



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

Tuesday, June 2, 2026 @ 6:00 PM
COUNCIL CHAMBERS

Council Chamber doors will open at least 30 minutes prior to the start of the meeting.

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

Community Champion — Jonathan Thorton

E. City Manager Report

3. Citywide Library Card Design Contest

City Manager Office

F. City Clerk Report

G. Regular City Council Meeting Agenda

CONSENT AGENDA:

Approval of the consent agenda may be by one motion and a passing vote by the City Council. There will be no separate discussion on these items unless a Councilmember requests such. The requested item for discussion will be removed from the consent agenda and considered in its normal sequence on the agenda.

- | | | | |
|----|------------|---|---|
| 1. | Citywide | Consideration and action to approve the minutes of the May 19th, 2026, City Council Work Session, Regular City Council Meeting. | 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 2026-64. | Sandy Simmons
Michael Boule
Finance |
| 3. | 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 2027 Transit Services; Resolution 2026-68. | Eric Boyles
Transportation |
| 4. | District 4 | Consideration and action declaring to enlarge an existing street lighting improvement district known as City of Surprise, Arizona, Commerce Park East #109 pursuant to A.R.S. § 48-616 for the purpose of purchasing facilities and energy for lighting the public streets; Resolution 2026-69. | Kristin Tytler
Public Works |

- | | | | |
|----|----------|---|------------------------------------|
| 5. | Citywide | Consideration and action pertaining to a Wireless Provider Master License for Wireless Facilities Located Within Right-of-Way with Crown Castle Fiber LLC for installation and maintenance of wireless support structures within the public right-of-way: Resolution 2026-83. | Brad Mecham
City Manager Office |
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REGULAR AGENDA ITEM - PUBLIC HEARING:

- | | | | |
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| 6. | District 3 | Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 397963, requested by Maria Danielle Burgess, for Circle K Store #9287 located at 17050 W Cactus Rd, Surprise, AZ 85388 for a new Series 10 Liquor License. | Kristi Passarelli
City Clerk |
|----|------------|---|---------------------------------|

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

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| 7. | Citywide | Consideration and action pertaining to the award of the Education Subcommittee Youth Scholarship Program. | Seth Dyson
Economic
Development |
| 8. | 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 2027 in the amount of \$84,690; Resolution 2026-86. | Jeanine Jerkovic
Economic
Development |
| 9. | District 1 | Consideration and action pertaining to approval of a First Amendment to the Development Agreement between the City of Surprise and Nobella Surprise Owner, LP; Resolution 2026-56. | Lloyd Abrams
Community
Development |
| 10. | District 1 | Consideration and action authorizing the acquisition of fee title, or a lesser interest, in real property generally located along Jomax Road between 155th Avenue and 160th Avenue, Surprise, Arizona, by dedication, donation, purchase, exchange, or eminent domain: Resolution 2026-32. | Lloyd Abrams
Community
Development |

H. Call To The Public

INSTRUCTIONS:

In order to address the City Council, you will need to fill out a Public Comment Form available at the entrance, and turn it in to the City Clerk before the meeting begins.

You may also fill out the [Public Comment Form online](#). If submitting the online form the City Clerk must receive the request at least one hour before the meeting start time.

In accordance with A.R.S. 38-431.01(I) - During this time, members of the public may address City Council only on issues within the jurisdiction of the City Council. 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.

Councilmembers may not discuss or respond to matters raised during the call to the public that are not specifically identified on the agenda.

Each speaker shall be limited to three (3) minutes per item. If several speakers desire to speak regarding a single topic, the Chair may limit the number of speakers or the time given to each group. A maximum time of 30 minutes will be given per topic. However, an equal amount of time will be given to each side of an issue.

- I. Other Business and Future Agenda Items
- J. City Council Reports
- K. Executive Session

Pursuant to A.R.S. § 38-431.03

A. On a public majority vote of the members constituting a quorum, a public body may hold an executive session but only for the following purposes:

1. Discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body, except that, with the exception of salary discussions, an officer, appointee or employee may demand that the discussion or consideration occur at a public meeting. The public body shall provide the officer, appointee or employee with written notice of the executive session as is appropriate but not less than twenty-four hours for the officer, appointee or employee to determine whether the discussion or consideration should occur at a public meeting.
2. Discussion or consideration of records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained as confidential by state or federal law.
3. Discussion or consultation for legal advice with the attorney or attorneys of the public body.
4. Discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body'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.
5. Discussions or consultations with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations with employee organizations regarding the salaries, salary schedules or compensation paid in the form of fringe benefits of employees of the public body.
6. 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.
7. Discussions or consultations with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property.
8. Discussion or consideration of matters relating to school safety operations or school safety plans or programs.
9. Discussions or consultations with designated representatives of the public body in order to discuss security plans, procedures, assessments, measures or systems relating to, or having an impact on, the security or safety of buildings, facilities, operations, critical infrastructure information and information technology maintained by the public body. Records, documentation, notes, or other materials made by, or provided to, the representatives pursuant to this paragraph are confidential and exempt from public disclosure under this chapter and title 39, chapter 1.

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| 9. | Citywide | Consideration and action to recess into Executive Session for the purpose of interviewing and discussing finalist candidates for appointment to the position of City Auditor. | City Manager Office |
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L. Adjournment

KRISTI PASSARELLI, CITY CLERK

POSTED: Thursday, May 28th, 2026 @ 1:00 PM

SPECIAL NOTE: PERSONS WITH SPECIAL ACCESSIBILITY NEEDS, INCLUDING LARGE PRINT MATERIALS OR INTERPRETER, SHOULD CONTACT THE CITY CLERK'S OFFICE @ 623.222.1200 OR 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 2, 2026
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 2, 2026
Submitting Department: City Manager Office
Staff Recommendations:

Contact Person:
District: Citywide

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

Agenda Wording:

Community Champion — Jonathan Thorton

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: June 2, 2026
Submitting Department: City Manager Office
Staff Recommendations:

Contact Person:
District: Citywide

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

Agenda Wording:

Library Card Design Contest

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: June 2, 2026
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: Citywide

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

Consideration and action to approve the minutes of the May 19th, 2026, City Council Work Session, Regular City Council Meeting.

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. 051926 Regular Meeting Minutes DRAFT (Added on 5/30/26)
 2. 051926 Work Session Minutes DRAFT (Added on 5/30/26)
-



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

Tuesday, May 19, 2026 @ 6:00 PM
COUNCIL CHAMBERS

Council chamber doors will open at least 30 minutes prior to the start of the meeting.

A. Call To Order

Mayor Sartor called the Regular Council Meeting of May 19th, 2026 to order at 6:05 p.m., located at Surprise City Hall, 16000 N. Civic Center Plaza, Surprise, AZ. 85374.

1. Invocation

Jared Laskey, led in the Invocation.

B. Roll Call

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

C. Pledge of Allegiance

Youth Council Members, led in the Pledge of Allegiance.

D. Proclamation and Community Acknowledgements

2. Community Champions - Valley Vista Girls Basketball Champions

Mayor Sartor, acknowledged the Valley Vista Girl's Basketball Champions.

3. Community Champions - LAUNCH TEAM Robotics

Mayor Sartor, acknowledged the Launch Team Robotics impact award.

E. City Manager Report

City Manager, Andrea Davis, introduced Seth Dyson. Seth talked about the MLK Scholarship and introduced Dr. Cheryl Pete. Dr. Pete presented the winners.

Raoul LeLevier, Shadow Ridge High School
Kyan Alexandria Miller, Willow Canyon High School
Neela Newton, Willow Canyon High School
Peyton Anthony, Highland Prep of Surprise
Jacob Blackshear, Shadow Ridge High School
Breehna Scott, Highland Prep of Surprise

Andrea Davis introduced the sitting Youth Council members at the Dias.

Ryker Yeager, Shadow Ridge High School
Phoebe Gardner, Shadow Ridge High School

4. Surprise MLK Scholarship Presentation

F. City Clerk Report

5. Youth Council New Members Swearing In - Oath of Office

City Clerk, Kristi Passarelli, swore in the new Youth Council Members.

Makenna Murray
Alexis Portillo
Caleb Heineken

Ava Lucero
Isabella Nieto
David Thompson
Kaden Noble
Chloe Alesna
Heidi Vanderwagen
Rylan J. Kohatsu
Louis Le'Levier
Nihal Gunda
McKynna Aftanski
Shyla Alcaraz
Aria Horton
Malachi Laskey

G. Regular City Council Meeting Agenda

6. CONSENT AGENDA:

Motion: To Approve
Initiated By: Earle Greenberg
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 minutes of the May 5th, 2026, City Council Work Session, Regular City Council Meeting, and Executive Session.
2. Consideration and action pertaining to approval of amendments to the Comprehensive Citywide Fee Schedule by increasing, removing, or newly adopting certain fees; Resolution 2026-16.
3. Consideration and action declaring to enlarge an existing lighting improvement district known as City of Surprise, Arizona, Kenly Farms Lighting Improvement District pursuant to A.R.S. § 48-616 for the purpose of purchasing facilities and energy for lighting the public streets; Resolution 2026-60.
4. Consideration and action on approving a Sewer Line Easement from Carey and Lauren Morgan, 163rd Avenue and Planada Road.
5. Consideration and action pertaining to approval of a Fiscal Year 2026 budget amendment moving budget authority for the NCAA Division II Men's and Women's Tennis Championships in the amount of \$75,000 from General Contingency to the Sports and Tourism Fund and amending the Fiscal Year 2026 Contract Awarding Authority List; Resolution 2026-61.
6. Consideration and action pertaining to approval of a Fiscal Year 2026 budget amendment moving budget authority for College Baseball and Big 12 Championship payouts in the amount of \$600,000 from General Contingency to project N59140 in the Sports and Tourism Fund and amending the Fiscal Year 2026 Contract Awarding Authority List; Resolution 2026-62.

7. Consideration and action pertaining to approval of Amendment No. 3 to the intergovernmental agreement with Maricopa County for Homeless Outreach and Navigation Services; Resolution 2026-57.
8. Consideration and action pertaining to approval of a grant renewal amendment with First Things First, accepting grant funding, approving a Fiscal Year 2026 budget amendment moving budget authority in the amount of \$250,000 for Early Childhood Programming, and an addition to the Fiscal Year 2026 Contract Awarding Authority List; Resolution 2026-66.

7. REGULAR AGENDA ITEM - PUBLIC HEARING:

9. Consideration and action regarding the Desert Trails Annexation, a request to annex approximately 10 acres of vacant land generally located on the 211th Avenue roadway alignment, north and south of Deer Valley Road. Case #FS25-0856; Ordinance 2026-13

Leslie Carnie, came to present this item. She talked about the Vicinity Map, Annexation Location, Proposed Boundary, Outreach, and Annexation Steps.

Motion: To Approve
Initiated By: Nick Haney
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

10. Consideration and action pertaining to a Rezone of approximately 10.7 acres from Rural Residential (RR) to Community Commercial (C-2) for property generally located at the southeast corner of 163rd Avenue and Dynamite Boulevard. Case FS24-1442; Ordinance 2026-14

Leslie Carnie, came to present this item. She talked about the Vicinity Map, Zoning Map, Proposed Zoning Map, Conceptual Site Plan, Development Standards, General Plan, Outreach, and Recommendation.

Adam Baugh, came on behalf of the developer. He talked about the Vicinity and history of the development.

Vice-Mayor Greenberg, asked what the stipulations A & B were? Adam talked about the stipulation compliance.

Councilmember Haney, asked how the church would be neighbors to the community. Mark Hendrix, came on behalf the Church and talked about how they integrate with the community. Councilmember Haney asked about other locations? Mark said there were other locations in the valley. Councilmember Haney asked about the type of developments on their other locations. He asked about what concerns were brought up and if they were addressed? Adam talked about the building heights and how it would match local requirements. He also talked about the traffic, lightning, and noise at the proposed location. Councilmember Haney talked about the Church operations and the impact it would have on traffic? Mark talked about how they would have a plan for that.

Councilmember Hastings, talked about current churches in the City that help out with the community.

Motion: To Approve
Initiated By: Nick Haney
Seconded By: Earle Greenberg

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

Vote Result: Passed

8. REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

11. Consideration and action on approving the Purchase Agreement, Special Warranty Deed and Release of Perpetual Parking and Ingress/Egress Easement for the purchase of approximately .751 acres adjacent to Veramonte Park at Litchfield Road and Sweetwater Avenue.

Holly Osborn and Lloyd Abrams, came to present this item. They talked about the Vicinity Map, Exhibit, and Draft Rendering.

Councilmember Judd, asked about the existing land owner. Lloyd said this is the same land owner. Councilmember Judd asked if this meant they could do more programming and if there was funding for the lights? Holly said they would and that they have the money for the lights.

Councilmember Melton asked about past concern regarding the park. Holly talked about the history of the power at the park and the measures they've taken to power the park.

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

12. Presentation, discussion, and action pertaining to approval of the annual updates to the City's Comprehensive Financial Management Policies.

Finance Director, Sandy Simmons, came to present this item. She talked about the Financial Policies, Comprehensive Financial Management Policies, Recommended Policy Changes, and Budget Amendment Policies.

Motion: To Approve
Initiated By: Patrick Duffy
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

13. Consideration and action pertaining to approval of the updated Budget Amendment Policies and Procedures; Resolution 2026-45.

Finance Director, Sandy Simmons, came to present this item.

Motion: To Approve

Initiated By: Chris Judd

Seconded By: Earle Greenberg

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

No: None

Abstain: None

Vote Result: Passed

14. Presentation and discussion on the City's construction sales tax

Finance Director, Sandy Simmons, came to present this item. She talked about the Construction Sales Tax, Current Policy, and Construction Sales Tax Revenue.

Councilmember Judd, talked about what the construction tax was? Sandy said it was the tax put on materials brought onto a site. Councilmember Judd talked about the demand growth has put on City Services. He talked about a large portion of construction has gone into Prasada. He talked about being cautious about how this tax is used. He talked about how he would like to see this looked at closely in the Fall, and potentially using this tax for operations. Sandy said they would look into returning back to Council.

Councilmember Melton, asked if the flat line trend was based on the number of permits being filed? Sandy said there was a small decline in the growth and number of permits being filed.

Councilmember Hastings, talked about wanting to quantify where the construction tax is going to exactly. He said he thought a retreat would be a good idea.

H. Call To The Public

Natalie Bautista, came to talk about Public Safety within the City.

Taylor Bhone, came to talk about the DHS property acquisition.

Brittney Bishop, came to talk about the DHS property acquisition.

Mary Becker, came to talk about the DHS property acquisition.

Anne Bendheim, came to talk about the DHS property acquisition.

Jason Chavez, came to talk about the DHS property acquisition.

I. Other Business and Future Agenda Items

J. City Council Reports

Councilmember Haney, talked about the recent developments in his district.

Vice-Mayor Greenberg, talked about his upcoming meetings.

Councilmember Duffy, talked about the big 12 tournament starting in Surprise.

Councilmember Melton, asked about the DHS Communication with the City Manager.

Councilmember Hastings, had nothing.

Councilmember Judd, talked about the grand opening of the Vista and upcoming shows.

K. Executive Session

9. Executive Session Items

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 7:28 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, May 19, 2026.**

Kristi Passarelli, City Clerk



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

Tuesday, May 19, 2026 @ 5:00 PM
COUNCIL CHAMBERS

Council chamber doors will open at least 30 minutes prior to the start of the meeting.

A. Call To Order

Mayor Sartor called the City Council Work Session of May 19th, 2026 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 Earle Greenberg, Council members Chris Judd, Jack Hastings, Patrick Duffy, Johnny Melton and Nick Haney.

C. Pledge of Allegiance

Mayor Sartor led in the Pledge of Allegiance.

D. 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 pertaining to a Zoning Text Amendment (ZTA) to the Surprise Land Development Ordinances (LDO) to establish a new residential zoning district, Desert Rural (DR), along with associated changes throughout the LDO and Surprise Municipal Code. Case FS25-0039.

Trever Fleetham and Jani Wertlin, came to present this item. They talked about the Overview, and Land Use Buffers.

Councilmember Judd said he was in favor of not including the roadway as part of the buffer measurements.

Councilmember Duffy agreed with the notion of not including the roadway.

Councilmember Haney, asked what the community feedback was? Trever said that the community wanted as much buffer as possible.

Mayor Sartor said he agreed with not wanting the road in the setback and if there could be a case by case from the developer? Trever said that they would like to create a code as clear and direct as possible.

Councilmember Hastings, asked about the timing of the feedback? Trever said that this was specific feedback that they got recently. Councilmember Hastings said he agreed with his colleagues.

Trever went on to talk about Design Standards,

Councilmember Melton asked what Dust Control meant? Trever talked about means of dust control.

Vice-Mayor Greenberg asked what the definition of an accessory structure and if it would apply to a storage container? Trever said that it would have to be a site built or modular structure.

Councilmember Judd, asked about the number of driveways? Trever said that access control was a factor. Councilmember Judd asked if it was a huge lot if it would still restrict it to two drive ways? Trever said it does. Councilmember Judd said he would prefer to not see driveway restrictions.

Councilmember Hastings, asked about the rationale of the two drive way limit and what was being proposed? Trever said it was to coordinate with transportation standards. Transportation Director, Eric Boyles, said that too many driveways could create conflicting left turns and to keep it as safe as possible. Councilmember Hastings talked about future proofing the code.

Councilmember Judd, asked if residents wanted two driveways? Eric said that was the case. Councilmember Judd said he would prefer to take the restriction off.

Councilmember Haney, asked if there was a big push from residents for more than two driveways? Trever talked about balancing what was existing with what was already in code, and building something appropriate for the community in general. Councilmember Haney asked if they were addressing the discrepancy with this? Trever said they were. Councilmember Haney said he's fine with two unless there's a big pushback from the community.

They went on to talk about Landscaping & Community Feedback, Proposed Changes, Livestock Animals.

Mayor Sartor asked about the state and local standards and how they compare to the City's? Jani said that the City was more restrictive and got more feedback from other neighboring communities and their standards. Mayor Sartor asked if Code Enforcement would enact these codes? Jani said they would, and if there was any animal welfare then animal control would be involved. Mayor Sartor talked about the intent of code enforcement. Jani said that the intent was to build the code.

Councilmember Judd, asked what Maricopa County allows regarding livestock? Jani said that the limits have been removed on animals. Councilmember Judd, said he would prefer no limits and asked why there would be restrictions on this?

Councilmember Hastings, talked about his desire to have less regulation. He talked about code enforcements versus HOAs. He asked if there was feedback on the number of livestock? Jani said there was a lot of verbal feedback.

Councilmember Haney, talked about not weaponizing code against neighbors, and maintaining a rural lifestyle.

Trever and Jani talked about Questions from Staff.

Councilmember Judd, asked what Maricopa County does and why the City would put restrictions on this? Trever said that the county and city are both 25%. Councilmember Judd said he would prefer to keep any regulations simple.

Trever talked about examples of accessory structure sizes.

Councilmember Hastings, said he would like to see data as a reference. He talked about how this impacts District 1 the most. Lloyd said that the county varies their restrictions depending on the situation and size of the lot.

Councilmember Judd asked if the City could copy the county standards? Lloyd said they could. Councilmember Judd said that there was means to limit any development from being

commercial.

Mayor Sartor, asked if there was any concern for fire if the buildings were to big? Lloyd said that there was still building code requirements.

Trever went on to talk about accessory structure sizes. They talked about Clean Up Items, Transportation, and Desert Rural Timeline.

E. Executive Session

1. Executive Session Items

F. Adjournment

Motion: To Adjourn
Initiated By: Earle Greenberg
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

Meeting Adjourned at 5:48 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, May 19, 2026.**

Kristi Passarelli, City Clerk



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 2, 2026

Contact Person: Sandy Simmons, Finance Director,
Michael Boule, Director

Submitting Department: Finance

District: Citywide

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

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 2026-64.

Motion:

I move to approve Resolution #2026-64.

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.

In addition, the City adopted an amended LUA and IIP on June 17, 2025, in accordance with the legal requirements of A.R.S. 9-463.05(D)(10).

Since the adoption of the amended LUA and IIP, the City has identified an additional 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 system development fee to include developer obligations for various wells to be constructed and credited toward the water system development fee. 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 #2026-64 Adoption of Amended LUA IIP_FINAL
 2. Exhibit A - Surprise LUA IIP & Fees 05.21.24 Amended 06.02.26 FINAL
 3. Notice of Public Intent- LUA Amendment2 FINAL
-

RESOLUTION # 2026-64

**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 Improvements Plan by City Council Resolution # 2024-31 on February 20, 2024;

WHEREAS, the Land Use Assumptions and Infrastructure Improvements Plan was amended by City Council Resolution # 2025-64 on June 17, 2025, and;

WHEREAS, the Land Use Assumptions and Infrastructure Improvements Plan have since been further 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 Improvements Plan set forth in *Exhibit A* is hereby adopted.

APPROVED AND ADOPTED this ____ day of _____, 2026.

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**

Prepared 2024

Amended 2025

Further Amended 2026



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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.

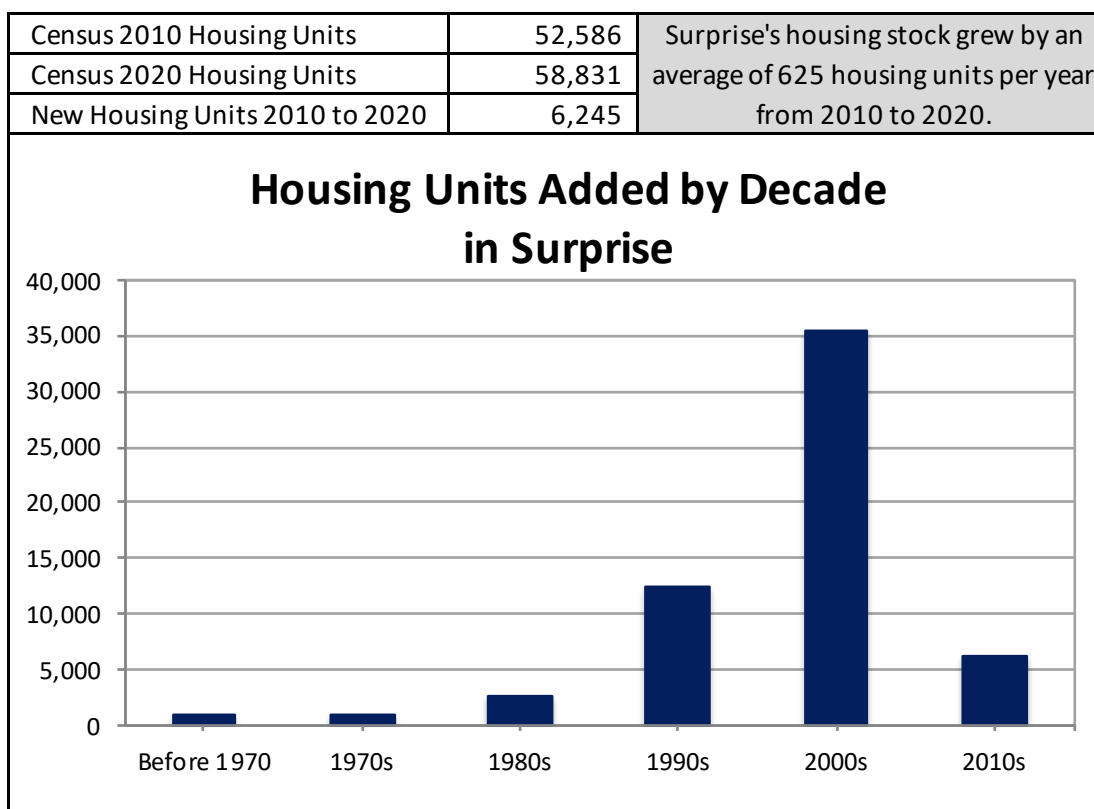
RESIDENTIAL DEVELOPMENT

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
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Increase
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.

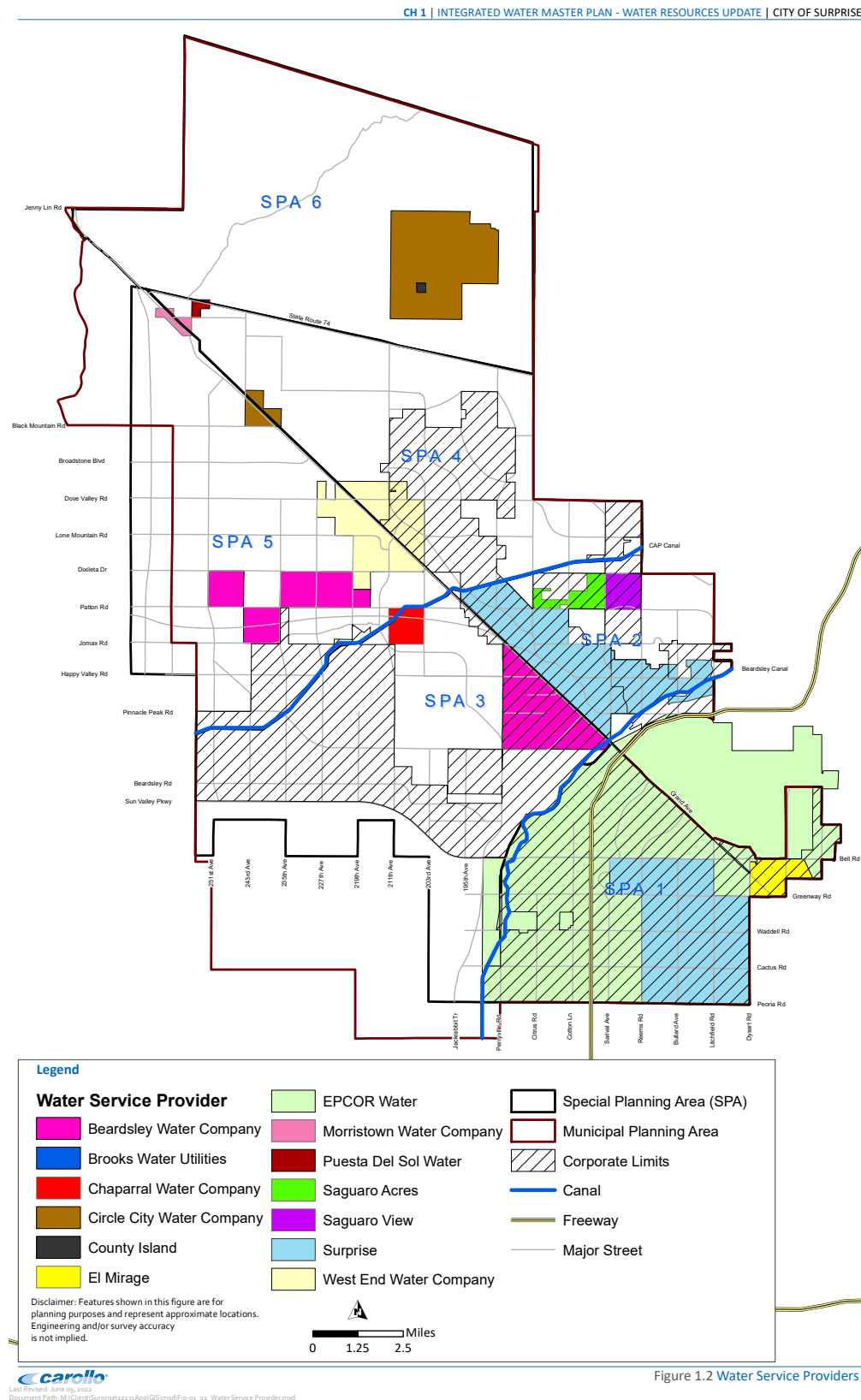
SERVICE AREA

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. The 2026 IIP amendment includes additional water capital expenditures in SPA 2.

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
Dev Agreement ¹	Developer Obligation - Desert Oasis Wells 1 & 2	2024-2034	\$2,000,000
Dev Agreement ¹	Developer Obligation - Desert Oasis Well 3 - Visara	2027+	\$5,500,000
Dev Agreement ¹	Developer Obligation - Desert Oasis Well 4 - Marisol Ranch	2027+	\$5,500,000
Dev Agreement ¹	Developer Obligation - Desert Oasis Well 5	2030+	\$5,500,000
Dev Agreement ¹	Developer Obligation - Vistas Montanas Well	2028+	\$5,500,000
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$16,999
Subtotal, SPA 2			\$93,892,646
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			\$177,457,443

Source: Surprise Water Resource Management Department

1. Included in 2026 IIP amendment

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.

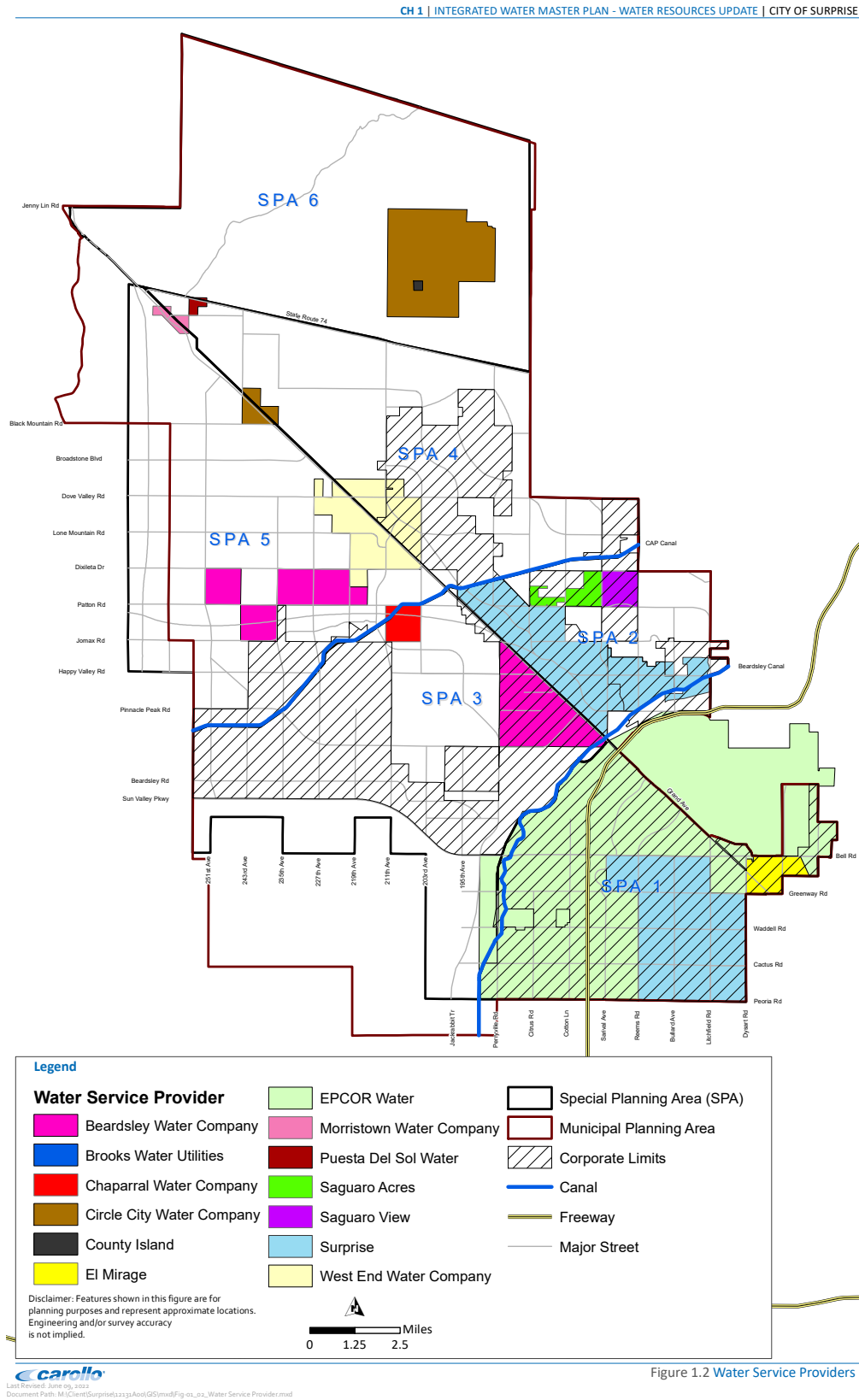
PROPORTIONATE SHARE

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	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.

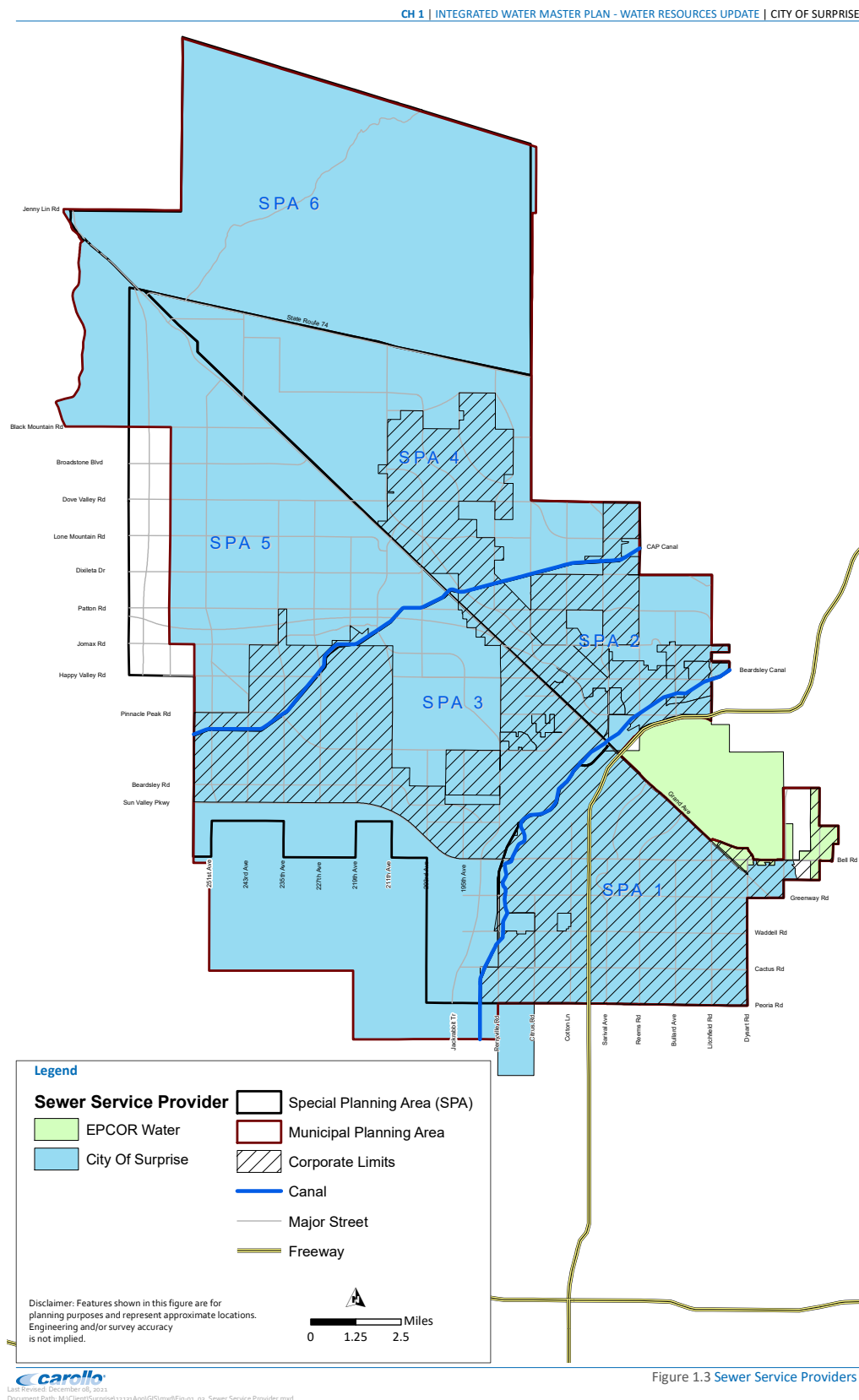
SERVICE AREA

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 Improvements Plan which were adopted by City Council on February 20, 2024, and amended by City Council on June 17, 2025. City Council will approve or disapprove the amendment at the Regular City Council Meeting on June 2, 2026, 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 amended by City Council on June 17, 2025, and the proposed amendment are attached to this notice and published on the City of Surprise website at surpriseaz.gov/Notices.

Proposed Water Infrastructure Improvements Plan Amendment

In accordance with Arizona Revised Statutes § 9-463.05, the City of Surprise is proposing an amendment to the Water Facilities Capital Plan within the Council approved Infrastructure Improvements Plan. On February 20, 2024, Surprise City Council approved Resolution # 2024-31 adopting an updated Land Use Assumptions and Infrastructure Improvements Plan. On June 17, 2025, Surprise City Council approved the First Amendment to the Infrastructure Improvements Plan via Resolution # 2025-64. This Plan forms the basis for the City's development impact fees, which ensure that new growth pays its proportionate share of infrastructure costs.

This update revises Figure W20: Water Facilities Capital Plan to include the projects in the table below that are identified in footnote 1. The added projects reflect development obligations within Special Planning Area 2 (SPA 2), where required infrastructure will be constructed and credited toward the Water System Impact Fees.

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
Dev Agreement ¹	Developer Obligation - Desert Oasis Wells 1 & 2	2024-2034	\$2,000,000
Dev Agreement ¹	Developer Obligation - Desert Oasis Well 3 - Visara	2027+	\$5,500,000
Dev Agreement ¹	Developer Obligation - Desert Oasis Well 4 - Marisol Ranch	2027+	\$5,500,000
Dev Agreement ¹	Developer Obligation - Desert Oasis Well 5	2030+	\$5,500,000
Dev Agreement ¹	Developer Obligation - Vistas Montanas Well	2028+	\$5,500,000
Study/Audit Cost	Development Fee Update/Biennial DIF Audits	2024-2029	\$16,999
Subtotal, SPA 2			\$93,892,646
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			\$177,457,443

Source: Surprise Water Resource Management Department

1. Included in 2026 IIP amendment

This update does **not** change the level of service or the Water System Impact Fees for SPA 2, nor does this change individually or cumulatively with other amendments cause a development fee increase of greater than five percent when a new or modified development fee is assessed. It only reflects the addition of developer-funded infrastructure obligations within SPA 2 that will be credited toward the fees.



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 2, 2026

Contact Person: Eric Boyles, Director -
Transportation

Submitting Department: Transportation
Staff Recommendations:

District: Citywide

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 2027 Transit Services; Resolution 2026-68.

Motion:

I move to approve Resolution #2026-68

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 FY2027 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. FY2027 costs for Route 571 are \$1,499,556. Federal Transit Administration (FTA) funds and fares are applied, leaving a balance of \$1,452,067. This entire amount is being absorbed by Proposition 400 and 479, 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 2,035 Regional Paratransit trips during FY2027 at a cost of \$186,977. Fares and Proposition 400 funds are anticipated in the amount of \$8,721, leaving Surprise's share at \$178,256.

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 46,010 trips during FY2027 at a cost of \$2,196,444. Fares, Prop 400/479 and FTA funds are anticipated in the amount of \$325,648, leaving Surprise's share at \$1,870,796.

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 FY2027, the total estimated amount the City will be obligated to pay for services provided under the contract is \$2,049,052.

Budget Impact:

The FY2027 approved annual budget includes \$1,996,700 and \$364,200 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 FY2027 this amount is estimated to be \$364,134.

FTE Impact:

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

ATTACHMENTS:

1. SURPRISE_TSA FY 2026-27_A-1 - LV - D (002)
 2. Res 2026-68 - IGA Amendment RPTA_Final
-

TRANSIT SERVICES AMENDMENT
BETWEEN
THE CITY OF SURPRISE
AND
THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY
CONTRACT # 166-75-2027-01

THIS AMENDMENT dated July 1, 2026, amends the following items of the Transit Services Agreement Contract #166-75-2026 entered into between the City of Surprise (“Member”) and the Regional Public Transportation Authority (“RPTA”) dated the 1st day of July 2025.

The following Schedules replace and supersede those Schedules of the Agreement entered into July 1, 2025.

The attached Schedule A replaces and supersedes Schedule A entered into July 1, 2025.

The attached Schedule B replaces and supersedes Schedule B entered into July 1, 2025.

The attached Schedule C replaces and supersedes Schedule C entered into July 1, 2025.

The attached Schedule D replaces and supersedes Schedule D entered into July 1, 2025.

The attached Schedule E replaces and supersedes Schedule E entered into July 1, 2025.

All other terms of the Parties Transit Services Agreement dated July 1, 2025, as amended remain unchanged and in full force and effect.

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

SCHEDULE "A" REGIONALLY FUNDED FIXED ROUTE BUS SERVICE

Sources of Project Operating Budget

Regionally Funded Fixed Route Bus Service **\$1,452,067** (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.

FY27 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	7,534	\$ 246,765	\$ (3,332)	\$ (4,482)	\$ 238,950	
571	W	Phoe	15,023	492,051	(6,645)	(8,938)	476,468	
571	W	Surp	23,227	760,741	(10,273)	(13,819)	736,649	
Grand Total			45,784	\$1,499,556	\$(20,250)	\$(27,239)	\$1,452,067	

SCHEDULE “B” – MEMBER FUNDED FIXED ROUTE BUS SERVICE
COST ESTIMATE

For the period from July 1, 2026 through June 30, 2027, 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, 2026, through June 30, 2027, Member will pay RPTA a total of **\$178,256.00** for the provision of paratransit services. This payment will be broken into monthly installments of **\$14,854.67**, 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.

FY27 Paratransit Service Funded by City of Surprise

	<u>Paratransit</u>
Trips	
Paratransit ADA Trips	5
Paratransit Non-ADA Trips	2,030
<u>Total</u>	<u>2,035</u>
Cost:	
Contractor Transportation Cost	\$173,287
RPTA Salaries, Fringes & OHD	\$13,690
<u>Total Gross Program Cost</u>	<u>\$186,977</u>
 Total Fare Revenue	 (\$8,130)
<u>Total Net Program Cost Before PTF</u>	<u>\$178,847</u>
 Cost for ADA Service	 \$591
Cost for Non-ADA Service	\$178,256
 PTF Applied	 \$591
Member City Contributions:	
Paratransit Service	\$178,256
<u>Total Member City Contribution</u>	<u>\$178,256</u>

SCHEDULE “D” – RIDECHOICE SERVICE COST ESTIMATE

For the period from July 1, 2026 through June 30, 2027, Member will pay RPTA a total of \$1,870,796 for the provision of fixed route bus services. This payment will be broken into monthly installments of \$155,899.67, 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.

FY27 RideChoice Service Funded by City of Surprise

	<u>RideChoice</u>
Trips:	
RideChoice ADA Trips	750
RideChoice Non-ADA Trips	45,260
<u>Total Trips</u>	<u>46,010</u>
Cost:	
Contractor Transportation Cost	\$2,098,393
RPTA Salaries, Fringes & OHD	\$98,051
<u>Total Gross Program Cost</u>	<u>\$2,196,444</u>
Total Fare Revenue	(\$170,683)
Federal Operating Assistance	(\$130,900)
<u>Total Net Program Cost before PTF</u>	<u>\$1,894,861</u>
Cost for ADA Service	\$24,065
Cost for Non-ADA Service	\$1,870,796
PTF Applied	\$24,065
Member City Contributions:	
Ride Choice Service	\$1,870,796
<u>Total Member City Contribution</u>	<u>\$1,870,796</u>

**SCHEDULE “E” – AMERICANS WITH DISABILITIES ACT (ACT)
PUBLIC TRANSPORTATION FUNDS (PTF) AVAILABILITY**

For the period July 1, 2026 to June 30, 2027 the estimated amount of Public Transportation Funds (“PTF”) available to Member is **\$24,656.00**. This amount is only applicable to ADA. The ADA PTF will pay actual costs for ADA trips for paratransit service made by ADA certified Riders 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 additional ADA certified rider eligible expenses incurred directly by Member and certified by Member’s Chief Financial Officer or designee may be reimbursed by RPTA with ADA PTF. 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: **\$24,656.00**

RESOLUTION # 2026-68

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING AN AMENDMENT TO THE 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 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 City and the RPTA have entered into an intergovernmental agreement adopted under Resolution #2025-84 for transit services ("Master Intergovernmental Agreement");

WHEREAS, the parties may amend the Master Intergovernmental Agreement on an annual basis to accommodate changes in service levels, costs, and revenues, pursuant to Section 3 of the Master Intergovernmental Agreement; and

WHEREAS, the parties now wish to approve the amended 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 First Amendment to 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 First Amendment to the Master Intergovernmental Agreement.

[SIGNATURES ON FOLLOWING PAGE]

APPROVED AND ADOPTED this ____ day of _____, 2026.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

EXHIBIT A

FIRST AMENDMENT
TO
INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF SURPRISE
AND
VALLEY METRO REGIONAL PUBLIC TRANSPORTATION AUTHORITY



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 2, 2026
Submitting Department: Public Works
Staff Recommendations:

Contact Person: Kristin Tytler, Department Director
District: District 4

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

Consideration and action declaring to enlarge an existing street lighting improvement district known as City of Surprise, Arizona, Commerce Park East #109 pursuant to A.R.S. § 48-616 for the purpose of purchasing facilities and energy for lighting the public streets; Resolution 2026-69.

Motion:

I move to approve Resolution No. 2026-69.

Background:

COMMERCE PARK EAST #109 was formed in July 2010 (Resolution 2010-69). Since the time of formation, new parcels have been formed in and around the original street lighting improvement district ("SLID") boundary. We request enlarging the existing SLID to include the new parcels and extend existing boundaries to roadway centerlines. The city has verified that the Petition for the proposed SLID enlargement contains the signatures of all the real property owners in the enlargement area of the district, exclusive of mortgagees and other lien holders. All streetlights exist within this enlargement, which are local roads and will be billed to COMMERCE PARK EAST #109 SLID.

Objective Analysis:

A SLID is a neighborhood partnership and very common practice in which property owners in a defined area agree to pay the costs to operate and maintain their immediate area's streetlights through a property tax. All new developments in the City of Surprise require a SLID. This action will enlarge an existing SLID boundary to include the remainder of the parcels not within the SLID and extend existing boundaries to roadway centerlines. The District is paid for by the levy and collection of equal apportionment of taxes based on the number and classification of properties within the District. The enlargement of the SLID will only affect the parcels joining into the District, as the valuation of the property may be increased.

Policy Compliant:

Surprise Municipal Code requires that street lighting that serves a defined area be paid for through revenues obtained from the specific area being served by such street lighting. In these instances, a SLID is formed. The City strives to assure that residents are subject to only one SLID and that the boundaries of each SLID accurately reflect the service area. This item is consistent with these objectives.

Financial Impact:

Once the SLID enlargement is illuminated, the City will begin levying the SLID to cover the additional SLID expenses. At the current time, the SLID is not incurring any expense because the SLID lights have not been illuminated. Therefore, there is no current financial impact.

Budget Impact:

Since the SLID enlargement is not illuminated, there is no revenue or expense budgeted in FY2026 nor are there budgets planned for FY2027 for the SLID. If the enlargement to the SLID is illuminated in FY2026 or FY2027, expenses will be charged to the SLID and recouped with a future levy.

FTE Impact:

This action does not change the full-time equivalent count.

ATTACHMENTS:

1. 01 Resolution 2026-69 SLID Enlargement - Bell Commerce
 2. 02 SLID_Petition_Enlargement
 3. 03 Council Map
-

RESOLUTION # 2026-69

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, DECLARING ITS INTENT TO ENLARGE THE CITY OF SURPRISE, ARIZONA, COMMERCE PARK EAST #109 STREET LIGHTING IMPROVEMENT DISTRICT AND ORDERING SUCH ENLARGEMENT.

WHEREAS, on July 22, 2010, the Mayor and City Council of the City of Surprise, Arizona, adopted Resolution No. 2010-69, ordering the formation of the CITY OF SURPRISE, ARIZONA, - COMMERCE PARK EAST #109 STREET LIGHTING IMPROVEMENT DISTRICT (the "District") for the purpose of purchasing energy for the lighting of the public streets and parks within the District;

WHEREAS, Ariz. Rev. Stat. § 48-616(M) permits the City to add new territory to an existing district, thereby enlarging the boundaries of an existing street lighting improvement district ("SLID") when proper notice has been given to the owners of property that will be added to the SLID in accordance with Ariz. Rev. Stat. Title 48, Chapter 4, Article 2;

WHEREAS, Ariz. Rev. Stat. § 48-617(A) gives the City immediate jurisdiction to adopt the resolution ordering the creation or enlargement of a SLID without the necessity of publication and posting of the resolution of intention when all owners of the real property being added to the SLID have petitioned the City to form or enlarge the SLID;

WHEREAS, the owners, exclusive of mortgagees and other lienholders, of parcels of property which adjoin the District (hereinafter referred to as "Petitioners") acting pursuant to the provisions of Ariz. Rev. Stat. §§ 48-616(M) and 48-617(A), have petitioned the City to enlarge the District to include said property legally described in Exhibit A to this resolution, with such boundaries as shown in the map in Exhibit B to this resolution; and

WHEREAS, the City has verified and finds that Petitioners are the owners, exclusive of mortgagees and other lienholders, of all of the real property being added to the boundary of the District.

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

Section 1. *District Enlargement.* The CITY OF SURPRISE, ARIZONA, - COMMERCE PARK EAST #109 STREET LIGHTING IMPROVEMENT DISTRICT shall be enlarged by the addition of the property described in **Exhibit A** and shown in **Exhibit B**, which are incorporated by reference hereto into this Resolution. The annual tax levied upon the District will remain in full force and effect, and, commencing in fiscal year 2027 will apply to the District as enlarged by this Resolution.

Section 2. *Recording and Filing of this Resolution.* A certified copy of this Resolution shall be recorded in the office of the Maricopa County Recorder. Certified copies of this Resolution shall also be filed with the Arizona Department of Revenue and the Maricopa County Assessor's office pursuant to Ariz. Rev. Stat. § 42-17257.

APPROVED AND ADOPTED this ____ day of _____, 2026.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

EXHIBIT A

Legal Description

EXHIBIT "A"

DESCRIPTION

COMMERCE PARK EAST #109 STREET LIGHT IMPROVEMENT DISTRICT

PARCEL #1

Portions of the Southeast Quarter of Section 34, Township 4 North, Range 3 East of the Gila and Salt River Meridian, City of Surprise, Maricopa County described as follows:

COMMENCING at the intersection of Bell Road and 134th Drive according to the commercial plat of "SUN CITY WEST-COMMERCIAL PARK" as recorded in Book 415, Page 15, records of said County and from which the South Quarter Corner of said Section 34 lies North 89°50'47" West 987.12 feet;

Thence along the centerline of said 134th Drive North 00°09'39" West 79.60 feet;

Thence continuing along said centerline North 02°42'05" East 230.37 feet to the intersection of said 134th Drive and 134th Avenue, being the beginning of a tangent curve, concave westerly, having a radius of 2000.00 feet, being also the POINT OF BEGINNING;

Thence continuing along said centerline northerly through a central angle of 02°51'45" a distance of 99.92 feet;

Thence continuing along said centerline North 00°09'39" West 234.73 feet;

thence departing said centerline South 89°50'57" East 255.24 feet;

thence South 00°09'12" West 333.80 feet to the centerline of said 134th Avenue, being a point on a non-tangent curve, concave southerly, the center of which lies South 00°31'18" West 100.00 feet;

thence westerly along the centerline of said 134th Avenue and the arc of said curve through a central angle of 00°28'54" a distance of 0.84 feet;

thence continuing along said centerline North 89°57'36" West 255.04 feet to the POINT OF BEGINNING.

Description continued on page 2 of 2

Page 1 of 2

Description continued from page 1 of 2

PARCEL #2

COMMENCING at the intersection of Bell Road and 134th Drive according to the commercial plat of "SUN CITY WEST-COMMERCIAL PARK" as recorded in Book 415, Page 15, records of said County and from which the South Quarter Corner of said Section 34 lines North 89°50'47" West 987.12 feet;

Thence along the south line of said Section 34 South 89°50'47" East 364.95 feet;

Thence departing said line North 00°09'13" East 55.00 feet to the POINT OF BEGINNING;

Thence along the centerline of 134th Avenue North 00°11'25" East 155.52 feet to the beginning of a tangent curve, concave southwesterly, having a radius of 100.00 feet;

Thence continuing along said centerline northwesterly along the arc of said curve through a central angle of 36°21'56" a distance of 63.47 feet;

Thence departing said centerline South 89°47'56" East 170.76 feet;

Thence South 00°11'56" West 147.69 feet;

Thence North 89°48'04" West 8.25 feet;

Thence South 00°12'04" West 67.00 feet;

Thence North 89°50'47" West 143.00 feet to the POINT OF BEGINNING.

Attached is EXHIBIT "B" and by this reference is made a part hereof.

End of description



EXHIBIT B

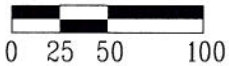
Map

EXHIBIT "B"

WESTGATE
DRIVE



SCALE: 1"=100'



EXISTING SLID
RESOLUTION 2010-69

COMMERCE CENTER LOT 5 AMD"
AND
CE CENTER LOT 5B-5C REPLAT"
PAGE 34 M.C.R.

REPLAT OF "BELL & DYSART
"BELL AND DYSART COMMERCIAL
BOOK 1792

PARCEL #1

LEGEND

- POC POINT OF COMMENCEMENT
- POB POINT OF BEGINNING
- M.C.R. MARICOPA COUNTY RECORDER
- SLID STREET LIGHT IMPROVEMENT DISTRICT
-  SLID AREA

POB
PARCEL #1

134TH AVE

L4

(TIE LINE)

134TH DRIVE

L2

(TIE LINE)

POC

S89° 50'47"E 364.95'

S00° 31'18"W
100.00'
(RADIAL)

134TH AVE

L3

PARCEL #2

L5

L6

POB
PARCEL #2

N00° 09'13"E
55.00'
(TIE LINE)

S 1/4 COR
SEC 34
T4N, R1W

BELL ROAD

S89° 50'47"E 2635.74'

SE COR
SEC 34
T4N, R1W

BEARING BASE: The south line of the southwest quarter of Section 34, T4N, R1W according to the commercial plat of SUN CITY COMMERCE PARK, as recorded in Book 415, Page 15, records of Maricopa County, Arizona cited as S89° 50'47" E.



COMMERCE PARK EAST *109
STREET LIGHT
IMPROVEMENT DISTRICT (SLID)



CITY OF SURPRISE
LAND SURVEY DEPARTMENT

PROJECT # 25026

DRAWN BY RCD

DATE 03-26-26

SHEET 1 OF 2

EXHIBIT "B"

LINE TABLE			CURVE TABLE			
LINE	BEARING	LENGTH	CURVE	Δ	RADIUS	LENGTH
L1	N00° 09'39"W	79.60'	C1	02° 51'45"	2000.00'	99.92'
L2	N02° 42'05"E	230.37'	C2	00° 28'54"	100.00'	0.84'
L3	N00° 11'25"E	155.52'	C3	36° 21'56"	100.00'	63.47'
L4	S89° 47'56"E	170.76'				
L5	S00° 11'56"W	147.69'				
L6	N89° 48'04"W	8.25'				
L7	S00° 12'04"W	67.00'				
L8	N89° 50'47"W	143.00'				



COMMERCE PARK EAST #109
STREET LIGHT
IMPROVEMENT DISTRICT (SLID)



CITY OF SURPRISE
LAND SURVEY DEPARTMENT

PROJECT # 25026

DRAWN BY RCD

DATE 03-26-26

SHEET 2 OF 2

STREET LIGHT IMPROVEMENT DISTRICT PETITION ENLARGEMENT

TO THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE:

We, the undersigned, are all or a majority of the real property owners, exclusive of mortgagees and other lienholders, adjoining the district named below. We petition the City Council of the City of Surprise, Arizona, to enlarge the District to include said property legally described in Exhibit A with such boundaries as shown in the map in Exhibit B attached hereto. This petition includes a charge for maintaining the lighting facilities.

It is hereby requested that, in compliance with the Arizona Revised Statutes, the City Council adopt a Resolution of Intention to enlarge the existing District, and that unless protests are received pursuant to A.R.S. §48-579 sufficient to bar further proceedings, the City Council proceed with the improvements petitioned for herein.

Public convenience, necessity and welfare will be promoted by the establishment of the District and the real property within the District will be benefited by the District. Additional street lighting facilities may be installed and included in the District, at no investment cost to the District, as directed by the City and as approved by Arizona Public Service and the City Engineer.

WHEREFORE, we respectfully ask that this Petition be properly filed and that the Mayor and Council of the City adopt the Resolution and take such other action as is proper, necessary and appropriate to enlarge the District and to fulfill the purposes for which the District is organized, as the Mayor and Council believe is proper and necessary.

The name of the existing street light improvements district to be enlarged:
COMMERCE PARK EAST #109
(Leave Blank - to be assigned by City staff)

PETITIONERS: Please print and sign your name

PRINT BUSINESS/ PETITIONER'S NAME	ADDRESS OF PROPERTY OWNED WITHIN DISTRICT	ASSESSOR PARCEL #	SIGNATURE
Widewaters Lower Burrell Company, LLC (now known as Surprise Ownership, LLC)	13270 W Bell Rd	503-66-996	DocuSigned by: Joseph R. Sanderi 9B34C227485545A...



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

AVAILABILITY

This rate schedule is applicable to those portions of cities, towns and unincorporated communities in which the Company does a general retail electric business and where the Company has installed a multiple or series street lighting system of adequate capacity for the service to be rendered after December 1, 2021.

DESCRIPTION

E-68 is a rate that is applicable for lighting public streets, alleys, thoroughfares, public parks and playgrounds from dusk to dawn by use of Company's facilities.

TIME PERIOD

Dusk: The time between sunset and full night when photocontrol senses the lack of sufficient sunlight and turns on the lights.

Dawn: The time between full night and sunrise when a photocontrol senses sufficient sunlight to turn off lights.

CHARGES

The monthly bill will consist of the fixture and energy charges, plus adjustments:

I. FIXTURES (Includes Mounting Arm, if applicable)

Fixture Equipment Class	Fixture Cost Range (per unit)	Investment by Company Monthly Rate	Investment by Others Monthly Rate
A	\$ 1 - \$ 430	\$ 6.54	\$ 2.00
B	\$ 431 - \$ 520	\$ 7.97	\$ 2.43
C	\$ 521 - \$ 640	\$ 9.56	\$ 2.97
D	\$ 641 - \$ 820	\$ 11.43	\$ 3.80
E	\$ 821 - \$ 910	\$ 14.46	\$ 4.21
F	\$ 911 - \$ 1,010	\$ 16.10	\$ 4.67
G	\$ 1,011 - \$ 1,110	\$ 17.60	\$ 5.14
H	\$ 1,111 - \$ 1,250	\$ 19.95	\$ 5.77
I	\$ 1,251 - \$ 1,520	\$ 22.20	\$ 7.00
J	\$ 1,521 - \$ 1,670	\$ 27.06	\$ 7.70
K	\$ 1,671 - \$ 1,850	\$ 30.08	\$ 8.52

Note: Equipment cost greater than \$1,850 shall be Customer owned.



II. ENERGY (Includes Generation, T&D, RCS & SBC)

Monthly energy charges for new lighting fixtures will be determined by the Company using the following method:

$$\text{kWh} = \text{Fixture Wattage} \times 344 \text{ Usage Hours}$$

$$\text{Generation} = \text{kWh per month} \times \$0.07575$$

$$\text{T\&D, RCS, System Benefits} = \text{kWh per month} \times \$0.03068$$

NOTES:

1. Investment by Company. These rates are applicable where the Company provides the initial investment to purchase and install all facilities necessary for street lighting service. The Company will own, operate, and maintain the street lighting system.
2. Investment by Others. These rates are applicable in those instances where the requesting entity or individual purchases and installs the street lighting facilities at their own expense and in accordance with Company specifications. These rates will also apply in the instance where the Customer provides a non-refundable advance to the Company to cover the Company's cost of purchasing and installing the street lighting system. The Company retains ownership of the street lighting system and provides operation and maintenance for all facilities.
3. Listed kWh reflects the assigned monthly energy usage for each type of fixture and are used to determine any applicable transmission, system benefit, distribution, energy, and adjustment charges.
4. kWh is determined by the company based on the rated wattage of the equipment and an established average hourly usage per month.
5. The monthly rate for all new poles includes up to 300 feet of overhead secondary wire, or up to 300 feet of underground secondary wire if the Customer provides earthwork and conduit (excluding the underground to overhead transition).



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

III. POLES

			CHARGES		
			Height	Investment by Company	Investment by Others
A. Anchor Base Mounted (Flush)	Round Steel	1 Simplex Adapter	12 ft.	\$ 14.69	\$ 2.03
			22 ft.	\$ 16.53	\$ 2.28
			25 ft.	\$ 17.89	\$ 2.47
			30 ft.	\$ 20.55	\$ 2.83
			32 ft.	\$ 21.59	\$ 2.86
		2 Simplex Adapters	12 ft.	\$ 15.66	\$ 2.16
			22 ft.	\$ 18.00	\$ 2.48
			25 ft.	\$ 18.77	\$ 2.59
			30 ft.	\$ 21.82	\$ 3.01
			32 ft.	\$ 23.27	\$ 3.21
	Square Steel	5"	13 ft.	\$ 16.84	\$ 2.31
			15 ft.	\$ 15.04	\$ 2.07
			23 ft.	\$ 17.85	\$ 2.46
			25 ft.	\$ 19.62	\$ 2.70
			28 ft.	\$ 21.78	\$ 3.00
			32 ft.	\$ 21.66	\$ 2.99
	Concrete		12 ft.	\$ 50.19	\$ 6.91
Fiberglass		12 ft.	\$ 42.50	\$ 5.85	
Decorative Transit	4"	16 ft.	\$ 41.44	\$ 5.72	
Decorative Transit	6"	30 ft.	\$ 80.01	\$ 11.02	
Hinged Poles	Square	15 ft.	\$ 15.93	\$ 1.30	
	Round	19 ft.	\$ 14.40	\$ 1.18	
B. Anchor Base Mounted (Pedestal)	Round Steel	1 Simplex Adapter	12 ft.	\$ 14.13	\$ 1.93
			22 ft.	\$ 15.98	\$ 2.20
			25 ft.	\$ 17.32	\$ 2.39
			30 ft.	\$ 20.00	\$ 2.77
			32 ft.	\$ 21.02	\$ 2.89
		2 Simplex Adapters	12 ft.	\$ 15.09	\$ 2.07
			22 ft.	\$ 16.86	\$ 2.31
			25 ft.	\$ 18.20	\$ 2.49
			30 ft.	\$ 21.26	\$ 2.92
			32 ft.	\$ 22.70	\$ 3.12
		3 Bolt Arm	32 ft.	\$ 26.09	\$ 3.58
		Square Steel	5"	13 ft.	\$ 16.29
	15 ft.			\$ 16.66	\$ 2.28
	23 ft.			\$ 17.29	\$ 2.39
	25 ft.			\$ 19.07	\$ 2.64
	28 ft.			\$ 21.19	\$ 2.92
	32 ft.			\$ 22.00	\$ 3.01



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

III. POLES (cont.)

				CHARGES		
				Height	Investment by Company	Investment by Others
C. Direct Bury	Round Steel		19 ft.	\$ 22.23	\$ 3.07	
			30 ft.	\$ 17.36	\$ 3.21	
			38 ft.	\$ 21.18	\$ 3.29	
		Self	40 ft.	\$ 26.09	\$ 4.13	
		Stepped	25 ft.	\$ 60.01	\$ 4.90	
			32 ft.	\$ 63.20	\$ 5.16	
			49 ft.	\$ 78.45	\$ 10.81	
		Square Steel	4"	34 ft.	\$ 19.15	\$ 3.32
			5"	20 ft.	\$ 18.19	\$ 3.01
	30 ft.			\$ 18.96	\$ 3.12	
	38 ft.			\$ 20.57	\$ 3.57	
	8"		28 ft.	\$ 34.33	\$ 2.79	
			32 ft.	\$ 35.89	\$ 2.94	
	Decorative Transit			41 ft 6"	\$ 24.71	\$ 3.63
	Decorative Transit		47 ft.	\$ 30.79	\$ 4.53	
	Steel Distribution Pole (for lighting only)		35 ft.	\$ 28.42	\$ 3.74	
D. Post Top	Decorative Transit Anchor Base		16 ft.	\$ 42.33	\$ 5.81	
	Gray Steel/Fiberglass		23 ft.	\$ 14.68	\$ 2.41	
	Black Steel		23 ft.	\$ 16.18	\$ 2.67	
	E. Existing distribution pole suitable for streetlight use			\$ 1.78	--	
F. Wood	Wood Poles	30 ft.	\$ 10.80			
		35 ft.	\$ 10.80			
		40 ft.	\$ 15.00			

IV. ANCHOR BASE

		CHARGES		
		Height	Investment by Company	Investment by Others
A. Flush		4 ft.	\$ 11.96	\$ 1.65
		6 ft.	\$ 14.27	\$ 2.47
B. Pedestal		8 ft.	\$ 16.35	\$ 2.85
	For 32' Round Steel Pole only	4 ft. 6"	\$ 11.34	\$ 1.96



RATE SCHEDULE E-68
CLASSIFIED SERVICE
STREET LIGHTING SERVICE

V. CHARGES FOR OPTIONAL OR ADDITIONAL COMPANY OWNED EQUIPMENT

Underground Circuit Charges	
a. Per foot of cable, installed under paving	\$ 0.19051
b. Per foot of cable, not installed under paving	\$ 0.06724

TRIP CHARGE

A \$150.00 trip charge per light will be charged when a Customer requests a disconnect or reconnect of service in order to accommodate the maintenance activities of the Customer or its designee(s) on their street lighting equipment.

ADJUSTMENTS

The bill will include the following adjustments:

1. The Renewable Energy Standard charge, Adjustment Schedule REAC-1.
2. The Power Supply Adjustment charges, Adjustment Schedule PSA-1.
3. The Transmission Cost Adjustment charge, Adjustment Schedule TCA-1.
4. The Demand Side Management Adjustment charge, Adjustment Schedule DSMAC-1.
5. Direct Access Customers returning to Standard Offer service may be subject to a Returning Customer Direct Access Charge, Adjustment Schedule RCDAC-1.
6. The Tax Expense Adjustor Mechanism charge, Adjustment Schedule TEAM.
7. The Court Resolution Surcharge, Adjustment Schedule CRS-1.
8. The System Reliability Benefit Adjustment Mechanism charge, Adjustment Schedule SRB-1.
9. Any applicable taxes and governmental fees that are assessed on APS's revenues, prices, sales volume, or generation volume.



SERVICE DETAILS

1. Street lighting facilities installed under this rate schedule are of the type currently being furnished by Company as standard at the time service is initially requested. Standard facilities are those listed in the Company's Transmission and Distribution Construction Standards book.
2. The Customer's bill will not be reduced due to photocontrol or cable repair or replacement outages.
3. Non-standard facilities (non-standard being defined as any facility not listed in the Company's Transmission and Distribution Construction Standards book) do not qualify for this rate schedule. At the Company's discretion, such facilities may be served under another of the Company's rate schedules.
4. The Company will extend its standard street lighting system up to a distance of 300 feet for each additional lighting installation without cost at the request of the Customer. When the extension is underground, the customer will provide earthwork as specified in the Company's Service Schedule 3, Conditions Governing Extensions of Electric Distribution Lines and Services; or, at the applicant's request, the Company will provide such earthwork and the applicant will be required to pay a non-refundable contribution in aid of construction equal to the cost of such earthwork. Any additional extension required (over and above the first 300 feet) will be provided by Company for a contribution in aid of construction equal to the cost of the additional extension.
 - a. Extensions to isolated areas requiring a substantial extension of the electric distribution system, as opposed to an extension of the street lighting system, will require a special study to determine the terms and conditions under which the Company will undertake such an extension.
5. APS provides electric service under the Company's Service Schedules. These schedules provide details about how the Company serves its Customers, and they have provisions and charges that may affect the Customer's bill. In addition, service may be subject to special terms and conditions as provided for in a Customer contract, maintenance, or service agreement.

COMMERCE PARK #109 SLID ENLARGEMENT





CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 2, 2026

Contact Person: Brad Mecham, Director of
Strategic Initiatives

Submitting Department: City Manager Office
Staff Recommendations:

District: Citywide

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to a Wireless Provider Master License for Wireless Facilities Located Within Right-of-Way with Crown Castle Fiber LLC for installation and maintenance of wireless support structures within the public right-of-way: Resolution 2026-83.

Motion:

I move to approve Resolution 2026-83.

Background:

The proposed agreement is a Master License between the City of Surprise and Crown Castle Fiber LLC allowing the installation, operation, and maintenance of wireless facilities within the City's public rights-of-way (ROW). The agreement establishes a 10-year term with optional 10-year renewals and requires compliance with City-adopted Wireless Facilities Terms and Conditions, originally adopted by ordinance in 2018. The City retains full ownership and control of ROW assets, while granting Crown Castle a non-exclusive license to deploy infrastructure such as small wireless facilities and related equipment. The agreement is structured to support small cell network deployment, which is typically associated with improving wireless coverage, capacity, and future 5G infrastructure.

Objective Analysis:

This non-exclusive use of the right-of-way will allow Crown Castle to place small wireless facilities within City ROW. The City retains control of the ROW.

Policy Compliant:

This agreement is in compliance with City Code, Arizona Revised Statutes, and the Federal Telecommunications Act.

Financial Impact:

The agreement creates modest but recurring revenue streams for the City in the form of application and permit fees, and small wireless facility payments. Minimal administrative costs are offset by fees.

Budget Impact:

Any minimal administrative expenses will be absorbed by the existing budget.

FTE Impact:

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

ATTACHMENTS:

1. Resolution 2026-83 Wireless MLA - Crown Castle LLC
 2. Wireless Master License Agreement_Crown Castle Fiber LLC_City of Surprise_5.21.26
-

RESOLUTION # 2026-83

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA APPROVING A WIRELESS PROVIDER MASTER LICENSE AGREEMENT FOR WIRELESS FACILITIES LOCATED WITHIN THE CITY OF SURPRISE PUBLIC RIGHTS-OF-WAY BETWEEN THE CITY AND CROWN CASTLE FIBER LLC.

WHEREAS, the City of Surprise, owns and controls the public roads, streets, alleys, and rights-of-way located within the City of Surprise municipal boundaries (collectively, the “Rights-of-Way” or “ROW”);

WHEREAS, Other utility providers, such as Arizona Public Service (“APS”) (as defined in A.R.S. § 40-201), also own various street lights and utility poles at designated locations within the ROW. Collectively, the City’s and utility providers’ streetlights, traffic signals, utility poles, and signage may be referred to as “Wireless Support Structures” or “Utility Poles,” as applicable and as defined by A.R.S. § 9-591;

WHEREAS, the City has established a Master License Agreement setting forth the lawful requirements for use of the ROW for the purposes set forth in A.R.S. § 9-591 *et seq.*;

WHEREAS, Crown Castle Fiber LLC (“Wireless Provider”) desires to locate “Wireless Facilities” (as defined in A.R.S. § 9-591) and immediately related equipment at various sites within the ROW, whether on new, existing, or replaceable Wireless Support Structures or Utility Poles for the purposes set forth in A.R.S. § 9-591 *et seq.* and to enter into a Master License Agreement with the City to effectuate that intent.

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

Section 1. The Master License Agreement between the City of Surprise and Crown Castle Fiber LLC, attached as Exhibit A, is approved.

Section 2. The City Manager, or their 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 _____, 2026.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

City of Surprise

WIRELESS PROVIDER MASTER LICENSE FOR WIRELESS FACILITIES LOCATED WITHIN ROW

This Master License is made and entered into this _____ day of _____, 20__ ("Effective Date"), by and between the City of Surprise, an Arizona municipal corporation ("City") and Crown Castle Fiber LLC ("Arium Networks") a New York Limited Liability Corporation ("Licensee"), for the use of City rights-of-way.

1. **Master License.** This Master License is issued to Licensee to conduct the Permitted Uses in compliance with those documents entitled "City of Surprise Wireless Facilities Terms and Conditions" ("Terms and Conditions"). The Terms and Conditions are attached as Exhibit "A" hereto and are incorporated by reference. Capitalized terms used in this Master License shall have the same meaning described for them in the Terms and Conditions unless otherwise indicated herein. **LICENSEE WARRANTS AND REPRESENTS THAT LICENSEE HAS READ AND AGREES TO THE TERMS AND CONDITONS.**
2. **Preliminary Site Plan Approval and Permit Application.** Licensee certifies that any information it submits to the City with any Preliminary Site Plan or Permit Application will accurately set forth and depict the location of the Wireless Support Structure it desires to use for Wireless Facilities in the Right-of-Way and the specific Permitted Uses Licensee desires on each Support Structure, including all Licensee Facilities. Licensee also certifies that all work by Licensee or its contractor in the Right-of-Way shall comply with this Master License.
3. **LICENSEE'S INITIAL INFORMATION.** Unless and until Licensee provides notice otherwise:
 - a. Licensee's network operations center phone number is:
(888) 632 - 0931
 - b. Licensee's address for notices:
Crown Castle Fiber LLC
Attn: SCN Contract Management
1500 Corporate Drive, Canonsburg, PA 15317
 - c. Licensee's billing address for routine billing invoices:
Crown Castle Fiber LLC
Attn: SCN Contract Management
1500 Corporate Drive, Canonsburg, PA 15317

Term; Termination. The Term of this Master License shall commence on the Effective Date and continue for a term of ten (10) years and may be renewed for additional terms of ten (10) years

4. **Fees.** Licensee shall pay the applicable fees as adopted by resolution of the City Council, as set forth in the Terms and Conditions and listed herein as Exhibit "B."

5. **Approvals.** It is understood and agreed that Licensee's ability to use Wireless Support Structures in the Right-of-Way is contingent upon it obtaining all of the certificates, permits, and other approvals (collectively the "Governmental Approvals") that may be required by any Federal, State, or local authorities. Licensee shall obtain such Governmental Approvals prior to commencing work in the Right-of-Way. In the event that Licensee is not able to obtain such Governmental Approvals or not able to obtain them in a satisfactory manner, or that the approved location is no longer technically compatible for its use, Licensee shall have the right to terminate this Master License. Notice of Licensee's exercise of its right to terminate shall be given by Licensee to the City in writing by certified mail, return receipt requested, and shall be effective upon the mailing of such notice by Licensee, or upon such later date as designated by Licensee. All rentals paid to said termination date shall be retained by City. Upon such termination, this Master License shall be of no further force or effect except to the extent of the representations, warranties, and indemnities made by each party to the other hereunder. Otherwise, Licensee shall have no further obligations for the payment of rent to City.
6. **Compliance with Law.** Licensee acknowledges that this Master License does not constitute, and the City has not promised or offered, any type of waiver of, or agreement to waive (or show any type of forbearance, priority or favoritism to Licensee with regard to) any law, ordinance, power, regulation, tax, assessment, or other legal requirement now or hereafter imposed by the City or any other governmental body upon or affecting Licensee's use of the Use Area.
7. **Notices.** All notices, requests, demands, and other communications under this Master License shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested, or sent by next-business-day delivery by a nationally recognized overnight carrier to the following addresses:

City of Surprise

16000 North Civic Center Plaza
 Surprise, Arizona 85374-7470
 Attention: City Manager
 623.222.1100

Licensee: Crown Castle Fiber LLC

Address: 1500 Corporate Drive

Address: Canonsburg, PA 15317

Attention: SCN Contract Management

Phone: 724.416.9059

SIGNATURES ON FOLLOWING PAGE

APPROVED AND ADOPTED this _____ day of _____ 20__.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

For “Licensee” (*INSERT LICENSEE NAME HERE*)

Signed by:
By: Angela McIntyre
D5CEB16AECE042A...

Printed Name: Angela McIntyre

Title: District Director

Date: 5/21/2026

Internal Use Only	
Received By: _____	Date: _____
Master License Number: _____	

Exhibit A

City of Surprise Terms and Conditions for Wireless Facilities located within Rights-Of-Way.

The City of Surprise City Council adopted the following Terms and Conditions (the “Terms”), by Ordinance No. 2018-01 on January 16, 2018, to govern and regulate the use of City-owned utility, traffic, and street light poles and rights-of-way for the placement, operation, and maintenance of Wireless Facilities (“WF” or “WFs”), pursuant to Section 704 of the Federal Telecommunications Act of 1996 and Arizona Revised Statutes (“A.R.S”), Title 9, Sections 9- 591, *et seq.*, and any other applicable law, regulation, or policy (collectively, the “Telecommunications Laws”). These Terms are effective as of March 15, 2018, and may be amended only upon approval of the City Council. These Terms shall be and are incorporated by reference into and are part of every Site License for Wireless Services approved and issued by the City.

RECITALS

- A. The City, in its governmental capacity, owns or holds a legal interest in public roads, streets, alleys, and public utility easements located in Surprise (collectively, the “ROW”). The City is responsible for management of the ROW within its municipal boundaries. Pursuant to A.R.S. §§ 9-240, 9-276, and 9-582, the City has exclusive control of the ROW.
- B. The City owns various street lights, traffic signals, utility poles, and signage at designated locations within the ROW (referred to herein as a “City Pole” or collectively as “City Poles”).
- C. The City anticipates that one or more Wireless Providers and/or Wireless Infrastructure Providers may desire to locate WFs and immediately related equipment at various Sites within the ROW.
- D. Pursuant to the Telecommunications Laws, the City may authorize Wireless Providers and/or Wireless Infrastructure Providers to attach a WF, including a Small Wireless Facility (“SWF”), to City Poles located within the ROW, and where permitted, erect Monopoles in the ROW.
- E. All City Poles approved for the location or collocation of WFs and SWFs for private use shall retain their primary governmental purpose, and no WF or SWF shall interfere with those purposes in any way, nor shall the activities of a Wireless Provider and/or a Wireless Infrastructure Provider create an unreasonably dangerous condition to the public.
- F. The purposes of these Terms are to: (1) promote uniformity in Site Licenses; (2) streamline the preparation and administration of Site Licenses; (3) protect the public health, safety, and welfare; and (4) protect the value of and physical integrity of publicly-owned property and assets.

1. Definitions

Alternative Tower or Wireless Support Structure shall mean an innovative WF design, such as a clock-tower, grain silo, bell tower, false chimney, steeple, flag pole, windmill, and similar mounting structures that camouflage or conceal the presence of a WF.

Antenna shall mean communications equipment that transmits or receives electromagnetic radio frequency signals and that is used in providing Wireless Services.

Applicable Law(s) shall mean the Federal, State, county, and City of Surprise laws, ordinances, rules, regulations, and permit requirements that apply to the placement, operation, and maintenance of WFs within the City of Surprise.

Authorized Person shall mean the person(s), employee(s), agent(s), consultant(s), or contractor(s) authorized in writing by a Wireless Provider or Wireless Infrastructure Provider to complete and submit a WF application to the City.

Base Station shall mean the structure or equipment at a fixed location that enables Wireless Services licensed or authorized by the FCC between user equipment and a telecommunications network, including, but not limited to, radio transceivers, Antennas, coaxial or fiber-optic cable, and regular and backup power. A Base Station shall be ground mounted on a concrete slab, located within a building, or placed underground in a vault. The term does not encompass a Tower (as defined herein) or any equipment associated with a Tower.

City Pole shall mean a city-owned street light, traffic signal, signage, or other Utility Pole at designated locations within the ROW.

Collocate or Collocation shall mean to install, mount, maintain, modify, operate, or replace a WTF on, within, or adjacent to a Wireless Support Structure or Utility Pole.

Conceal or Concealment shall mean to design or disguise a WTF to look like something other than a Tower or Base Station.

Enclosure shall mean the enclosure housing the electronic ground equipment shown on the Site Plan.

FCC shall mean the Federal Communications Commission.

Hazardous Substance shall mean any substance, chemical, or waste that is identified as hazardous or toxic in any Applicable Law, including but not limited to petroleum products and asbestos.

Monopole shall mean a Wireless Support Structure composed of a single spire used to support telecommunications equipment and having no guy wires or ground anchors. A Monopole shall not be more than forty (40) inches in diameter at the ground level, and all of the wireless equipment shall be mounted on or contained inside of the pole. "Monopole" includes, but is not limited to, a monopalm, monocactus, monobroadleaf, or monopine.

Permitted Uses shall mean, and is limited to, a Wireless Provider's or a Wireless Infrastructure Provider's right to construct, install, operate, maintain, and repair any and all equipment associated with Wireless Facilities to deliver Wireless Services.

RF shall mean radio frequency.

RF Letter shall mean a letter attesting to the Wireless Infrastructure Provider's compliance with FCC RF exposure guidelines from the Wireless Provider's senior internal engineer.

Right-of-Way ("ROW") shall mean, as defined for Wireless Facility Sites in A.R.S. § 9-591(18), the area on, below, or above a public roadway, highway, street, sidewalk, alley, or utility easement. Right-of-way does not include a Federal Interstate Highway, a State highway or State route under the jurisdiction of the Arizona Department of Transportation ("ADOT"), a private easement, property that is owned by a special taxing district, or a utility easement that does not authorize the deployment sought by the Wireless Services Provider.

Site shall mean and refer to, for WFs other than those in the ROW, the current boundaries of the property surrounding the WF and any access or utility easements currently related to the Site, and, for other Wireless Support Structures, will mean and be further restricted to, that area in proximity to the structure and to other Transmission Equipment already deployed on the ground.

Site License shall mean a revocable, nonexclusive permission to attach a WF to a City Pole and encroach in the ROW that fully incorporates these Terms, but which does not create or confer any interest in the real or personal property of the City or a third party.

Site Plan shall mean a required plan, to scale, of a project area showing uses and structures, existing and proposed.

Small Wireless Facility ("SWF") shall mean, as defined in A.R.S. § 9-591(19), a WF that may consist of one (1) or more radio receivers, Antennas, interconnected cable, power supply, other associated electronics, and accessory equipment, which are attached to a structure and meet the following parameters:

- (A) All Antennas are located inside an Antenna Enclosure of no more than six (6) cubic feet in volume, or, in the case of an Antenna that has exposed elements, the Antenna and all of the Antenna's exposed elements could fit within an imaginary Enclosure of not more than six (6) cubic feet; and
- (B) All other wireless equipment associated with the facility is cumulatively not more than twenty-eight (28) cubic feet in volume, or fifty (50) cubic feet in volume if the equipment was ground mounted before February 9, 2018. The following types of associated ancillary equipment are not included in the calculation of equipment volume: electric meters, Concealment, telecommunications demarcation box, ground-based Enclosures, battery back-up power systems, grounding equipment, power transfer switch, cut-off switch, and vertical cable runs for the connection of power and other services.

Small Cell Network shall mean a collection of interrelated SWFs designed to deliver personal Wireless Services to the public.

Transmission Equipment shall mean equipment owned or used by the Wireless Provider or by any third party for Permitted Uses in connection with the Wireless Provider's, the Wireless Infrastructure Provider's, or a third party's installation and operation of a WF pursuant to an individual Site License. Transmission Equipment includes, but is not limited to, radio transceivers, Antennas, coaxial or fiber-optic cable, and regular and back-up power supply. The term includes equipment associated with Wireless Services including, but not limited to, private, broadcast, and public safety services, as well as unlicensed wireless services and fixed wireless services such as microwave backhaul.

Tower shall mean any structure built for the sole or primary purpose of supporting any Antennas and their associated facilities, licensed or authorized by the FCC, including structures that are constructed for Wireless Services, including, but not limited to, private, broadcast, and public safety services, as well as unlicensed wireless services and fixed wireless services such as microwave backhaul, and the associated site.

Use Area shall mean the area that a Wireless Infrastructure Provider is permitted to use pursuant to an approved Site License. The term "Use Area" includes the area depicted on the Site Plan that shows where the Antenna will be attached to the City Pole or where it will be placed in the ROW, and where the Base Station will be located.

Utility Pole shall mean a pole or similar structure that is used in whole or in part for telecommunications purposes, electricity distribution, lighting, or traffic signals. Utility Pole does not include Monopole.

Wireless Infrastructure Provider shall mean, as defined in A.R.S. § 9-591(23), any person that is authorized to provide telecommunications services in this State and that builds or installs wireless communications transmission equipment, WFs, Utility Poles, or Monopoles, but that is not a Wireless Provider. Wireless Infrastructure Provider does not include a special taxing district.

*** For purposes of this Master License Agreement, the Licensee is a Wireless Infrastructure Provider that sub-licenses space within its purview (via individual Site Licenses) to Wireless Provider third-parties that otherwise provide Wireless Services to the public and are duly licensed by the FCC to provide such services. All Terms hereunder shall apply to the Licensee.**

Wireless Provider shall mean a person or legal entity that provides Wireless Services to the public that is duly licensed by the FCC to provide such services and that holds a valid Site License to use one or more City Poles and the ROW for this purpose.

Wireless Service shall mean any FCC licensed commercial wireless telecommunications services including cellular, personal communications services (PCS), specialized mobile radio (SMR), and enhanced specialized mobile radio (ESMR), as well as unlicensed wireless services, and common carrier wireless exchange access services

Wireless Facility ("WF") or Wireless Facilities ("WFs") shall mean, as defined in A.R.S. § 9-591(22):

- (A) Equipment at a fixed location that enables wireless communications between user equipment and a communications network, including both of the following: (i) equipment associated with wireless communications; and (ii) radio transceivers, Antennas, coaxial or fiber-optic cables, regular and backup power supplies, and comparable equipment, regardless of technological configuration.
- (B) Includes Small Wireless Facilities.
- (C) Does not include the structure or improvements on, under, or within which the equipment is collocated, wireline backhaul facilities, coaxial or fiber-optic cable that is between Wireless Support Structures or Utility Poles, or coaxial or fiber-optic cable that is otherwise not immediately adjacent to, or directly associated with, an Antenna.
- (D) Does not include Wi-Fi radio equipment or microcell equipment.

2. Licensing Scope, Standards, and Procedures

2.1 License Required. No person or entity shall attach any Antenna or WF to a City Pole, place its Transmission Equipment in the ROW, or erect a Monopole in the ROW without an approved Site License. Placement of any unauthorized facilities on a City Pole or in the ROW without a Site License shall constitute trespass, and the unauthorized facilities may be removed by the City with any costs incurred for such removal to be reimbursed to the City by the owner of the unauthorized facilities.

2.2 Removal of Unauthorized Facilities. The City may require a Wireless Infrastructure Provider to remove any unauthorized attachment to a City Pole or placement of facilities in the ROW. If the Wireless Infrastructure Provider fails to remove the unauthorized facilities within thirty (30) days after written notice, the City may remove the unauthorized facilities without incurring any liability, including but not limited to liability for interruption of service. The Wireless Infrastructure Provider shall reimburse the City for its actual costs of removal of the unauthorized facilities. The failure of the City to act to remove any unauthorized facilities shall not constitute permission or a *de facto* Site License in any manner nor shall subsequent issuance of a Site License operate retroactively.

2.3 Completed Application Required. An Authorized Representative of a Wireless Infrastructure Provider shall submit a completed application form to the City for a Site License, which application shall be accompanied by a Site Plan(s) for each Site, to the City. Once the Site License application is reviewed and approved, a Site License will be issued by the City. The City Manager/Engineer, or his designee, shall have authority to execute a Site License on behalf of the City.

2.4 Notification to Adjacent Property Owners. Concurrently with submittal of an application, the Wireless Infrastructure Provider shall notify all adjacent property owners and the owners of any residential property located within three hundred feet (300') of each proposed WF site. Such notice shall be by U.S. mail and shall include the project location, address, general description, equipment dimensions, Wireless Infrastructure Provider contact information, and a construction schedule. The Wireless Infrastructure Provider shall include a copy of the notification and the property owner notification list with an attestation of mailing with any application.

2.5 Only Permitted Uses. WFs may be used solely for the Permitted Uses, and Wireless Infrastructure Providers are not authorized to and shall not use the WFs, Site, or Use Area to offer or provide any other services not specified in the Site License. The WFs shall be owned by the Wireless Infrastructure Provider.

2.6 No Changes without City Approval. No approved Site Plan or Site License may be changed unless the City agrees to the change in writing. Any change that is not approved shall be null, void, and of no effect.

2.7 Site License Grants Non-Exclusive Right. A Site License gives the Wireless Infrastructure Provider a non-exclusive right to have WFs occupy space in the ROW and/or on a City Pole (including any replacement City Pole) as shown by an approved location(s) identified on the Site License and authorizes the installation, operation, use, and maintenance of WFs to provide Wireless Services.

2.8 No Ownership or Leasehold Interest. A Site License does not provide the Wireless Infrastructure Provider with any ownership interests in City Poles (including any City Poles that are replaced by the Wireless Infrastructure Provider), real property, or ROW, nor does a Site License constitute an assignment of any of the City's rights to use the public property upon which

the WFs are attached or is/are located (other than as expressly provided herein or in the Site License). Additionally, a Site License does not constitute or create a leasehold interest or right to the benefit of any City property or portion thereof.

2.9 Assumption of Risk. The Wireless Infrastructure Provider assumes all risk, costs, and expenses related to the WFs and loss of service that may occur due to damage, destruction, or collapse of any City Pole or due to any incompatibility of the Wireless Infrastructure Provider's use with the City's use, or another user's use, of the City Poles. The Wireless Infrastructure Provider shall be solely responsible for the relocation of any WFs placed on a structure or property not owned by the City or wrongly designated as a City Pole and/or ROW at any time.

2.10 Compliance with Applicable Laws. All WFs shall be designed, installed, and maintained during the term of a Site License in compliance with all Applicable Laws, including Section 122-11 of the City of Surprise Unified Development Code ("SUDC").

2.11 Wireless Provider Sole Cost and Expense. The Wireless Infrastructure Provider shall design, specify, and supply, at its sole cost and expense, all material associated with the installation, operation, and maintenance of the WFs.

2.12 Spare Light and Traffic Signal Poles. Wireless Infrastructure Providers shall purchase and store extra street light and traffic signal poles in anticipation of emergency or routine replacement of such poles utilized by the Wireless Infrastructure Provider or the City. All replacement poles shall be approved by the City prior to installation.

2.13 Blue Stake. To the extent that a Wireless Infrastructure Provider owns any fiber or conduits that will be placed underground, and to the extent that State law requires it, the Wireless Infrastructure Provider shall comply with Arizona Revised Statutes Title 40, Chapter 2, Article 6.3, by participating as a member of the Arizona Blue Stake Center (or other appropriate organization). A copy of the Wireless Infrastructure Provider's proof of membership shall be filed with the City.

2.14 Obtaining Permits. Wireless Infrastructure Providers shall comply with any necessary building permit, traffic control, ROW management requirements, non-City of Surprise utility permits, other permits as required, or other regulatory requirements ("Permits") that apply to the WFs.

2.15 Emergency Operations Permit. Wireless Infrastructure Providers shall apply for and obtain one annual permit for emergency operations (no excavation) occurring within the ROW and/or on City Poles.

2.16 Abandonment. If a Wireless Infrastructure Provider discontinues use of any of its WFs, or any portion thereof, installed under or pursuant to an approved Site License, for a period of ninety (90) consecutive days, the WF shall be deemed to have been abandoned. Upon such abandonment, the Wireless Infrastructure Provider of the WF shall have an additional ninety (90) days to (i) reactive the use of the WF or transfer the WF to another Wireless Provider who makes use of the WF; or (ii) dismantle and remove the WF. Upon removal of the WF, the Site shall be returned to its built or natural state and topography and vegetated consistent with the natural surroundings.

3. Installation and Replacement Poles

3.1 Other Required Permits and Approvals. The zoning processes, building permit processes, ROW management policies, and similar regulatory requirements that apply to the WFs are completely separate from the processes set forth in these Terms. The Wireless Infrastructure

Provider's satisfaction of any requirement set forth in these Terms does not substitute for compliance with any other regulatory requirement. Similarly, the Wireless Infrastructure Provider's satisfaction of any other regulatory requirement does not substitute for compliance with any requirement of these Terms. To the extent that regulatory requirements and requirements of these Terms are the same, compliance with regulatory requirements shall constitute compliance with these Terms and vice versa.

3.2 Inspections. Wireless Infrastructure Providers shall order City of Surprise inspections during and upon completion of installation of any WFs. Installation will be inspected for adherence to Applicable Laws, plan specifications, safe operation, workmanship, aesthetics, and/or interference with street, streetlight, or traffic signal operations. Post-installation inspection of WFs by the City shall be performed within thirty (30) days of installation. In the event that the City objects to the installation, the Wireless Infrastructure Provider will be required to remove the WF and resubmit a design/installation plan. The Pole may not be altered without the City's written permission.

3.3 As-Built Drawings. Wireless Infrastructure Providers shall prepare and maintain As-Built Drawings of all WFs located on City Poles and within the ROW and furnish such record drawings in hard copy and/or electronic format at the City's request. Electronic copies shall be provided in AutoCAD 2014 DWG format or other City-approved electronic format.

3.4 Pole Replacement. Because the City's existing streetlight poles and traffic signed poles are not designed to safely support the additional weight and stress of WFs, Wireless Provider and/or Wireless Infrastructure Provider shall be required to provide poles designed to support these facilities to replace existing City Poles prior to attaching WFs. The following will apply:

3.4.1 The Wireless Infrastructure Provider shall pay all costs related to City Pole replacement, including but not limited to replacement, transfer of all existing facilities, and removal and salvage of the existing pole to the City of Surprise. Payment of City Pole replacement costs does not provide the Wireless Infrastructure Provider with any ownership interest in the replaced City Pole. The Wireless Infrastructure Provider shall transfer ownership of all replacement poles to the City.

3.4.2 Any replacement City Pole shall conform to the height restrictions imposed by the City, and the arm height of the street light or traffic signal must conform to the existing arm height of the other street light or traffic signal structures in the adjacent area. The City Pole must also conform to the City of Surprise Supplement to the M.A.G. Uniform Standard Details and Specifications for Public Works Construction.

3.4.3 If the replacement City Pole is damaged by the Wireless Provider, the Wireless Infrastructure Provider, or a third-party and needs to be replaced, the Wireless Infrastructure Provider shall repair or replace (if deemed necessary by the City) the City Pole entirely at its expense within fourteen (14) days of discovery of the damage or receiving notice of the damage from the City. If the damage is caused by a third party, the City will reimburse the Wireless Provider for the cost of the repairs or a standard City Pole (if the pole is replaced) within forty five (45) days of the City's receipt of an invoice, but the Wireless Provider shall be responsible for any cost in excess of that amount.

3.4.4 The Wireless Infrastructure Provider may, with the consent of the City, place a temporary WF on a nearby City Pole or within the ROW during replacement. The City disclaims any and all liability to the Wireless Infrastructure Provider for any loss of services resulting from the

need to install a temporary WF. Once the City Pole has been replaced, the Wireless Infrastructure Provider may re-install the WF at its sole expense (and the City will install its lighting and signal apparatus and wiring at its sole cost). In the event of localized interruptions (e.g. motor vehicle accidents), the City shall notify the Wireless Infrastructure Provider of the incident after taking any required actions to clear and restore the site. The Wireless Infrastructure Provider shall be responsible for collection of any damages from a third party that caused the damage to any WFs.

3.5 RF Letter. The Wireless Infrastructure Provider shall provide a RF Letter confirming its compliance with FCC Radio Frequency 47 CFR §1.1310 and all other applicable RF emissions laws and regulations (collectively, the “Guidelines”) in effect at the time it submits its completed application. The Wireless Infrastructure Provider shall conduct an initial test for compliance with the Guidelines prior to placing a WF on a City Pole or in the ROW before the WF is activated for Wireless Services. The Wireless Infrastructure Provider shall perform additional tests upon any significant change in the WF on the City Pole or in the ROW. 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 WF attached to the City Pole or in the ROW 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 a WF with the Guidelines, as amended from time to time.

3.6 Notice. The Wireless Infrastructure Provider shall post a notice at each WF site providing a twenty-four (24) hour contact number and, as applicable, a RF emission hazards warning to the extent required by law.

3.7 Payment of Permit and License Fees. All WFs shall be installed and maintained in accordance with the requirements of the National Electric Code, the National Electrical Safety Code, the National Fire Protection Association Standards, the Occupational Safety and Health Administration (“OSHA”), and any other Applicable Laws. All fees, notices, permits, approvals, certifications, and licenses required for the installation, maintenance, and operation of the WFs shall be obtained and paid for by the Wireless Infrastructure Provider, and proof of such shall be provided to the City upon request at no charge prior to the start of work.

3.8 Payment of Utility Charges. The Wireless Infrastructure Provider shall install or cause to be installed a separate electric meter on each City Pole for any utilities used by the Wireless Infrastructure Provider and shall be responsible for payment of all electricity and other utility charges related to the usage of the WF and street light. No secondary power supply (generator or battery; permanent or temporary) may be attached to a City Pole and/or within the ROW without prior written consent of the City pursuant to an approved or amended Site License. Any third-party equipment needed to service the WFs shall require separate permits. In the event of an emergency, maintenance, accident, or condition that causes the City to replace or remove any part of the WF, the Wireless Infrastructure Provider at its sole expense shall be responsible for reconnection of any disconnected utilities.

3.9 Concealment. Wireless Infrastructure Providers shall Conceal, as applicable, all pole-mounted, pad, and ground-mounted equipment used for Permitted Uses with required aesthetic features, such as canisters, screen walls, and landscaping, as approved by the City with each Site License. Concealment shall blend with or enhance the surrounding area with the use of artistic and/or architectural detail and shall take into account scale, form, texture, materials, and color. Concealment features shall be noted on the Site Plan and construction drawings submitted

with each application.

4. Maintenance/Modifications

4.1 Maintenance Costs. Maintenance of WFs shall be performed by the Wireless Infrastructure Provider at its sole cost and expense. The Wireless Infrastructure Provider shall obtain the appropriate permits for work in the ROW (Special Use Permit for work on WF; Utility Permit for any work on ground mounted equipment) to access the City Poles and will also need to submit for a Barricade Permit (traffic control permit issued by Traffic Engineering), if applicable.

4.2 Correction of Violations. If the WFs are not placed and maintained in accordance with these Terms, and the Wireless Infrastructure Provider has not corrected any violation within thirty (30) days from its receipt of a written notice from the City (or such longer time as may be reasonable under the circumstances), the City may, at its discretion, correct the violation at the Wireless Infrastructure Provider's expense.

4.3 Approval Required for Modifications. Any upgrade and/or modification to the WFs other than a like replacement shall require specific approval from the City obtained in writing from the City Manager/Engineer or his designee.

5. Interference

5.1 No Interference. WFs shall only be used in a manner that will not cause interference, including, but not limited to, blocking or impeding access to the City Pole, electrical interference, RF interference, or mechanical interference to the City's and other users' use of the Pole, provided that such other users' installation predates the installation of the WFs. If applicable, the City will supply the Wireless Infrastructure Provider with a list of other users on any City Pole together with the respective transmission frequencies thereof.

5.2 Remedy Interference. The Wireless Infrastructure Provider shall not install, operate, or allow the use of equipment, methodology, or technology that may or would interfere with the optimum effective use or operation of the City's existing or future fire, emergency, or other communications equipment, methodology, or technology. The Wireless Infrastructure Provider shall be responsible to ensure compliance with this requirement by all persons using a City Pole or the ROW through or under the Wireless Infrastructure Provider.

5.1.1 In the event any such interference occurs, the Wireless Infrastructure Provider shall (i) remedy such interference as soon as possible but no later than within seventy-two (72) hours after receipt of written notice from the City, if required, or (ii) cease operation of the WFs until such interference is eliminated.

5.1.2 If such interference is not eliminated within the seventy-two (72) hour period, the City will have the right to take all necessary and reasonable steps, at the Wireless Infrastructure Provider's sole cost and expense, to disable the WFs by turning off the power shut off switch to eliminate the interference.

5.3 Installation by the City or Third Parties. The City, or any other subsequent user of the City Pole or surrounding ROW within 500 feet of the Pole, will be permitted to install only such equipment that is of the type and frequency which will not cause harmful interference, as measured in accordance with then existing industry standards or the Guidelines, to the then existing equipment of the Wireless Infrastructure Provider.

5.4 No Liability of City for Interference. The City shall not have liability for any interference with

the operation of WFs or a Wireless Infrastructure Provider's customer's equipment that may arise in any manner out of the Wireless Infrastructure Provider's use of City Poles or ROW.

6. City's Reserved Rights

6.1 Maintain Poles and Operate City Facilities. The City reserves the right to maintain its Poles and to operate City facilities on City Poles and within the ROW in such manner as will best enable it to fulfill its own service requirements, including but not limited to attachment of additional facilities to City Poles.

6.2 Relocation. If the City deems it necessary to relocate any of the WFs, the City may require the Wireless Infrastructure Provider to relocate the WFs to another location in the ROW that is comparable to the existing location. The Wireless Infrastructure Provider shall perform the relocation work at its own expense. If it fails to do so within 180 day notice, the City may perform any part of the relocation work that has not been performed, and the Wireless Infrastructure Provider shall reimburse City its actual costs incurred in performing relocation work.

6.3 Abandonment or Removal of City Pole(s). The City reserves the right to abandon and remove any City Pole(s). The City shall give the Wireless Infrastructure Provider no less than one hundred eighty (180) days' notice of its intent to abandon a Pole. The City may offer to sell the Pole to the Wireless Infrastructure Provider at the then value thereof in which case the Wireless Infrastructure Provider shall have thirty (30) days from the date of the notice to purchase and remove the Pole. If the Wireless Infrastructure Provider has already paid for the Pole, there will be no charge for the Pole. If the Wireless Infrastructure Provider does not purchase and remove the Pole within the 30-day period, the Site License for the subject City Pole shall terminate, and unless the City notifies the Wireless Infrastructure Provider otherwise, the Wireless Infrastructure Provider shall immediately remove the WFs from the Pole. If the WFs are not timely removed, the City may remove them with no further notice to the Wireless Infrastructure Provider and charge the Wireless Infrastructure Provider for the City's costs incurred. The Wireless Infrastructure Provider shall immediately reimburse the City for these costs upon receipt of a written statement from the City.

6.4 Use by Third Parties. All Site Licenses shall be subject to the privilege to use City Poles as granted by the City to any third parties under prior Site Licenses, franchises, or other permissions, and the City reserves the right to continue, modify, and extend such attachment privileges and to approve future Site Licenses or other permissions authorizing third parties to attach Wireless Service and other facilities to City Poles and install them in the ROW.

6.5 Modify Terms. The City reserves the right to modify these Terms in order to bring them into compliance with Applicable Laws enacted in the future that would necessitate modification of these Terms.

6.6 "AS IS" Condition. The Wireless Infrastructure Provider is responsible for the study and inspection of the City-owned facilities, City Poles, and ROW to be utilized by the Wireless Infrastructure Provider and for determining the fitness for the use intended by the Wireless Infrastructure Provider. The City expressly disclaims all warranties of merchantability or fitness for a particular purpose or absence of hazardous conditions associated with City-owned facilities, City Poles, or the ROW. The Wireless Infrastructure Provider accepts City Poles and the ROW in "AS IS" condition, without representation or warranty of any kind by the City, its officers, agents, or employees, and subject to all Applicable Laws governing the use of City-owned facilities, the City Poles, or ROW for the Permitted Uses allowed by the Site License.

7. Fees

7.1 Schedule of Fees. The Wireless Infrastructure Provider shall pay the City the fees set forth on the Schedule of Fees approved by the City of Surprise City Council on February 6, 2018 by Resolution No. 2018-14. These fees are subject to change by further action of the City Council from time to time. The fees paid and collected by the City shall be consideration for the Wireless Infrastructure Provider's right to use the City Pole(s) or the ROW.

7.2 Application Fee. Wireless Infrastructure Providers shall pay the application fee shown on the Schedule of Fees when a Site License(s) application is submitted to the City.

7.3 Payment of Permit Fees. Wireless Infrastructure Providers shall pay all applicable permit fees at the time of issuance of a construction permit for each Site License, including, but not limited to, all applicable taxes, traffic control fees, and technology fees that are adopted by the City from time to time.

7.4 Payment in Advance. The fees shall be paid to the City in advance, on or before the anniversary date of the effective date of each Site License, without prior demand and without any deduction or offset whatsoever.

7.5 Nonrefundable. All fees paid are non-refundable.

7.6 Payment of Taxes. Wireless Infrastructure Providers shall pay all applicable city, county, and state taxes levied, assessed, or imposed by reason of the Wireless Services provided by the Wireless Infrastructure Provider. Such taxes are in addition to any non-tax amounts paid by the Wireless Provider to the City. The Wireless Infrastructure Provider consents to the disclosure of any and all information reported on the Wireless Infrastructure Provider's transaction privilege tax returns submitted to the City by authorizing and allowing the City's tax collector to release such information to the City Manager/Engineer or designees.

8. Term and Renewal

8.1 Term. A Site License shall be effective as of the date of issuance (the "Effective Date") and unless sooner revoked in accordance with the provisions of Section 14, shall continue in effect for a period of ten (10) years ("Term").

8.2 Renewal. A Site License shall be renewable for additional terms of ten (10) years, so long as the Wireless Infrastructure Provider and WFs are in compliance with these Terms, the Site License, and all Applicable Laws. The Parties shall be deemed to have elected to extend the Term, unless a Party provides written notice to the other Party to the contrary within at least ninety (90) days prior to the end of the original Term.

8.3 Return of Premises. When a Site License either expires or is terminated before expiration of the Term due to revocation or other earlier termination, the Wireless Infrastructure Provider shall be subject to all obligations under these Terms to restore and rehabilitate all City Poles and ROW used for the WFs to their former condition and utility.

8.4 Holding Over. In any circumstances whereby the Wireless Infrastructure Provider would remain in possession or occupancy of the Site or Use Areas after expiration of the Term (as extended, if applicable), such holding over shall not be deemed to operate as a renewal or extension of the Site License(s), but shall only create a use right from month-to-month that may be terminated at any time by the City upon thirty (30) days' written notice to the Wireless Infrastructure Provider, or by the Wireless Infrastructure Provider providing sixty (60) days' written notice to the City.

8.5 Termination by City. Notwithstanding anything contained herein to the contrary, the City shall have the unconditional right, with or without cause, to terminate any Site License for reasons including, but not limit to, street widening, ROW abandonment, or development that may impact the location of the WFs, upon one hundred eighty (180) days' written notice given at any time after the first one hundred eighty (180) days.

8.6 Termination by Wireless Provider. The Wireless Infrastructure Provider shall have the unilateral right to terminate any Site License without cause upon thirty (30) days' written notice to the City. However, there is no right to terminate after an event of default by the Wireless Infrastructure Provider has occurred (or an event has occurred that would become a default after passage of time or giving of notice).

9. ROW Use Requirements

9.1 Submittal of Application and Fees. A Wireless Infrastructure Provider shall submit the applicable permit application(s) together with the details, plans, and specifications required for City review and approval, and pay all applicable application, review, and inspection fees prior to any and all construction work performed pursuant to the rights granted under a Site License. The Wireless Infrastructure Provider and/or its contractor(s) shall abide by all stipulations of the Site License(s) and permits issued.

9.2 Denial of Application. The City may approve or deny such permits based on the availability of space at the location(s) sought by the Wireless Infrastructure Provider, safety, and other considerations in accordance with the City of Surprise City Code, applicable ROW construction regulations, and other Applicable Laws. The determination of whether a City Pole or location is available or unavailable for the attachment or placement of a WF or whether Collocation is required shall be within the City's sole, but reasonable discretion.

9.3 Removal of Temporary Facilities. The Wireless Infrastructure Provider or other contractor(s) shall, during installation or relocation or removal of WFs, and upon completion of such work, remove all temporary construction facilities, debris, and unused materials provided for in the work, and put the work site and public ROW in a safe, neat, and clean condition.

9.4 Responsibility for Use Area. The Wireless Infrastructure Provider and/or its contractor(s) shall be solely and completely responsible for the conditions of any Use Area or Site where WFs are being placed, including safety of all persons (including employees) and property during performance of the work. This requirement shall apply continuously and not be limited to normal working hours. Safety provisions shall conform to all Applicable Laws, including, but not limited to, OSHA regulations. Where any of these are in conflict, the more stringent requirement shall be followed.

9.5 Repair of Damage. If the Wireless Infrastructure Provider damages City property, the Wireless Provider shall promptly, at its own expense, and in a manner acceptable to the City, repair the damage.

10. Traffic Control

10.1 Traffic Control Plan. If applicable, the Wireless Infrastructure Provider shall submit a Traffic Control Plan to Traffic Engineering for approval one week prior to beginning work under a Site License. The Wireless Infrastructure Provider shall not begin work until the Traffic Control Plan is approved by the City. An approved Traffic Control Plan shall be maintained onsite during all

phases of work, otherwise work will cease until an approved Traffic Control Plan is present onsite. All traffic shall be regulated in accordance with MAG standards, the City of Surprise Barricade Manual, latest edition, the Manual on Uniform Traffic Control Devices (MUTCD), and any other requirements of the City.

10.2 Responsibility for Traffic Control. The Wireless Infrastructure Provider shall have the full responsibility and liability for traffic control for work performed by the Wireless Infrastructure Provider or its contractors. In the event the Wireless Infrastructure Provider or its contractor(s) damages any traffic signal equipment, traffic signal conduit, loop detectors, and/or circuits, it shall have them repaired immediately at its expense by an electrical contractor that has had traffic signal experience, as pre-approved by the City. Any damage caused by the Wireless Infrastructure Provider or its contractor(s) that is repaired by the City will be billed to the Wireless Infrastructure Provider at two (2) times the cost.

10.3 Pedestrian Access. Pedestrian access shall be maintained along the length of the project at all times per the requirements of the Americans with Disabilities Act and as approved by Traffic Engineering.

11. Insurance

11.1 Insurance Required in Advance. Prior to any access to City poles, ROW, or any other City-owned property, the Wireless Infrastructure Provider shall procure and maintain for the duration of the Site License insurance against claims for (i) bodily injury, sickness or disease, or death of any person other than the Wireless Infrastructure Provider's employees; (ii) damages insured by usual personal and advertising injury liability coverage; (iii) damages because of injury to or destruction of tangible property, including loss of use resulting from; (iv) products/completed operations; and (v) damages involving contractual liability insurance applicable to the Wireless Infrastructure Provider's indemnity obligations under these Terms. Such insurance shall cover claims as may be occasioned by the operations, act, omission, or negligence of the Wireless Infrastructure Provider or its officers, agents, representatives, employees, or contractors during all times that the Site License(s) is in effect and/or the WTFs are on the City Poles. Insurance limits are inclusive of umbrella coverage.

11.2 Licensed Insurance Companies. Without limiting any obligations or liabilities, the Wireless Infrastructure Provider, at its sole expense, shall purchase and maintain the insurance specified below with companies duly licensed, authorized, or permitted or otherwise approved by the State of Arizona, Department of Insurance and with forms satisfactory to the City. Each insurer shall have a current A.M. Best, Inc., rating of not less than A-VII.

11.3 Required Insurance Coverage.

11.3.1 Commercial general liability insurance with a limit of \$5,000,000 per occurrence, with a \$5,000,000 general aggregate limit. The policy shall be primary and include coverage for bodily injury, property damage, personal and advertising injury, products, completed operations, and blanket contractual liability, which coverage will be at least as broad as Insurance Services Office Inc. policy form or equivalent thereof, including but not limited to severability of interests and waiver of subrogation clauses.

11.3.2 Worker's compensation insurance in compliance with the statutory requirements of the state of operation and employer's liability insurance with a limit of \$1,000,000 each accident,

\$1,000,000 disease each employee and \$1,000,000 disease policy limit.

11.3.3 Commercial automobile liability insurance with a combined single limit for bodily injury and property damages of \$2 million per each accident covering all owned, hired, and non-owned vehicles assigned to or used in performance of the Wireless Provider's work. Coverage shall be at least as broad as coverage Symbol 1 "any auto" (Insurance Service Office policy form CA 0001 or any replacements thereof).

11.3.4 Unless waived by the City's Risk Management Division in writing, all risk property insurance covering damage to or destruction of all real and personal improvements to the Right-of-Way, including without limitation, all improvements existing upon the Right-of-Way prior to this Agreement or hereafter constructed in an amount equal to full replacement costs of all such improvements. Such insurance shall be special causes of loss policy form including perils of fire, lightning, explosion, windstorm, hail, smoke, aircraft, vehicles, riot, civil commotion, theft, vandalism, malicious mischief, collapse and flood.

11.4 City as Additional Insured. The insurance coverage, except for workers compensation and employer's liability, and property insurance, required by this Agreement, shall include the City, its directors, officials, employees and officers, as additional insureds as their interest may appear under this Agreement. This provision and inclusion of the City as an additional insured shall in no way be construed as giving rise to responsibility or liability of the City for applicable deductible amounts under such policy(s).

11.5 Duty to Maintain Coverage. All insurance required herein shall be maintained in full force and effect while any Site License is effective and until the Wireless Infrastructure Provider has completed all removal and restoration obligations. Failure to do so shall constitute a material breach of these Terms and can be a cause for revocation of a Site License.

11.6 Insurance Primary. The Wireless Infrastructure Provider's insurance shall be primary insurance to the City, and any insurance or self-insurance maintained by the City shall not contribute to it.

11.7 Claims Reporting. Any failure to comply with the claim reporting provisions of the policies or any breach of a policy warranty shall not affect coverage afforded under the policy to protect the City. The Wireless Infrastructure Provider shall promptly furnish the City's Risk Management Division with copies of any accident or incident report(s) sent to the Wireless Infrastructure Provider's insurance carriers covering accidents/incident occurring in connection with and/or as a result of actions taken by the Wireless Infrastructure Provider or its contractor(s) pursuant to a Site License.

11.8 Waiver of Subrogation. The policies, including workers' compensation, shall contain a waiver of transfer rights of recovery (subrogation) against the City, its agents, representatives, directors, officers, and employees for any claims arising out of the Wireless Infrastructure Provider's acts, mistakes, omissions, work, or services.

11.9 Deductibles. The policies may provide coverage which contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall be assumed by and be for the account of, and at the sole risk of the Wireless Infrastructure Provider who shall be solely responsible for deductible and/or self-insurance retention.

11.10 Certificates of Insurance. Within ten (10) days after issuance of any Site License, the Wireless Infrastructure Provider shall furnish to the City certificates of insurance with blanket additional insured endorsements issued by the Wireless Infrastructure Provider's insurer(s) as

evidence that policies providing the required coverages, conditions, and limits are in full force and effect and obtain reasonable approval of such certificates from City. Notwithstanding the foregoing, no Site Licenses may be executed and the Wireless Infrastructure Provider may not perform any work pursuant to a Site License until a certificate of insurance is provided to the City. Such certificates shall include the blanket additional insured endorsement(s). Such certificates and all subsequent renewals that are required shall be sent directly to:

Procurement Manager
16000 N. Civic Center Plaza
Surprise, AZ 85374
Phone: 623.222.1857

11.11 Increase of Required Insurance. By written notice to the Wireless Infrastructure Provider, the City may elect to increase the amount or type of any insurance to account for inflation, changes in risk, or any other factor that the City reasonably determines to affect the reasonable amount of insurance to be provided.

11.12 No Limitation on Payment of Damages. Nothing contained in these insurance requirements shall be construed as limiting the extent of the Wireless Infrastructure Provider's responsibility for payment of damages resulting from the Wireless Provider's use of a City Pole, ROW, or other City-owned property, or limiting or diminishing the Wireless Infrastructure Provider's obligation to indemnify, defend, and hold harmless the City as set forth in Section 12.

11.13 Notice of Cancellation. Upon receipt of notice from its insurer(s), the Wireless Infrastructure Provider shall endeavor to provide the City with thirty (30) days' prior written notice of cancellation of any coverage required herein.

11.14 Expiration. If a policy does expire during the term of any of the Wireless Infrastructure Provider's Site Licenses, a renewal certificate(s) must be sent directly to the City's Risk Management prior to the expiration date.

11.15 Contractor's Insurance. The Wireless Infrastructure Provider shall require all contractors to obtain and maintain substantially the same coverage with substantially the same limits as required of the Wireless Infrastructure Provider and provide separate certificates of insurance and additional insured endorsements.

12. Indemnity

12.1 To the fullest extent permitted by law, the Wireless Infrastructure Provider shall pay, indemnify, defend, and hold harmless the City, its elected and appointed officials, employees, agents, successors, and assigns ("Indemnified Parties), for, from, and against any and all claims related to or arising from the Wireless Infrastructure Provider's use of City Poles, the ROW, or any other City-owned facilities (including, without limitation, the negligence, gross negligence, or intentional misconduct of the Wireless Provider and/or its employees, contractors (including any Wireless Providers sub-licensing, sub-leasing, or otherwise sub-contracting with the Wireless Infrastructure Provider's use of City Poles, the ROW, and/or any other City-owned facilities), and/or agents in connection therewith) (collectively, the "Indemnity").

12.2 Without limitation, this indemnification shall include and apply to any and all claims that may arise in any manner out of any use by the Wireless Infrastructure Provider or its contractors of the ROW or other property related to a Site License, or any actions, acts, errors, mistakes, or omissions relating to work or services in the performance of or related to a Site License by the

Wireless Infrastructure Provider or its contractor(s), including without limitation any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents, or other persons upon or using the ROW or surrounding areas related to a Site License. However, the Indemnity shall not include claims, liability, harm, or damage caused by the negligence, gross negligence, or willful misconduct of the City or any other Indemnified Party.

12.3 To the extent any provision of the Indemnity is not fully enforceable against the Wireless Infrastructure Provider for any reason whatsoever, the Indemnity shall be deemed automatically reformed to the minimal extent necessary to cause it to be enforceable to the fullest extent permitted by law.

12.4 The Indemnity shall also include and apply to any environmental injury, personal injury, or other liability relating to the Wireless Infrastructure Provider's use of the ROW or any other City-owned property under a Site License or from the Wireless Provider's non-compliance with the Site Plan, Site License, or any Applicable Law.

12.5 The Wireless Infrastructure Provider shall promptly notify the City in writing of any claims, demands, or lawsuits which may name or involve the Wireless Infrastructure Provider and/or name or involve the City in relation to a Site License and provide copies of all relevant accident reports, incident reports, statements, or other documents that are relevant to the claims, demands, or lawsuits, or which may lead to the discovery of relevant materials or information, in the possession of the Wireless Infrastructure Provider, its employees, agents, contractors, and/or others.

12.6 The Wireless Infrastructure Provider shall make its employees, agents, and contractors available to the City to gather any relevant information relating to an incident, which results in a claim, demand, or lawsuit which may involve the Wireless Infrastructure Provider and/or the City in relation to a Site License.

12.7 It is the purpose of the Indemnity to provide maximum indemnification to the City and, in the event of a dispute, the Indemnity shall be construed (to the greatest extent permitted by law) to provide for the indemnification of the City by the Wireless Infrastructure Provider against any and all claims, demands, or lawsuits. The sole exception shall be an express determination by a court of competent jurisdiction upon full adjudication of the case that the damages either arose only from the City's active negligence or intentional acts or that the City was comparatively at fault for the damages.

12.8 The amount and type of insurance coverage requirements set forth in these Terms will in no way be construed as limiting the scope of the Indemnity.

12.9 The obligations set forth in the Indemnity shall survive completion of the work, revocation, termination, or expiration of the Site License.

13. Limitation of Liability

13.1 Under no circumstances shall the City be liable to the Wireless Infrastructure Provider for any lost revenue, lost profits, loss of technology, rights or services, incidental, punitive, indirect, special or consequential damages, loss of data, or interruption or loss of use of service, whether under theory of contract, tort (including negligence, strict liability or otherwise), or in equity.

13.2 The Wireless Infrastructure Provider expressly acknowledges that the WFs are exposed to many risks beyond the reasonable control of the City, including acts of God or the public enemy,

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such as but not limited to, wind, rain, sleet, ice, floods, fire, riots, sabotage, expropriation, confiscation of facilities, or exercise of the power of eminent domain by a governmental entity other than the City. The Wireless Infrastructure Provider shall assume all risk of loss to WF that may arise in connection with these hazards and occurrences.

13.3 The Wireless Infrastructure Provider acknowledges and agrees that the Wireless Infrastructure Provider bears all risk of loss or damage to the WFs installed on the City Poles or ROW pursuant to its Site License from any cause, except for the cost of repairs to damaged WFs to the extent caused by the negligence or willful misconduct of the City and not covered by the Wireless Infrastructure Provider's insurance.

14. Revocation by the City

14.1 The City may revoke a Site License upon thirty (30) days written notice if the Wireless Infrastructure Provider neglects or refuses to comply with any of the provisions of the Site License or these Terms beyond all applicable cure periods. The Wireless Infrastructure Provider shall have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days, and the Wireless Infrastructure Provider commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion.

14.2 Failure by a Wireless Infrastructure Provider to operate a WF (except during specific periods expressly excused by these Terms) once installed under any Site License for a period of six (6) months within any twelve (12) month period will be grounds for revocation of the Site License at that location, unless the Wireless Infrastructure Provider recommences the use of such WF within thirty (30) days or any applicable cure period.

14.3 A Site License shall terminate and be revoked, without notice, (i) upon the institution by or against the Wireless Infrastructure Provider of an insolvency, receivership, or bankruptcy proceeding or any other proceedings for the settlement of the Wireless Infrastructure Provider's debts, (ii) upon the Wireless Infrastructure Provider making an assignment for the benefit of creditors, or (iii) upon the Wireless Infrastructure Provider's dissolution or ceasing to do business.

14.4 Upon revocation of a Site License, the Wireless Infrastructure Provider shall remove all WFs from the City Poles and the ROW within thirty (30) days of such revocation or termination, unless the City expressly agrees in writing to a longer time period, and to pay any fees then due and owing under the Site License or these Terms. The Wireless Infrastructure Provider's responsibility and obligation to indemnify and hold harmless the City, as required by Section 12, and duty to reimburse the City for all costs, expenses, and losses incurred by City shall survive revocation of a Site License.

14.5 In the event that the Wireless Infrastructure Provider fails to timely remove the WFs from the City Pole(s), the ROW, or other City-owned property, the City shall have the right, to remove the remaining WFs, in which event such equipment may be retained by City without accounting to the Wireless Infrastructure Provider therefore, and the expense of such removal and repairs shall be charged to and paid by the Wireless Infrastructure Provider without credit for the value, if any, of such WFs. If the WFs are attached to a third-party owned pole, the City will only remove the non-pole-attached portions of the WF.

14.6 Revocation of any Site License shall not affect the Wireless Infrastructure Provider's liabilities and obligations incurred under such Site License prior to the effective date of such

revocation.

15. No Assignment

15.1 Each Site License is personal to the Wireless Infrastructure Provider and is for the Wireless Provider's use only. The Wireless Infrastructure Provider shall not assign, transfer, lease, sublicense, share with, convey, or resell to a third-party, any such space or rights granted hereunder without the express written consent of the City. Any unauthorized assignment, transfer, lease, sublicense, or sale of a Site license shall be void and not merely voidable.

15.2 In connection with any assignment/transfer approved by the City, the Wireless Infrastructure Provider shall pay to the City in advance the sum of Two Thousand Dollars (\$2,000.00) as a nonrefundable fee for legal, administrative, and other expenses related to every assignment/transfer.

15.3 Payment of any outstanding fees and/or any applicable attachment fee will need to be paid either by the Wireless Infrastructure Provider or the approved assignee or transferee before any permits will be issued.

16. No Liens

16.1 The Wireless Infrastructure Provider shall not do or allow or cause anything to be done whereby the City's Poles, ROW, or other City-owned property 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 the Wireless Infrastructure Provider 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 City's Poles, ROW, or other City-owned property.

16.2 If any lien is filed against any City-owned property, the Wireless Infrastructure Provider shall discharge the lien or bond the lien off in a manner reasonably satisfactory to the City within thirty (30) days after the Wireless Infrastructure Provider receives written notice that the lien has been filed. The Wireless Infrastructure Provider shall immediately provide the City a copy of any written notice when received. The Wireless Infrastructure Provider 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.

17. Contractors

17.1 The Wireless Infrastructure Provider shall only engage Wireless Providers, other Wireless Infrastructure Providers, and other contractors licensed by the Arizona Registrar of Contractors, pursuant to State law, to perform any work on City Poles or work within the ROW.

17.2 The Wireless Infrastructure Provider shall be responsible for ensuring that the work of Wireless Providers, other Wireless Infrastructure Providers, and other contractors is performed consistent with these Terms and Applicable Laws, shall be responsible for acts or omissions of its Wireless Providers, other Wireless Infrastructure Providers, and other contractors to the same degree it is responsible for the acts of its employees, shall be responsible for promptly correcting acts or omissions by any Wireless Providers, other Wireless Infrastructure Providers, or other contractors, and shall implement a quality control program to ensure that the work contemplated by the Site License is performed.

18. Hazardous Substances

Neither the Wireless Infrastructure Provider nor any Wireless Providers, other Wireless Infrastructure Providers, or any other contractor engaged by the Wireless Infrastructure Provider shall produce, dispose, transport, treat, use, generate, or store any Hazardous Substances on, under, about, or within the Site or Use 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. The Wireless Infrastructure Provider and any Wireless Providers, other Wireless Infrastructure Providers, or other contractors may not use the ROW 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 the City. The Wireless Infrastructure Provider 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 the Wireless Infrastructure Provider, any Wireless Provider, any other Wireless Infrastructure Provider, or other contractor engaged by the Wireless Infrastructure Provider and must immediately notify City of any Hazardous Substance at any time discovered or existing upon the ROW. The Wireless Infrastructure Provider, any other Wireless Provider, any other Wireless Infrastructure Provider, or other contractor 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.

Exhibit “B”**City of Surprise Fee Schedule for Wireless Facilities**

Activity	Amount	Measurement
Annual Use Fees		
Right-Of-Way Use Fee	\$50	Per year x number of Small Wireless Facilities
Right-Of-Way Use Fee for Monopoles and associated wireless facilities	\$100	Per year x number of Small Wireless Facilities
Application for collocating Small Wireless Facilities (Existing with no modifications)		
One (1) to five (5) applications	\$100	Each
Six (6) through 25 applications	\$50	Each
Application for utility pole and monopole (New or existing with modifications)		
New, replacement, or modified utility poles not subject to zoning review	\$400	Each
New, replacement, or modified monopoles, utility poles, collocations, or wireless facilities subject to zoning review	\$400	Each



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: June 2, 2026
Submitting Department: City Clerk
Staff Recommendations:

Contact Person: Kristi Passarelli, City Clerk
District: District 3

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

Agenda Wording:

Consideration and action pertaining to a recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 397963, requested by Maria Danielle Burgess, for Circle K Store #9287 located at 17050 W Cactus Rd, Surprise, AZ 85388 for a new Series 10 Liquor License.

Motion:

I move to approve recommendation to the Arizona Department of Liquor Licenses and Control (DLLC) on Application No. 397963.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. CIRCLE K 9287 MAP
 2. FINANCE_CIRCLE K_17050 W CACTUS RD
 3. FIRE - 17050 W Cactus Rd Circle K 9287 Liquore License
 4. PD - Circle K #9287
 5. CD - CIRCLE K #9287 Report
-

CIRCLE K #9287

PAD
SARAH ANN RANCH

PAD
PRASADA

R-2

C-3

R-3

PAD
PRASADA

SITE

PAD
SYCAMORE FARMS

CITY BOUNDARY



MEMO

Date: 05/08/2026

To: Kristi Passarelli, City Clerk

Charles Vasquez, Deputy City Clerk

From: Makenzie Espie - Business Compliance Specialist

RE: Liquor License Application – 17050 W CACTUS RD SURPRISE, AZ 85388

Business License Status:

- ☒ Application link emailed on 05/08/2026
- ☐ License # , current and valid for
- ☐ 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 11, 2026

To: Charles Vasquez, Deputy City Clerk

From: Keith Tanner, Fire Marshal

Subject: Liquor License Application

Applicant: Circle K Store #9287
17050 W Cactus Rd
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

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 22, 2026

APPLICATION # - 397963
New License - Yes
Series 10

APPLICANT:

Circle K Store #9287
17050 W Cactus Rd
Surprise, AZ 85388

FINDINGS:

- 1) ***Evidence concerning the nature of the proposed business, its potential market and its likely customers.***
Circle K is a full-service convenience market and gas station that primarily serves patrons of all ages from the surrounding communities and general public.
- 2) ***Effect of vehicular traffic in close proximity.***
The roads around this future location are currently being widened to accommodate the anticipated growth for the surrounding area and should be adequate for Circle K.
- 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 is a new business in a new location, there is no criminal history.
- 4) ***Comparison of hours of operation of the proposed premises to the existing businesses in close proximity.***
The business hours of operation are open 24 hours a day. This is a brand-new area for future development, with no other businesses currently open.
- 5) ***Appropriateness of series license requested.***
This license request is appropriate for this Circle K store.

Submitted by Sergeant J. D. Galaz #2084



COMMUNITY DEVELOPMENT DEPARTMENT

Date: May 19, 2026
To: Charles Vasquez, Deputy City Clerk
From: Lloyd Abrams, Community Development Director
James Stewart, Zoning Specialist
Re: Liquor License Application for:

AGENT, Maria Danielle Burgess
Circle K #9287
17050 W Cactus Rd
Surprise, Arizona 85388
New Series 10 (NEW APPLICATION – BEER & WINE STORE) – Application # 397963

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

1. Sterling Grove Country Club (Series 6) – 11530 N. Greenwich Road
2. Jordan Kunz LLC (Series SEC) – 11020 N. Hershey St.
3. Trappers Sushi Co. Surprise (Series 12) – 17200 W. Peoria Ave. #100
4. Safeway #0048 (Series 09) – 17230 W. Peoria Ave.
5. Safeway Express (Series 09) – 10730 N. Cotton Lane

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

Commercial and residential growth is increasing 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 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.



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: June 2, 2026

Contact Person: Seth Dyson, DIRECTOR - HSCV

Submitting Department: Economic Development

District: Citywide

Staff Recommendations:

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to the award of the Education Subcommittee Youth Scholarship Program.

Motion:

I move to approve the recommended Youth Scholarship recipients and dollar amounts.

Background:

The Education Subcommittee was created to identify education initiatives and opportunities that support exceptional learning environments to develop a community dedicated to developing skills to build a qualified workforce. The subcommittee created the Surprise Youth Scholarship Program, a scholarship opportunity designed to assist outstanding Surprise students who are planning to attend an accredited college, university, or trade school on a full-time basis in the 2026-2027 scholastic year. Upon approval, awards ranging from \$1,000 - \$5,000 will be paid directly to the students' chosen educational institution for the upcoming school year as long as they are enrolled as full-time students.

Objective Analysis:

To provide an opportunity for Surprise students to receive a scholarship to aid in costs associated with attending a four-year university, a junior college, or a trade school.

Policy Compliant:

This item is consistent with City and Council Policy.

Financial Impact:

If approved, costs associated with this program will not exceed \$20,000.

Budget Impact:

Funds for this program have been approved by the Surprise City Council as part of the FY26 Budget.

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 2, 2026

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 2027 in the amount of \$84,690; Resolution 2026-86.

Motion:

I move to approve Resolution 2026-86, the fiscal year 2027 agreement with Greater Phoenix Economic Council in an amount not to exceed \$84,690.

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.

Over the history of our membership, GPEC has assisted Surprise with the location of several local employers such as Camfil USA, Kobuck Cartidges, 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 \$84,690 for services to be provided by GPEC pursuant to the Agreement during the fiscal year ending on June 30, 2027. This amount is based on approximately \$.4897 per capita, based upon the July 1, 2025 Office of Economic Opportunity population estimate, listing the City's population as 172,943.

Policy Compliant:

This action item is consistent with Council policy.

Financial Impact:

The amount of the FY2027 proposed contract is based on \$.4897 per capita using the July 1, 2025 Arizona Office of Economic Opportunity population estimates, Arizona Department of Administration, estimating the City's population as 172,943.

Budget Impact:

The total budget amount for this line item is \$84,690 and is included in the Economic Development Department's annual FY2027 operating budget. No budget amendment is needed.

FTE Impact:

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

ATTACHMENTS:

1. July1_2025_Arizona_Population_Estimates
 2. Surprise FY27 budget letter
 3. Resolution #2026-86_GPEC FY 2027 Contract_FINAL
 4. Surprise FY27 CONTRACT final_6-1-26 (Updated 6/1/26)
 5. GPEC Annual FY 2027 Contract_6-2-26 (Added 6/1/26)
 6. Exhibit A Action Plan FY27 (Added 6/1/26)
 7. Exhibit B FY27 Metrics (Added 6/1/26)
 8. Exhibit C Target Industries (Added 6/1/26)
 9. Exhibit D FY27 Reporting draft (Added 6/1/26)
 10. Exhibit E FY27 City default (Added 6/1/26)
 11. Exhibit E FY27 town default (Added 6/1/26)
 12. Exhibit F FY27 Regional Cooperation Protocol Policy (Added 6/1/26)
-

JULY 1, 2025 POPULATION ESTIMATES
FOR ARIZONA'S COUNTIES, INCORPORATED PLACES AND UNINCORPORATED BALANCE OF COUNTIES

	ESTIMATE		ESTIMATE		ESTIMATE
APACHE COUNTY	65,998	MARICOPA COUNTY	4,787,790	PIMA COUNTY	1,093,761
Eagar	4,584	Apache Junction *	405	Marana *	66,736
Saint Johns	3,395	Avondale	100,686	Oro Valley	48,967
Springerville	1,711	Buckeye	119,317	Sahuarita	38,421
Unincorporated	56,308	Carefree	3,752	South Tucson	4,535
		Cave Creek	5,324	Tucson	557,901
COCHISE COUNTY	129,042	Chandler	288,299	Unincorporated	377,201
Benson	5,589	El Mirage	37,017		
Bisbee	4,954	Fountain Hills	24,483	PINAL COUNTY	502,071
Douglas	16,347	Gila Bend	1,898	Apache Junction *	44,529
Huachuca City	1,616	Gilbert	294,689	Casa Grande	69,405
Sierra Vista	45,838	Glendale	265,599	Coolidge	20,027
Tombstone	1,408	Goodyear	122,569	Eloy	19,531
Willcox	3,255	Guadalupe	5,327	Florence	25,065
Unincorporated	50,035	Litchfield Park	7,018	Hayden *	0
		Mesa	529,391	Kearny	1,756
COCONINO COUNTY	149,453	Paradise Valley	12,774	Mammoth	1,078
Flagstaff	79,796	Peoria *	206,063	Marana *	0
Fredonia	1,328	Phoenix	1,709,489	Maricopa	78,194
Page	7,404	Queen Creek *	71,693	Queen Creek *	16,357
Sedona *	2,572	Scottsdale	251,000	Superior	2,470
Tusayan	594	Surprise	172,943	Winkelman *	0
Williams	3,608	Tempe	196,001	Unincorporated	223,659
Unincorporated	54,151	Tolleson	8,689		
		Wickenburg *	6,932	SANTA CRUZ COUNTY	51,324
GILA COUNTY	53,908	Youngtown	7,233	Nogales	19,994
Globe	7,212	Unincorporated	339,199	Patagonia	796
Hayden *	505			Unincorporated	30,534
Miami	1,517	MOHAVE COUNTY	231,078		
Payson	16,723	Bullhead City	44,277	YAVAPAI COUNTY	253,595
Star Valley	2,545	Colorado City	3,512	Camp Verde	12,465
Winkelman *	290	Kingman	36,080	Chino Valley	13,890
Unincorporated	25,116	Lake Havasu City	59,752	Clarkdale	4,941
		Unincorporated	87,457	Cottonwood	12,796
GRAHAM COUNTY	40,277			Dewey-Humboldt	4,613
Pima	3,196	NAVAJO COUNTY	111,365	Jerome	454
Safford	10,329	Holbrook	4,935	Peoria *	0
Thatcher	5,700	Pinetop-Lakeside	4,189	Prescott	48,403
Unincorporated	21,052	Show Low	12,647	Prescott Valley	52,682
		Snowflake	7,014	Sedona *	7,163
GREENLEE COUNTY	9,687	Taylor	4,468	Wickenburg *	1715
Clifton	3,901	Winslow	8,568	Unincorporated	94,473
Duncan	701	Unincorporated	69,544		
Unincorporated	5,085			YUMA COUNTY	222,125
				San Luis	41,409
LA PAZ COUNTY	17,273			Somerton	14,793
Parker	3,508			Wellton	2,653
Quartzsite	2,468			Yuma	104,263
Unincorporated	11,297			Unincorporated	59,007
				ARIZONA	7,718,747

***POPULATION FOR PLACES IN TWO COUNTIES**

Apache Junction	Pinal & Maricopa	44,934
Hayden	Gila & Pinal	505
Marana	Pima & Pinal	66,736
Peoria	Maricopa & Yavapai	206,063
Queen Creek	Pinal & Maricopa	88,050
Sedona	Coconino & Yavapai	9,735
Wickenburg	Maricopa & Yavapai	8,647
Winkelman	Gila & Pinal	290

December 30, 2025

Jeanine Jerkovic
Economic Development Director
City of Surprise
16000 N Civic Center Plaza
Surprise, AZ 85374

Dear Jeanine:

In an effort to provide you with advance notice of the upcoming budget request for fiscal year 2027, please find the enclosed amount for your municipality's contract with the Greater Phoenix Economic Council.

City of Surprise FY2027 Contract Payment

	<u>FY2027</u>
Population estimate*	172,943
Maricopa County per capita rate	\$0.4897
Total for FY2027	\$84,690

**Population estimate based on the State, County, Place Level Population Estimates for July 1, 2025*

GPEC remains committed to strengthening the region's competitive position and working on behalf of our communities to advance the market through jobs, investment and innovation. We look forward to continuing our partnership.

Sincerely,

Christine Mackay
President & CEO

RESOLUTION # 2026-86

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 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 FY2027 contract fee of \$84,690 is based upon an assessment of \$.4897 per capita and calculated from the July 1, 2025 Office of Economic Opportunity population estimate which listed the City of Surprise as having a population of 172,943; 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 _____, 2026.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

EXHIBIT A

GREATER PHOENIX ECONOMIC COUNCIL FY27 AGREEMENT

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, 2026 - June 30, 2027 (“FY2027”).

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, 2026. 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 **\$84,690** for services to be provided by GPEC pursuant to the Agreement during the fiscal year ending on June 30, 2027. This amount is based on approximately \$.4897 per capita, based upon the 2025 Office of Economic Opportunity population estimate, listing the City's population as **172,943**. 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 FY2027. 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 FY2028 contract.
3. The City agrees to work with GPEC during FY2027 to develop a revised public sector funding plan, including a regional allocation formula FY2028, 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.

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, 2027 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: Andrea Davis
 City Manager
 City of Surprise
 16000 N. Civic Center Plaza
 Surprise, Arizona 85374
 (623) 222-3300
 FAX: (623) 222-3301

And to: 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: Christine Mackay
 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 _____, 2026.

CITY OF SURPRISE, a municipal corporation

By: _____
Honorable 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: _____

Christine Mackay

President & Chief Executive Officer

Greater Phoenix Economic Council Annual Contract – FY 2027

June 2, 2026

Jeanine Jerkovic, Economic Development Director



SURPRISE
ARIZONA

GPEC Annual Contract – FY 2027

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. Improve competitiveness:** Leveraging public and private allies and resources to locate qualified prospects, improve overall competitiveness, and sustain organizational vitality.
- All municipal contributions are on a **\$.4897 per capita rate**
 - **Surprise FY 2027 Investment: \$84,690**, calculated from population numbers from the *AZ Office of Economic Opportunity 2025 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 Strategic Plan Goals:

- Build an internationally recognizable regional brand
- Drive regional progress through strategic, future-focused infrastructure, policy and investment
- Leverage organizational networks to deepen key relationships, expand our reach, sharpen our value proposition and strengthen long-term sustainability in Greater Phoenix

No. 1 in Economic Development



ROI - GPEC Annual Contract

8 Surprise business locates (+ 2 assists) in last five years assisted by GPEC, including:



Result: 584 new (Phase 1) jobs & \$250.34 million in capital investment

Surprise's Return on Investment

5-Year Analysis:

- **64:1** - \$64 of direct revenue to the City of Surprise for every \$1 invested
- **\$242 million** in new consumer spending
- **\$24 million** = new direct revenues
- **2,719 new jobs** for Surprise residents from regional locates



SURPRISE
ARIZONA

GPEC Annual Contract – FY 2027

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 2026 Partnership:

- Responded to 29 e-tracks
- Presented to delegations & site selectors
- Attended 4 ambassador events
- 3 research requests fulfilled

What's Ahead in FY 2027

- **New CEO: Christine Mackay**
- **New Campaign: “A New Way to City”:**
 - Launched May 1st
 - Multimedia
 - Downtown Signage
 - Local Channels
 - Events
 - Social Media
- **National & International Sales Missions, Conferences**





@SurpriseEconDev



@SurpriseEconDev



@surpriseazgov



Surprise Economic
Development

Thank You!

Jeanine Jerkovic, CEcD
Economic Development Director
Jeanine.Jerkovic@surpriseaz.gov
623.222.3327



GREATER PHOENIX ECONOMIC COUNCIL

Action Plan

FISCAL YEAR 2027



602.256.7700 /// gpec.org

Letter from Christine Mackay

President & CEO



As we near the completion of my first fiscal year as GPEC President & CEO and direct my first action plan, I am awestruck by the work of the team and the support from our partners. This year, Greater Phoenix has seen billions of dollars of expansion, the debut of mega-events like SEMICON West and the Forbes 30 Under 30 Summit, and the launch of a new brand initiative redefining the perceptions of our region. Greater Phoenix is on the global map like never before.

I am proud to say that GPEC met or exceeded its metric goals in FY26 and built upon its FY26-FY28 vision, notably enabling high-value

investment to build upon our advanced technology ecosystem. Attendance at global summits and delegations, new foreign direct investment, and the opening of new trade offices locally has allowed Greater Phoenix to continue its momentum.

There is still work to be done. Greater Phoenix is forecasted to avoid a recession that threatens domestic economies, but we must continue our work to diversify industries and coordinate with our education leaders to ensure the talent pool remains competitive for today and tomorrow’s hiring needs.

Economic development continues to grow more complex, and through community support and educational outreach, we can help advance education and workforce initiatives, water planning and messaging, and use data to inform anti-growth sentiments. By continuing to prioritize infrastructure development, investments by advanced technology companies, and growing global recognition of the region, Greater Phoenix will continue to flourish. I’m grateful for the support over the last eight months and looking forward to the work to come.

“This year, Greater Phoenix has seen billions of dollars of expansion, the debut of mega-events like SEMICON West and the Forbes 30 Under 30 Summit, and the launch of a new brand initiative redefining the perceptions of our region.”



Christine Mackay
President & CEO

Driven by Mission. Grounded in Partnership.

[OUR MISSION]

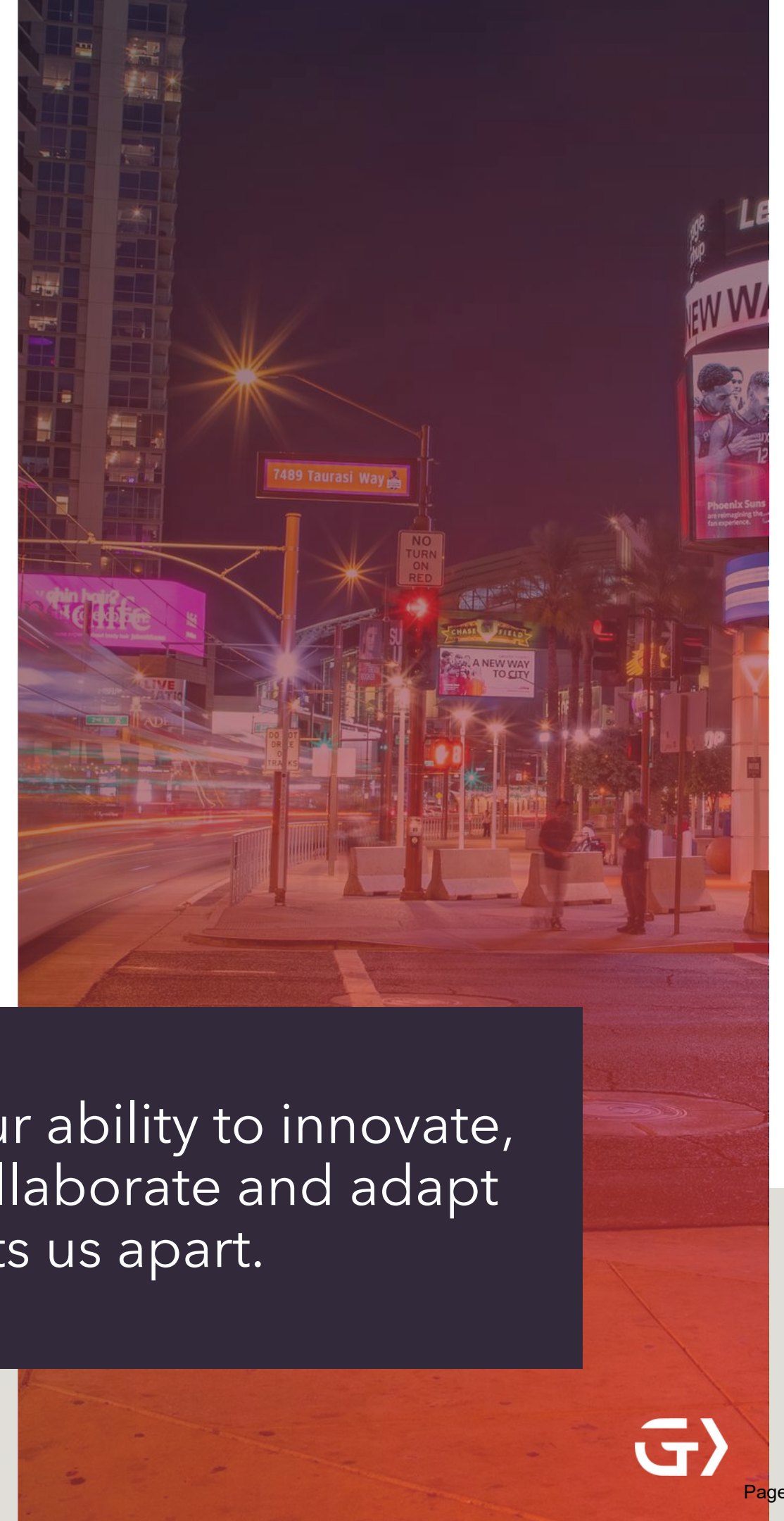
To attract and grow quality businesses, and advocate for Greater Phoenix's competitiveness.

[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.

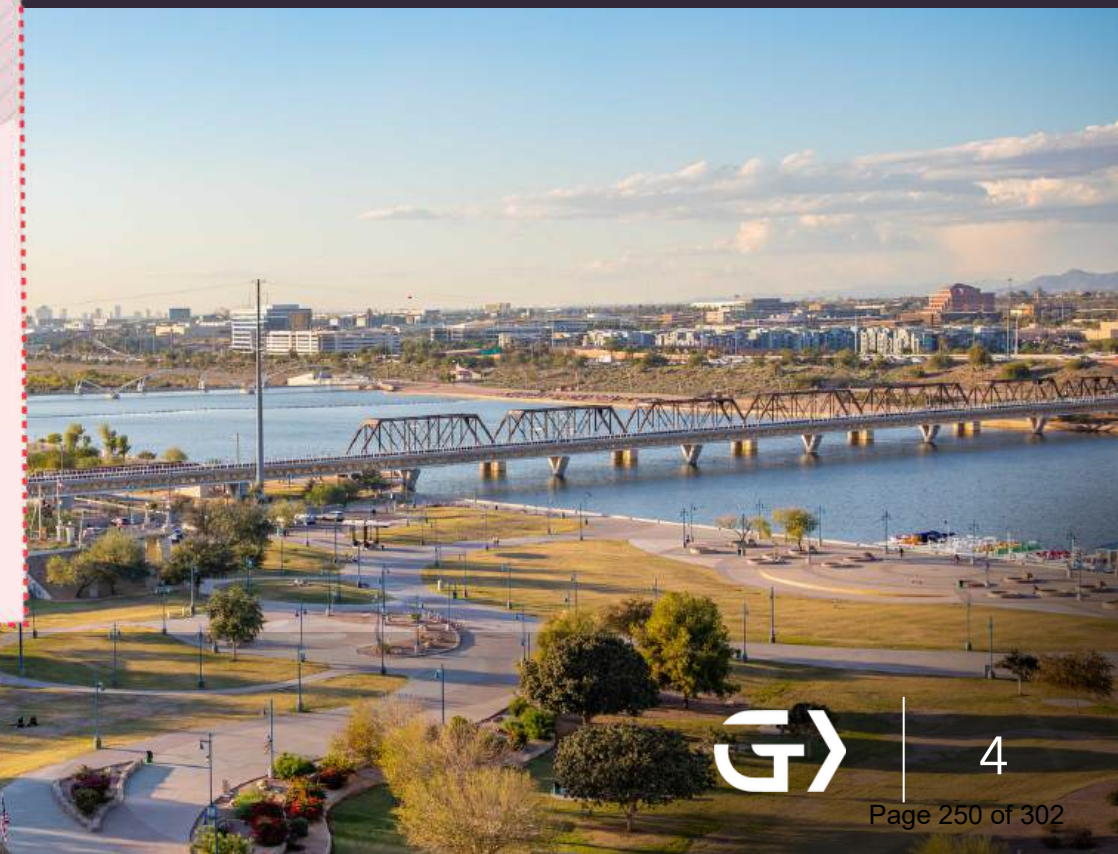
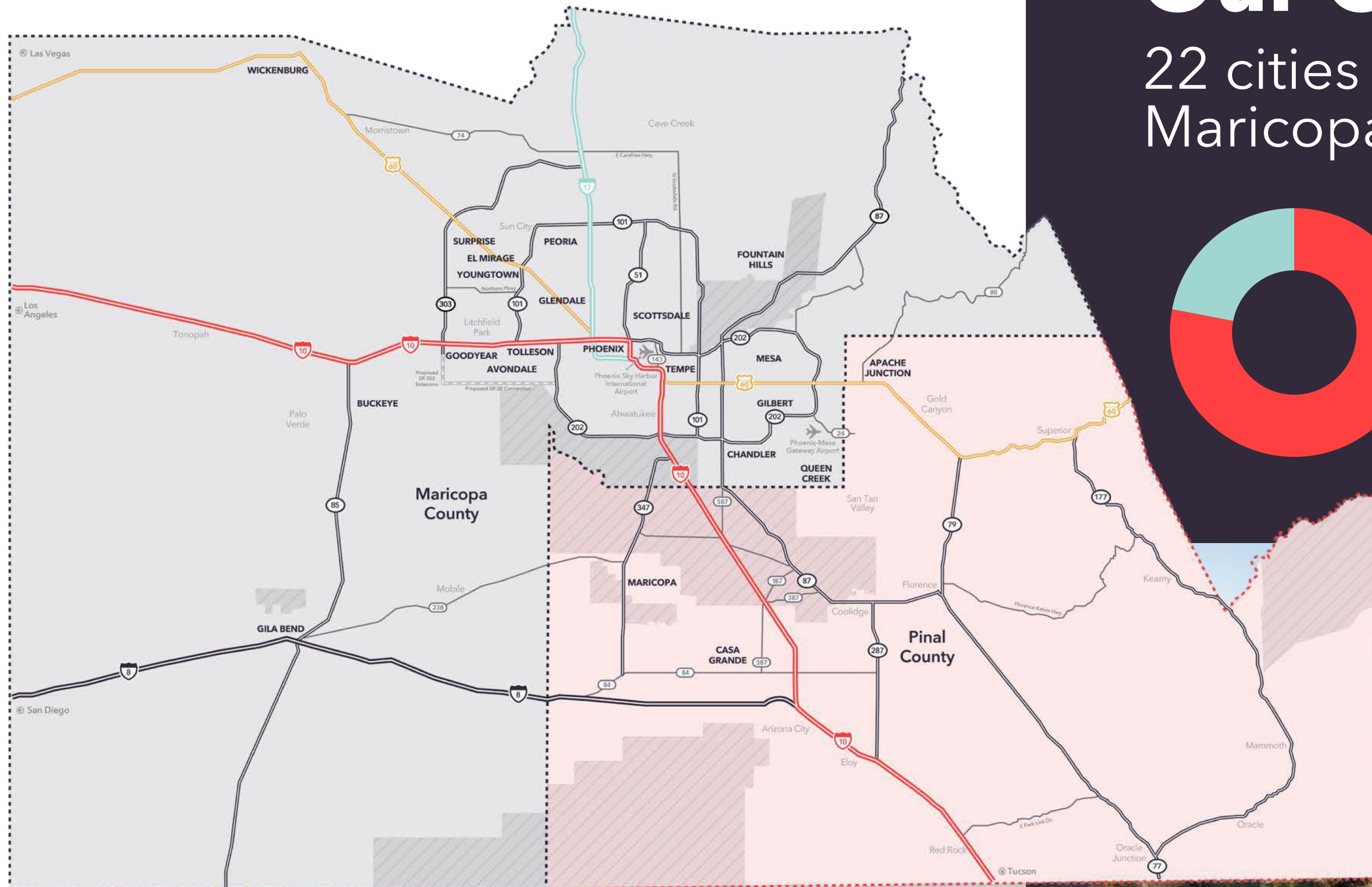


Our Communities

22 cities and towns,
Maricopa & Pinal counties



Greater Phoenix
Represents
78.4% of the
State's Economy



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:

- Provide clear narratives for stakeholders regarding key issues impacting the region including water, air quality, power, artificial intelligence, and the value of economic development - countering misinformation about the market
- Create a stronger brand position for future industries such as eVTOL, Quantum, Biosciences, and National Security Innovation
- Utilize the “A New Way to City” initiative to generate a recognizable regional brand that reaches beyond traditional economic development messaging

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:

- Monitor federal and international developments to adjust attraction strategies
- Build a coalition to support attraction of industry conferences that highlight the region
- Explore new international market opportunities aligned with critical industry focus sectors
- Leverage signature events like WM Phoenix Open and Forbes 30u30 to amplify regional messaging
- Identify and pursue the supply chain of critical sectors such as battery manufacturing and advanced air mobility

Strategy 3:

Advocate for smart growth focused on high-value, sustainable industries that will drive long-term regional success.

Tactics:

- Continue to actively engage federal leadership to drive outcomes from FY26 DC Trip
- Articulate to local elected officials the importance of economic development for future regional success
- Convene to share best practices and innovative solutions to infrastructure needs

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:

- Create a clear case for the infrastructure to support the needs of cutting-edge companies and long-term regional health
- Connect and align GPEC activities with federal priorities for investment

Strategy 2:

Expand and share expertise to support companies investing in the region throughout the increasingly complex project processes.

Tactics:

- Provide concierge services to assist project development through community processes
- Plug in to regional and state-wide initiatives to address common project issues
- Capture the benefit of growth of both newly located and existing companies through GPEC’s assistance

Strategy 3:

Streamline the regional economic development system to provide comprehensive support.

Tactics:

- Partner with universities and community colleges to map regional talent, R&D assets, and high-demand workforce pipelines
- Identify gaps in the ecosystem to understand where GPEC and/or peers can provide value without being duplicative

Strategy 4:

Increase regional investments into the innovation ecosystem that enable both legacy companies and startups to thrive.

Tactics:

- Engage VC, Family Offices, PE firms to attract investment in local companies
- Elevate stories of successful local entrepreneurs and narratives on startup success as part of “A New Way to City”
- Provide tailored assistance to scale-ready startups to connect investors

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:

- Identify unique assets in GPEC's investor network that can be leveraged to execute against the mission
- Utilize the network to identify new investor opportunities

Strategy 2:

Enhance long-term positioning by differentiating GPEC's unique value proposition for stakeholders in the community.

Tactics:

- Highlight the expertise unique to GPEC
- Engage external partners to validate internal priorities, move the needle on regional priorities

Strategy 3:

Ensure strategic talent and resource alignment to deliver excellence in the execution of key priority pillars.

Tactics:

- Maintain a strong financial position
- Ensure cross-team prioritization is clear to drive top-line outcomes
- Double down on the unique support GPEC can provide communities in execution of priorities

Metrics and Budget Overview

In FY27, GPEC is maintaining metrics consistent with the previous fiscal year. Prospect activity is expected to remain steady. The region continues to see projects that have high capital investment and wages, but smaller phase one job counts than historical averages. While there continues to be uncertainty in national markets that may create longer decision timeframes for projects, Greater Phoenix is poised to weather economic headwinds better than most regions.

	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	\$79,022	\$87,802	\$96,582
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 FY2027	Approved FY2026	YOY Var. \$	YOY Var. %
City/County Contract Revenue	\$3,252,034	\$3,210,154	\$41,880	1%
Pledge Revenue	\$3,633,000	\$3,898,350	\$(265,350)	(7%)
New Pledges	\$300,000	\$250,000	\$50,000	20%
In-Kind Contributions	\$140,000	\$140,000	-	0%
Special Events & Programs	-	\$165,000	\$(165,000)	(100%)
Sponsorship Income	\$463,500	\$363,500	\$100,000	28%
Grant Income	\$144,000	\$83,000	\$61,000	73%
Other Income	\$270,000	\$15,000	\$255,000	1,700%
TOTAL REVENUE	\$8,202,534	\$8,125,004	\$77,530	(1%)

Expenses	Proposed FY2027	Approved FY2026	YOY Var. \$	YOY Var. %
Business Development	\$962,081	\$864,527	\$97,554	11%
Marketing & Communications	\$1,024,743	\$463,443	\$561,300	121%
Research & Analytics	\$288,354	\$284,242	\$4,112	1%
Engagement	\$148,866	\$152,568	\$(3,702)	(2%)
Regional Initiatives	\$200,624	\$128,413	\$72,211	56%
Operations	\$392,992	\$411,983	\$(18,991)	(5%)
Personnel	\$5,513,292	\$5,551,200	(\$271)	0%
Facilities	\$346,423	\$522,599	\$(176,177)	(34%)
Special Events & Programs	\$104,000	\$283,000	\$(179,000)	(63%)
TOTAL EXPENSES	\$8,981,375	\$8,661,975	\$319,400	(4%)
NET INCOME/(LOSS)	\$(778,840)	\$(536,971)	\$(241,869)	45%



Investors

Visionary Level



Champion Level



JPMorganChase

Accelerator Level



Builder Level

- AECOM Hunt
- American Airlines
- Arizona Diamondbacks
- Bank of America
- Banner Health
- BOK Financial
- Bridge Relocation Concierge
- Brookfield Residential
- CBRE
- Chicanos Por La Causa
- 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.
- Goodmans Interior Structures
- Grand Canyon University
- Helios
- Honeywell
- HonorHealth
- Idealab Arizona
- Insight North America
- Intel Corporation
- Kitchell
- LifeKind Health
- M Culinary
- Mayo Clinic
- Meade Engineering
- MidFirst Bank
- Mortenson
- Perkins Coie LLP
- Phoenix Suns and Phoenix Mercury
- Pivotal Group
- Quarles & Brady
- Snell & Wilmer LLP
- STORE Capital
- Taft
- U.S. Bank
- Valley Metro
- Vitalant
- Weitz Company
- Western Alliance Bank
- Willmeng Construction

Advocate Level

- Affiliated Engineers
- Air2o
- Alston Construction
- Amkor Technology
- Archicon L.C. Architecture
- Arizona Community Foundation
- Axios
- Baker Development
- Bell Bank
- Blue Cross Blue Shield of Arizona
- BMO
- Bremik Construction
- Bristol Myers Squibb
- BRPH
- Brycon Construction
- CapRock Partners
- CG Schmidt
- Clayco
- Colliers International
- Commonwealth Land Title National Commercial Services
- Cousins Properties, Inc.
- Cresa
- Cushman & Wakefield
- Davis Architecture
- Deloitte
- Deutsch Architecture Group
- DFDG Architecture
- DLR Group
- DP Electric
- DPR Construction
- El Dorado Holdings
- Elontec
- EmployBridge
- Enterprise Bank & Trust
- EPCOR
- FCL Builders
- FirstBank
- Gammage & Burnham
- GCON
- Gensler
- Global Roofing Group
- Gray Construction
- Graycor Construction
- Haydon Companies
- HDR
- Holland & Hart LLP
- 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
- MMR Constructors, Inc.
- National Bank of Arizona
- Ninyo & Moore, A Socotec Company
- Okland Construction
- Olsson
- OneAZ Credit Union
- Opus Development Company
- Partners Personnel
- Pathward
- PCL Construction Inc
- Phoenix Children's Hospital
- Professional Piping Systems
- R.O.I. Properties
- Rehrig Pacific Company
- Renaissance Construction
- Resolution Copper Mining
- Rexco, LLC
- Rider Levett Bucknall
- RK Logistics
- RSM
- Ryan Companies U.S. Inc.
- Skanska
- SmithGroup
- Southwest Gas Corporation
- Spencer Fane LLP
- SRS Real Estate Partners

Supporter Level

- Stevens-Leinweber Construction
- Sunbelt Holdings
- Sundt Construction
- Suntec Concrete
- Taiwan Semiconductor Manufacturing Company (TSMC)
- Terracon
- The AES Corporation
- The PENTA Building Group
- The Plaza Companies
- Trammell Crow Company
- Transwestern Commercial Services
- University of Arizona
- Valley of the Sun United Way
- ViaWest Group
- Wespac Construction, Inc
- WestPac Wealth Partners
- Wexford Science + Technology
- Wist Office Products
- Avnet Inc.
- Bechtel
- BNSF Railway
- Carvana
- City of Hope
- Columbia Bank
- Comcast Business
- Concumer Cellular
- CoStar Group
- Crescent Crown Distributing
- Cypress Office Properties
- De Rito Partners Development
- Globe Corporation
- Halfff
- Hines
- Industrial Storage
- Kraus-Anderson Construction Company
- Macerich
- Merit Partners
- Meta
- Nationwide Realty Investors
- Orion Group Holdings, Inc.
- Overland Group Inc.
- Prologis
- RED Development
- Social Television Network (STN)
- Sunstate Equipment Company
- Tekletics
- The Austin Company
- Trinity Capital Investments
- Union Pacific Railroad
- VanTrust Real Estate LLC

Thank You

EXHIBIT B
GPEC PERFORMANCE MEASURES
FY 2027

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	\$79,022
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 \$64,792)
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

FY2027

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

Advanced Manufacturing, Standard Manufacturing, R&D, Corporate/Regional Headquarters, Healthcare, Mining (Supply Chain & Servicing), Aerospace, 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

Retail, Entertainment & Hospitality, Life Sciences, Small Business, Advanced Manufacturing, Advanced Business Services, and Technology.

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; semiconductor and advanced manufacturing; bioscience and healthcare; technology and 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 and electrification supply chain; Energy, grid, and infrastructure services; logistics and industrial services; Digital, IT and business operations services; and agricultural and destination economy

Scottsdale

IT services and software; financial and insurance services and technology; healthcare services and innovation; logistics Management; tourism; and corporate headquarters

Surprise

Advanced Manufacturing; Corporate, Regional & Operational Headquarters; Business & Professional Services; Healthcare, Medical Services & Life Science Support; Innovation, Entrepreneurship & Emerging Technology; Destination Retail, Dining & Experiential Development; Tourism, Sports & Hospitality; and International Business & Investment (FDI).

Tempe

Advanced Business Services, Advanced Manufacturing, Aerospace and Defense, BioScience and

BioTechnology, Semiconductor and Supply Chain, Tourism and Hospitality

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 2027

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.

EXHIBIT E

INSURANCE REQUIREMENTS

The Town's insurance requirements are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The Town 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 Town.

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)
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Medical Expense (Any one person) Optional

2. Automobile Liability – Any Auto or Owned, Hired and Non-Owned Vehicles
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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 Town. If not approved, the Town may request that the insurer reduce or eliminate such self-insured retentions with respect to Town, its officers, officials, agents, employees and volunteers.

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1. Commercial General Liability

a. The Town, 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 Town'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 Town, 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 Town, its officers, officials, agents, employees and volunteers. Any insurance or self-insurance maintained by Town, 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 Town, its officers, officials, agents, employees and volunteers for losses arising from work performed by GPEC for the Town.

2. **Workers' Compensation and Employers' Liability Coverage.** The insurer shall agree to waive all rights of subrogation against Town, its officers, officials, agents, employees and volunteers for any and all losses arising from work performed by the Contractor for the Town.

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) days' prior written notice has been sent to Town 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. Town 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 Town with Certificates of Insurance (ACORD form or equivalent approved by Town) 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.

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- 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 Town 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.



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 2, 2026

Contact Person: Lloyd Abrams, ASSISTANT CITY
MANAGER

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 First Amendment to the Development Agreement between the City of Surprise and Nobella Surprise Owner, LP; Resolution 2026-56.

Motion:

I move to approve Resolution 2026-56

Background:

The City of Surprise and Nobella Surprise Owner, LP entered into a Development Agreement on June 17, 2025. A proposed First Amendment updates the agreement to address acquisition of public right-of-way and construction of Jomax Road improvements along the project's southern boundary.

Under the amendment, the Developer will acquire the necessary right-of-way and easements, coordinate with the City, and may request City-led eminent domain (with costs reimbursed). The Developer will also design and construct Jomax Road improvements before the first residential building permit is issued and will not seek reimbursement from the City. These improvements will complete Jomax Road and supports the Nobella development.

Objective Analysis:

The proposed amendment to the Nobella agreement ensures that growth pays for itself, provides for infrastructure improvements in coordination with development, and enhances roadway capacity and connectivity along Jomax Road.

Policy Compliant:

The action is compliant with Council policy relative to growth paying for itself.

Financial Impact:

The Developer will be responsible for all costs associated with right-of-way acquisition, design, and construction of the Jomax Road Improvements. If the Developer requests City-led eminent domain, costs will be reimbursed. The City will assume maintenance responsibilities upon acceptance of the improvements.

Budget Impact:

No immediate budget impact. If the Developer requests City-led eminent domain, costs will be reimbursed. Future maintenance costs will be incorporated into City budgets.

FTE Impact:

No impact on current staffing levels.

ATTACHMENTS:

1. Resolution 2026-56
 2. First Amendment to Nobella DA_04-06.26.final_unsigned
 3. First Amendment to Nobella DA - CC Presentation
-

RESOLUTION # 2026-56

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING THE FIRST AMENDMENT TO 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, (“Developer”) 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 parties original Development Agreement (the “Agreement”) dated June 17, 2025, Resolution 2025-77, and recorded at M.C.R. No. 2025-0367943;

WHEREAS, the Agreement addressed, 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;

WHEREAS, the Developer has requested this First Amendment to the Agreement (“First Amendment”) to address matters related to the acquisition of right(s)-of-way and construction of roadway improvements;

WHEREAS, this First Amendment appears consistent with the City’s public infrastructure planning and development objectives.

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

Section 1. The First Amendment to 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.

Signatures on following page

APPROVED AND ADOPTED this ____ day of _____, 2026.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

RESOLUTION # 2026-56

EXHIBIT A

First Amendment to Development Agreement

City Clerk
City of Surprise, Arizona
16000 North Civic Center Plaza
Surprise, AZ 85374

With a copy to:
Nobella Surprise Owner, LP
2375 E. Camelback Road, Suite 460
Phoenix, AZ 85016
Attn: Christina Maksimovic & Chris Anderson

FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO DEVELOPMENT AGREEMENT (this “**First Amendment**”) is made as of this ____ day of _____, 2026, by and between the City of Surprise, an Arizona municipal corporation (“**City**”), and Nobella Surprise Owner, LP, a Delaware limited partnership (“**Developer**”). City and Developer may be referred to in this First Amendment as a “**Party**” and collectively as the “**Parties**.”

A. The Parties previously entered into that certain Development Agreement dated June 17, 2025, and recorded at Document No. 2025-0367943 in the Official Records of Maricopa County, Arizona (the “**Original Agreement**”).

B. Developer wishes to amend the Original Agreement to address matters relating to the acquisition of certain public right(s)-of-way (“**ROW**”), as depicted on Exhibit A attached hereto and incorporated herein by reference, necessary for the construction of improvements (“**Improvements**” as further defined below).

C. The Parties acknowledge that the acquisition of the ROW and construction of the Improvements will benefit the City and its residents by completing Jomax Road to its planned ultimate configuration and by reducing existing and future traffic congestion along Jomax Road.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained in this First Amendment, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties agree as follows:

AGREEMENT

1. Recitals. The recitals are incorporated as if fully set forth herein.
2. The following Subsections shall be added to Section 2 of the Original Agreement as follows:
 - c. Improvements. For purposes of this First Amendment only, the Improvements shall consist of ROW acquisition, design, and construction of improvements for Jomax Road along the southern boundary of the Hines Group 1 Parcels and

continuing along associated ROW in accordance with the plans submitted under Case Number FS24-0194 Nobella Map of Dedication, which are on file with the City. Nothing in this First Amendment is intended to, and shall not, be construed to eliminate or reduce Developer's obligation to acquire, dedicate, construct, and/or improve other right-of-way improvements with the Project(s), including but not limited to, Nobella Parkway and the East-West Road. Construction of the Improvements shall be complete and conditionally accepted by the City in accordance with the City's standard practice for accepting infrastructure, prior to the City's issuance of any City-issued permit for a residential unit, with the exception of single family model homes as set forth in City Code and the Developer's approved Model Home Complex.

- d. **Right-of-Way Acquisition.** Developer shall be responsible for acquiring the ROW and/or easement(s), such as drainage easement(s), slope easement(s), or public utility easement(s), that may be necessary for the Improvements, using commercially reasonable efforts with the property owners. Developer shall follow the requirements set forth in A.R.S., Title 12, for the acquisition of any such property as if Developer were a governmental 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 to expedite the process. If Developer is unable to acquire such ROW or easement(s) after the exercise of reasonable diligence and appropriate offers of just compensation as determined by the City, Developer 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 such 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, Developer shall be responsible for all fees and costs incurred by the City associated with such condemnation action, including, but not limited to, the initial deposit and final award of just compensation, attorneys' fees, expert fees, witness fees, filing fees, court costs, jury fees, etc. If the City is unwilling or unable to acquire the ROW, easement(s), or any other interests needed for the Improvements ("**Unacquired ROW**"), Developer shall only be relieved of the obligation to construct that portion of the Improvements that requires the Unacquired ROW for completion. In the event revisions are required to Developer's approved plans for the Improvements due to the Unacquired ROW, the City shall permit Developer to continue development of the Hines Parcels under approvals existing at that time and shall not withhold additional permit, entitlement, or other approvals on the basis of pending revisions to the Improvements plans as described in this Section.

3. **No Reimbursement.** Developer is not seeking reimbursement for Costs associated with the ROW or the Improvements through receipt of Impact Fee Credits or other City funds and Developer shall not be required to publicly bid the Improvements in accordance with A.R.S., Title 34 or S.M.C. § 42-5(d).

4. Modifications. This First Amendment may be amended at any time by mutual written agreement executed by the Parties. All amendments to this First Amendment 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).

5. Construction. Except as specifically amended by this First Amendment, the Original Agreement shall remain in full force and effect and unmodified hereby. To the extent of any inconsistency between the provisions of this First Amendment and the provisions of the Original Agreement, the provisions of this First Amendment shall govern and control. Capitalized words used but not defined herein shall have the meanings given to them in the Original Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the Parties have executed this First Amendment as of the Effective Date.

CITY:

CITY OF SURPRISE
an Arizona municipal corporation

By: _____
Kevin D. Sartor, Mayor

Date: _____

ATTEST:

Kristi Passarelli, City Clerk

APPROVED AS TO FORM ONLY:

Jeffrey Murray, City Attorney

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this ____ day of _____, 2026, before me personally appeared Kevin D. Sartor, 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

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

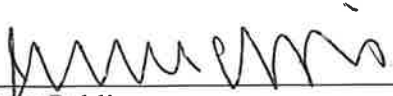
By: Hines AZ Nobella Surprise Associates LP
a Delaware limited partnership
Its: Sole Member

By: Hines Investment Management Holdings LP
a Texas limited partnership
Its: General Partner

By: 
Name: Chris Anderson
Title: Senior Managing Director

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this 18th day of MAY, 2026, before me personally appeared Chris Anderson, the Senior Managing Director 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

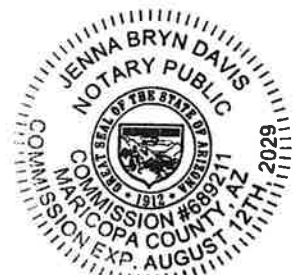


EXHIBIT A



N.T.S.

SW COR. SEC. 31,
T 5 N., R 1 W.

S 1/4 COR. SEC. 31,
T 5 N., R 1 W.

SE COR. SEC. 31,
T 5 N., R 1 W.

JOMAX RD.

APN: 503-55-033

APN: 503-55-007A

APN: 503-55-008C

APN: 503-55-008G

APN: 503-55-008K

APN: 503-55-003W



ATWELL

www.atwell.com
645 E. MISSOURI AVE., STE. 420
PHOENIX, AZ 85012
602-297-8732

EXHIBIT "A"

RIGHT OF WAY

NOBELLA
SURPRISE, AZ

Project No. 1231
Sheet 1 of 1

Date : 2/25/26

First Amendment to Nobella DA Resolution 2026-56

City Council
June 02, 2026

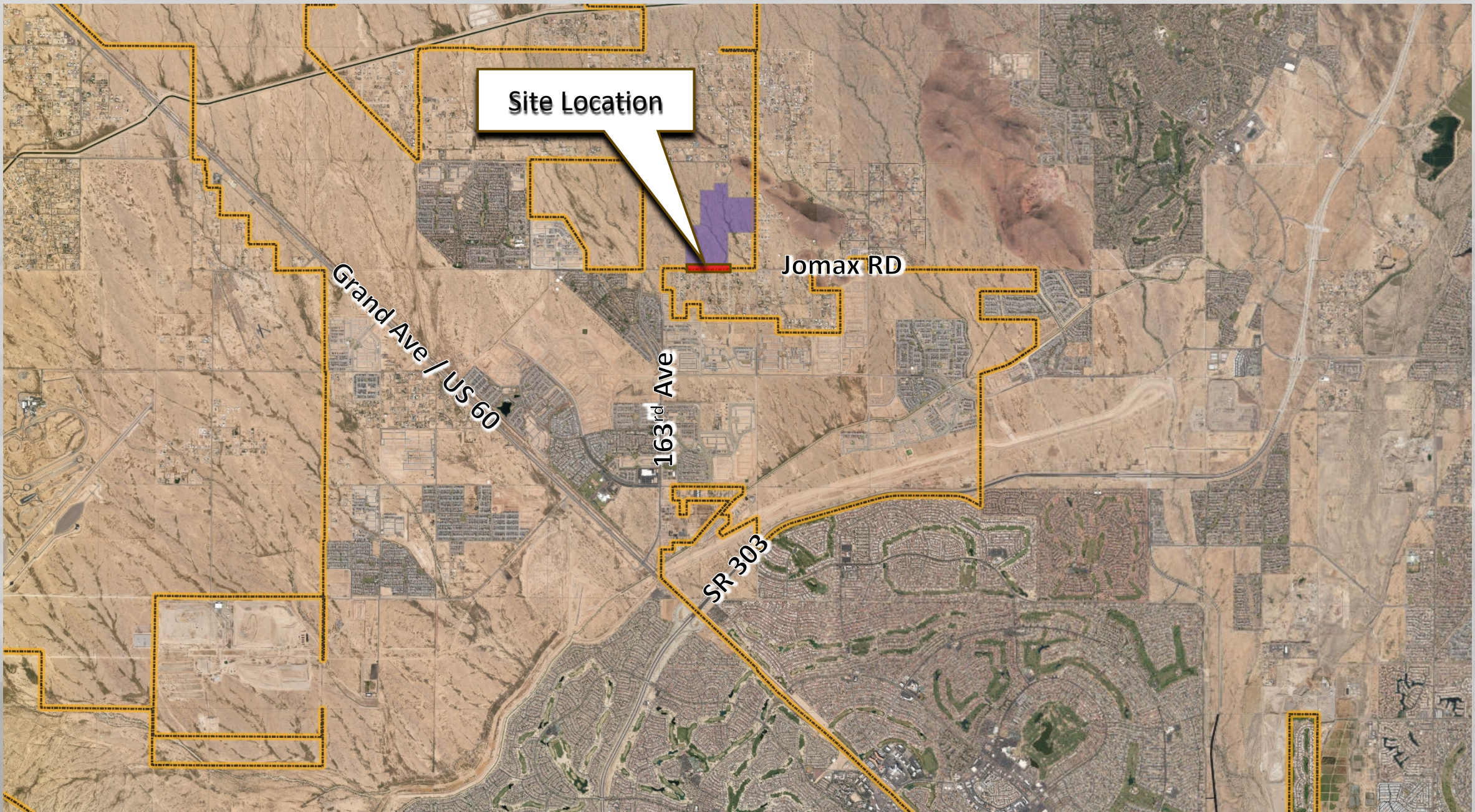


SURPRISE
ARIZONA

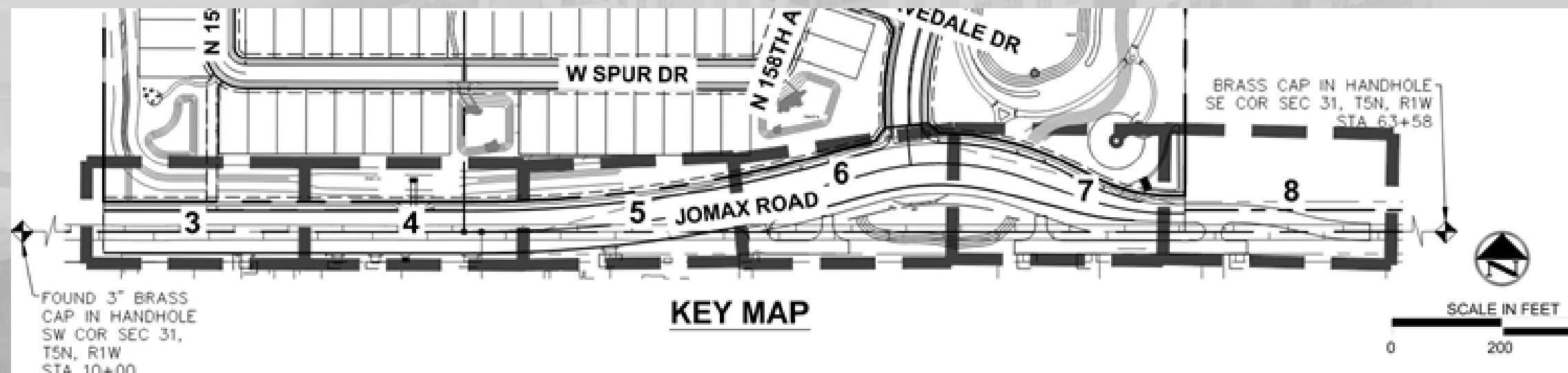
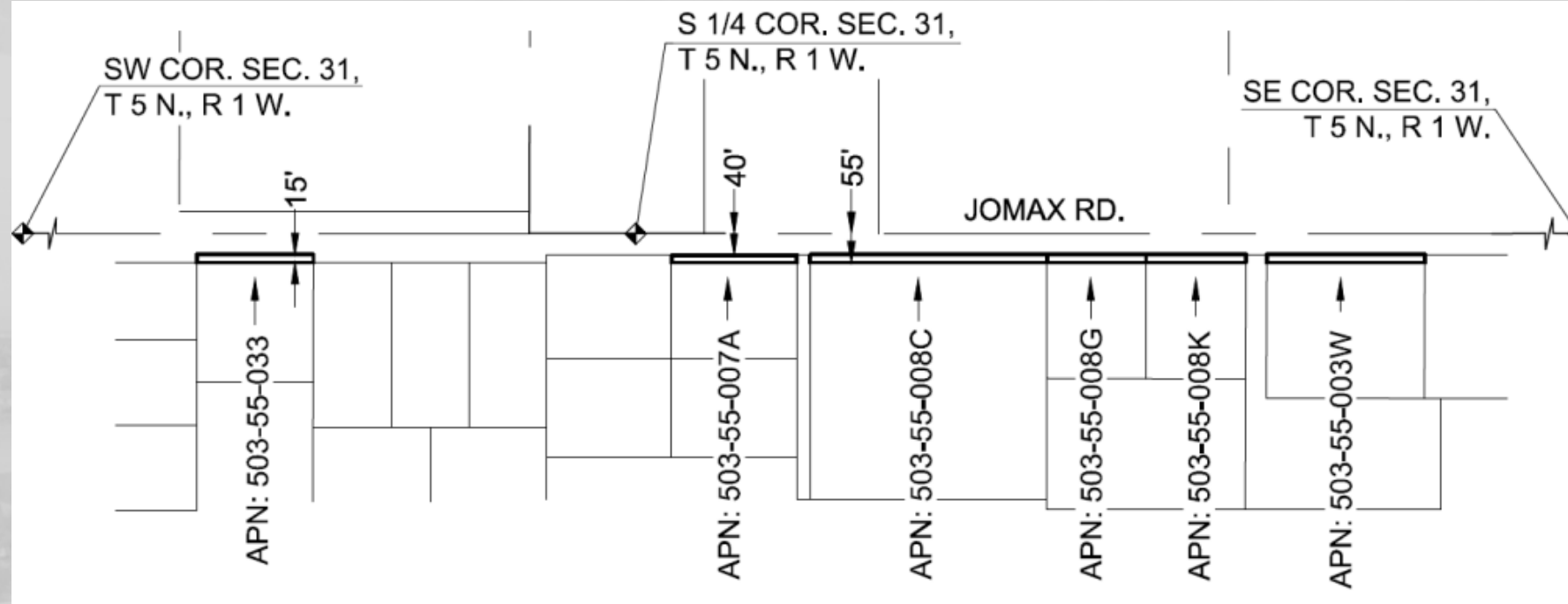
Background

The background of the slide is a faded, grayscale aerial photograph of a city. In the foreground, there are several large, modern buildings with flat roofs and some architectural details like arches. The city extends into the distance, with more buildings and greenery visible. In the far background, a range of mountains is silhouetted against a light sky. The overall tone is professional and informative.

- Amendment to Development Agreement dated June 17, 2025
- Addresses right-of-way (ROW) acquisition
- Supports Jomax Road Improvements



VICINITY MAP



Jomax Road Exhibit

Owner Obligations

- Includes ROW acquisition, design, and construction
- Developer responsible for acquiring ROW and easements
- Must be completed prior to first building permit

City Obligations

- If acquisition fails, Developer may request City action
- City has sole discretion to proceed
- Developer responsible for all associated costs



Questions or Comments?

THANK YOU



SURPRISE
ARIZONA



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: June 2, 2026

Contact Person: Lloyd Abrams, ASSISTANT CITY
MANAGER

Submitting Department: Community Development District: District 1

Staff Recommendations:

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action authorizing the acquisition of fee title, or a lesser interest, in real property generally located along Jomax Road between 155th Avenue and 160th Avenue, Surprise, Arizona, by dedication, donation, purchase, exchange, or eminent domain: Resolution 2026-32.

Motion:

I move to approve Resolution 2026-32.

Background:

Arizona Revised Statutes §§9-241 and 12-1111, among others, provides authority for the City of Surprise, Arizona to acquire real property necessary or proper to carry out its purposes. The City has required the Nobella Development to improve Jomax Road to access the development. Nobella has not been able to acquire all the right of way needed to address both access to the Nobella Development and continued access for the parcels to the south of the development. Nobella has requested the City's assistance in acquiring the remaining right of way needed for the roadway improvements. Staff is authorized to acquire this real property and lesser interests by any means authorized by law.

Objective Analysis:

The City is requiring the developer to improve Jomax Road to the ultimate configuration as part of their project. The Developer will be responsible for all fees associated with the acquisition of interests associated with the needed roadway.

Policy Compliant:

Approval of this item is policy compliant. The right of way amendment will advance the goals and policies of the Surprise General Plan and the City Council's 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 the approval of this item.

FTE Impact:

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

ATTACHMENTS:

1. Resolution of Necessity #2026-32 w legal
 2. Nobella Resolution of Necessity - CC 04.07.26 (1)
-

RESOLUTION # 2026-32

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AUTHORIZING AND DIRECTING THE CITY MANAGER, CITY ATTORNEY, AND CITY STAFF AND THEIR AGENTS AND DESIGNEES TO TAKE ANY AND ALL ACTION NECESSARY TO ACQUIRE FEE TITLE, OR A LESSER INTEREST IN, INCLUDING, BUT NOT LIMITED TO, AN EASEMENT FOR DRAINAGE, AS NEEDED, TO CERTAIN REAL PROPERTY AND ANY ASSOCIATED PERSONAL PROPERTY, AS A MATTER OF PUBLIC NECESSITY BY DONATION, DEDICATION, PURCHASE, EXCHANGE, OR BY EXERCISE OF THE POWER OF EMINENT DOMAIN; AND TO SIGN ANY DOCUMENTS AND ENTER INTO ANY CONTRACTS NECESSARY TO EFFECT THE PURPOSES OF THIS RESOLUTION; AND TO TAKE ANY AND ALL OTHER ACTION AS IS LEGALLY NECESSARY TO ACQUIRE FEE TITLE OR AN EASEMENT INTEREST IN, TO, AND FOR ALL NECESSARY PUBLIC IMPROVEMENTS AND THOSE RIGHTS-OF-WAY GENERALLY LOCATED ALONG JOMAX ROAD BETWEEN 155TH AVENUE AND 160TH AVENUE.

WHEREAS, pursuant to A.R.S. § 9-241(A), a municipal corporation may purchase, receive, hold, lease, and convey property, real and personal, as may be necessary or proper to carry out the purposes of the corporation, within or without its limits;

WHEREAS, pursuant to A.R.S. §§ 9-240, 9-276, and 12-1111 et seq., a city may exercise its power of eminent domain to acquire any property necessary or convenient for the purpose of laying out, establishing, improving, and regulating the use of streets, alleys, avenues, sidewalks, parks, public grounds, and off-street parking sites;

WHEREAS, the City Council of the City of Surprise ("City") has identified certain real property generally located along Jomax Road, between 155th Avenue and 160th Avenue ("Property"), attached hereto as **Exhibit A** and incorporated herein by this reference, as necessary for the construction, expansion of roadway, and drainage improvements;

WHEREAS, the City has determined and does hereby find that the acquisition of the Property for the construction, expansion of roadway, and drainage improvements and related public uses and public facilities is a necessary public use and will benefit the health, safety, and convenience of the City's residents;

WHEREAS, the City has authorized the expenditure of, and has expended, considerable public funds for the appraisal, purchase, and acquisition of real property and any necessary and associated easements;

WHEREAS, the City has acquired, will acquire, and currently owns real property and easement(s) within the general area of and adjacent to Property; and

WHEREAS, the City Manager, City Attorney, and City staff may, and are hereby authorized to initiate condemnation proceedings to acquire fee title to the Property and any associated personal property needed for the construction and/or expansion of roadway and drainage improvements and related public uses and facilities.

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

Section 1. That it is deemed necessary and essential as a matter of public health, safety, general welfare, and convenience for the City of Surprise that the City acquire by dedication, donation, purchase, or eminent domain, all real and/or personal property and necessary or associated easements needed for the construction and/or expansion of roadway and drainage improvements and all related public uses and facilities for the improvement of Jomax Road, between 155th Avenue and 160th Avenue, attached hereto as **Exhibit A**.

Section 2. That, in the event the City is unable to acquire the Property and/or easements by dedication, donation, or purchase, acquisition by the City's power of eminent domain is hereby authorized in order to acquire fee title to the Property along with any associated interests or easements.

Section 3. That the City Manager, City Attorney, City staff, and/or any other appropriate City official or employee, including any retained legal counsel, contractors, or consultants, are hereby authorized to take all legal action necessary to acquire fee title to the Property, along with any associated interests or easements, including the right of immediate possession, by filing an action in eminent domain and/or otherwise executing and submitting all documents necessary or desirable for the City to acquire fee title to the Property.

Section 4. That the duly authorized finance officers or disbursing agents of the City are hereby authorized to pay all sums necessary to acquire fee title and any necessary or associated interests and easements in or to the Property, including, but not limited to, payment of all associated fees and costs for the purchase of any necessary title reports, litigation guarantees, title insurance, title policies, appraisal reports, appraisal review services, escrow fees and services, and/or closing costs, necessary for the acquisition of the Property.

[SIGNATURES ON FOLLOWING PAGE]

APPROVED AND ADOPTED this ____ day of _____, 2026.

Kevin D. Sartor, Mayor

Attest:

Approved as to form:

Kristi Passarelli, City Clerk

Jeffrey Murray, City Attorney

EXHIBIT A



N.T.S.

SW COR. SEC. 31,
T 5 N., R 1 W.

S 1/4 COR. SEC. 31,
T 5 N., R 1 W.

SE COR. SEC. 31,
T 5 N., R 1 W.

JOMAX RD.

APN: 503-55-033

APN: 503-55-007A

APN: 503-55-008C

APN: 503-55-008G

APN: 503-55-008K

APN: 503-55-003W



645 E. MISSOURI AVE., STE. 420
PHOENIX, AZ 85012
602-297-8732

EXHIBIT "A"

RIGHT OF WAY CONDEMNATION

NOBELLA

SURPRISE, AZ

Project No. 1231
Sheet 1 of 1

Date : 2/25/26

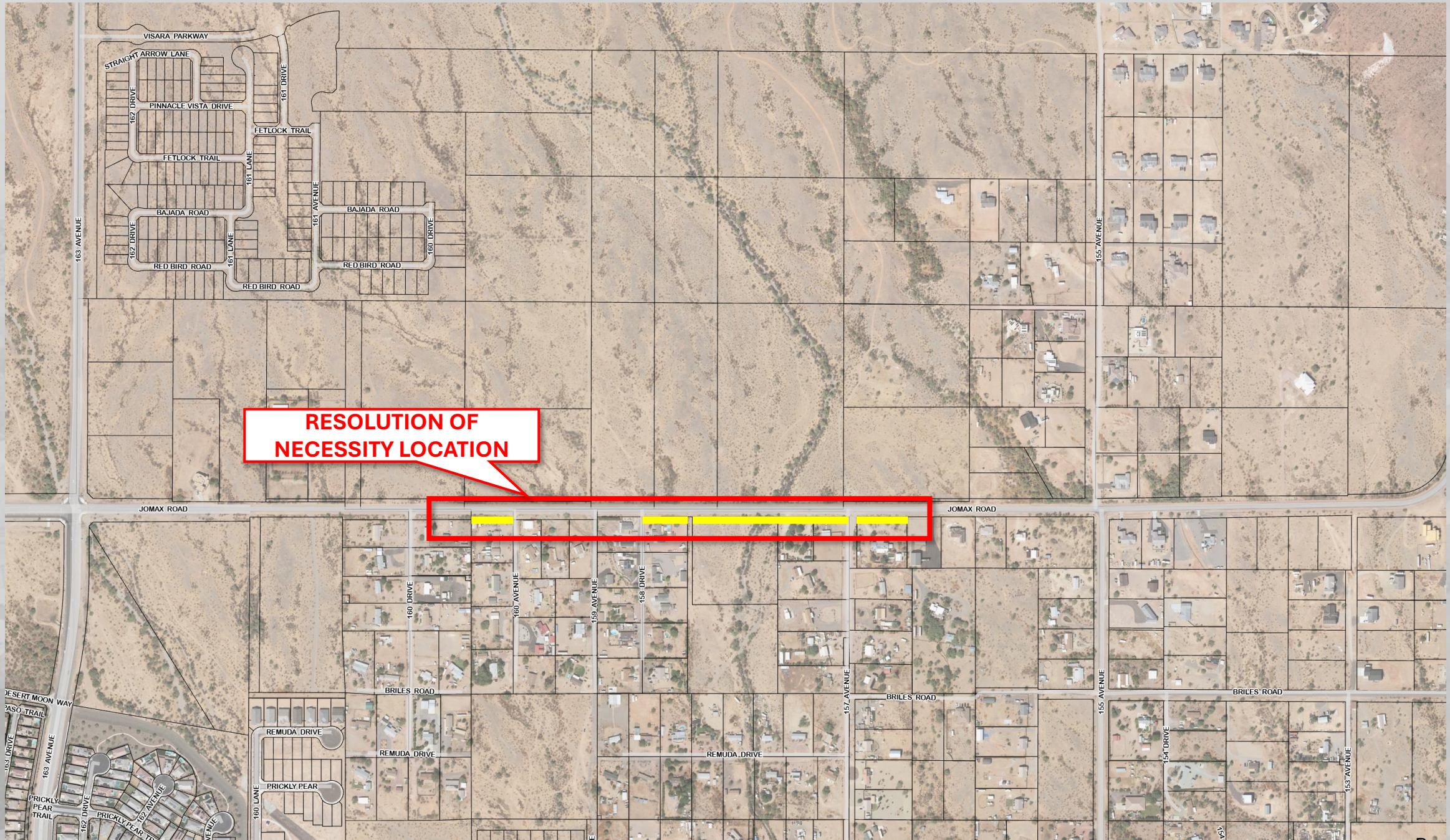
Nobella

Resolution of Necessity

City Council
June 2, 2026



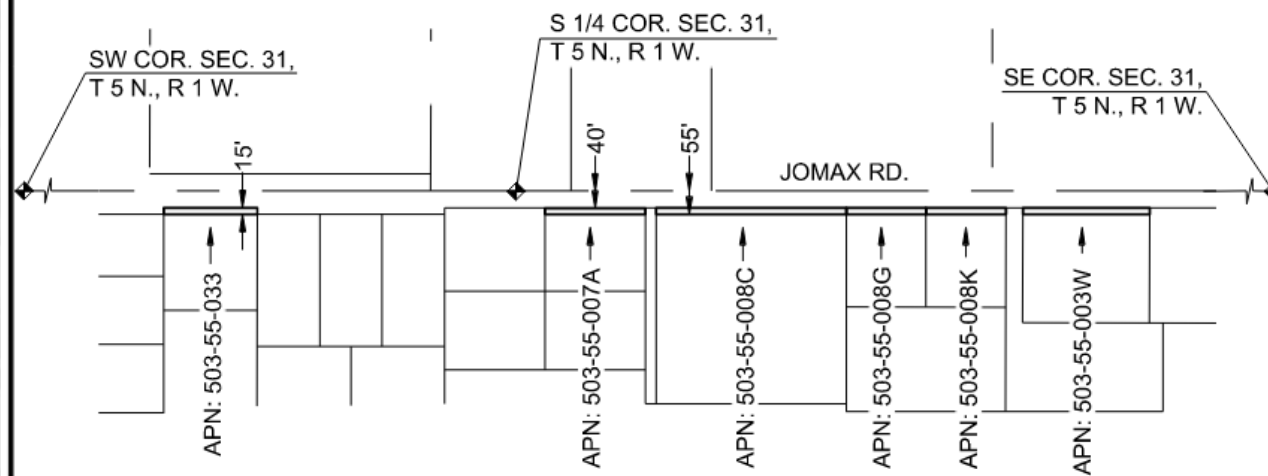
SURPRISE
ARIZONA



VICINITY MAP



N.T.S.



EXHIBIT

Questions or Comments?

THANK YOU



SURPRISE
ARIZONA



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: June 2, 2026
Submitting Department: City Manager Office
Staff Recommendations:

Contact Person:
District: Citywide

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

Agenda Wording:

Consideration and action to recess into Executive Session for the purpose of interviewing and discussing finalist candidates for appointment to the position of City Auditor.

Motion:

None

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:
