LLC	84,310	1.0%	\$ 43,975
I	503-52-023K	NOBELLA OWNER LLC	347,325	4.1%	\$ 181,162
J	503-52-026U	NOBELLA OWNER LLC	217,922	2.5%	\$ 113,666
K	503-52-026S	NOBELLA OWNER LLC	217,847	2.5%	\$ 113,627
L	503-52-023P	NOBELLA OWNER LLC	217,800	2.5%	\$ 113,602
M	503-32-931	NOBELLA OWNER LLC	185,354	2.2%	\$ 96,679
N	503-52-023L	NOBELLA OWNER LLC	345,675	4.0%	\$ 180,301
O	503-52-023S	NOBELLA OWNER LLC	435,600	5.1%	\$ 227,205
P	503-52-023M	NOBELLA OWNER LLC	696,546	8.1%	\$ 363,312
			4,948,283	58%	\$ 2,580,979

TOTAL			8,561,635	100.0%	\$ 4,465,670
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Exhibit D-1

Park Area Description

Tract H as depicted on the Final Plat for Nobella

Exhibit D-2

Park Area Depiction

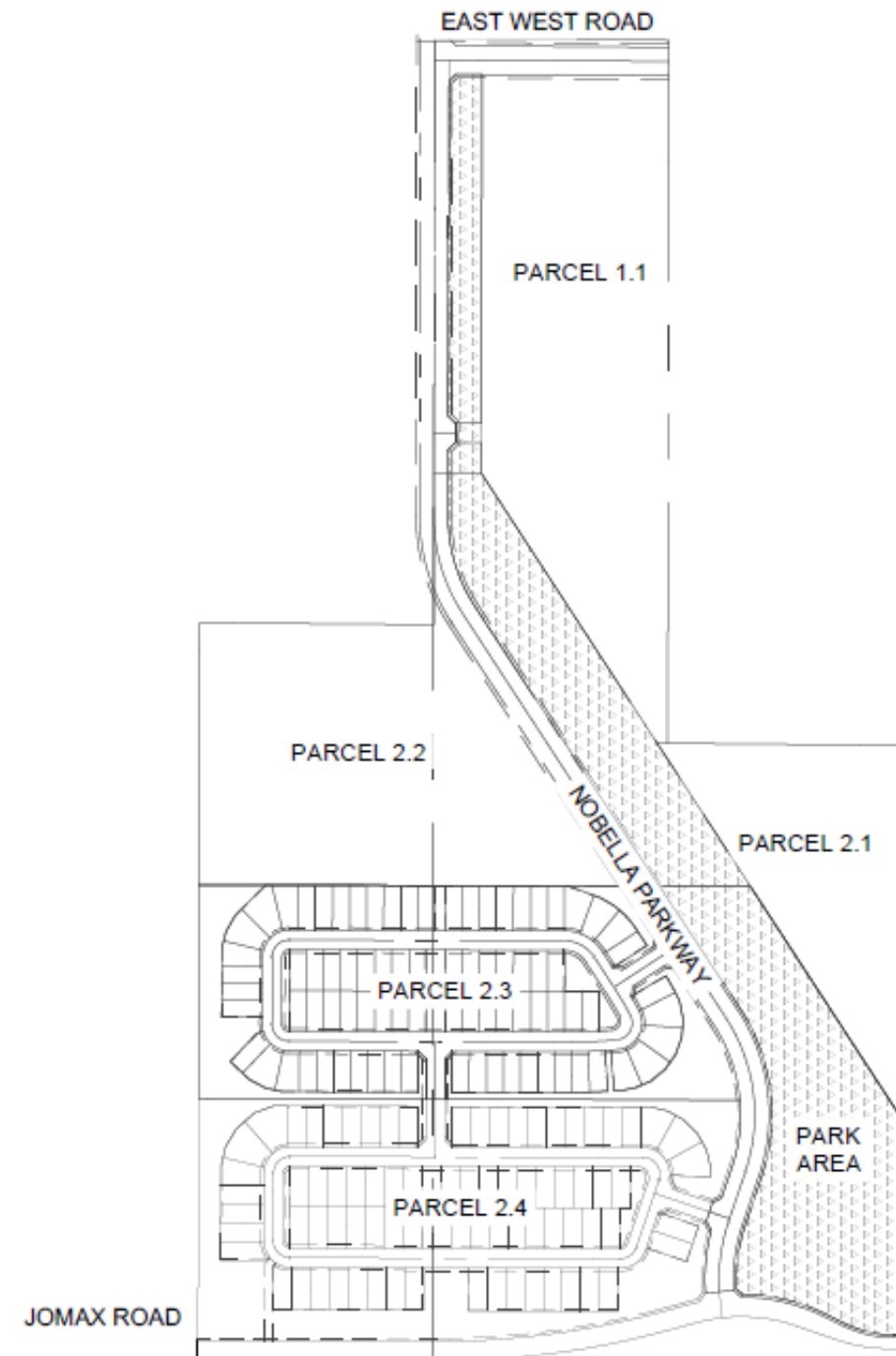


Exhibit D-3

Parking Area Description

Located in East half of Section 31, Township 5 North, Range 1 West, Gila and Salt River Meridian, Maricopa County, Arizona;

The first 70.00' east of the Nobella Parkway Right of Way line for a distance of 350.00 feet located 720.00 feet northerly along the center line of section 31 from the Center Quarter corner of said Section.

Exhibit D-4

Parking Area Depiction

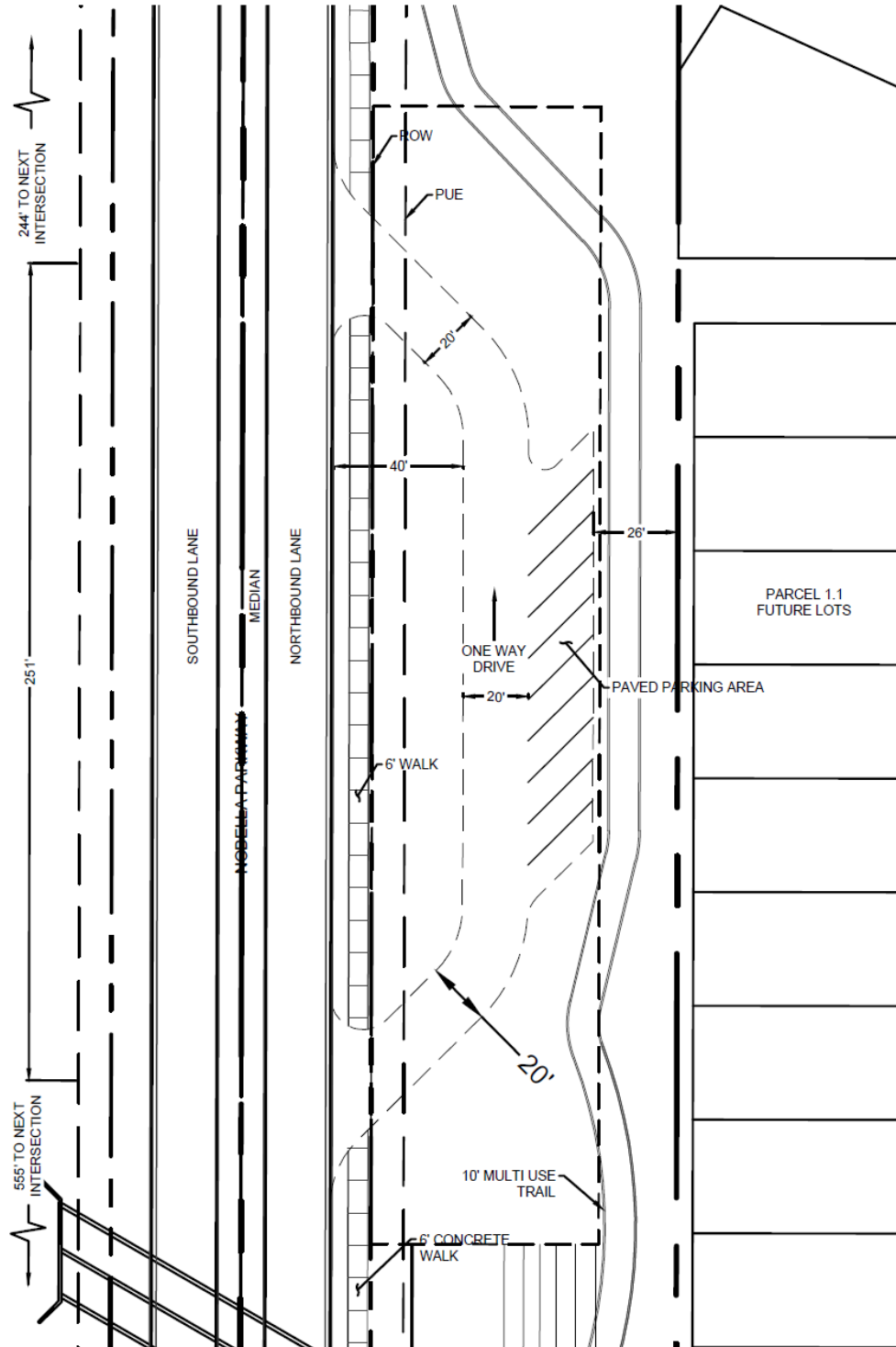


Exhibit E

Notice of Payment

The undersigned Nobella Surprise Owner, a Delaware Limited Partnership, (“**Nobella**”) does hereby acknowledge that the undersigned “Benefited Owner” under the Development Agreement dated June 17, 2025, recorded at Instrument No. _____ in the Official Records of Maricopa County (the “DA”), has paid \$ _____ in “Buy-in Fees” as defined in the DA with respect to the “Benefited Property” (as defined in the DA) for the property know as APN _____ in full satisfaction of the obligation under the DA with respect to such Benefited Property, subject to any increases in Buy-in Fees that may occur as described in Section 8c of the DA.

BENEFITED OWNER:

[TBD]

By: _____

Its: _____

Date: _____

DEVELOPER:

NOBELLA SURPRISE OWNER LP
a Delaware limited partnership

By: Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Nobella Surprise LP
a Delaware limited partnership
Its: Sole Member

By: Hines AZ Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Hines AZ Nobella Surprise Associates LP
a Delaware limited partnership
Its: Sole Member
By: Hines Investment Management Holdings LP
a Texas limited partnership
Its: General Partner

By: _____
Name: _____
Title: _____

Acknowledged By:
CITY OF SURPRISE
an Arizona municipal corporation

By: _____
Title: _____

City Clerk
City of Surprise, Arizona
16000 N Civic Center Plaza
Surprise, AZ 85374

With a copy to:
Nobella Surprise Owner L.P.
2375 E. Camelback Road, Suite 150
Phoenix, AZ 85016
Attn: Christina Maksimovic & Chris Anderson

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “**Agreement**”) is made as of this 17th day of June, 2025 (the “**Effective Date**”), by and between the City of Surprise, a municipal corporation organized and existing under the laws of the State of Arizona, (the “**City**”) and Nobella Surprise Owner, LP, a Delaware limited partnership (“**Developer**”). Each of the City and Developer may be referred to in this Agreement as a “**Party**” and collectively the “**Parties**.”

RECITALS

A. Developer owns parcels of real property located within the City’s boundaries that currently are intended to be developed separately (respectively, the “**Hines Group 1 Parcels**” the “**Hines Group 2 Parcels**,” and the “**Hines Group 3 Parcels**,” and collectively, the “**Hines Parcels**”). The Hines Parcels are legally described in Exhibit A-1 and depicted on Exhibit A-2, each attached hereto.

B. Developer seeks to cause the development of the Hines Parcels in accordance with City Ordinances 2022-12 and 2024-06 (“**Rezoning Ordinances**”), approving development of residences (the “**Projects**”) comprising a maximum of five hundred forty-seven (547) equivalent dwelling units (each, an “**EDU**” and collectively, the “**EDUs**”).

C. Developer desires to enter into this Agreement to address those matters set forth in Arizona Revised Statutes (“**A.R.S**”) § 9-500.05, including among other things, the design, construction, timing, and responsibility for various public improvements described in this Agreement (“**Infrastructure Improvements**”) that are necessitated by the development of the Projects, and to support the development of certain surrounding properties listed and depicted on Exhibit A-3 (the “**Water/Wastewater Benefited Properties**” and individually, a “**Water/Wastewater Benefited Property**”) and Exhibit A-4 (the “**Park Benefited Properties**” and individually, a “**Park Benefited Property**”). The Water/Wastewater Benefited Properties and the Park Benefited Properties (collectively, the “**Benefited Properties**” and individually, a “**Benefited Property**”) are owned by those associated with such Benefited Properties (each a “**Benefited Owner**” and collectively, the “**Benefited Owners**”). This Agreement also addresses the financing and reimbursement mechanisms for the Infrastructure Improvements.

D. City previously has approved various master reports, which, subject to the review and approval of the City, may be amended in the development of the Infrastructure Improvements, including the Drainage Report prepared by Terrascope Consulting (July 29, 2024) (“**Master Drainage Report**”), Nobella Final Water Report prepared by Terrascope Consulting (June 11,

2024) (“**Master Water Report**”), and Nobella Final Sewer Report prepared by Terrascope Consulting (July 23, 2024) (“**Master Sewer Report**”) (together “**Master Reports**”).

E. Developer believes that development of the Hines Parcels and surrounding properties, including the Benefited Properties, pursuant to this Agreement will result in benefits to City and its residents by increasing the housing options with the City’s General Plan 163rd Avenue Corridor Growth Area, promoting orderly development, constructing as a significant part of the Infrastructure Improvements, including off-site water and wastewater infrastructure with regional benefits, and other public improvements more fully described in these Recitals and this Agreement.

F. The Parties acknowledge and agree that development of the Hines Parcels in accordance with the Rezoning Ordinances is consistent with the City’s General Plan.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties agree as follows:

AGREEMENT

1. Design and Construction Costs. The term “**Costs**” used in this Agreement shall have the same meaning as the definition of “**Costs**” set forth at Section 42-3 of the Surprise Municipal Code (“**SMC**”) for public improvement repayment agreements as of the Effective Date.

2. Infrastructure Improvements. Except as set forth in this Agreement, Developer shall be responsible to cause the design, construction, and installation of the Infrastructure Improvements in accordance with the Master Reports, as may be amended and if approved by the City, consistent with the Rezoning Ordinances. Such Infrastructure Improvements may be phased in accordance with the Projects’ phasing plan as set forth in Exhibit B hereto (“**Phasing Plan**”). Any amendment to the Phasing Plan shall be subject to the City’s review and approval.

a. Right of Way, Permits, and Easements. Developer, its agents, and employees, shall have the additional right, upon receipt from the City of an appropriate right-of-way or other applicable permit, to enter, remain upon, cross over, and undertake construction on, over, and under any City rights-of-way to the extent reasonably necessary to facilitate construction, or to perform necessary maintenance or repairs (during the period for which Developer is responsible for such maintenance and repairs) of the Infrastructure Improvements as well as for any other uses set forth in such each permit. The use of such rights-of-way, pursuant to an applicable permit, shall not unreasonably impede or adversely affect the City’s use and enjoyment thereof and shall be subject to any other limitations set forth in any such permit. If the City provides authority to make use of any non-exclusive easement area, Developer shall not interfere unreasonably with the previously approved use/user of said easement area.

b. Restrictions and Obligations. Upon completion of such construction, repairs, or maintenance, the Developer shall cause such City easements and rights-of-way used pursuant to any right-of-way permit to be restored to the same or better condition as it existed prior to Developer’s entry on such easements and rights-of-way.

c. Construction Water Use. Developer will cause all contractors and subcontractors to make reasonable efforts to obtain and use non-potable water for construction of

the Projects and the Infrastructure Improvements. To the extent non-potable water is not reasonably available, City agrees that potable water may be used and City will not withhold any permits or approvals based on the use of potable water for construction of the Projects or the Infrastructure Improvements. Developer shall be solely responsible for purchase, transportation, and use of water for any such construction.

3. Offsite Infrastructure Improvements. Developer shall provide Infrastructure Improvements that are not within or adjacent to the Hines Parcels, that serve other properties, including the other Benefited Properties, or that include excess or oversized capacity beyond what is necessary to serve the Hines Parcels as specified in the Master Reports (all of which shall be referred to in this Agreement as the “**Offsite Infrastructure Improvements**”).

a. Reimbursement Entitlement. Developer shall seek reimbursement for the Costs of the Offsite Infrastructure Improvements as defined in and in accordance with Chapter 42 of the S.M.C., and as otherwise provided in this Agreement. Notwithstanding any contrary provisions of this Agreement, the Parties shall comply with all applicable laws including but not limited to A.R.S. § 9-463.05.

b. Estimated Budget. For each of the Water/Wastewater Infrastructure Improvements, and the Park Improvements (each as defined below), Developer has prepared an estimated budget that has been reviewed and approved by the City (each, an “**Estimated Budget**”), as set forth on Exhibit C-1, and Exhibit C-2, respectively, the amounts of which have been allocated by Developer to each Benefited Property. The Estimated Budget and allocation to the Benefited Properties for each category of Infrastructure Improvements may be amended from time to time by Developer, subject to the review and approval of the City (such review and approval not to be unreasonably conditioned, delayed, or withheld), and shall thereafter be deemed to have been incorporated into this Agreement. In accordance with S.M.C. § 42-7(g), prior to allowing a Benefited Property to connect to or to use an Infrastructure Improvement, City shall verify that the Benefited Owner of a Benefited Property has paid its reimbursement share to the Developer with respect to each Infrastructure Improvement category serving such Benefited Property.

4. Assured Water Supply. The City has a Designation of Assured Water Supply pursuant to A.R.S. § 45-576. This Agreement is not a written commitment of water service from the City pursuant to A.R.S. § 9-463.01(I).

5. Water/Wastewater Supply and Infrastructure. Water supply for the Projects shall be provided by the City pursuant to the terms of the North Jomax Water Development Agreement (Regional Improvements Overlay Agreement) between North Jomax Water Coordinator, LLC (“**NJWC**”) and the City, dated May 7, 2024, and recorded at Document No. 2024-0309586 in the Official Records of Maricopa County, Arizona (the “**Overlay Agreement**”). City shall provide wastewater treatment to serve the Projects based upon the development timing and capacity requirements defined through the current Master Wastewater Report, on file with Water Resources Management Department. Developer has access to 325 EDUs based on 210 gallons per day for SPA 2 wastewater treatment capacity. Additional capacity shall be acquired, if necessary, prior to any City approval of a final plat, site plan, or building permit pursuant to the SPA 2 Water Reclamation Facility Capacity Allocation Agreement, on file with the Water Resources Management Department. Proof of ownership of capacity will be required prior to the City’s approval of any final plat for the Projects.

a. **Water Infrastructure Improvements.** Off-site improvements to the City's water infrastructure will be required to serve the Projects and the Water/Wastewater Benefited Properties, including but not limited to water treatment, pressure zone improvements, and storage ("**Water Infrastructure Improvements**"). The water treatment, pressure zone improvements, and storage are, to the extent required in the SPA 2 North Water Expansion Agreement, the obligation of the Developer. The SPA 2 North Water Expansion Agreement must be fully executed by Developer or its successors or assigns prior to approval of any final plat for any phase of Nobella. Developer will construct the Water Infrastructure Improvements, which shall comprise (1) a 12" high-pressure water line in Jomax Road from the existing 16" water distribution line in Jomax Road at 163rd Avenue to the eastern boundary of the Hines Parcels at 157th Avenue. The Water Infrastructure Improvements are more fully described in the Master Water Report. Once completed, Developer shall dedicate the Water Infrastructure Improvements to the City. A 12" water distribution line is not necessary to serve the Projects, and the increase in size constitutes an Offsite Infrastructure Improvement that will be capable of serving additional land comprising the Water/Wastewater Benefited Properties.

b. **Wastewater Infrastructure Improvements.** As part of the Projects, Developer shall construct the wastewater improvements set forth in the Wastewater Master Report to connect to existing wastewater infrastructure ("**Wastewater Infrastructure Improvements**"). A 10" sewer line is necessary to serve the Projects, and any increase in size also would be considered an Offsite Infrastructure Improvement.

c. **Water/Wastewater Infrastructure Improvements.** The Water Infrastructure Improvements and the Wastewater Infrastructure Improvements will be, at least in part, constructed together and, accordingly, the Estimated Budget for these has been combined to provide avoidance of duplicated costs and are, for purposes of reimbursement to Developer under this Agreement, referred to as the "**Water/Wastewater Infrastructure Improvements.**" To the extent that Water/Wastewater Infrastructure Improvements constitute an Offsite Infrastructure Improvement, such Water/Wastewater Infrastructure Improvements are subject to reimbursement for Costs under the hierarchy set forth in Section 3, and such Costs shall be eligible for repayment pursuant to S.M.C., Chapter 42, and Section 9 of this Agreement. An Estimated Budget, Benefited Area, and Buy-In Fee worksheet for the Offsite Infrastructure Improvements portion of the Water/Wastewater Benefited Properties are attached hereto as Exhibit C-1.

d. **Use of Right-of-Way & Accommodations.** Except as provided in Section 5a of this Agreement, Developer will be solely responsible for funding and constructing the water distribution lines to the Hines Parcels pursuant to the Master Water Report, and City acknowledges that such water distribution lines may run within City right-of-way, including but not limited to Nobella Parkway, East-West Road, and Jomax Road. As set forth in the Master Water Report, the Projects will connect to Pressure Zone 3A prior to issuance of the first building permit for the Projects; however, an interim connection for the purpose of serving the Projects may be to Pressure Zone 2A, provided that the SPA 2 North Water Expansion Agreement has been executed by Developer or its successors and assigns. Developer agrees that construction of the Pressure Zone 3A connection will be completed prior to issuance of a certificate of occupancy for the Projects, provided that grading and infrastructure improvements to the Hines Parcels for such plat may commence subject to an Alternative Assurance Agreement as set forth in S.M.C. § 108-3.2.

6. **Park Improvements.** In connection with the construction of the Projects and pursuant to the Development Plan, Developer will create a park open to the public (the "**Nobella**

Park”), on the portion of the Hines Parcels described on Exhibit D-1 and depicted on Exhibit D-2 (the “**Park Area**”). The Park Area shall include a parking area over which the public shall be allowed to drive and park motor vehicles. (See Exhibit D-3 and Exhibit D-4, the “**Parking Area**”). (The Nobella Park and all of its associated improvements shall be deemed the “**Park Improvements**.”) The Nobella Park shall be designed and constructed in accordance with City of Surprise Parks and Recreations Master Plan and shall be owned, operated, and maintained by Developer, or an Association to be formed by Developer. As more fully described below, on completion of the Projects and the Nobella Park, the Nobella Park will be made available for use by the residents of all the Benefited Properties. The costs of operating, repairing, and maintaining the Nobella Park will be borne by the residents of the Projects and of the other Park Benefited Properties, as more fully described below, including any Association ultimately formed and responsible for the Nobella Park. The Costs for the Park Improvements are subject to reimbursement by the Park Benefited Properties under the hierarchy set forth in Section 3, eligible for repayment pursuant to S.M.C., Chapter 42, and as set forth in Section 9 of this Agreement. An Estimated Budget, Benefited Area, and Buy-In Fee worksheet for the portion of the Costs for the Park Improvements attributable to the Park Benefited Properties are attached as Exhibit C-2.

a. Indemnification. To the fullest extent permitted by law, Developer, its successors and assigns, and any Association later formed, shall indemnify, defend, and hold harmless the City and its council members, managers, officers, boards, commissions, officials, employees, or agents (collectively “Indemnified Party”), for, from, and against any and all losses, claims, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, claims processing, investigation, court costs, and the costs of appellate proceedings) to which any such Indemnified Party may become subject, under any theory of liability whatsoever (“Claims”), including negligence, insofar as such Claims (or actions with respect thereof) relate to, arise out of, or are caused by, or in connection with this provision, or the City’s enforcement of this provision, or the City’s enforcement of S.M.C., Chapter 42, with respect to this provision, or the Nobella Park including the Park Area or the Parking Area or the Park Improvements, or the City’s collection or attempted collection of fees for the Park Improvements pursuant to S.M.C., Chapter 42.

b. Maintenance Expense. Notwithstanding that the Nobella Park will be available for use by residents of the Benefited Properties, Developer agrees that the City will not be responsible for the costs of the operation, repair, and maintenance of the Nobella Park. The costs and expenses incurred in such operation, repair, and maintenance shall be shared among owners within the Projects (and the other Park Benefited Properties as Developer may arrange) as “common” expenses of an association (the “**Association**”) to be formed under the terms of a recorded and binding Declaration setting forth certain Conditions, Covenants, and Restrictions that are binding, enforceable, and applicable to the Projects and the other Park Benefited Properties. The City shall not, at any time, be liable or otherwise responsible for the operation, repair, maintenance, or replacement of the Nobella Park, and/or the Park Improvements.

7. City Duties and Obligations Regarding Payback Provisions. City shall be responsible for the duties and obligations upon the triggering of any “Payback Provision” as set forth in Chapter 42 of the S.M.C., specifically § 42-7, and as further described below:

a. Pursuant to S.M.C. § 42-7(g), prior to allowing a Benefited Owner to connect a Benefited Property to or to use an Infrastructure Improvement, or at an earlier time within the City’s sole discretion, (e.g., prior to approving a building permit, sewer connection,

water connection, site plan, or final plat), the City shall verify that the Benefited Owner has paid its reimbursement share to the Developer.

b. During the Term of this Agreement, reviewing and approving the Costs for each Offsite Infrastructure Improvement. The City shall have sixty days (60) to review and approve or object to the Costs for each Offsite Infrastructure Improvement. If the City objects to Developer's Costs submittal, the City immediately shall notify Developer, and the City and Developer agree to work in good faith to resolve the issue or concern with respect to Developer's submittal of Costs. If the issue or concern cannot in good faith be resolved by the City and Developer, then, subject to the provisions of Section 17, the Parties may submit this matter to non-binding mediation.

8. Payback Provisions; Buy-In Fees.

a. **Calculating Buy-In Fees.** The initial estimate of the Buy-In Fee for each category of Offsite Infrastructure Improvement is set forth on Exhibits C-1 and C-2. Accordingly, Developer shall calculate the Buy-In Fees using the spreadsheets in Exhibits C-1 and C-2, which have been approved by the City for this Agreement. These Exhibits reflect a static picture of each spreadsheet, and each spreadsheet includes a series of formulas for accurately and equitably calculating each Buy-In Fee for the associated Offsite Infrastructure Improvement. Upon written request from a Benefited Owner, Developer promptly shall provide such Benefited Owner with an Excel file copy of the requested Buy-In Fees spreadsheet with appropriate interest.

b. **Adjusting Buy-In Fees.** Developer shall adjust the amount of the initial Buy-In Fees by calculating the amount of the actual total Costs and determining each final Buy-In Fee on Developer's completion and City's acceptance, if acceptable, of each category of Infrastructure Improvement. On finalizing each such Buy-In Fee amount, such amount shall be applied proportionately to any Benefited Property that will utilize the associated Infrastructure Improvement(s) and that, accordingly, is subject to the Buy-In Fee payments to Developer pursuant to Reimbursement Provisions.

c. **Collecting the Buy-In Fees.** During the Term of this Agreement, upon written request by a Benefited Owner, Developer shall provide such Benefited Owner with an invoice showing the Buy-In Fees per EDU that such Benefited Owner is required to pay as a condition of developing a Benefited Property in the Benefited Area. Developer shall direct each Benefited Owner to remit payment of its Buy-In Fees directly to Developer. Upon receipt of a Benefited Owner's Buy-In Fees, Developer shall provide such Benefited Owner with a signed Notice of Payment attached hereto as Exhibit E. If Developer has collected Buy-In Fees from a Benefited Owner and the amount of the applicable Buy-In Fees is subsequently increased pursuant to Section 10b, then Developer shall provide the Benefited Owner with an additional invoice reflecting any increase in the applicable Buy-In Fees per EDU, and such Benefited Owner shall be required to pay such increase. Upon receipt of a Benefited Owner's full additional payment of such adjusted Buy-In Fees, Developer shall provide such Benefited Owner with an updated, completed Notice of Payment in the form of Exhibit E reflecting the increase in such Buy-In Fees paid by such Benefited Owner. If such previously paid Buy-In Fees are in excess of the amount of any adjusted amount determined pursuant to Section 10b of this Agreement as calculated on completion of all Infrastructure Improvements, Developer promptly shall refund such amount plus earned interest thereon, if any, to the Benefited Owner.

d. **Time of Collection.** During the Term of this Agreement, the Buy-In Fees Developer may collect from a Benefited Owner shall be due and paid to Developer upon the earliest applicable of the following after recordation of this Agreement (i) prior to the City's approval of any building permit, sewer connection, water connection, site plan, or final plat for a Benefited Property; or (ii) a Benefited Property being connected to or utilizing any of the Offsite Infrastructure Improvements.

e. **Receipt and Application.** Developer shall collect the Buy-In Fees for all Offsite Infrastructure Improvements that have been and that have not yet been completed by Developer. The Buy-In Fees for an Offsite Infrastructure Improvement that has not yet been completed by Developer shall be the initial Buy-In Fee identified in this Agreement, which is based on the Estimated Budget for such Offsite Infrastructure Improvement, subject to reconciliation to actual cost pursuant to Section 10(b). Any Buy-In Fees collected by Developer during the Term of this Agreement for Infrastructure Improvements that have been completed and accepted by the City may be deposited into Developer's general account or otherwise deposited in an account designated by Developer. Any Buy-in Fees collected by Developer for Infrastructure Improvements not yet completed or accepted by the City shall be held by Developer in an interest-bearing escrow account to be opened by Developer with First American Title Insurance Company acting as an escrow agent. Any such Buy-In Fees deposited into such escrow account may be withdrawn by Developer once construction has begun on the associated Infrastructure Improvement and deposited in an account designated by Developer.

f. **Notification to City.** During the Term of this Agreement, Developer shall notify the City and provide to the City a copy of each Notice of Payment when a Benefited Owner pays Buy-In Fees or adjusted Buy-In Fees. Each such Notice of Payment shall include a statement of whether a Benefited Owner has paid all such Buy-In Fees. The City promptly shall acknowledge receipt of each Notice of Payment and return to Developer a copy of each such Notice of Payment acknowledged by the City. Developer promptly shall forward to the applicable Benefited Owner a copy of the Notice of Payment as executed by the City.

9. **Term.** This Agreement shall become effective upon the Effective Date and shall automatically terminate ten (10) years after the first assessment has been paid on behalf of any Benefited Owner ("**Term**"). The Term may be extended on mutual agreement by the City and Developer for two (2) additional five (5) year terms provided that development within the Benefited Area for any Offsite Infrastructure Improvement is ongoing or imminent, and the parties within the assessment boundary will be served by the improvements for which they will be assessed, consistent with S.M.C. § 42-7.

10. **Public Bidding.** Developer shall be required to comply with the requirements of A.R.S., Title 34, and S.M.C. § 42-5(d) for any Offsite Infrastructure Improvements for which Developer will be seeking reimbursement through receipt of Impact Fee Credits or other City funds. Notwithstanding, the preceding sentence, Developer shall not be required publicly to bid to be reimbursed for Offsite Infrastructure Improvements if the reimbursement mechanism is solely through the collection of a Buy-In Fee.

11. **Release of Public Lots.** To alleviate any possible concern as to the effect of this Agreement on the status of title to any portion of the Hines Parcels and any other Benefited Property, to the extent permitted by law, the provisions of this Agreement shall not create conditions or exceptions to title or covenants, obligations, or liabilities with respect to, and will

not apply to, any lot that has been finally subdivided and individually (and not in bulk) leased for a period of longer than one year or sold to third party residential purchaser or user thereof, any transfer of common area to a homeowner's association, or any transfer of a property to a governmental or quasi-governmental entity or public utility ("**Public Lot**") and thereupon such Public Lot automatically will be released from and no longer be subject to or burdened by the provisions of this Agreement. A lessor or seller of a Public Lot may record a memorandum of lease or include in any deed transferring title to such Public Lot a statement to the effect that the subject lease or sale concerns a lease or sale of a Public Lot and that the recording of such memorandum of lease or deed thereby provides as a matter of public record notice that this Agreement thereby is release from such Public Lot.

12. Recordation. This Agreement shall be recorded in its entirety in the Official Records of Maricopa County, Arizona, not later than ten (10) days after its full execution.

13. Noticed and Filings. All notices, filings, consents, approvals, and other communications provided for herein or given in connection herewith shall be validly given, filed, made, delivered, or served if in writing and delivered personally, emailed, or sent by first-class United States Mail to:

City: City of Surprise
16000 N Civic Center Plaza Surprise, AZ 85374
Attn: Community Development Director
Email: Lloyd.abrams@surpriseaz.gov
Phone: 623-222-3021

With Copy to: City of Surprise
16000 N Civic Center Plaza Surprise, AZ 85374
Attn: City Attorney
Email: jeffrey.murray@surpriseaz.gov
Phone: 623-222-1152

Developer: Nobella Surprise Owner L.P.:
2375 E. Camelback Road, Suite 150
Phoenix, AZ 85016
Attn: Christina Maksimovic; Chris Anderson; Corporate Counsel
Email: christina.maksimovic@hines.com;
Chris.anderson@hines.com
Corporate.legal@hines.com
Phone: 602.385.4000

or to such other address or addresses as may hereafter be specified by notice given by any of the above for itself to the others. Any notice or other communication directed to any Party shall become effective upon the earliest of the following: (a) actual receipt by that Party; or (b) thirty-six (36) hours after deposit with the United States Postal Service, addressed to the Party.

14. Default. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any term or provision hereof shall constitute a breach of this Agreement. Any breach not cured within thirty (30) days after written notice is received by a breaching Party from a non-breaching Party, shall constitute a default under this Agreement; provided, however, that if

the failure is such that more than thirty (30) days would reasonably be required to perform such action or comply with any term or provisions hereof, then the breaching Party shall have such additional time as may be necessary to perform or comply as long as the breaching Party commences performance or compliance withing said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation. Any notice of a breach shall specify the nature of the alleged breach and the manner in which said breach may be satisfactorily cured, if possible. The thirty (30) day period shall not apply where an ordinance or statute requires City to perform or otherwise act in a period more than thirty (30) days. If a breach remains uncured following the thirty (30) day period, the only remedy permitted shall be specific performance, and the City shall not be responsible, liable, or obligated to pay any monetary damages, except as specifically allowed by this Agreement.

15. Dispute Resolution. If there is a dispute hereunder that the Parties cannot resolve between themselves, the Parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the Parties agree they shall attempt to settle the dispute by nonbinding mediation before commencement of litigation. The mediation may be held under the commercial mediation rules of the American Arbitration Association, or other applicable rules as required by the Parties' selected mediator. The matter in dispute shall be submitted to a mediator mutually selected by the Parties. If the Parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the Parties shall request the presiding judge of the Superior Court in and for the County of Maricopa, Arizona, to appoint an independent mediator. The mediator selected shall have at least five (5) years of experience in mediating or arbitrating disputes relating to development of municipal infrastructure, if available. The cost of any such mediation shall be divided equally between the Parties. The results of the mediation shall be nonbinding on the Parties, and either Party shall be free to initiate litigation subsequent to the moratorium.

16. Choice of Law, Venue, and Attorneys' Fees. Any dispute, controversy, claim, or cause of action arising out of or related to this Agreement shall be governed by Arizona law. The venue for any such dispute shall be Maricopa County, Arizona, and each Party waives the right to object to venue in Maricopa County for any reason. Depending on the nature of the claims, a Party may file an action in the Federal District Court, for the District of Arizona, in Phoenix, Arizona. No Party shall be entitled to recover any of its attorneys' fees nor other legal costs from any other Party incurred in any such dispute, controversy, claim, or cause of action, but each Party shall bear its own attorneys' fees and costs, whether the same is resolved through mediation, arbitration, litigation in a court, or otherwise.

17. Good Standing and Authority. Each Party represents and warrants that it is duly formed and validly existing under applicable law and that the individual executing this Agreement on behalf of such Party is authorized and empowered to bind the Party on whose behalf such individual is signing.

18. Assignment. The provisions of this Agreement are binding upon and shall inure to the benefit of the Parties, and all their successors in interest and assigns. This Agreement may be assigned in whole or in part by Developer, contingent upon prior written approval by the City. If Developer undertakes a complete or partial assignment of all or a portion of Developer's rights and obligations hereunder, Developer's rights and obligations, to the extent of such assignment, shall terminate effective upon the assumption by Developer's assignee of such rights and obligations and service of written notice upon the City of the partial or whole assignment. All

rights and obligations under this Agreement constitute covenants that run with the land and are binding on the Hines Parcels and any Benefited Property that becomes subject to this Agreement and any successors and assigns to the Hines Parcels and such Benefited Property.

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

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

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

22. Headings. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provision of this Agreement.

23. Recitals. The Recitals are incorporated as if fully set forth herein.

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

25. Computation of Time. Any reference to a “**day**” in this Agreement shall mean a City business day unless otherwise noted. In computing any period of time under this Agreement, the date of the act or event from which the designated period of time begins to run shall not be included. The last day of the period so completed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day that is not a Saturday, Sunday, or legal holiday. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00pm (Arizona time) on the last day of the applicable time period provided herein.

26. Conflict of Interest. This Agreement is subject to the terms of A.R.S. § 38-511.

27. No Obligation to Develop. Nothing contained herein shall be deemed to obligate Developer to complete any part of the development of the Projects, and the responsibility to design and construct the Infrastructure Improvements is contingent upon Developer moving forward with the development of the Projects.

28. Entire Agreement. This Agreement, together with the exhibits as named below, constitutes the entire understanding and agreement between the Parties with respect to the subject matter hereof and supersedes any prior written or oral understandings or agreements between the Parties with respect thereto.

29. Modification of Agreement. This Agreement may be amended at any time by mutual written amendment executed by the Parties. The balance of owners need not execute any such amendment for any such amendment to be effective. All amendments to this Agreement must be recorded in the Official Records of Maricopa County, Arizona, within ten (10) days following execution, as required by A.R.S. § 9-500.05(D).

30. Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by a Party of the breach of any provision of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement. Nothing in this Agreement shall constitute or be deemed to be a waiver by Developer of its right to request future rezonings or changes in development standards for all or any portion(s) of the Hines Parcels pursuant to City procedures and requirements existing at the time of the request. Nothing in this Agreement shall be deemed to be a waiver by City of the right to act, by approval or denial, on such rezoning or change. Further, nothing in this Agreement shall constitute or be deemed to be a waiver or relinquishment by Developer of its rights to continue nonconforming uses of all or any portion(s) of the Hines Parcels that may exist, or have existed, as of the Effective Date of this Agreement.

31. Severability. If any provision or provisions of this Agreement, or the application thereof to any person or circumstance, is determined to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is so determined invalid or unenforceable, will not be affected thereby, and each provision hereof will be valid and will be enforced to the fullest extent permitted by law.

32. Exhibits. All exhibits hereto are incorporated herein by reference as though fully set forth herein. The list of exhibits is as follows:

Exhibit A-1: Hines Parcels Descriptions
Exhibit A-2: Hines Parcels Depictions
Exhibit A-3: Water/Wastewater Benefited Properties
Exhibit A-4: Park Benefited Properties
Exhibit B: Phasing Plan
Exhibit C-1: Water/Wastewater Estimated Budget, Benefited Area, and Buy-In Fee Worksheet
Exhibit C-2: Park Estimated Budget, Benefited Area, and Buy-In Fee Worksheet
Exhibit D-1: Park Area Description
Exhibit D-2: Park Area Depiction
Exhibit D-3: Parking Area Description
Exhibit D-4: Parking Area Depiction
Exhibit E: Notice of Payment

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY:

CITY OF SURPRISE
an Arizona municipal corporation

By:_____

Kevin D. Sartor, Mayor

ATTEST:

Kristi Passarelli, City Clerk

APPROVED AS TO FORM ONLY:

Jeffrey Murray, City Attorney

STATE OF ARIZONA
County of Maricopa

On this _____ day of _____ 2025, before me personally appeared Kevin D. Sartor, the Mayor of the City of Surprise, an Arizona municipal corporation, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

Notary Public

NOBELLA SURPRISE OWNER LP
a Delaware limited partnership

By: Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Nobella Surprise LP
a Delaware limited partnership
Its: Sole Member

By: Hines AZ Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Hines AZ Nobella Surprise Associates LP
a Delaware limited partnership
Its: Sole Member

By: Hines Investment Management Holdings LP
a Texas limited partnership
Its: General Partner

By: _____
Name: _____
Title: _____

STATE OF ARIZONA
County of Maricopa

On this _____ day of _____ 2025, before me personally appeared _____, the _____ of Nobella Surprise Owner, LP, a Delaware limited partnership, for and on behalf thereof, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above/attached document.

Notary Public:

Exhibit A-1

Hines Parcels Description

Nobella – Phase 1

Located in Section 31, Township 5 North, Range 1 West, Gila and Salt River Meridian, Maricopa County, Arizona;

Beginning at the South Quarter corner of said Section 31, from which the Southwest corner of said Section 31, bears North 89°58'11" West, a distance of 2691.57 feet;

Thence North 89°58'11" West, along the South line of the Southwest Quarter of said section, a distance of 659.86 feet;

Thence departing said South line, North 00°07'06" East, a distance of 1,340.89 feet;

Thence South 89°50'42" East, a distance of 1,554.46 feet;

Thence South 33°05'50" East, a distance of 776.02 feet;

Thence South 00°07'32" West, a distance of 686.81 feet to the South line of the Southeast Quarter of said Section 31;

Thence South 89°59'40" West, along said South line, a distance of 1,319.61 feet to the Point of Beginning.

Containing 2,511,602.27 square feet or 57.66 acres, more or less.

Nobella – Phase 2

Located in East half of Section 31, Township 5 North, Range 1 West, Gila and Salt River Meridian, Maricopa County, Arizona;

Commencing at the South Quarter corner of said Section 31, from which the Southwest corner of said Section 31, bears North 89°58'11" West, a distance of 2691.57 feet;

Thence North 00°07'05" East, along the North-South mid-section line of said Section, a distance of 2175.72 feet to the Point of Beginning;

Thence continuing North 00°07'05" East, a distance of 228.73 feet to the Center Quarter corner of said Section;

Thence continuing North 00°07'05" East along said line, a distance of 1,320.34 feet;

Thence departing said line, South 89°36'43" East, a distance of 660.42 feet;

Thence South 00°08'16" West, a distance of 1,320.56 feet;

Thence South 89°35'35" East, a distance of 659.97 feet;

Thence South 00°07'32" West, a distance of 1,708.14 feet;

Thence North 33°05'50" West, a distance of 776.02 feet;

Thence North 89°50'42" West, a distance of 358.74 feet;

Thence North 33°05'50" West, a distance of 890.21 feet to the beginning of a 540.00 foot radius curve, concave Northeasterly;

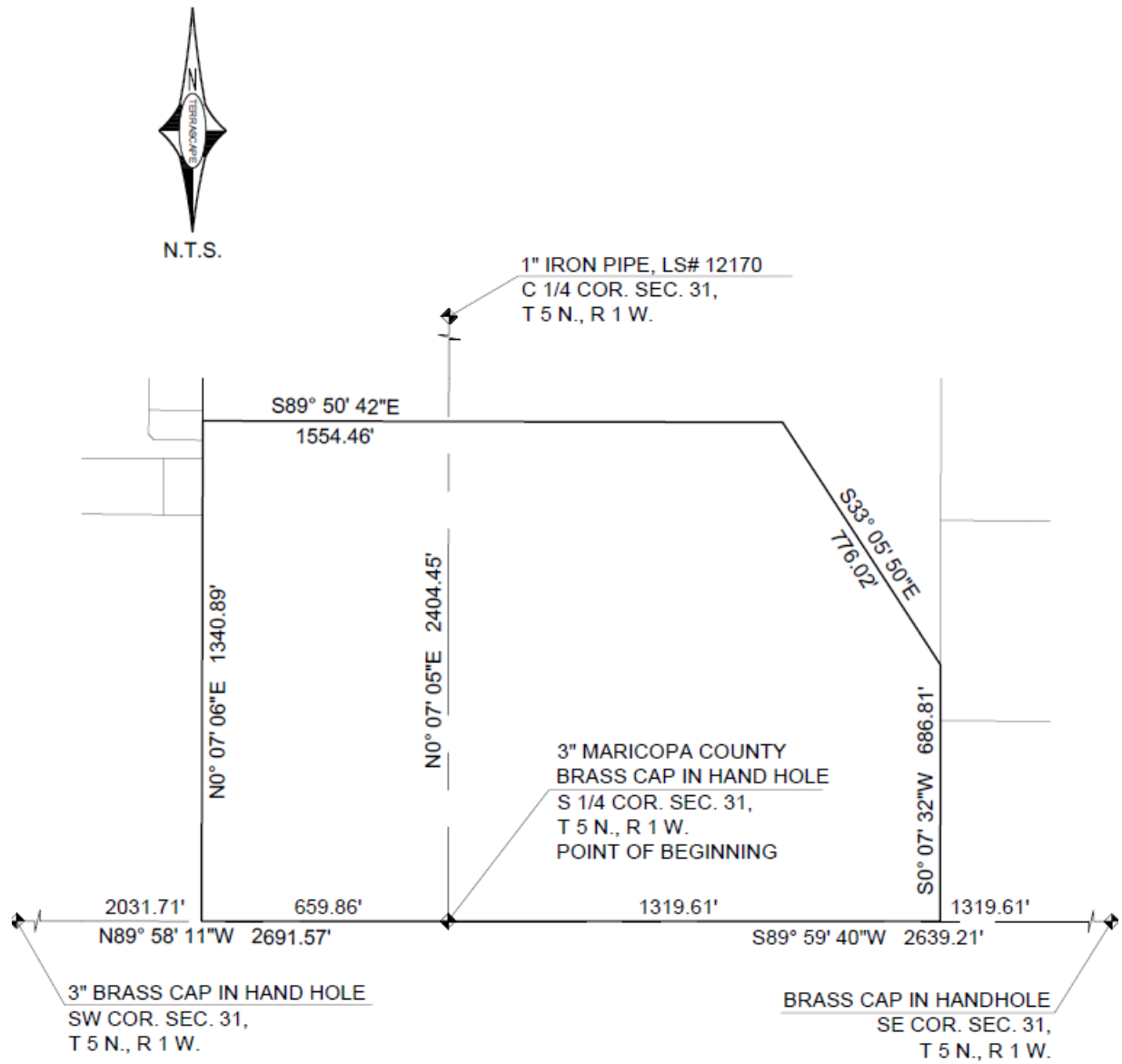
Thence Northwesterly along said curve, through a central angle of 11°01'25", an arc distance of 103.89 feet to the Point of Beginning.

Containing 2,192,047.41 square feet or 50.32 acres, more or less.

Exhibit A-2

Hines Parcels Depictions

Nobella Phase 1



Nobella Phase 2

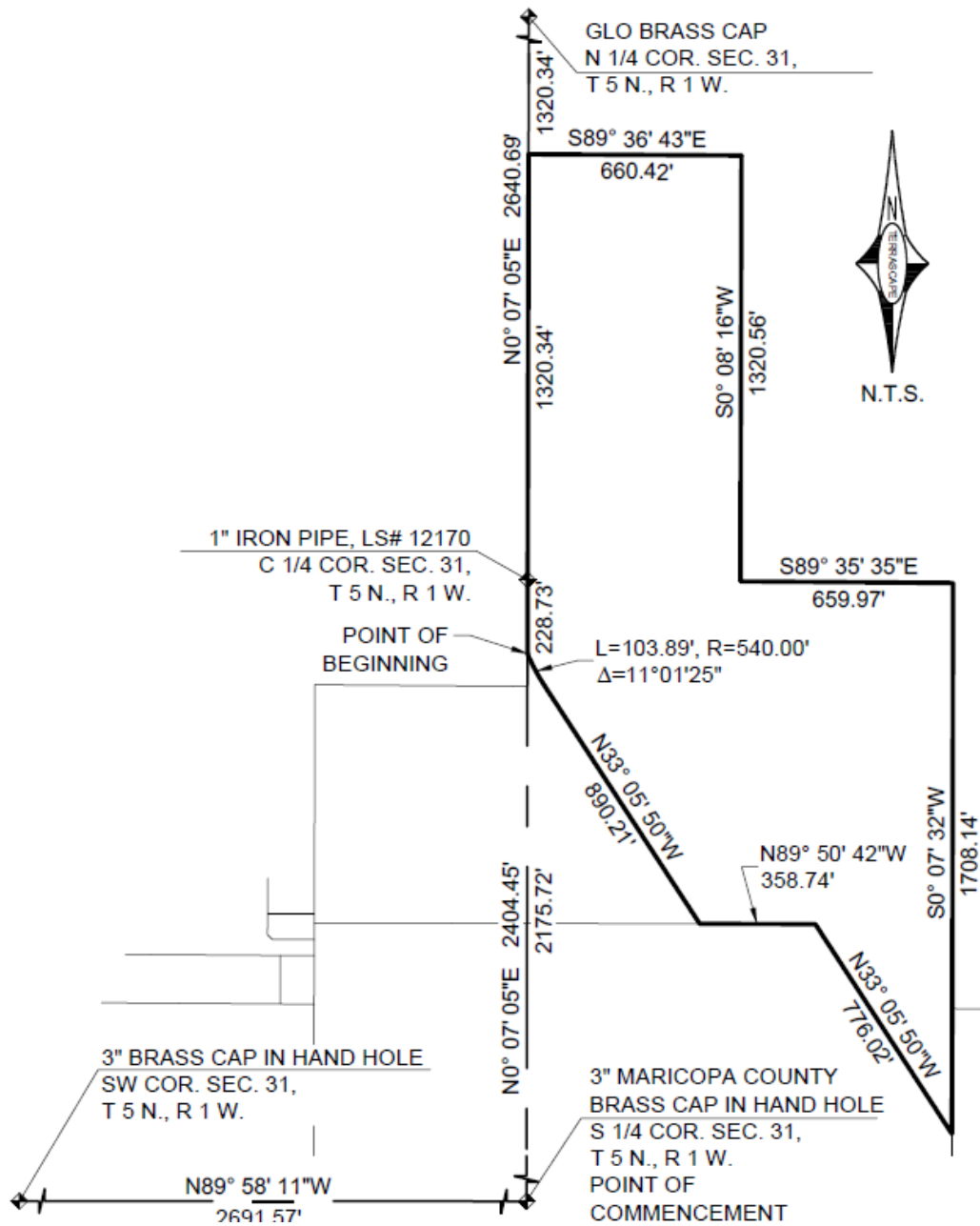


Exhibit A-3

Water/Wastewater Benefited Properties

Benefited Parcels (1)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
D	503-52-019Q	JOMAX SWA INVESTMENTS LLC	415,087	3.1%
E	503-52-019R	JOMAX SWA INVESTMENTS LLC	131,813	1.0%
F	503-52-079	JOMAX SWA INVESTMENTS LLC	205,194	1.5%
G	503-52-081B	HUGHES RANCH LLC	109,332	0.8%
H	503-52-080B	HUGHES RANCH LLC	111,383	0.8%
I	503-52-019M	M T SURPRISE ARIZONA PROPERTY LLC	112,478	0.8%
J	503-52-019K	M T SURPRISE ARIZONA PROPERTY LLC	578,325	4.3%
			1,663,612	12.4%

Benefited Parcels (2)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-024K	DEY SONIA MARLENE ESTATE OF	217,800	1.6%
B	503-52-024M	FIGUEROA REBECCA E	353,272	2.6%
C	503-52-024U	GILLASPY PAUL	316,551	2.4%
D	503-55-991	GARRETT BRADY PROPERTIES LLC	43,584	0.3%
E	503-55-992	GARRETT BRADY PROPERTIES LLC	53,918	0.4%
F	503-55-943	EQUITY TRUST COMPANY CUSTODIAN FBO JACQUELYN HAASE IRA	43,680	0.3%
G	503-55-993	GARRETT BRADY PROPERTIES LLC	65,261	0.5%
			1,094,066	8.2%

Benefited Parcels (3)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-56-903	KIRK AND LISA REESE FAMILY TRUST	94,330	0.7%
B	503-56-902	BALL BLAIR ANDREW/LORIN	50,666	0.4%
C	503-56-901	DAVIS BRADLEY CARL/SYDNEY JAYE	50,668	0.4%
D	503-52-026W	BSL INVESTMENT LLC	218,005	1.6%
E	503-52-026L	LAU AND JIANG LLC	871,645	6.5%
F	503-52-023C	JEMAD LLC	435,600	3.2%
			1,720,914	12.8%

Benefited Parcels (4)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-025G	PADEFORD JOHN C JR & CLARA T TR	1,672,261	12.5%
B	503-52-025D	JANTZ RYAN W/HEATHER	108,997	0.8%
C	503-52-025E	JANTZ RYAN W/HEATHER	109,006	0.8%
			1,890,264	14.1%

Benefited Parcels (5)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	9.3%
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	6.2%
			2,088,102	15.6%

Nobella Parcels

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-32-932	NOBELLA OWNER LLC	705,335	5.3%
B	530-32-927	NOBELLA OWNER LLC	167,766	1.3%
C	503-52-018E	NOBELLA OWNER LLC	370,442	2.8%
D	503-52-018F	NOBELLA OWNER LLC	359,283	2.7%
E	503-52-026T	NOBELLA OWNER LLC	217,904	1.6%
F	503-52-026R	NOBELLA OWNER LLC	217,829	1.6%
G	503-32-928	NOBELLA OWNER LLC	161,345	1.2%
H	503-32-930	NOBELLA OWNER LLC	84,310	0.6%
I	503-52-023K	NOBELLA OWNER LLC	347,325	2.6%
J	503-52-026U	NOBELLA OWNER LLC	217,922	1.6%
K	503-52-026S	NOBELLA OWNER LLC	217,847	1.6%
L	503-52-023P	NOBELLA OWNER LLC	217,800	1.6%
M	503-32-931	NOBELLA OWNER LLC	185,354	1.4%
N	503-52-023L	NOBELLA OWNER LLC	345,675	2.6%
O	503-52-023S	NOBELLA OWNER LLC	435,600	3.2%
P	503-52-023M	NOBELLA OWNER LLC	696,546	5.2%
			4,948,283	37%

TOTAL			13,405,241	100.0%
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Water/Wastewater Benefited Properties
Depiction

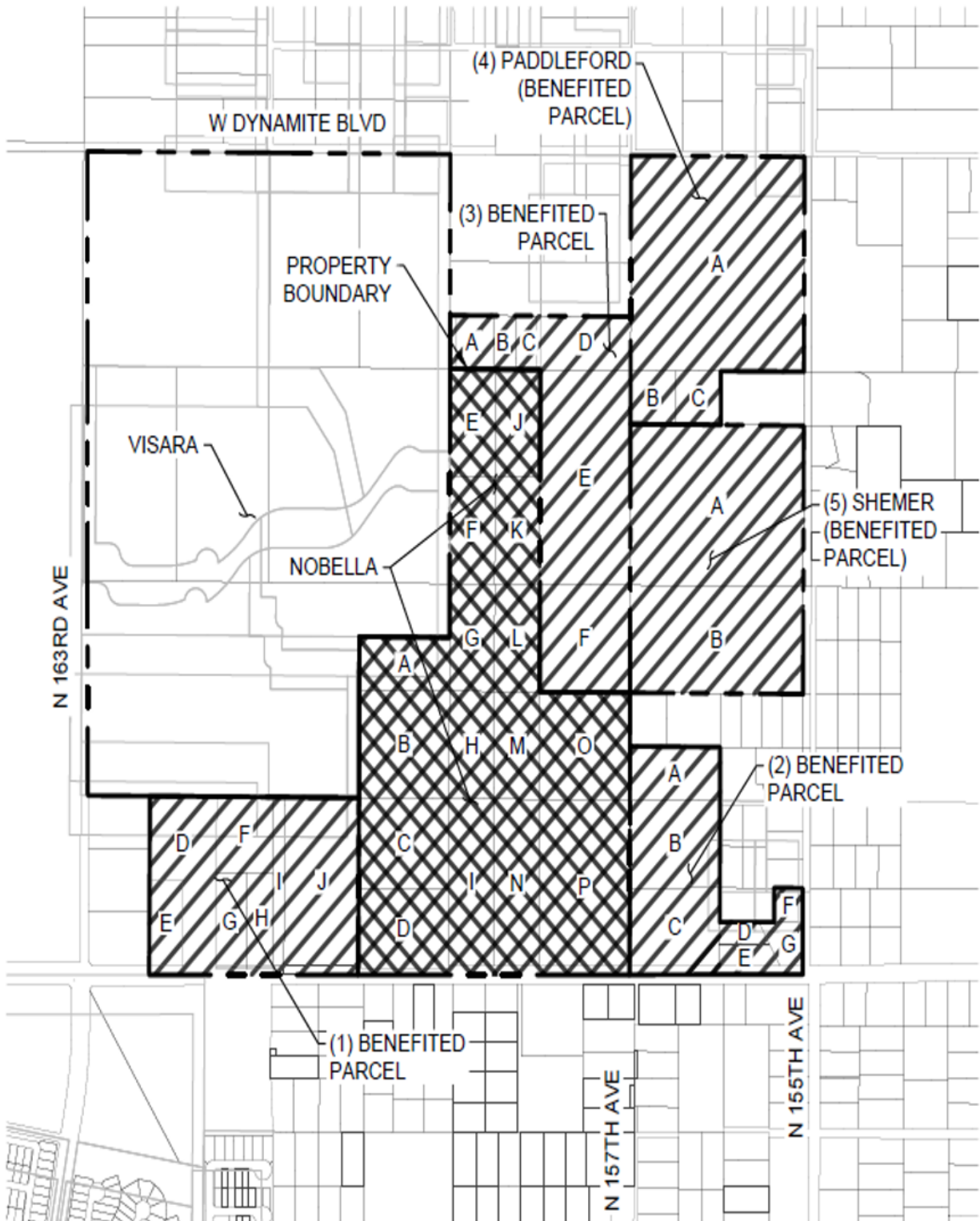


Exhibit A-4

Park Benefited Properties

Benefited Parcels (3)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
D	503-52-026W	BSL INVESTMENT LLC	218,005	2.5%
E	503-52-026L	LAU AND JIANG LLC	871,645	10.2%
F	503-52-023C	JEMAD LLC	435,600	5.1%
			1,525,250	17.8%

Benefited Parcels (5)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	14.6%
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	9.8%
			2,088,102	24.4%

Nobella Parcels

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	Total %
A	503-32-932	NOBELLA OWNER LLC	705,335	8.2%
B	530-32-927	NOBELLA OWNER LLC	167,766	2.0%
C	503-52-018E	NOBELLA OWNER LLC	370,442	4.3%
D	503-52-018F	NOBELLA OWNER LLC	359,283	4.2%
E	503-52-026T	NOBELLA OWNER LLC	217,904	2.5%
F	503-52-026R	NOBELLA OWNER LLC	217,829	2.5%
G	503-32-928	NOBELLA OWNER LLC	161,345	1.9%
H	503-32-930	NOBELLA OWNER LLC	84,310	1.0%
I	503-52-023K	NOBELLA OWNER LLC	347,325	4.1%
J	503-52-026U	NOBELLA OWNER LLC	217,922	2.5%
K	503-52-026S	NOBELLA OWNER LLC	217,847	2.5%
L	503-52-023P	NOBELLA OWNER LLC	217,800	2.5%
M	503-32-931	NOBELLA OWNER LLC	185,354	2.2%
N	503-52-023L	NOBELLA OWNER LLC	345,675	4.0%
O	503-52-023S	NOBELLA OWNER LLC	435,600	5.1%
P	503-52-023M	NOBELLA OWNER LLC	696,546	8.1%
			4,948,283	57.8%
TOTAL			8,561,635	100.0%

Exhibit A-4

Park Benefited Properties Depiction

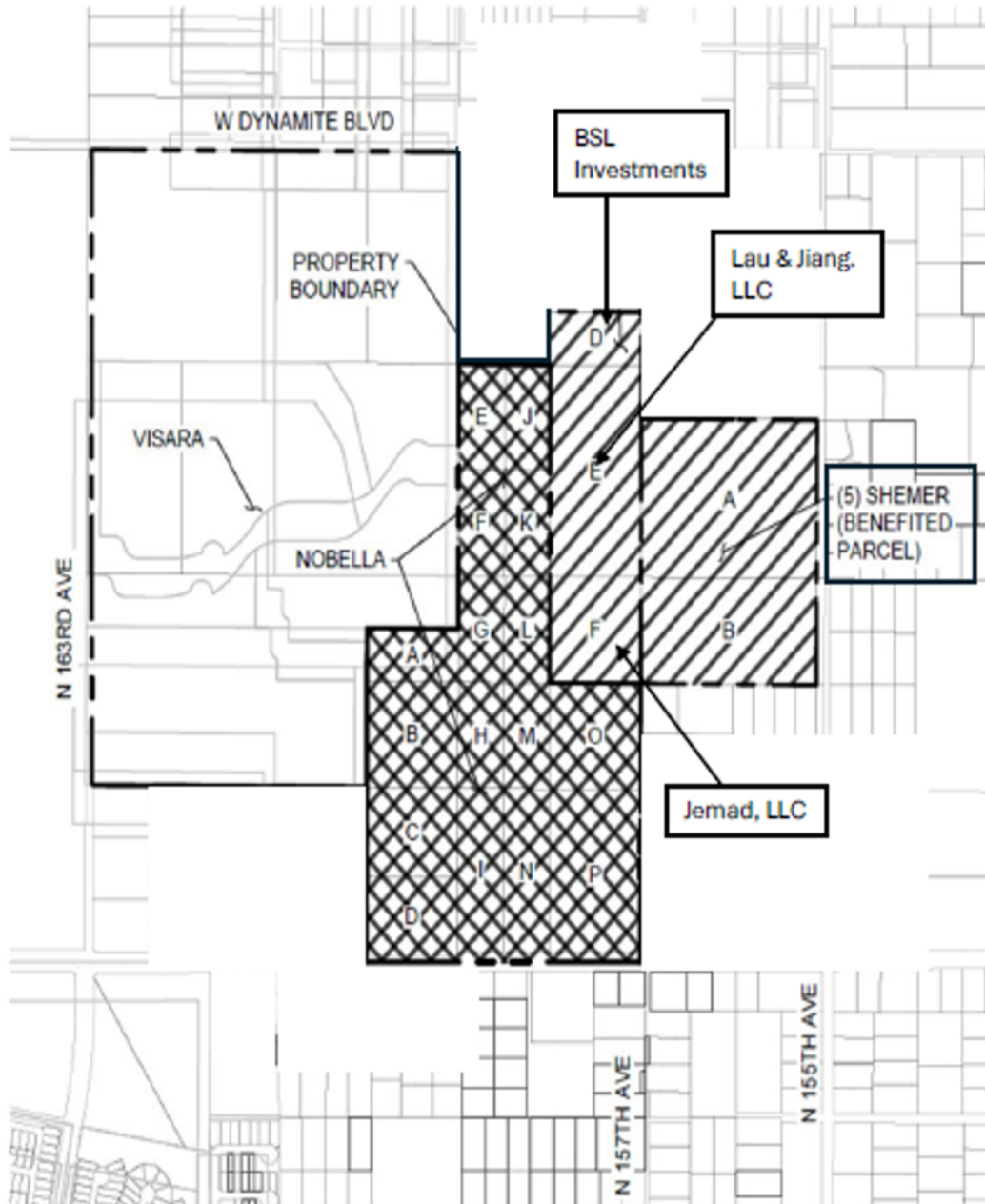


Exhibit B

Phasing Plan

- General Phasing Plan

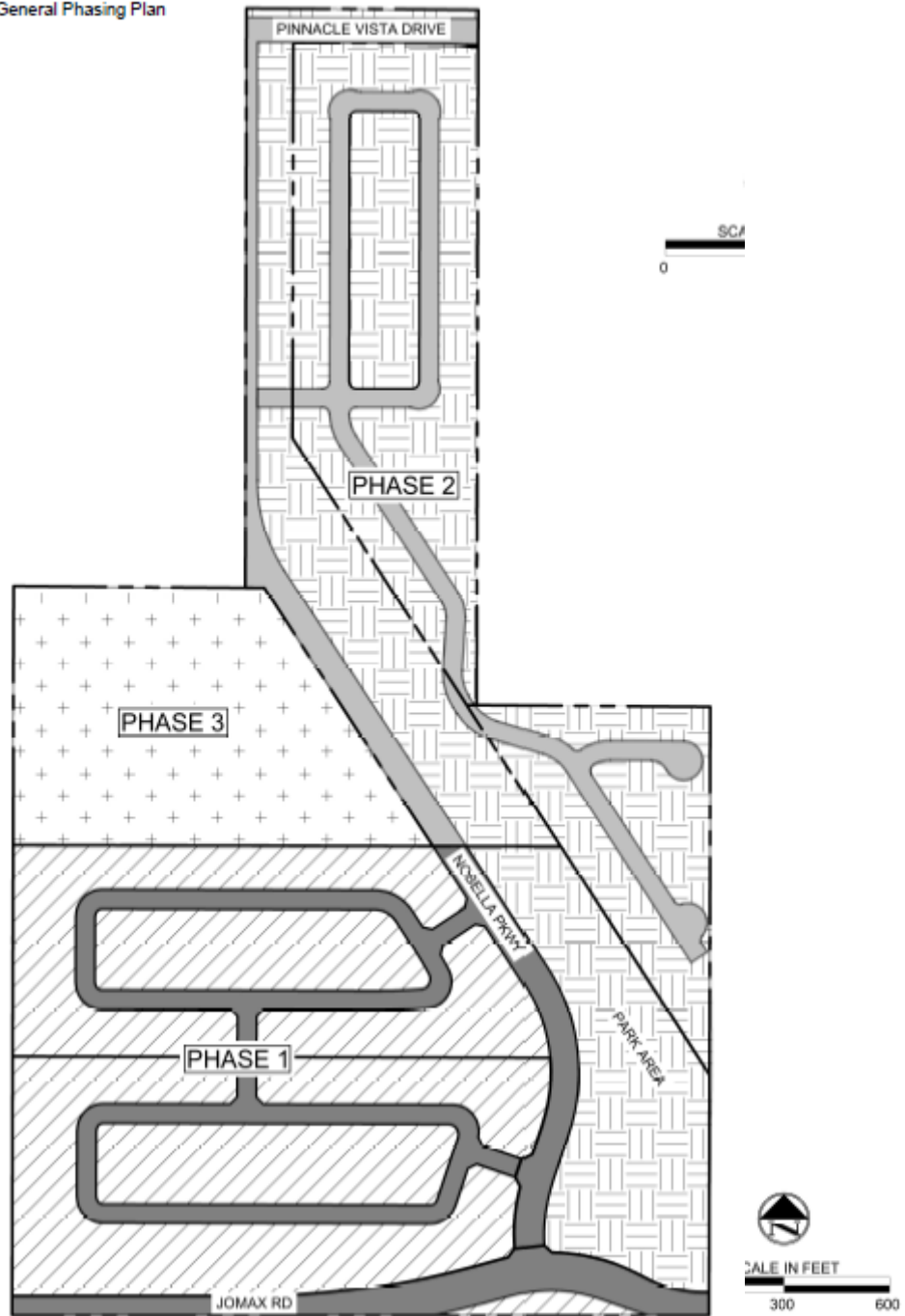


Exhibit C-1

Water/Wastewater Estimated Budget, Buy-In Fees Worksheet, and Benefited Area Depiction

Water/Wastewater Estimated Budget

Description	Jomax Rd/155th Water & Sewer
Linear FT Sewer	4,213
Linear FT Water	4,172
Architecture / Engineering <i>(allocated)</i>	\$ 287,236
Permits / Fees <i>(allocated)</i>	\$ 126,711
Survey / Staking <i>(allocated)</i>	\$ 23,701
Testing <i>(allocated)</i>	\$ 24,075
SWPPP <i>(allocated)</i>	\$ 6,500
Demolition	\$ -
Earthwork	\$ -
Sewer	\$ 1,135,239
Water	\$ 792,141
Reclaimed Water <i>(N/A)</i>	\$ -
Storm	\$ -
Dry Wells	\$ -
Rip Rap	\$ -
Dry Utilities	\$ -
Street Lights	\$ -
Concrete	\$ -
Paving	\$ -
Walls	\$ -
Landscaping	\$ -
Amenities	\$ -
Signage	\$ -
Cleanup	INCLUDED
General Conditions <i>(allocated)</i>	\$ 37,361
Contractor Insurance	INCLUDED
Pollution Insurance	INCLUDED
Escalation Allowance	EXCLUDED
Contingency	EXCLUDED
Contractor OH&P	INCLUDED
TPT Tax <i>(State/County @ 4.095%)</i>	\$ 99,630
TOTAL	\$ 2,532,594

Benefited Properties Water/Wastewater Buy-In Fees Worksheet

Jomax / 155th (Water & Sewer)

TOTAL \$ 2,532,594.00

Benefited Parcels (1)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
D	503-52-019Q	JOMAX SWA INVESTMENTS LLC	415,087	3.1%	\$ 78,421
E	503-52-019R	JOMAX SWA INVESTMENTS LLC	131,813	1.0%	\$ 24,903
F	503-52-079	JOMAX SWA INVESTMENTS LLC	205,194	1.5%	\$ 38,766
G	503-52-081B	HUGHES RANCH LLC	109,332	0.8%	\$ 20,656
H	503-52-080B	HUGHES RANCH LLC	111,383	0.8%	\$ 21,043
I	503-52-019M	M T SURPRISE ARIZONA PROPERTY LLC	112,478	0.8%	\$ 21,250
J	503-52-019K	M T SURPRISE ARIZONA PROPERTY LLC	578,325	4.3%	\$ 109,260
			1,663,612	12.4%	\$ 314,299

Benefited Parcels (2)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-52-024K	DEY SONIA MARLENE ESTATE OF	217,800	1.6%	\$ 41,148
B	503-52-024M	FIGUEROA REBECCA E	353,272	2.6%	\$ 66,742
C	503-52-024U	GILLASPY PAUL	316,551	2.4%	\$ 59,805
D	503-55-991	GARRETT BRADY PROPERTIES LLC	43,584	0.3%	\$ 8,234
E	503-55-992	GARRETT BRADY PROPERTIES LLC	53,918	0.4%	\$ 10,186
F	503-55-943	EQUITY TRUST COMPANY CUSTODIAN FBO JACQUELYN HAASE IRA	43,680	0.3%	\$ 8,252
G	503-55-993	GARRETT BRADY PROPERTIES LLC	65,261	0.5%	\$ 12,329
			1,094,066	8.2%	\$ 206,697

Benefited Parcels (3)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-56-903	KIRK AND LISA REESE FAMILY TRUST	94,330	0.7%	\$ 17,821
B	503-56-902	BALL BLAIR ANDREW/LORIN	50,666	0.4%	\$ 9,572
C	503-56-901	DAVIS BRADLEY CARL/SYDNEY JAYE	50,668	0.4%	\$ 9,572
D	503-52-026W	BSL INVESTMENT LLC	218,005	1.6%	\$ 41,187
E	503-52-026L	LAU AND JIANG LLC	871,645	6.5%	\$ 164,676
F	503-52-023C	JEMAD LLC	435,600	3.2%	\$ 82,296
			1,720,914	12.8%	\$ 325,125

Benefited Parcels (4)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-52-025G	PADELFORD JOHN C JR & CLARA T TR	1,672,261	12.5%	\$ 315,933
B	503-52-025D	JANTZ RYAN W/HEATHER	108,997	0.8%	\$ 20,592
C	503-52-025E	JANTZ RYAN W/HEATHER	109,006	0.8%	\$ 20,594
			1,890,264	14.1%	\$ 357,119

Benefited Parcels (5)

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	9.3%	\$ 236,759
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	6.2%	\$ 157,737
			2,088,102	15.6%	\$ 394,496

Nobella Parcels

PARCELS	PARCEL NUMBERS	OWNER	LAND SIZE (SQ. FT.)	TOTAL %	TOTAL
A	503-32-932	NOBELLA OWNER LLC	705,335	5.3%	\$ 133,256
B	530-32-927	NOBELLA OWNER LLC	167,766	1.3%	\$ 31,695
C	503-52-018E	NOBELLA OWNER LLC	370,442	2.8%	\$ 69,986
D	503-52-018F	NOBELLA OWNER LLC	359,283	2.7%	\$ 67,878
E	503-52-026T	NOBELLA OWNER LLC	217,904	1.6%	\$ 41,168
F	503-52-026R	NOBELLA OWNER LLC	217,829	1.6%	\$ 41,153
G	503-32-928	NOBELLA OWNER LLC	161,345	1.2%	\$ 30,482
H	503-32-930	NOBELLA OWNER LLC	84,310	0.6%	\$ 15,928
I	503-52-023K	NOBELLA OWNER LLC	347,325	2.6%	\$ 65,619
J	503-52-026U	NOBELLA OWNER LLC	217,922	1.6%	\$ 41,171
K	503-52-026S	NOBELLA OWNER LLC	217,847	1.6%	\$ 41,157
L	503-52-023P	NOBELLA OWNER LLC	217,800	1.6%	\$ 41,148
M	503-32-931	NOBELLA OWNER LLC	185,354	1.4%	\$ 35,018
N	503-52-023L	NOBELLA OWNER LLC	345,675	2.6%	\$ 65,307
O	503-52-023S	NOBELLA OWNER LLC	435,600	3.2%	\$ 82,296
P	503-52-023M	NOBELLA OWNER LLC	696,546	5.2%	\$ 131,595
Totals			4,948,283	37%	\$ 934,858

TOTAL			13,405,241	100.0%	\$ 2,532,594
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Water/Wastewater Benefited Area Depiction

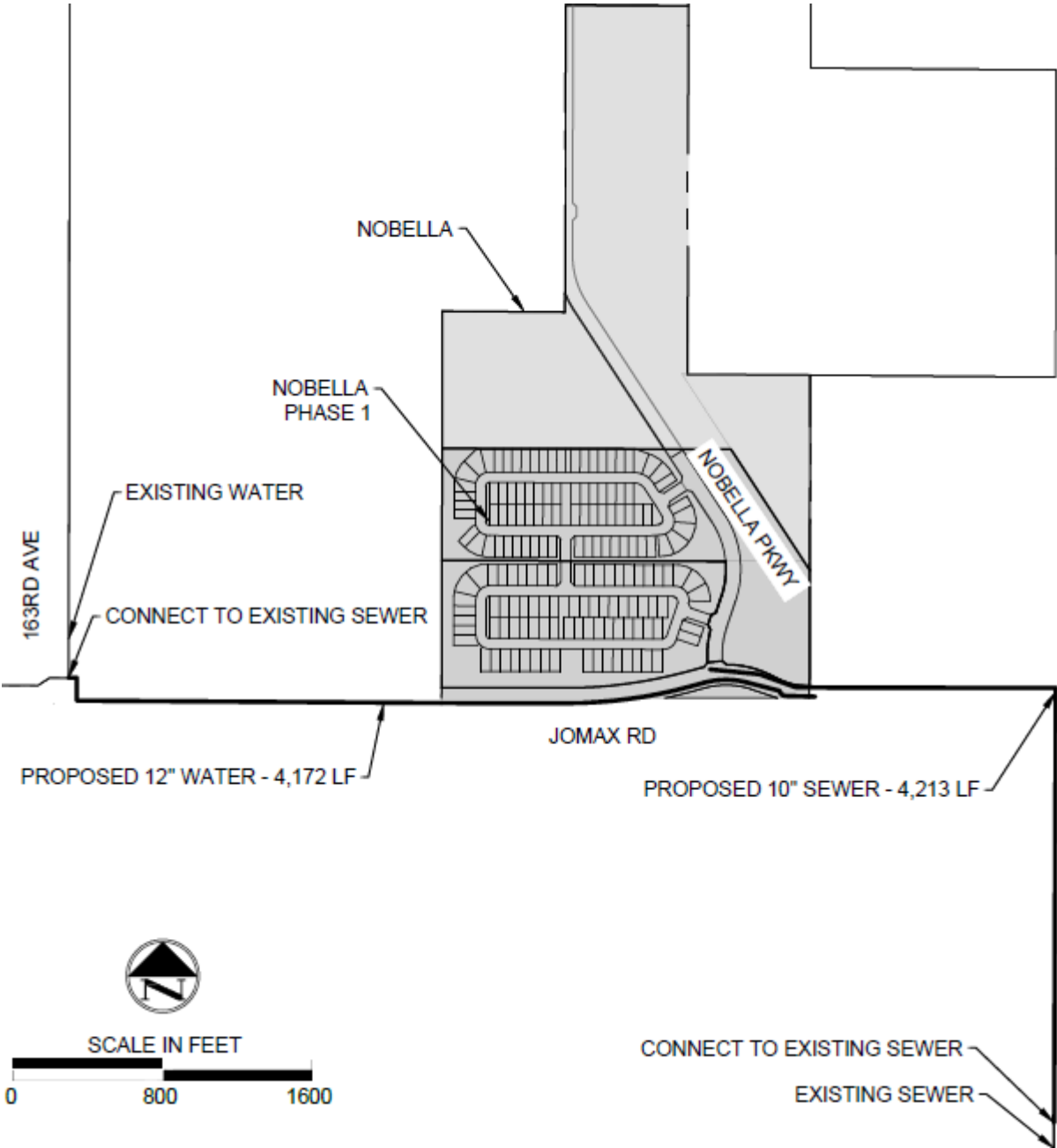


Exhibit C-2

Park Estimated Budget and Benefited Properties Park Buy-In Fees Worksheet

Park Estimated Budget

Description	Shared Regional Park Improvements
Architecture / Engineering <i>(allocated)</i>	\$ 342,156
Permits / Fees <i>(allocated)</i>	\$ 144,932
Survey / Staking <i>(allocated)</i>	\$ 23,548
Testing <i>(allocated)</i>	\$ 15,359
SWPPP <i>(allocated)</i>	\$ 16,376
Demolition	\$ -
Earthwork	\$ 374,775
Sewer	\$ -
Water	\$ -
Reclaimed Water <i>(N/A)</i>	\$ -
Storm	\$ 47,564
Dry Wells	\$ -
Rip Rap	\$ 127,789
Dry Utilities	\$ -
Street Lights	\$ -
Concrete	\$ 191,438
Paving	\$ -
Walls	\$ 120,750
Landscaping	\$ 914,752
Amenities	\$ 1,811,570
Signage	\$ 118,400
Cleanup	INCLUDED
General Conditions <i>(allocated)</i>	\$ 40,585
Contractor Insurance	INCLUDED
Pollution Insurance	INCLUDED
Escalation Allowance	EXCLUDED
Contingency	EXCLUDED
Contractor OH&P	INCLUDED
TPT Tax <i>(State/County @ 4.095%)</i>	\$ 175,675
TOTAL	\$ 4,465,670

Benefited Properties Park Buy-In Fee Worksheet

Shared Regional Park Improvements

TOTAL \$4,465,670

Benefited Parcels (3)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ FT.)	TOTAL %	TOTAL
D	503-52-026W	BSL INVESTMENT LLC	218,005	2.5%	\$ 113,709
E	503-52-026L	LAU AND JIANG LLC	871,645	10.2%	\$ 454,642
F	503-52-023C	JEMAD LLC	435,600	5.1%	\$ 227,205
			1,525,250	17.8%	\$ 795,556

Benefited Parcels (5)

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ FT.)	TOTAL %	TOTAL
A	503-52-016B	SHEMER REAL ESTATE II LLC	1,253,187	14.6%	\$ 653,651
B	503-52-015B	SHEMER REAL ESTATE II LLC	834,915	9.8%	\$ 435,484
			2,088,102	24.4%	\$ 1,089,135

Nobella Parcels

Parcels	PARCEL NUMBERS	OWNER	LAND SIZE (SQ FT.)	TOTAL %	TOTAL
A	503-32-932	NOBELLA OWNER LLC	705,335	8.2%	\$ 367,896
B	530-32-927	NOBELLA OWNER LLC	167,766	2.0%	\$ 87,505
C	503-52-018E	NOBELLA OWNER LLC	370,442	4.3%	\$ 193,219
D	503-52-018F	NOBELLA OWNER LLC	359,283	4.2%	\$ 187,399
E	503-52-026T	NOBELLA OWNER LLC	217,904	2.5%	\$ 113,657
F	503-52-026R	NOBELLA OWNER LLC	217,829	2.5%	\$ 113,618
G	503-32-928	NOBELLA OWNER LLC	161,345	1.9%	\$ 84,156
H	503-32-930	NOBELLA OWNER LLC	84,310	1.0%	\$ 43,975
I	503-52-023K	NOBELLA OWNER LLC	347,325	4.1%	\$ 181,162
J	503-52-026U	NOBELLA OWNER LLC	217,922	2.5%	\$ 113,666
K	503-52-026S	NOBELLA OWNER LLC	217,847	2.5%	\$ 113,627
L	503-52-023P	NOBELLA OWNER LLC	217,800	2.5%	\$ 113,602
M	503-32-931	NOBELLA OWNER LLC	185,354	2.2%	\$ 96,679
N	503-52-023L	NOBELLA OWNER LLC	345,675	4.0%	\$ 180,301
O	503-52-023S	NOBELLA OWNER LLC	435,600	5.1%	\$ 227,205
P	503-52-023M	NOBELLA OWNER LLC	696,546	8.1%	\$ 363,312
			4,948,283	58%	\$ 2,580,979

TOTAL			8,561,635	100.0%	\$ 4,465,670
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Exhibit D-1

Park Area Description

Tract H as depicted on the Final Plat for Nobella

Exhibit D-2

Park Area Depiction

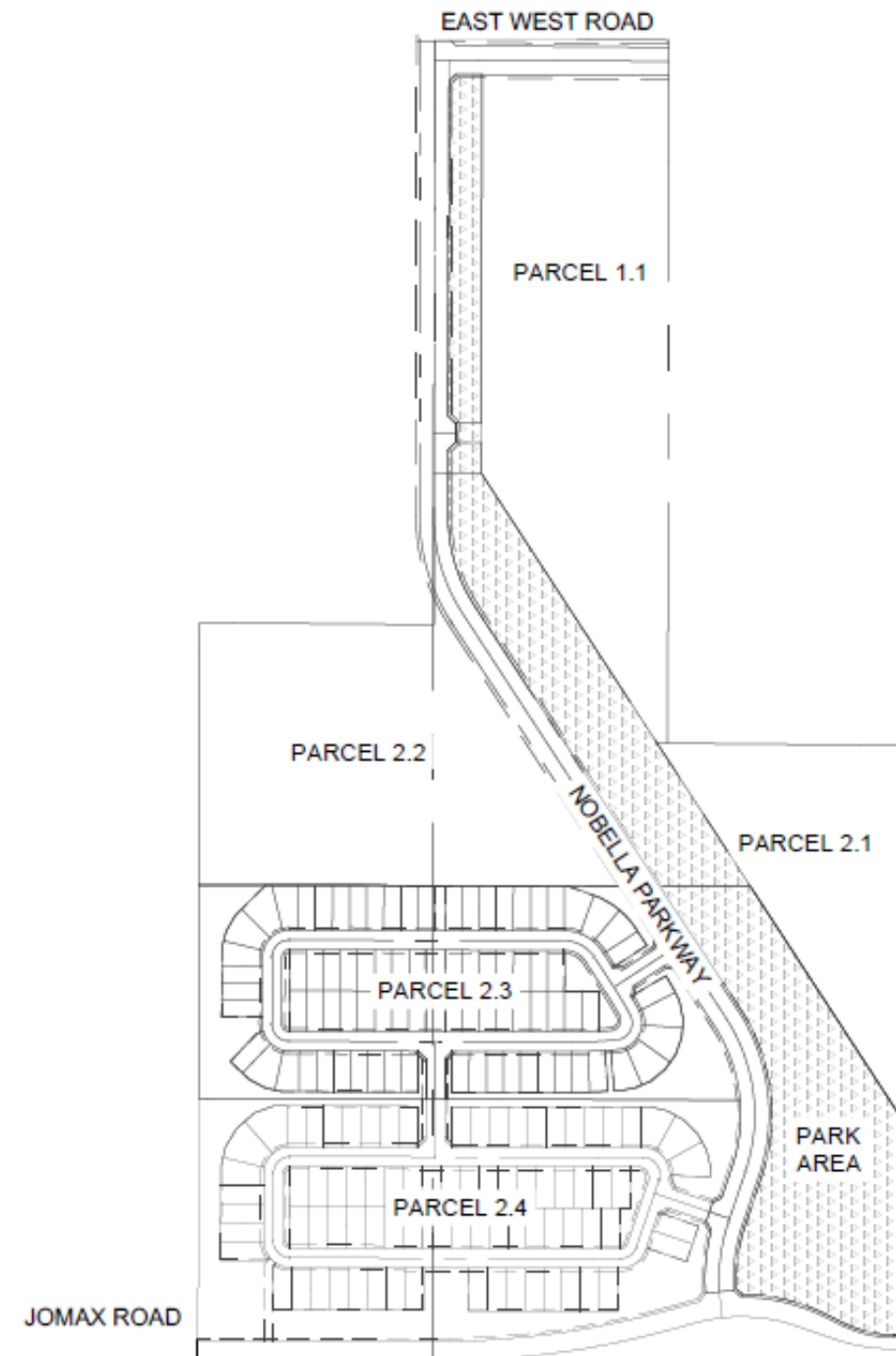


Exhibit D-3

Parking Area Description

Located in East half of Section 31, Township 5 North, Range 1 West, Gila and Salt River Meridian, Maricopa County, Arizona;

The first 70.00' east of the Nobella Parkway Right of Way line for a distance of 350.00 feet located 720.00 feet northerly along the center line of section 31 from the Center Quarter corner of said Section.

Exhibit D-4

Parking Area Depiction

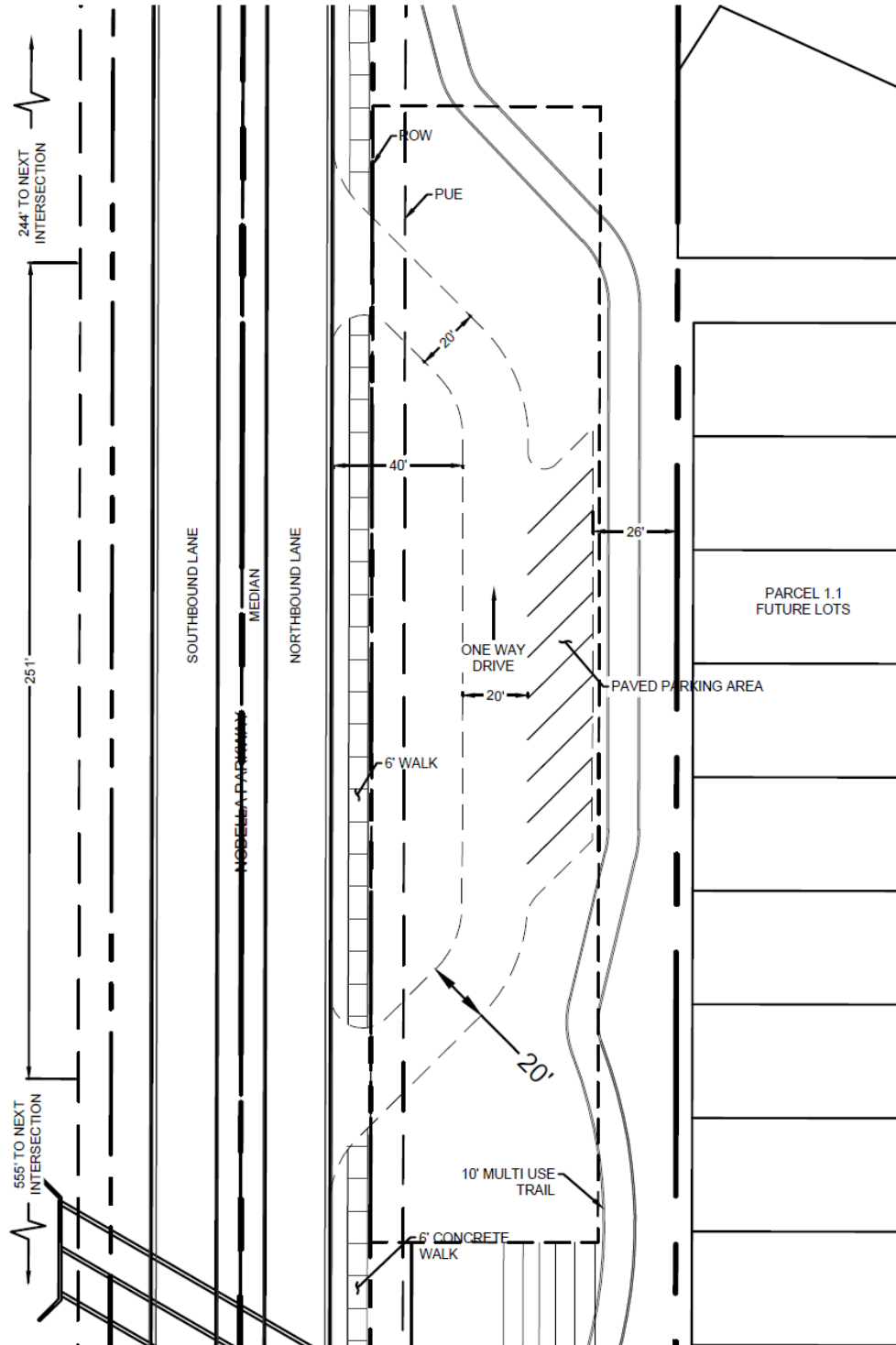


Exhibit E

Notice of Payment

The undersigned Nobella Surprise Owner, a Delaware Limited Partnership, (“**Nobella**”) does hereby acknowledge that the undersigned “Benefited Owner” under the Development Agreement dated June 17, 2025, recorded at Instrument No. _____ in the Official Records of Maricopa County (the “DA”), has paid \$ _____ in “Buy-in Fees” as defined in the DA with respect to the “Benefited Property” (as defined in the DA) for the property know as APN _____ in full satisfaction of the obligation under the DA with respect to such Benefited Property, subject to any increases in Buy-in Fees that may occur as described in Section 8c of the DA.

BENEFITED OWNER:

[TBD]

By: _____

Its: _____

Date: _____

DEVELOPER:

NOBELLA SURPRISE OWNER LP
a Delaware limited partnership

By: Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Nobella Surprise LP
a Delaware limited partnership
Its: Sole Member

By: Hines AZ Nobella Surprise GP LLC
a Delaware limited liability company
Its: General Partner

By: Hines AZ Nobella Surprise Associates LP
a Delaware limited partnership
Its: Sole Member
By: Hines Investment Management Holdings LP
a Texas limited partnership
Its: General Partner

By: _____
Name: _____
Title: _____

Acknowledged By:
CITY OF SURPRISE
an Arizona municipal corporation

By: _____
Title: _____

Nobella Development Agreement Resolution 2025-77

City Council
June 17, 2025

Owner's \ Developer's Obligations

WATER IMPROVEMENTS

- Offsite improvements required to serve the Benefited Properties.
 - Water treatment
 - Pressure zone improvements
 - Storage
 - One 12" high-pressure water line in Jomax Rd



SURPRISE
ARIZONA

Owner's \ Developer's Obligations

WASTEWATER IMPROVEMENTS

- Construct wastewater improvements
 - Required by Wastewater Master Report to connect to existing wastewater infrastructure
 - One 10" sewer line to serve the Projects
- Acquire additional capacity in SPA 2 WRF prior to City approval of any final plat, site plan or building permit



SURPRISE

ARIZONA

Owner's \ Developer's Obligations

PARK INFRASTRUCTURE

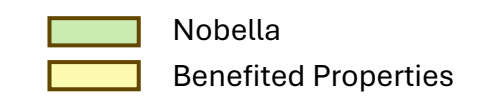
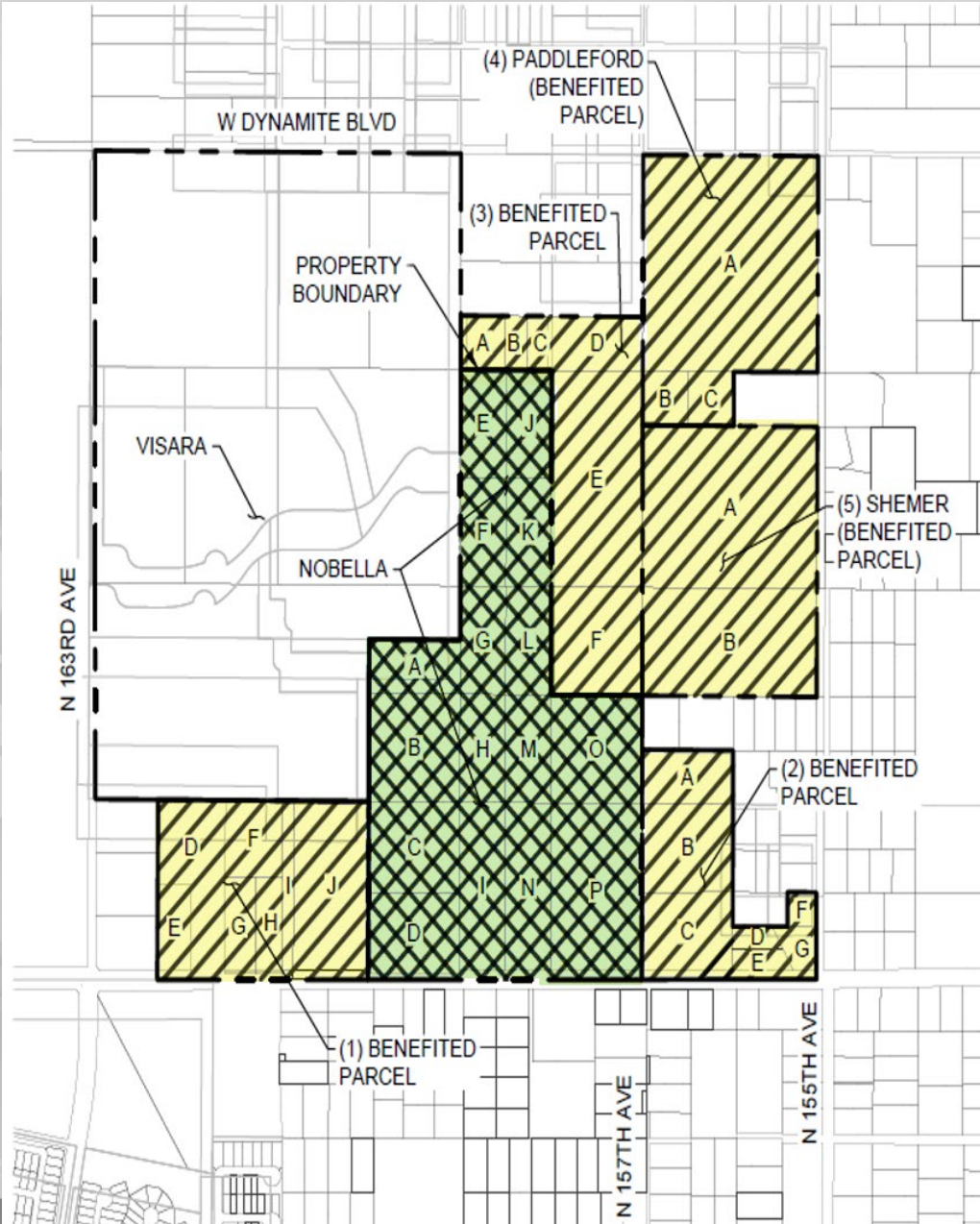
- Finance, design, and construct the park, associated amenities and parking area (the “Park”) for the use of the benefited properties.
- Provide for the operation, repair, maintenance and security by the owner or future homeowners’ association.



SURPRISE

ARIZONA

WATER & WASTEWATER



PARK



- Nobella
- Benefited Properties

City's Obligations

- Assist the Owner in acquiring any necessary right-of-way for the installation of the roadways, at the Owner's expense, in accordance with the agreement
- Verify that Benefited Owners have paid buy-in fees to Owner prior to approval of final plat, site plan, building permit, sewer or water connection
- Review and approve or object to costs of Offsite Infrastructure Improvements within 60 days



SURPRISE

ARIZONA

Questions or Comments?

THANK YOU



SURPRISE

ARIZONA



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025

Contact Person: Brad Mecham, Director of
Strategic Initiatives

Submitting Department: City Manager Office
Staff Recommendations:

District: District 1

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to the approval of a Cell Tower Lease Agreement at Fire Station 304, Resolution #2025-91.

Motion:

I move to approve Resolution #2025-91

Background:

The City owns property at 24550 N. 163rd Avenue as Assessors Parcel Number (APN) 503-73-976 known as Fire Station 304.

To help facilitate increased wireless cellular coverage, the City has worked with SBA Communications Corporation to propose a site for a new 65' monopole tower that will facilitate multiple locations. The proposed tower is located just south of Fire Station 304.

The initial lease term is for ten (10) years with the option to renew for three (3) additional five (5) year terms for a potential total of 25 years.

The initial lease rate is \$2,000 with an annual rate increase of three percent (3%).

Objective Analysis:

This item has been placed on the agenda for review and approval.

Policy Compliant:

This item is compliant with City Council policies and the City of Surprise Municipal Code.

Financial Impact:

The City will receive \$2,000 per month for one provider, \$2,400 per month for two providers, or \$2,800 per month for 3+ providers per year, and subject to an increase of 3% each subsequent year for the duration of the lease.

Budget Impact:

If approved, there will be a net positive budget impact of at least \$2,000 per month for the first year and an increase of 3% each subsequent year for the duration of the lease.

FTE Impact:

This impact does not have an impact on current staffing levels.

ATTACHMENTS:

1. SBA Towers Resolution
 2. Cell Tower Lease Agreement - SBA Towers X LLC
 3. Fire Station 304 Cell Tower
-

RESOLUTION # 2025-91

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA APPROVING A LEASE AGREEMENT FOR A CELL TOWER SITE BETWEEN THE CITY OF SURPRISE AND SBA TOWERS X, LLC.

WHEREAS, SBA Towers X, LLC, ("SBA") constructs, maintains, and operates wireless communications towers ("Cell Tower") within the State of Arizona and offers its towers to telecommunications providers to locate wireless communications facilities upon its towers;

WHEREAS, the City owns real property located at 24550 N. 163rd Avenue Surprise, Arizona 85387, identified as Parcel No. 503-73-976 in Maricopa County recording system commonly known as Fire Station 304 ("Property");

WHEREAS, SBA desires to lease a portion of the Property to erect a Cell Tower, and to offer its Cell Tower to telecommunications providers to install, maintain, and operate certain wireless facilities;

WHEREAS, the City desires to lease a portion of the Property to SBA for SBA to construct, operate, and maintain a Cell Tower to expand wireless telecommunications coverage within the City; and

WHEREAS, the Mayor and City Council of the City of Surprise find that entering into a ground lease for the purposes set forth herein and as set forth in the attached Exhibit A, is in the best interest of the City.

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

Section 1. The City of Surprise hereby agrees to enter into a Lease Agreement between the City and SBA Towers X, LLC which is attached hereto as Exhibit A.

Section 2. The City Manager, or his designee, is authorized on behalf of the City of Surprise to execute Exhibit A, and any other documents related to Exhibit A, if any, necessary to carry out the purposes and intent of this Council Resolution,.

SIGNATURES ON THE FOLLOWING PAGE.

APPROVED AND ADOPTED this ____ day of _____, 2025.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney



THE CITY OF SURPRISE, ARIZONA
16000 North Civic Center Plaza, Surprise, AZ 85374

CELL TOWER LEASE AGREEMENT
(Agreement Number _____)
Site Name: _____

This Cell Tower Lease Agreement ("Agreement") is entered into by and between the City of Surprise, an Arizona municipal corporation (the "City"), and SBA Towers X, LLC, a Delaware limited liability company ("Lessee"). The City and Lessee may each be referred to herein as a "Party," or, collectively, the "Parties."

RECITALS

WHEREAS, the City owns real property located at 24550 N 163rd Ave, Surprise, AZ 85387, identified as Parcel No. 503-73-976 in the Maricopa County recording system, and commonly known as Fire Station 304 ("Property");

WHEREAS, the City desires to expand wireless telecommunications coverages to its citizens, residents and the traveling public for the purposes of public safety, economic development, and general coverage of and access to wireless services;

WHEREAS, Lessee wishes to lease a portion of the Property for the purpose of erecting a tower and installing, maintaining, and operating certain wireless facilities; and

WHEREAS, the City is willing to lease a portion of the Property to Lessee subject to the terms and conditions contained in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual agreements contained herein, and other good and valuable consideration the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

1. LEASE

- 1.1. Leased Area. The City hereby grants to Lessee a lease of a portion of the Property, as further described in **Exhibit A** ("Leased Area"), herein incorporated by this reference, together with non-exclusive easements for the term of this Agreement for (a) ingress and egress across other portions of the Property for access to the Leased Area, seven (7) days a week, twenty-four (24) hours a day, on foot or motor vehicle (including trucks), (b) parking and staging of vehicles, machinery and materials while work at the Leased Area is in progress, and (c) the installation and maintenance of utility wires, poles, cables (including fiber optic cable), conduits, and pipes over, under or along the Property (collectively, the "Easements"), the location of said Easements also being described in **Exhibit A**, herein incorporated by this reference, for the sole purpose of the Permitted Use (as defined in Section 1.2). The Leased Area and Easements include only the area identified in Exhibit A, and does not include any surrounding area or properties. There shall be no unilateral replacements of Exhibit A. Any changes to Exhibit A shall be made through a formal written amendment to this Agreement.

- 1.2. Permitted Use. The Leased Area may be used by Lessee to construct, support, operate, repair, replace and upgrade wireless communications facilities, including communications towers or poles, fixtures, antennas, dishes, fiber, backhaul, hand holes, radios, batteries or any other energy storage equipment, cabinets, prefabricated buildings, fences, posts, power connections that are necessary at Lessee's discretion and related equipment, cables, accessories, and other improvements (collectively, the "Facilities"), for the sole purpose of the lawful transmission and reception of communication signals in frequencies authorized by applicable government authorities "Permitted Use".

2. TERM; DUE DILIGENCE; COMMENCEMENT; TERMINATION; AMENDMENTS; ASSIGNMENT; RELOCATION

- 2.1. Term; Renewal. This Agreement is effective upon the date the last Party signs this Agreement ("Effective Date"). The initial term of this Agreement shall be for ten (10) years, unless terminated sooner according to the terms of this Agreement, beginning on the first day of the month following Lessee's Commencement of Construction, as defined below in Section 2.4. "Term" shall include the initial term and any renewed term of this Agreement. This Agreement shall automatically renew for three (3) additional five (5) year Terms unless Lessee delivers notice to the City not to renew at least thirty (30) days prior to the expiration of the then current Term.
- 2.2. Due Diligence. Subject to Section 2.3, Lessee and its agents, employees and independent contractors shall have the non-exclusive right and privilege to enter upon the Property to perform, or cause to be performed site inspections, which shall include, but not be limited to, test borings of the soil, environmental audits, engineering studies and to conduct a survey of the Leased Area and the Easement. For such purposes, the City shall provide any necessary keys or access codes to the Property if needed for ingress and egress. Lessee shall not unreasonably interfere with the City's use of the Property in conducting these activities. Lessee shall have the right, at its sole cost and expense, to have the Leased Area and the Easements surveyed and to obtain a title commitment for a leasehold title policy covering the Leased Area and the Easements from the title insurance company of its choice. In addition, Lessee will be responsible and liable for personal injury or property damage caused by the acts, omissions, negligence, and/or willful misconduct of Lessee and its officers, agents, employees, sublessees, and/or contractors or subcontractors during such period arising under or related to this Agreement.
- 2.3. Regulatory Approvals. Lessee shall use commercially reasonable efforts to obtain all regulatory approvals for the Permitted Use, including, without limitation, zoning approval of the Leased Area for the Permitted Use and a building permit for construction of Lessee's Facilities and improvements. The City agrees to cooperate with Lessee with the timely review and/or execution of any documents required to obtain all regulatory approvals.
- 2.4. Commencement of Construction. Lessee shall commence construction within one year of the Effective Date. "Commencement of Construction" or "Commence Construction" shall mean commencement of any and all preliminary site work (including, without limitation, clearing, grubbing, grading, soil borings, and other site work which qualifies).
- 2.5. Holdover. If Lessee remains in possession of the Leased Area after the end of the Term, Lessee shall be deemed to be occupying the Leased Area on a month-to-month basis ("Holdover Term"), subject to all terms and conditions of this Agreement. The Holdover Term may be terminated by the City upon thirty (30) days' written notice to Lessee. During the Holdover Term, Lessee shall be subject to one hundred fifty percent (150%) of the Rent due, as described in Section 3. Said Holdover Term fee shall be subject to annual rate increases, as described in section 3.2.
- 2.6. Termination by the City. The City may immediately terminate this Agreement upon written notice to Lessee for any of the following: (a) for any Default (as defined in Section 11) that has not been cured within the applicable cure period; (b) upon one hundred eighty (180) days' prior written notice to Lessee if the City is prohibited from leasing the Property for the Permitted Use by any new governmental ordinance or regulation; or (c) if the Commencement of Construction is not within

one year in accordance with Section 2.4. Notwithstanding Section 2.6(b), City will reasonably propose an alternate site on a different City-owned property to which Lessee may relocate its Facilities at Lessee's sole cost and expense ("Relocation Site"); provided, however, the City will allow Lessee to install a temporary Cell-on-Wheels ("COW") on the Property so as to prevent any interruption of the communications service provided by Lessee on City's property (said COW shall be removed upon completion of the Relocation Site). The City makes no guarantees that the proposed Relocation Site will be sufficient for the purposes hereunder or that such Relocation Site will not impair or in any manner alter, the quality of communications service provided by Lessee; Lessee has the sole responsibility, and expense, of determining whether the Relocation Site will be sufficient for Lessee's purposes. If Lessee determines that the Relocation Site is not sufficient for their needs, then Lessee's sole remedy shall be to terminate this Agreement. Subject to Section 2.6(b), City shall be prohibited from requiring Lessee to relocate the Leased Area for the first seven (7) years of the initial ten (10) year term.

- 2.7. Termination by Lessee. Lessee may immediately terminate this Agreement upon written notice to the City for any Default (as defined in Section 11) that has not been cured within the applicable cure period. Lessee may also terminate this Agreement (a) upon thirty (30) days' written notice by Lessee to the City, if Lessee is unable to obtain or maintain through no fault of Lessee, any license, permit or other state or federal governmental approval necessary for the construction and/or operation of Lessee's Facilities; or (b) for any reason upon one (1) year's advance written notice from Lessee to the City.
- 2.8. Conflicts of Interest. Ariz. Rev. Stat. § 38-511 is applicable to this Agreement and this Agreement may be terminated in accordance therewith.
- 2.9. Amendments. This Agreement may only be amended with the signed, written approval of both parties, except as otherwise described herein.
- 2.10. Assignment. Lessee may not assign this Agreement without the written approval of the City, except to an affiliate entity of Lessee. Such approval shall not be unreasonably withheld, conditioned or delayed. For purposes of this Agreement, an "affiliate entity of Lessee" shall mean any person or entity which Lessee or its respective partners, directly or indirectly, through one or more intermediaries, controls, is in common control with, or is controlled by.

3. RENT

- 3.1. Monthly Fee. The City will receive the following amounts as set forth in the rent table below ("Rent"), received from the use of the Facilities or Leased Area by broadband personal communications service provider sublessees (such as AT&T, Verizon, T-Mobile, and Dish) ("Broadband PCS Providers"). For the avoidance of doubt, the rent due upon Commencement of Construction shall be \$2,000.

Rent Table:

Broadband PCS Provider #	Monthly Rent Amount
1	\$2,000
2	\$2,400
3 and subsequent	\$2,800

In the event a sublessee uninstalls its equipment from the Facilities, Rent shall be adjusted accordingly (for example, if the first sublessee uninstalls its equipment, the second sublessee shall be deemed the first sublessee for purposes of determining the applicable Rent due to the City). The City shall not be deemed a sublessee for purposes of this Section 3.1.

Rent shall be payable one month in arrears and shall be remitted to the address shown for the City in this Agreement, or such other address as the City may direct by notice of writing to Lessee. Rent shall be prorated for any partial month, based on the number of days in those months. Lessee shall provide City a summary report listing the sublessees on the Facilities with its monthly Rent check.

- 3.2. Annual Rate Increase. Throughout the Term of this Agreement, the Rent shall be increased annually upon each anniversary of the Commencement of Construction by three percent (3%).
- 3.3. Taxes. Lessee shall pay all applicable taxes, including, but not limited to, any applicable City transaction privilege tax and all real, leasehold, and personal property taxes assessed on or any portion of such taxes attributable to the Leased Area and Lessee's Facilities. Lessee shall reimburse the City for all tax increases on the Leased Area, including, but not limited to, all taxes levied upon Lessee's Facilities. Notwithstanding the foregoing, Lessee shall only pay said taxes if the City furnishes proof of such assessment, including reasonable supporting documentation, to Lessee within one year of the tax payment due date.

4. SUBLEASES

- 4.1. Sublease. Lessee may sublease, with notice to the City, all or a portion of the Leased Area to sublessee(s), subject to all terms and conditions of this Agreement and only for the Permitted Use. No sublessee may collocate any sublessee Facilities to the Leased Area without obtaining a permit from the City. Upon request, Lessee shall provide the City with a list of all sublessees of this Agreement, including their names, contact information, locations and collocations of any sublessee Facilities installed.

5. CONDITION; MAINTENANCE; WARRANTIES

- 5.1. Condition of Leased Area. Lessee is responsible for the study and inspection of the Leased Area and for determining the fitness for use intended by Lessee. The City expressly disclaims all warranties of the Leased Area, including, but not limited to, warranties of merchantability, warranties for fitness for a particular purpose, and absence of hazardous conditions associated with the Leased Area. Lessee accepts the Leased Area in "AS-IS" condition, without representation or warranty of any kind by the City, its officers, officials, agents, or employees, and subject to all laws governing the use of the Leased Area for the purposes stated herein.
- 5.2. Maintenance. Lessee shall keep and maintain the Leased Area in commercially reasonable and safe condition during the Term, at Lessee's sole expense. The City neither assumes, nor shall it have any responsibility for, the condition of the Leased Area and the City shall not be responsible for the construction, maintenance, upkeep, or repairs necessary to keep the Leased Area safe and serviceable for the intended uses.
- 5.3. Return of Leased Area. Within sixty (60) days after the end of the Term or termination of this Agreement, Lessee shall return the Leased Area to the same condition that existed prior to the execution of this Agreement, ordinary wear and tear excepted, including, without limitation, removal of all surface and subsurface materials (for subsurface materials, to a depth of six (6) inches); however, Lessee shall leave in place all underground power runs and/or other electrical lines within the Leased Area and the Property. Lessee shall continue to pay Rent until Lessee has made a full physical return of the Leased Area to the City.
- 5.4. Utilities. Lessee is responsible for obtaining and paying for all utilities related to its use of the Leased Area, including, without limitation, electric service. Lessee is responsible for setting up its own accounts with utility providers for its use of the Leased Area.
- 5.5. Transfer of Leased Area. The City may abandon, sell, lease, assign, or otherwise legally transfer the Property to a third party without the consent of Lessee. Any transfer of the Property shall be subject to this Agreement. The City shall give Lessee no less than one hundred eighty (180) days' notice of its intent to sell, lease, assign, or otherwise legally transfer the Property.

Condemnation. In the event the City receives notification of any condemnation proceedings affecting the Leased Area, the City will provide notice of the proceeding to Lessee within forty-eight (48) hours. If a condemning authority takes all of the Leased Area, or a portion thereof that Lessee determines renders the Leased Area unsuitable for Lessee, this Agreement will terminate as of the Site Name: Surprise City 5

- 5.6. Site No.: AZ92091 date the title vests in the condemning authority. In the event only a portion of the Leased Area shall be taken or condemned by, or transferred in lieu of condemnation to any governmental or quasi-governmental authority or agency with the power of condemnation during the Term of this Agreement, Lessee shall have the option to either: (1) terminate this Agreement; or (2) continue in possession of the property pursuant to the terms of this Agreement with a proportionate reduction in Rent equal to that portion, if any, of the Leased Area so taken, condemned or transferred in lieu of condemnation.

6. IMPROVEMENTS

- 6.1. Improvements to Leased Area. Lessee or its sublessees shall not make any improvements to the Leased Area, including, but not limited to, erecting a tower on the Leased Area and placement and/or installation of Lessee's and/or any sublessees' Facilities, except as otherwise shown on the Site Plan attached hereto as **Exhibit B** (the "Site Plan").
- 6.2. Repairs; Replacements. Notwithstanding Section 6.1, Lessee, without the City's prior approval, may make any improvements to the Leased Area, including, but not limited to, installation, construction, maintenance, operation, modification, repair, replacement, upgrade, or removal of the Facilities so long as such improvements do not constitute a Major Modification. A Major Modification is any improvement that meets any of the following criteria: (a) it increases the height of the tower by more than ten percent (10%) or more than ten (10) feet, whichever is greater; (b) it would defeat the concealment elements of the tower; or (c) it entails any deployment outside of the Leased Area. In the event that any improvements constitute a Major Modification, then all such improvements will be depicted in drawings, plans, or specifications ("Major Modification Plan") which will be submitted by Lessee to the City prior to commencing such improvements. The City shall have one hundred and twenty (120) days after receipt of the Major Modification Plan to review and approve such or to request specific revisions. The 120-day clock shall only run when the Major Modification Plan is in the City's possession for review; however, the clock will not run whenever the Major Modification Plan is in the Lessee's possession, including, but not limited to, whenever the Major Modification Plan is back in the Lessee's possession when the City had provided comments for Lessee's review or if the Major Modification Plan is deemed incomplete or inaccurate by the City, in the City's sole discretion. Nothing herein is intended to prevent Lessee from complying with any applicable federal, state, or local law, rule, or regulation. Nothing herein is intended to prevent Lessee from complying with any applicable federal, state, and/or local law, rule, or regulation.
- 6.3. Permits and Approvals. The zoning processes, building permit processes, and similar regulatory requirements that apply to Lessee's use of the Leased Area are completely separate from the processes set forth in this Agreement. Lessee's satisfaction of any requirement of this Agreement does not substitute for compliance with any other regulatory requirement. Similarly, Lessee's satisfaction of any other regulatory requirement does not substitute for compliance with any requirement of this Agreement. To the extent that regulatory requirements and requirements of this Agreement are the same, compliance with regulatory requirements shall constitute compliance with this Agreement and vice versa.
- 6.4. City Inspections. Lessee shall order City inspections of any applicable Facilities during and upon completion of installation of the Facilities.
- 6.5. Construction and Installation Work. All of Lessee's construction and installation work shall be performed at Lessee's sole cost and expense, in a good and workmanlike manner, and in compliance with all applicable laws, rules, orders, ordinances, directions, regulations, and requirements of federal, state, and local authorities.
- 6.6. Ownership of Facilities. Upon the end of the Term or earlier termination of this Agreement, Lessee shall remove all Facilities within the Leased Area within sixty (60) calendar days, except as otherwise described in this Agreement. Said removal includes, but is not limited to, removal of all surface and subsurface improvements and materials installed by Lessee and its sublessees. The

City acknowledges that Lessee's Facilities installed by Lessee shall remain the personal property of Lessee and Lessee may remove the same at any time during the Term. The parties may agree on a transfer of ownership of any improvements in writing signed by both parties and/or as described in this Agreement.

- 6.7. Stealth Design. The City may require certain design, construction, and/or paint schemes for any improvements.
- 6.8. City Facilities. Lessee agrees to accommodate City's communications equipment used exclusively for their municipal communications system at one mutually agreeable elevation on the tower at a rate of one dollar (\$1.00) per year so long as tower space, capacity and ground space for any required City ground equipment are available. Prior to installation of any equipment, City agrees to execute an Antenna Site Agreement ("ASA") in a form approved by both parties in writing. City at City's sole cost and expense shall be responsible for the installation of its antennas and equipment on the tower. City shall be entitled to replace their communication equipment with equivalent equipment (similar shape and size and less than or equal to the weight of the equipment to be replaced) at the same elevation and at the same \$1.00 per year rent rate upon prior written amendment of the ASA. Any replacement City's initial equipment shall be installed at the sole cost and expense of City.

No City facilities or equipment may interfere with any other tenants collocated on the tower improvements subject to provisions within this Agreement. The City will pay all costs associated with collocating its facilities or other equipment onto the tower, including its respective portion of electric costs and the costs to install and maintain its facilities/equipment.

7. INTERFERENCE

- 7.1. Interference. "Interference" means any type of interference, whatsoever, including but not limited to: blocking or impeding access to a location or destination/physical interference; electrical interference; mechanical interference; radio frequency (RF) interference; and interference with the use or enjoyment of real property.
- 7.2. No Interference. All of Lessee's Facilities shall only be used in a lawful manner that will not cause any Interference with: (a) any existing or future public safety communication systems (including, without limitation, fire, police, or other emergencies) ("Public Safety Communications Systems"), or (b) any existing or future City emergency communications systems ("City Communications Systems"). Lessee's use of the Leased Area is subject and subordinate to all Public Safety Communications Systems, City Communication Systems, and any pre-existing activities, work, projects, or other operations by the City ("City Operations") and any Third-Party Facilities (as defined in Section 7.3 below).
- 7.3. Third-Party Facilities. Lessee shall not operate Lessee's Facilities in any manner that causes Interference with third-party wireless facilities, telecommunications systems, communications equipment, related support structures, and any other related equipment that existed prior to the installation of Lessee's Facilities ("Third-Party Facilities"). If at any time the City receives notice or becomes aware that Lessee's Facilities or improvements are causing any Interference with Third-Party Facilities, Lessee shall immediately remedy such Interference in accordance with Section 7.4.
- 7.4. Remedy Interference. If it is determined, by the City in its sole and final discretion, that Lessee's Facilities are the cause for any Interference as described in Sections 7.2 or 7.3, Lessee shall: (i) remedy such Interference as soon as possible but no later than five (5) days after determination that such Interference is caused by Lessee's Facilities, or (ii) cease operation of Lessee's Facilities and/or Lessee's use of the Leased Area, except for intermittent testing, until such Interference is eliminated. If Lessee cannot eliminate its Interference within sixty (60) days from Lessee's receipt of notice from the City, the City may take all necessary and reasonable steps, at Lessee's sole cost and expense, to eliminate the Interference, including, but not limited to, shutting off the power to,

Lessee's Facilities, Lessee's improvements and/or the Leased Area or City may terminate this Agreement, except for Lessee's obligation to pay rent or any costs due and owing, if any, up to the date of termination.

- 7.5. No City Liability for Interference. To the extent required by law, the City and its council members, officials, officers, boards, commissions, agents, and employees, shall not be liable to Lessee, any of Lessee's customers/clients, or sublessees or their respective customers/clients, for any Interference with Lessee's Facilities and improvements, or Lessee's use of the Leased Area, except for any Interference arising out of the willful misconduct or gross negligence of City or any of City's council members, officials, officers, boards, commissions, agents, or employees.
- 7.6. The City's Interference. The City shall not use, nor shall the City permit its lessees, licensees, invitees or agents to use, any portion of the Property in any way which causes Interference with the wireless communications signals from the Facilities, Lessee's operation and quiet enjoyment and exclusive use of the Facilities and Leased Area or access to the Leased Area by Lessee and its employees, and contractors, subject to the pre-existing rights described in paragraphs 7.2 and 7.3 above. Such interference shall be deemed a Default and subject to Sections 11 and 13.2 through 13.6 of this Agreement.
- 7.7. No Third-Party Beneficiaries. Except as provided herein, none of the provisions of this Agreement shall be for the benefit of, or enforceable by, any third party, including, without limitation, any customers/clients of Lessee or any sublessee or their respective customers/clients. No third party shall obtain any right under any provisions of this Agreement or shall by reason of any such provision make any claim in respect of any debt, liability, or obligation (or otherwise) against any party hereto.
- 7.8. Non-disruption. Lessee shall not operate the Lessee's Facilities in any manner that: (a) blocks or impedes City from accessing areas of the Property other than the Leased Area and that portion of the Easements used for parking and staging; (b) disrupts the activities of any Third Party Facilities; or (c) disrupts the use or quiet enjoyment of the Property by City for its pre-existing City Operations.

8. ACCESS; SAFETY

- 8.1. Lessee shall have access to the Leased Area seven (7) days a week, twenty-four (24) hours a day. RF Letter. Lessee shall provide an "RF Letter" confirming its compliance with FCC Radio Frequency 47 CFR §1.1310 and all other applicable radio frequency ("RF") emissions laws and regulations (collectively, the "Guidelines") in effect as of the Effective Date. Lessee shall conduct an initial test for compliance with the Guidelines prior to placing Lessee's Facilities on the Leased Areas before the Lessee's Facilities are activated. Lessee shall perform additional tests upon any significant change in Lessee's Facilities. All such testing shall be performed by a qualified radio engineer. If the tests show noncompliance with applicable Guideline exposure limits in effect, then the noncompliant Lessee's Facilities shall be shut down (except for work necessary to bring it back into compliance) until subsequent tests again show compliance with the Guidelines. The City may, at its expense, perform tests to determine compliance of any Lessee's Facilities with the Guidelines, as amended from time to time.
- 8.2. Emergency Contact. Lessee shall require its sublessees to post a 24-hour Network Operations Center (NOC) contact number for all Facilities within the Leased Area (at a conspicuous, easily-identifiable, ground-level location) for emergency purposes. The NOC numbers shall be manned 24/7 by qualified individuals for these purposes.
- 8.3. Signage. Lessee shall not install any signs in the Leased Area other than safety warning signs, signs required by law, or other signs as are requested or approved by the City. Lessee shall bear all costs pertaining to the erection, installation, maintenance, and removal of all signs installed by Lessee.
- 8.4. City Emergency Access. Subject to Lessee's right to quiet enjoyment and exclusive use of the Facilities and Leased Area as expressed herein, including in Section 7.5 above, the City shall have 24/7 access to the Leased Area for any purpose, including, but not limited to, access by public

safety personnel. Except in the event of an emergency, the City shall contact Lessee prior to entering the Leased Area via SBA's notice to proceed ("NTP") portal process. The City agrees to use reasonable care during said access to ensure City does not damage Lessee's Facilities nor any sublessee Facilities.

- 8.5. Building and Safety Codes. Lessee shall comply with all applicable federal, state, and local laws, rules, and regulations, including all building and safety codes.
- 8.6. Backup Power Supplies. Subject to Sections 2.3 and 8.5, Lessee and Sublessees shall be permitted to use backup power supplies, including gas powered generators and other battery systems. Lessee shall be subject to any local and state noise regulations.

9. LIMITATION OF LIABILITY; INDEMNIFICATION

- 9.1. Limitation of Liability. Lessee shall not seek, and hereby irrevocably waives, all indirect damages, including, but not limited to, any lost revenue, lost profits, loss of technology, loss of rights or services, loss of data, interruption or loss of use of service, lost opportunity, incidental damages, punitive damages, indirect damages, or special or consequential damages, whether under theory of contract, tort (including negligence, strict liability, or otherwise), or in equity, as a consequence of or arising from this Agreement or its breach. This Section does not waive or affect either party's remedies in cases of fraud or intentional torts.
- 9.2. Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend and hold harmless City, from and against any and all claims, demands, suits, actions, proceedings, loss, cost and damages of every kind and description, including any reasonable attorneys' fees and/or litigation expenses (hereinafter referred to as "Indemnitees"), to which any such Indemnitees may become subject, under any theory of liability whatsoever ("Claims"), insofar as such Claims (or actions with respect thereof) relate to, arise out of, or are caused by or in connection with; (i) loss or damage to any property or interest of City caused by the acts or omissions of Lessee or sublessees at the Property, (ii) any damages, injury to person or property, or death of any person arising out of any acts, errors, omissions, work, or services of Lessee, its employees, sublessees, agents, representatives, or subcontractors, their employees, agents, or representatives at the Property, (iii) any use or occupancy of the Leased Area by Lessee, its personnel, employees, agents, contractors or subcontractors, except to the extent such claims are caused by the intentional misconduct or sole negligence of any Indemnitees or persons acting under any Indemnitees; (iv) any worker's compensation claims, unemployment compensation claims or unemployment disability compensation claims of employees of Lessee or claims under similar such laws or obligations related to work performed at the Property; (v) any interference, whatsoever, caused, directly or indirectly, by Lessee or its sublessees operating at the Leased Area to a Third-Party Facility that exists prior to installation of Lessee's Facilities on the Leased Area, and/or (vi) failure by Lessee or sublessee(s) to comply with all applicable, existing or future, federal, state, and/or local laws, rules, or regulations related to this Agreement. This indemnification obligation shall not extend to any loss, damage, injury, or death to the extent caused by the negligence or willful misconduct of City, or its employees.

10. INSURANCE

- 10.1. Insurer Qualifications. Without limiting any obligations or liabilities of Lessee, Lessee shall purchase and maintain, at its own expense, hereinafter stipulated minimum insurance with insurance companies duly licensed by the State of Arizona with an A.M. Best, Inc. rating of "A- VII" or above with policies and forms satisfactory to the City. Failure to maintain insurance as specified herein may result in termination of this Agreement at the City's option. The City in no way warrants that the above-required minimum-insurer rating is sufficient to protect Lessee from potential insurer insolvency.
- 10.2. No Representation of Coverage Adequacy. By requiring insurance herein, the City does not represent that coverage and limits will be adequate to protect Lessee. The City reserves the right

to review any and all of the insurance policies and/or endorsements cited in this Agreement, but has no obligation to do so. Failure to demand such evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency will not relieve Lessee from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

10.3. Insurance Requirements.

10.3.1. Lessee shall procure and maintain for the Term of this Agreement, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by Lessee, its agents, representatives, employees, subcontractors, or sublessees.

10.3.2. The insurance requirements herein are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The City in no way warrants that the minimum limits contained herein are sufficient to protect Lessee, or any sublessee, from liabilities that might arise out of the performance of the work under this Agreement by Lessee, its agents, representatives, employees, subcontractors, or sublessees, and Lessee is free to purchase additional insurance.

10.3.3. Coverage provided by Lessee may not be limited to the liability assumed under the indemnification provisions of this Agreement.

10.3.4. Lessee's certificates of insurance shall list the "City of Surprise" as an additional insured.

10.4. Minimum Scope and Limits of Coverage. Lessee shall provide coverage with limits of liability not less than those stated in this Agreement below:

10.4.1. *Commercial General Liability – Occurrence Form.*

The policy shall include bodily injury, property damage, personal injury, and broad form contractual liability coverage.

General Aggregate	\$4,000,000
Each Occurrence	\$2,000,000
Fire Legal Liability	\$50,000
Personal and Advertising Injury	\$1,000,000

10.4.2. *Business Automobile Liability.*

The policy shall include coverage for bodily injury and property damage for any owned, hired, and/or non-owned vehicles used in the performance of this Agreement.

Combined Single Limit (CSL)	\$1,000,000
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10.4.3. *Workers' Compensation and Employers' Liability.*

The policy shall include workers' compensation statutory employers' liability coverage pursuant to State of Arizona requirements.

10.4.4. *Professional Liability (Errors and Omissions Liability).*

The policy shall include professional liability coverage.

Each Claim	\$500,000
Annual Aggregate	\$1,000,000

10.4.5. *Environmental/Pollution Liability.*

The policy shall include environmental and/or pollution liability coverage.

Each Claim	\$1,000,000
Annual Aggregate	\$2,000,000

10.4.6. Lessee shall secure insurance coverage sufficient to protect all of Lessee's Facilities and other improvements under this Agreement from any and all losses, whatsoever.

- 10.5. Additional Requirements. All insurance policies required under this Agreement shall: (a) be written on an occurrence form; (b) be endorsed to include the "City of Surprise" as an additional insured; (c) contain a waiver of subrogation against the City of Surprise and its council members, boards, commissions, officials, officers, agents, employees, and subcontractors; (d) be primary and non-contributory with respect to all other sources; (e) include the "City of Surprise" as the additional insured on the respective certificates of insurance. Lessee shall provide the City with all applicable endorsements to evidence the foregoing requirements. Further, all certificates of insurance for policies required under this Agreement shall identify this Agreement by Agreement Number in the policy description.
- 10.6. Verification of Coverage. Lessee shall furnish the City with a certificate of insurance and an endorsement for each policy. **All of the required insurance documents shall be in effect and received and approved by the City's Risk Management division before Lessee takes possession of all or a portion of the Leased Area and before any work begins under this Agreement, and shall remain in effect for the Term of this Agreement.** Failure to maintain the insurance policies as required by this Agreement, or to provide evidence of renewal, shall be a material breach of this Agreement. The City reserves the right to require complete, certified copies of all insurance policies required by this Agreement at any time.
- Risk Management Division, contact information:**
- City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374
Attn: Risk Manager

E-mail: riskmanagement@surpriseaz.gov
- 10.7. Notice of Cancellation. Each insurance policy required by this Agreement shall provide the required coverage and may not be suspended, voided, cancelled, or reduced during the entire Term. Lessee shall provide the City with at least thirty (30) days' advance written notice if the insurance is suspended, voided, cancelled, or reduced. Such notice shall be sent directly to the City's Risk Management division.
- 10.8. Modifications to Coverage. Any modification or variation from the insurance requirements in this Agreement will be approved by the City in its sole discretion, whose decision is final. Further, the City, consistent with the obligations and requirements expressed in Section 10, shall have the right to require additional insurance coverage upon written notice to Lessee. Such actions will not require a formal Agreement amendment but may be made by administrative action signed by the City's Risk Manager or their designee.
- 10.9. City acknowledges that Lessee is self-insured. Any insurance required to be provided by Lessee may be provided by a blanket insurance policy covering the Leased Area and other properties leased or owned by Lessee provided that such blanket insurance policy complies with all of the other requirements with respect to the type and amount of insurance. The insurance coverage amounts required of Lessee in this Section 10 may be satisfied by a combination of primary and umbrella insurance.
- 10.10. City Insurance Requirements. City, at all times during the Term of this Agreement, will maintain in full force a comprehensive public liability insurance policy covering all of their operations, activities, liabilities and obligations on the Property, having limits not less than \$1,000,000.

11. DEFAULT

- 11.1. Each of the following occurrences shall be an event of "Default":

- 11.1.1. Default made by Lessee or the City of any of the covenants, agreements, conditions, or undertakings herein to be kept, observed, and performed that continues for thirty (30) days or

the cure of which has not been diligently commenced within thirty (30) days after written notice is given by non-defaulting Party to the defaulting Party.

11.1.2. If Lessee should voluntarily file any petition, or have an involuntary petition filed on its behalf, under any chapter or section of the Federal Bankruptcy Code or any similar law, state or federal, whether now or hereafter existing, or shall file an answer admitting insolvency or inability to pay its debts; provided however, that Lessee shall not remain in default if it continues to comply with all other terms and conditions of this Agreement.

11.1.3. If a trustee or receiver shall be appointed for Lessee or for a major portion of its property or its Facilities.

11.1.4. If any court shall have taken jurisdiction of a major portion of the property or the Facilities of Lessee in any involuntary proceeding for dissolution, liquidation or winding up of Lessee and such jurisdiction shall not be relinquished or vacated within sixty (60) days.

11.1.5. If Lessee makes an assignment for the benefit of its creditors.

12. RIGHT OF REENTRY

12.1. Upon the occurrence of any Default that is not cured within the applicable cure period, and at any time after the expiration of the applicable cure period, the City shall have the right, at its election, to reenter the Leased Area and to expel, remove and put out Lessee and all persons occupying or upon the same under Lessee, using such force as may be necessary in so doing, and again to possess the premises and take full possession of and control over the Leased Area. No reentry by the City shall be deemed an acceptance of a surrender of this Agreement, nor shall it absolve or discharge Lessee from any liability under this Agreement. Upon such reentry, all rights of Lessee to occupy the Leased Area shall cease and terminate.

12.2. Upon the occurrence of any Default by Lessee and at any time thereafter, the City shall have the right, at its election, with or without reentry, to give written notice to Lessee stating that this Agreement shall terminate on the date specified by such notice, and upon the date specified in such notice, this Agreement and all rights of Lessee hereunder shall terminate. Upon such termination, Lessee shall quit and peacefully surrender to the City the Leased Area. Notwithstanding the foregoing, Lessee shall have a period of ninety (90) days to remove all Facilities and other improvements in accordance with Section 6.6. Upon termination, Lessee shall immediately discontinue, and shall ensure that all of its sublessees discontinue, any and all transmission of communication signals, whatsoever, from Lessee's and sublessees' Facilities and other improvements.

12.3. Lessee shall reimburse the City the cost of repairing any damage to the Leased Area, other than normal wear and tear, if not repaired in accordance with Section 6.6. The City shall provide an itemized list of all damage with the cost of repair for each item.

13. REMEDIES

13.1. The City's Remedies. In addition to all other rights set forth under this Agreement, the City may pursue any remedy at law or in equity, including, but not limited to, injunctive relief, civil trespass, and withholding other City permits and authorizations until Lessee complies with the terms of this Agreement or any applicable law. Such City remedies are cumulative and may be pursued in the alternative. The City's remedies set forth in this Agreement are not exclusive. Election by the City of one remedy does not preclude the use of other remedies.

13.2. Lessee's Remedies. Except as limited under section 9.1 under this Agreement, Lessee may pursue any action at law for direct damages or in equity, including, but not limited to, injunctive relief, an action to compel specific performance, or to terminate this Agreement. Such Lessee's remedies are cumulative and may be pursued in the alternative. Lessee's remedies set forth in this Agreement are not exclusive. Election by Lessee of one remedy does not preclude the use of other remedies.

- 13.3. Each right and remedy provided for in this Agreement shall be cumulative and in addition to every other right or remedy provided for in this Agreement now or hereafter existing at law or in equity or by statute or otherwise; and the exercise or beginning of the exercise of any one or more of such rights or remedies shall not preclude the simultaneous or later exercise of any or all other rights or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise.
- 13.4. If during any one period of twelve (12) consecutive months, the City or Lessee has served three (3) written notices of different Defaults upon the defaulting Party, and such Defaults remain uncured after the notice and cure period or the defaulting Party has not commenced any action to cure the Default, the fourth Default shall be deemed an incurable Default and the non-defaulting Party shall be entitled to terminate this Agreement.
- 13.5. In the event either Party shall be in Default of this Agreement, which Default remains uncured during any applicable cure period provided herein, the non-defaulting Party may at any time, with further notice, cure such breach for the account and at the expense of the defaulting Party. If the non-defaulting Party at any time, by reason of such breach, is compelled to pay or elects to pay any sum of money or to do any act that will require the payment of any sum of money, or is compelled to incur any expense, the actual sum or sums so paid by the non-defaulting Party, with interest not to exceed eight percent (8%), shall be paid by the defaulting Party within fifteen (15) business days of an itemized written demand.
- 13.6. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, governmental shutdown, civil commotion, fire or other casualty, and other causes beyond the control of the Party obligated to perform (a "Force Majeure Event"), shall excuse the performance by such Party for a period equal to any such prevention, delay or stoppage.

14. MISCELLANEOUS

- 14.1. Recitals. The Recitals set forth above are hereby incorporated by reference, as if fully set forth herein.
- 14.2. Applicable Law. This Agreement is governed by the laws of the State of Arizona and any suit pertaining to this Agreement, or interpretation and/or enforcement thereof, shall be brought only in the State courts in the State of Arizona in Maricopa County.
- 14.3. Compliance with Laws. Lessee shall comply with all applicable federal, state, and local laws, rules, statutes, and regulations relating to its uses of the Leased Area and the permitted uses of the Lessee's Facilities on the Leased Area. No required approval herein for improvements shall be deemed to prevent Lessee's compliance with any applicable law, rule, statute, or regulation related to Lessee's use of the Lessee's Facilities on the Leased Area.
- 14.4. Authority. Each person executing this Agreement on behalf of any party hereto warrants that they have the right and authority to execute this Agreement, and that all the procedures and approvals that are necessary and required to enable them to properly execute this Agreement and to bind the person or entity whom they represent in accordance with the terms hereof have been followed and/or secured. Each party agrees to execute and deliver all documents and to perform all further acts as may be reasonably necessary to carry out the provisions of this Agreement.
- 14.5. Public Records. Lessee acknowledges that this Agreement and the City are subject to laws regarding open public records, including, without limitation, Arizona public record laws under A.R.S. Title 39 and the Freedom of Information Act (FOIA).
- 14.6. Liens. Lessee shall not do or allow or cause anything to be done whereby the Leased Areas may be encumbered by a construction lien or any other type of lien. Notice is hereby given that the City

will not be liable for any labor or materials furnished to Lessee on credit, and that no construction or other lien for any such labor or materials shall attach to or affect the City's interest in and to the Leased Area. If any lien is filed against the Leased Area, Lessee shall discharge the lien or bond the lien off in a manner reasonably satisfactory to City within thirty (30) days after Lessee receives written notice that the lien has been filed. Lessee shall immediately provide the City a copy of any written notice when received. Lessee shall indemnify, defend, and hold harmless the City from all claims, demands, costs, and liabilities, including reasonable attorney's fees and costs, in connection with or arising out of any such lien or claim of lien.

- 14.7. Hazardous Substances. Neither Lessee nor any contractors engaged by Lessee shall produce, dispose, transport, treat, use, generate, or store any Hazardous Substances on, under, about, or within the Property or Leased Area in violation of the Arizona Hazardous Waste Management Act, A.R.S. § 49-901, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., or the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq., or any other federal, state, county, or local law or regulation. Lessee and any of Lessee's contractors may not use the Leased Area in a manner that would require a permit or approval related to Hazardous Substances from the Arizona Department of Health Services or any governmental agency other than City. Lessee will pay, indemnify, defend, and hold City harmless against any loss or liability incurred by reason of any Hazardous Substance produced, disposed of, or used by Lessee or any contractor engaged by Lessee and must immediately notify City of any Hazardous Substance at any time discovered or existing upon the Leased Area. Lessee and any of Lessee's contractors will ensure that any on-site or off-site storage, treatment, transportation, disposal, or other handling of Hazardous Substance will be performed by persons who are properly trained, authorized, licensed, and otherwise permitted to perform those services.
- 14.8. Environment. Lessee shall comply with all applicable federal, state, and local laws, rules, and regulations governing the protection of the environment and/or employee health and safety. Lessee shall indemnify, defend, and hold the City and each council member, officer, official, board, commission, employee, and agent thereof from claims resulting from Lessee's violation of any applicable environmental or employee health and safety laws and/or if Lessee causes a release of any regulated substance to the environment. Nothing in this Section shall limit the other indemnification or insurance requirements in this Agreement.
- 14.9. Oil, Gas, and Mineral Rights. The City owns all rights to oil, gas, and minerals found on, in, above, or below the Leased Area. Nothing here shall be deemed a transfer of the City's right to oil, gas, and/or mineral found on, in, above, or below the Leased Area.
- 14.10. Attorney's Fees. If attorney's fees are available under this Agreement, attorney's fees may only be sought upon a non-appealable judgment on the merits and only at the discretion of the court.
- 14.11. Notice. All notices, requests, demands, rent payments, and other communications hereunder shall be in writing and shall be deemed given if: (i) personally delivered; (ii) mailed, certified mail, return receipt requested; or (iii) sent by overnight carrier to the following address, on the date received:

If to the City:
 City of Surprise
 16000 N. Civic Center Plaza
 Surprise, AZ 85374
 Attn: WRM Director

Facsimile: 623-222-7001

with a copy to:
 Surprise City Attorney's Office
 16000 N. Civic Center Plaza
 Surprise, AZ 85374

Facsimile: 623-222-1101

If to Lessee:
 SBA Tower X, LLC
 8051 Congress Avenue
 Boca Raton, FL 33487
 Attn: Site Administration

- 14.12. Time of the Essence. Time is of the essence in each and every provision of this Agreement.
- 14.13. Binding on Successors. The terms and conditions of this Agreement will run with the Leased Area is binding upon, and inures to the benefit of, the parties and their respective heirs, executors, administrators, successors, and assigns.
- 14.14. Recording. A memorandum of this Agreement shall be executed by the City and Lessee to be recorded in the official records of Maricopa County, Arizona at the sole cost and expense of Lessee.
- 14.15. Independent Contractor. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent, partnership, joint venture, or any association between the City and Lessee other than as contracting parties, or landlord and tenant.
- 14.16. Severability. The provisions of this Agreement are severable. To the extent that any provision is held to be invalid by a court of competent jurisdiction, such holding will not affect any other provision of the Agreement which may remain in effect without the invalid provision.
- 14.17. Conflicts. In the event there is a conflict between this Agreement and any Exhibits attached hereto or any external documents, this Agreement shall control.
- 14.18. Waiver. No provision may be waived except in a writing signed by both parties. The failure by a party to enforce any provision of this Agreement or to require performance by the other party will not be construed to be a waiver, or in any way affect to the right of either party to enforce such provision thereafter.
- 14.19. Counterparts. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which together constitute but one and the same agreement. The original execution pages of counterpart copies of this Agreement may be attached to any one such copy to form a single, complete document.
- 14.20. Construction. This Agreement shall be construed and interpreted according to its plain meaning, and no presumption shall be deemed to apply in favor of, or against, the party drafting the Agreement. The parties acknowledge and agree that each has had the opportunity to seek and utilize legal counsel in the drafting of, review of, and entry into this Agreement. The headings, captions, and numbers in this Agreement are solely for convenience and shall not be considered in construing or interpreting any provision in this Agreement. Wherever appropriate in this Agreement, personal pronouns shall be deemed to include other genders and the singular to include the plural, if applicable.
- 14.21. Entire Agreement. This Agreement represents the entire agreement of the parties with respect to its subject matter. All previous agreements, whether oral or written, entered into prior to this Agreement are hereby revoked and superseded by this Agreement. No representations, warranties, inducements, or oral agreements have been made by any of the parties except as expressly set forth in this Agreement. This Agreement will be construed and interpreted according to its plain meaning, and no presumption will be deemed to apply in favor of or against the party drafting the Agreement. The parties acknowledge and agree that each has had the opportunity to seek and utilize legal counsel in drafting, reviewing, and entering into this Agreement.
- 14.22. Lessee's Title Insurance; Notifications. In connection with Lessee's title insurance, the City agrees to (a) execute an owner's affidavit substantially in the form required by Fidelity National Title Insurance Company and (b) provide the City council's written approval of the City entering into this Agreement. The City represents and covenants that, as of the date of execution of this Agreement, the City owns the Leased Area and the Property in fee simple, free and clear of all mortgage or deed-of-trust financing.
- 14.23. Exclusivity. As part of Lessee's right to the undisturbed use and enjoyment of the Leased Area, City shall not at any time during the Term of this Agreement (i) permit another person to use any portion of the Property for any use that would materially interfere with the uses hereunder, or is a

direct competitor with the Lessee's operations, or (ii) grant any leasehold interest in or an option to acquire any leasehold interest in any portion of the Leased Area that permits during the Term of this Agreement any of the uses permitted under this Agreement without the prior written consent of Lessee. The terms of this Section 14.23 do not prohibit the City, or its officers, agents, employees, and/or contractors or subcontractors, from using the Property for City Operations.

SIGNATURES ON THE FOLLOWING PAGE(S).

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date the last Party signs.

THE CITY

City of Surprise, an Arizona municipal corporation

By: _____
_____, Director

Printed Name: _____

Date: _____

APPROVED AS TO FORM:

City Attorney's Office

LESSEE

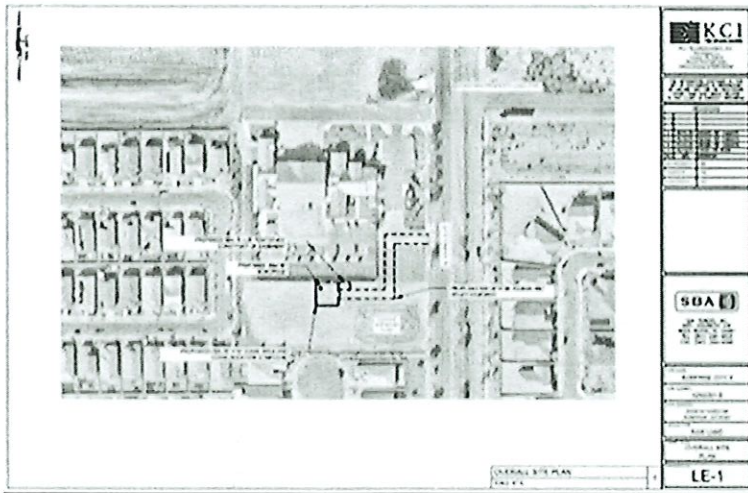
SBA Towers X, LLC, a Delaware limited liability company

By: _____
Alyssa Houlihan
Vice President, Site Leasing

Date: _____

EXHIBIT A – Leased Area and Easements

LEASED AREA



LESSEE'S 50' x 50' LEASE AREA AND LEGAL DESCRIPTION

A TRACT OF LAND BEING A PORTION OF PARCEL NO. 3 AS SHOWN ON THE FIRE STATION 304 PLAT, RECORDED 02/25/2020 AS BOOK 1511, PAGE 2 OF THE MARICOPA COUNTY RECORDS, NORTHEAST QUARTER (1/4) SECTION 12, TOWNSHIP 4 NORTH, RANGE 2 WEST, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST 1/4 CORNER OF SAID SECTION 12 WHICH THE NORTHEAST CORNER OF SAID SECTION 12 BEARS NORTH 00°21'20" EAST, A DISTANCE OF 2634.30 FEET; THENCE DEPARTING SAID EAST 1/4 CORNER ALONG THE EAST LINE OF SAID SECTION 12 NORTH 00°21'20" EAST, A DISTANCE OF 1023.74 FEET; THENCE DEPARTING EAST LINE OF SAID SECTION 12 NORTH 89°38'40" WEST, A DISTANCE OF 67.50 FEET;
 THENCE NORTH 89°38'40" WEST, A DISTANCE OF 74.67 FEET;
 THENCE SOUTH 00°05'45" WEST, A DISTANCE OF 122.95 FEET;
 THENCE NORTH 90°00'00" WEST, A DISTANCE OF 119.98 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH 00°00'00" EAST, A DISTANCE OF 15.00 FEET;
 THENCE NORTH 90°00'00" WEST, A DISTANCE OF 50.00 FEET;
 THENCE NORTH 00°00'00" EAST, A DISTANCE OF 50.00 FEET;
 THENCE NORTH 90°00'00" EAST, A DISTANCE OF 50.00 FEET;
 THENCE SOUTH 00°00'00" EAST, A DISTANCE OF 35.00 FEET TO THE POINT OF BEGINNING

CONTAINING 2500 SQUARE FEET OR 0.057 ACRES, MORE OR LESS

LESSEE'S 20' ACCESS & UTILITY EASEMENT LEGAL DESCRIPTION

A STRIP OF LAND BEING A PORTION OF PARCEL NO. 3 AS SHOWN ON THE FIRE STATION 304 PLAT, RECORDED 02/25/2020 AS BOOK 1511, PAGE 2 OF THE MARICOPA COUNTY RECORDS, NORTHEAST QUARTER (1/4) SECTION 12, TOWNSHIP 4 NORTH, RANGE 2 WEST, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

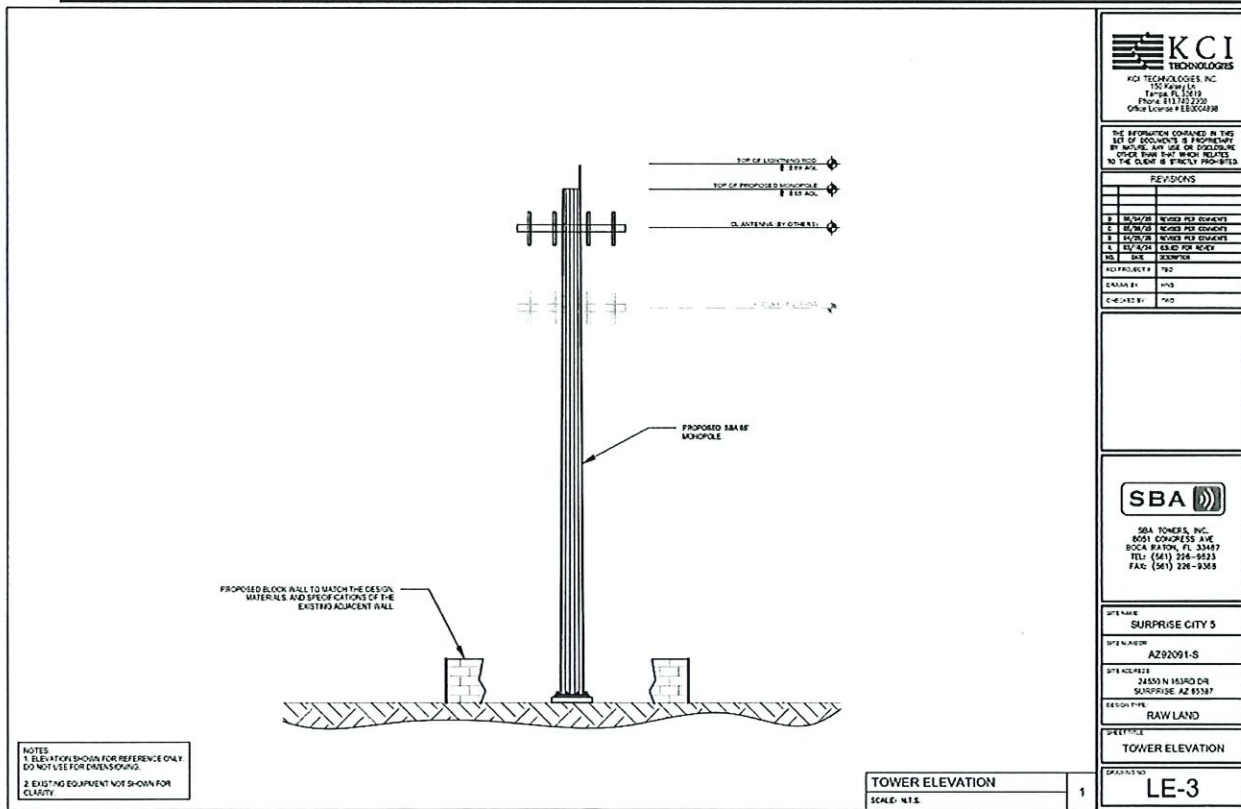
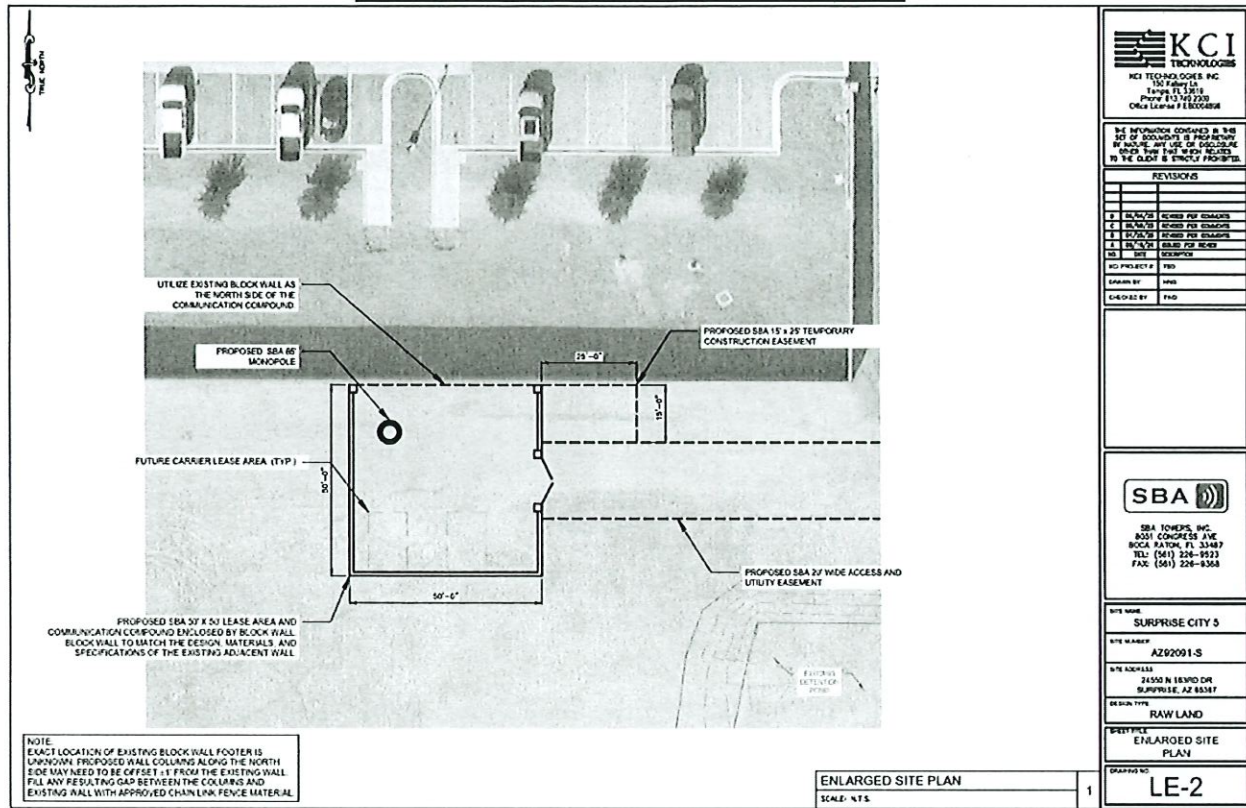
A 20.00-FOOT-WIDE STRIP OF LAND LYING 10.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE EAST 1/4 CORNER OF SAID SECTION 12 WHICH THE NORTHEAST CORNER OF SAID SECTION 12 BEARS NORTH 00°21'20" EAST, A DISTANCE OF 2634.30 FEET; THENCE DEPARTING SAID EAST 1/4 CORNER ALONG THE EAST LINE OF SAID SECTION 12 NORTH 00°21'20" EAST, A DISTANCE OF 1033.74 FEET; THENCE DEPARTING EAST LINE OF SAID SECTION 12 NORTH 89°38'40" WEST, A DISTANCE OF 67.50 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 89°38'40" WEST, A DISTANCE OF 84.72 FEET;
 THENCE SOUTH 00°05'45" WEST, A DISTANCE OF 123.01 FEET;
 THENCE NORTH 90°00'00" WEST, A DISTANCE OF 110.00 FEET TO THE POINT OF TERMINUS.

ALL SIDELINES OF DESCRIBED EASEMENT ARE TO BE SHORTENED OR LENGTHENED TO FORM ONE CONTIGUOUS PARCEL.

EXHIBIT B – SITE PLAN OF FACILITIES



Fire Station 304 Cell Tower – Ground Lease

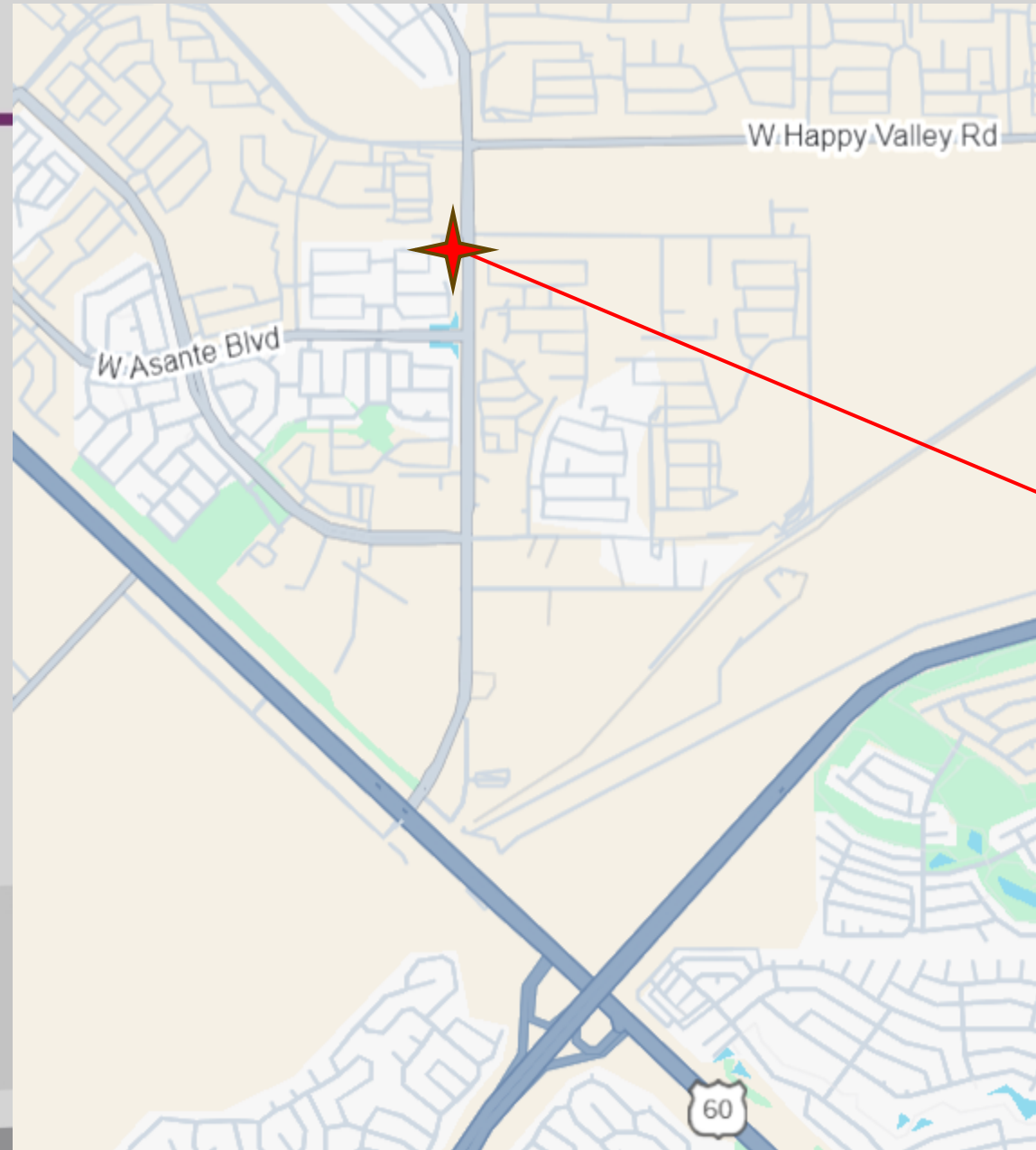
June 17, 2025



SURPRISE
ARIZONA

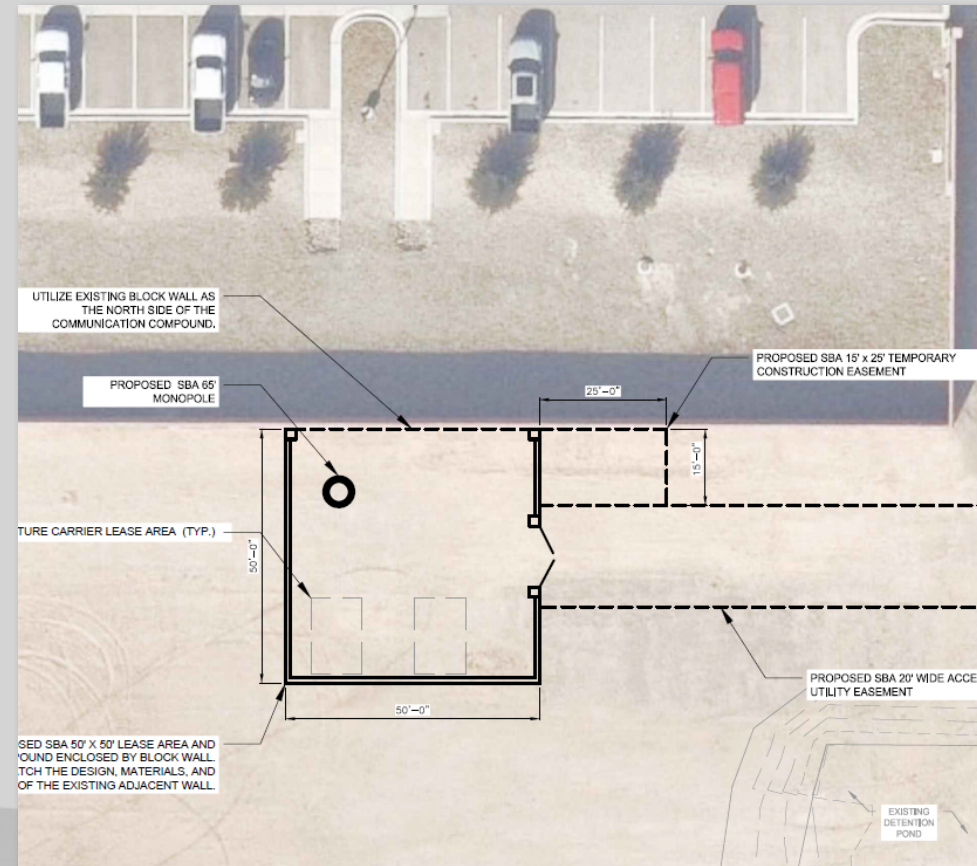
Location

- SWC N 163rd Avenue and W San Ysidro Road
- Parcel: 503-73-976



Layout - Proposed

- South of Fire Station 304
- Allows for multiple providers
- 2,500 square feet



Terms

- 10 years
 - Option for 3 additional 5-year periods
- 12 months to begin construction
- Rent: \$2,000 per month – 1st provider
 - 3.0% annual rate increase



*Temporary Tower - Verizon

Questions or Comments?

THANK YOU



SURPRISE
ARIZONA

Leases





CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 17, 2025
Submitting Department: City Manager Office
Staff Recommendations:

Contact Person: Bob Wingenroth, City Manager
District: Citywide

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

Consideration and action to adopt the City Council Strategic Plan.

Motion:

I move to approve the Council Strategic Plan.

Background:

The City Council convened on three different occasions to define priorities for the future of the City.

Objective Analysis:

Policy Compliant:

This item is compliant with City Council policies and the City of Surprise Municipal Code.

Financial Impact:

There is no financial impact associated with this item.

Budget Impact:

There is no budget impact associated with this item.

FTE Impact:

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

ATTACHMENTS:

1. 2025 Council Strategic Plan
 2. Council Strategic Plan
-



CITY COUNCIL STRATEGIC PLAN

June 2025



Our mission is to provide an exceptional quality of life and foster opportunities for businesses. We will ensure a flourishing city through ongoing investments in public safety, infrastructure, water, and responsible financial management, the promotion of economic development, and the continual growth of community activities.

CITY COUNCIL - 623.222.1300

MAYOR **Kevin Sartor**

DISTRICT 1 **Nick Haney**

DISTRICT 2 **Earle Greenberg**

DISTRICT 3 **Patrick Duffy**

DISTRICT 4 **Johnny V. Melton**

VICE MAYOR, DISTRICT 5 **Jack Hastings**

DISTRICT 6 **Chris Judd**

CITY MANAGER'S OFFICE - 623.222.1100

CITY MANAGER **Bob Wingenroth**

ASSISTANT CITY MANAGER **Tracy Montgomery**

CHIEF FINANCIAL OFFICER/DEPUTY CITY MANAGER **Andrea Davis**

- Council & Management Draft 2025 -

INTRODUCTION

The City Council Strategic Plan utilizes the City Council's seven core priorities as a framework for focusing resources, guiding policy, and supporting deliberate and sound budgetary decisions with a shared goal of making Surprise a sustainable, vibrant place for residents, businesses, and visitors – today and in the future.

The City Council adopted citywide goals that will advance each priority starting in Fiscal Year 2026. They will review and adjust the Strategic Plan annually to address and better support the needs of our growing community.

The City Council Strategic Plan identifies the following core strategic priorities:



PUBLIC SAFETY



TRANSPORTATION



**COMMUNITY
EXPERIENCE**



**FISCAL
RESPONSIBILITY**



**ECONOMIC
DEVELOPMENT**



**GOVERNMENT
TRANSPARENCY**



WATER

These priority areas are in harmony with the City of Surprise General Plan and the policies and plans of each department. The City Council is dedicated to providing opportunities for Surprise residents to give feedback and guidance, as well as tools to ensure Surprise's future is safe, sustainable, and exceptional.



PUBLIC SAFETY

Ensuring a Safe and Prepared Community



The City of Surprise is committed to safeguarding the wellbeing of its residents, visitors, and workforce by investing in proactive, well-resourced public safety services. Through a combination of strategic hiring, ongoing training, and strong emergency preparedness, the City aims to maintain a high level of service while ensuring safe neighborhoods, secure schools, and a resilient community.

Strategy 1.1:

Maintain levels of service through continued investment in hiring and staffing

Strategy 1.2:

Ensure that the City of Surprise continues to be prepared for emergencies through planning and personnel training

Strategy 1.3:

Prioritize the health and safety of City staff through training and expanding resources

Strategy 1.4:

Ensure schools within the city of Surprise are safe and have access to resources that enhance safety planning



TRANSPORTATION

Creating a Connected and Efficient
Transportation Network



The performance of the city's transportation network is of paramount importance to Surprise's future. With focus on innovative financing, corridor improvements, and expanded regional access, the City is committed to building a transportation system that enhances safety, supports growth, and improves traffic flow for motorists, cyclists, and pedestrians.

Strategy 2.1:

Pursue innovative financing for infrastructure improvements within the city

Strategy 2.2:

Continue to aggressively make improvements to key local transportation corridors

Strategy 2.3:

Provide for greater regional interconnectivity

Strategy 2.4:

Foster a safe transportation experience for pedestrians, cyclists, and motorists

COMMUNITY EXPERIENCE

Enriching Quality of Life Through Recreation,
Culture, and Connectivity



Surprise envisions a vibrant community where residents and visitors enjoy exceptional amenities, parks, recreation, and cultural experiences. The City is committed to preserving open spaces, promoting arts and entertainment, and creating opportunities for public-private partnerships that enhance the everyday lives of its people and make Surprise a premier destination for leisure and sports tourism.



Strategy 3.1:

Provide Surprise residents and visitors with exceptional parks

Strategy 3.2:

Provide premier facilities, expanding recreation and sports tourism programming to meet forecasted usage demands

Strategy 3.3:

Cultivate an environment for residents and visitors to enjoy arts, culture, and entertainment within the city of Surprise



Strategy 3.4:

Provide opportunities for city residents to enjoy nature through open space preservation

Strategy 3.5:

Identify opportunities for public-private partnerships to continually improve the quality of life for Surprise residents

FISCAL RESPONSIBILITY

Managing Financial Resources Wisely for
Continuing Growth



Strong financial stewardship is the foundation of the City's operations. Surprise is dedicated to adopting balanced budgets, maintaining top-tier credit ratings, and operating with efficiency and transparency. Through diligent financial reporting, robust reserves, and cost-effective management, the City ensures long-term fiscal health and the continued delivery of high-quality services.



Strategy 4.1:

Adopt and maintain a balanced budget

Strategy 4.2:

Maintain a AAA bond rating

Strategy 4.3:

Endeavor to become one of the lowest cost per capita cities in the state

Strategy 4.4:

Annually obtain the services of an independent public accounting firm to fully audit the financial policies and practices of the City, and report their findings to the City Council in open session

Strategy 4.5:

Continuously earn the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting

Strategy 4.6:

Maintain adequate reserves to preserve the city's long-term financial health

ECONOMIC DEVELOPMENT

Driving Job Creation and Business Expansion



To build a thriving economy, Surprise is focused on attracting and retaining diverse industries, supporting entrepreneurs, and fostering innovation. By investing in workforce development and empowering City staff to creatively engage with businesses, Surprise aims to strengthen its job market and promote inclusive, resilient economic growth across the community.

Strategy 5.1:

Attract and retain industries to support employment opportunities

Strategy 5.2:

Proactively pursue and create workforce development initiatives

Strategy 5.3:

Continue supporting City staff to be creative and make calculated decisions to attract desired businesses

Strategy 5.4:

Continue to strengthen and support small businesses



GOVERNMENT TRANSPARENCY

Promoting Trust Through Communication and
Accountability



The City is committed to focusing on clear communication, digital accessibility, and data-driven decisions. We will strive to continuously improve public engagement, enhance online tools and dashboards, and ensure transparency in City planning and budgeting processes.

Strategy 6.1:

Inform residents through a variety of engagement tools and simplified messaging

Strategy 6.2:

Utilize new and improved technologies that provide high-quality data to residents

Strategy 6.3:

Engage city residents in the decision-making process

WATER

Securing a Resilient Water Future



The City is taking a proactive approach to water resilience through diversified sourcing, conservation efforts, regulatory compliance, and planning aligned with future growth. We emphasize the importance of continuing infrastructure investments and water stewardship in the desert southwest.

Strategy 7.1:

Continue to support a resilient water supply to ensure current and future needs are met

Strategy 7.2:

Promote water conservation



Strategy 7.3:

Ensure the city is positioned to maintain a safe and sustainable water supply

Strategy 7.4:

Plan responsibly to meet the needs of continued growth



SURPRISE
ARIZONA

surpriseaz.gov/StrategicPlan

Page 865 of 869

City Council Strategic Plan

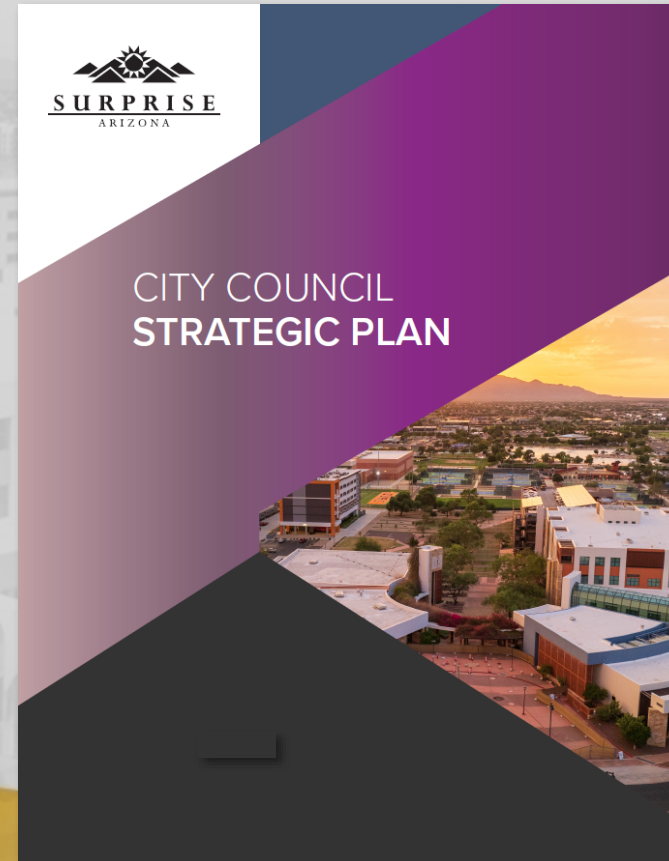
June 17, 2025



SURPRISE
ARIZONA

Mission Statement

Our mission is to provide an exceptional quality of life and foster opportunities for businesses. We will ensure a flourishing city through ongoing investments in public safety, infrastructure, water, and responsible financial management, the promotion of economic development, and the continual growth of community activities.



Strategic Priorities



PUBLIC SAFETY



TRANSPORTATION



COMMUNITY EXPERIENCE



FISCAL RESPONSIBILITY



ECONOMIC DEVELOPMENT



GOVERNMENT TRANSPARENCY



WATER



SURPRISE
ARIZONA

Questions or Comments?

THANK YOU



SURPRISE
ARIZONA