CITY OF SURPRISE
Regular City Council Work Session
16000 N. Civic Center Plaza
Surprise, AZ 85374
Tuesday, November 5, 2019 @ 4:00 PM
COUNCIL CHAMBERS
AMENDED ITEM #2 (ADDED PRESENTATION)
October 31, 2019 at 1:15 PM
AMENDMENT 2 - ITEM #3 (ADDED PRESENTATION)
October 31, 2019 at 4:45 PM

A. Call To Order

B. Roll Call

C. Pledge of Allegiance

D. Proclamation and Community Acknowledgements

E. City Manager Report

F. City Clerk Report

G. Call To The Public

INSTRUCTIONS: In order to address the City Council, you will need to fill out a Call to the Public Form available at the front counter, and then turn it in to the City Clerk before the meeting begins.
Download the Call to the Public form (PDF download requires Adobe Acrobat Reader)
Fill out the Call to the Public form online If submitting form electronically, please submit to City Clerk at least one hour before the meeting start time.
The Call to the Public form is also available at the front counter.

Note: A.R.S. 38-431.01(H)- During this time members of the public may address City Council only on issues within the jurisdiction of the City Council which are not an item on the agenda. At the conclusion of the open call, City Council may respond to criticism, may ask staff to review the matter or may ask that the matter be put on a future agenda. No discussion or action shall take place on any item raised.

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

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

H. Regular City Council Work Session Agenda

CONSENT AGENDA:

REGULAR AGENDA ITEM - PUBLIC HEARING:

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

1.	District 5	Presentation and discussion to recognize all donors and supporters of the Veterans Reflection Circle.	None Michael Frazier City Manager Office
2.	Citywide	Presentation and discussion pertaining to the Tobacco 21 Initiative.	None Jodi Tas City Manager Office
3.	Citywide	Presentation and discussion pertaining to the Proposition 400 Extension by Maricopa Association of Governments.	None Jodi Tas City Manager Office
4.	Internal	Presentation and discussion pertaining to the FY2019 Financial Status Report through June 2019.	None Andrea Davis Finance

I. Other Business and Future Agenda Items

J. City Council Reports

K. Executive Session

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

- discussion or consideration of personnel matters (A.R.S. §38-431.03 (A)(1));
- discussion or consideration of records exempt by law from public inspection (A.R.S. §38-401.03 (A)(2));

L. Adjournment

SHERRY ANN AGUILAR, CITY CLERK, MMC

POSTED: October 31, 2019 at 4:45 PM

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

CITY OF SURPRISE
Regular City Council Work Session

Council Meeting Date: November 5, 2019

Contact Person: Michael Frazier, CITY MANAGER

Submitting Department: City Manager Office

District: District 5

Staff Recommendations: None

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

Agenda Wording:

Presentation and discussion to recognize all donors and supporters of the Veterans Reflection Circle.

Motion:

None

Background:

At the January 15, 2019 meeting, Council approved the naming, design and construction of the Veterans Reflection Circle as recommended by the Honoring an Exceptional Leader Task Force. At this Council meeting the design team presented the conceptual renderings and shared an illustrative video.

Prior to January 2019, and at the request of City Council, the Honoring an Exceptional Leader Task Force was reconvened in June 2018 to explore possible ideas for how the city could honor Brian Mancini.

Mr. Mancini was a Surprise resident and decorated veteran. He was a medically retired Sergeant First Class, Combat Wounded Veteran who served as a combat medic with two tours in Baghdad, Iraq. He served over 12 years in the United States Army. He was the recipient of two Purple Hearts, the Combat Action Badge, Combat Medical Badge, Air Assault Badge, and Flight Medic Badge.

Objective Analysis:

The Veterans Reflection Circle is an outdoor memorial in honor of late Surprise resident and combat wounded veteran Brian Mancini, who spent his life serving his country and helping other wounded veterans find healing.

The circle is built within the Surprise Community Park, next to the fishing lake. The site was selected as a tribute to Mancini's love of nature, fishing and quiet self-reflection. These were important components to his healing philosophy he shared at Honor House, the nonprofit Mancini started to help fellow combat veterans connect with non-medicinal therapies.

Elements of water and plant life are woven into a tranquil seating area and circular pathway. The memorial pays tribute to Mancini and his legacy by telling his story and providing a place for veterans to reflect, find healing and feel the community's deep appreciation for their service and sacrifice.
On November 11, 2019, before our Veterans Day Parade, our community will get their first look at the Veterans Reflection Circle project at the dedication ceremony. The dedication program will celebrate Brian's life and all Veterans who have served our country. To recognize the efforts and generosity of the donors that made this project possible, Council and staff would like formally acknowledging each contributor at the November 5, 2019 Council Work Session.

This work session will recognize the contributions of each company and be a precursor to formally accepting the donations on the Regular Consent agenda on November 5, 2019.

Policy Compliant:

This item is compliant with the City's donation policies and procurement policies.

Financial Impact:

There are no capital financial impacts with this item, the operational costs will be processed by the appropriate department as part of routine operations.

Budget Impact:

Project is currently identified in the Fiscal Year 2019 budget as P61540. The project does not have budget funding. This project will be delivered via donation and in-kind services. Any future operational costs will be programmed though the City's budget process.

FTE Impact:

There are no FTE's associated with this item.

ATTACHMENTS:

Council Meeting Date: November 5, 2019

Contact Person: Jodi Tas, MNGMNT ANALYST - SR

Submitting Department: City Manager Office

District: Citywide

Staff Recommendations: None

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

Agenda Wording:
Presentation and discussion pertaining to the Tobacco 21 Initiative.

Motion:
None. Informational presentation on Tobacco 21 Initiative.

Background:
Brian Hummel, Government Relations Director for the American Cancer Association, will discuss the Tobacco 21 initiative, statistics and an overview of the ordinances in Goodyear, Flagstaff, and Tucson.

Councilmembers Judd and Sanders are signers.

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:
1. 2019 AZ League.tobacco.v1

Cancer Policy in Arizona:

City of Surprise, AZ

Nov. 5, 2019

Brian Hummell, AZ Director of Govt. Relations

Brian.hummell@cancer.org

Cancer burden in Arizona

According to ACS *Cancer Facts & Figures 2019*

37,490 Arizonans will be diagnosed with new cancers in 2019

- 5,630 Breast (Female)
- 4,290 Lung
- 2,840 Colon & rectum
- 2,800 Prostate
- 2,340 Melanoma of the skin
- 1,780 Urinary Bladder
- 1,420 Non-Hodgkin Lymphoma
- 1,200 Uterine Corpus
- 1,110 Leukemia
- 250 Uterine Cervix

The 2nd Leading Cause of Death in Arizona

According to ACS Cancer Facts & Figures 2019: 12,470 Arizonans

- 2,630 Lung
- 1,050 Colon
- 1,040 Pancreas
- 890 Breast
- 900 Prostate
- 710 Liver
- 510 Leukemia
- 410 Non-Hodgkin Lymphoma
- 400 Brain/Nervous system
- 320 Ovary

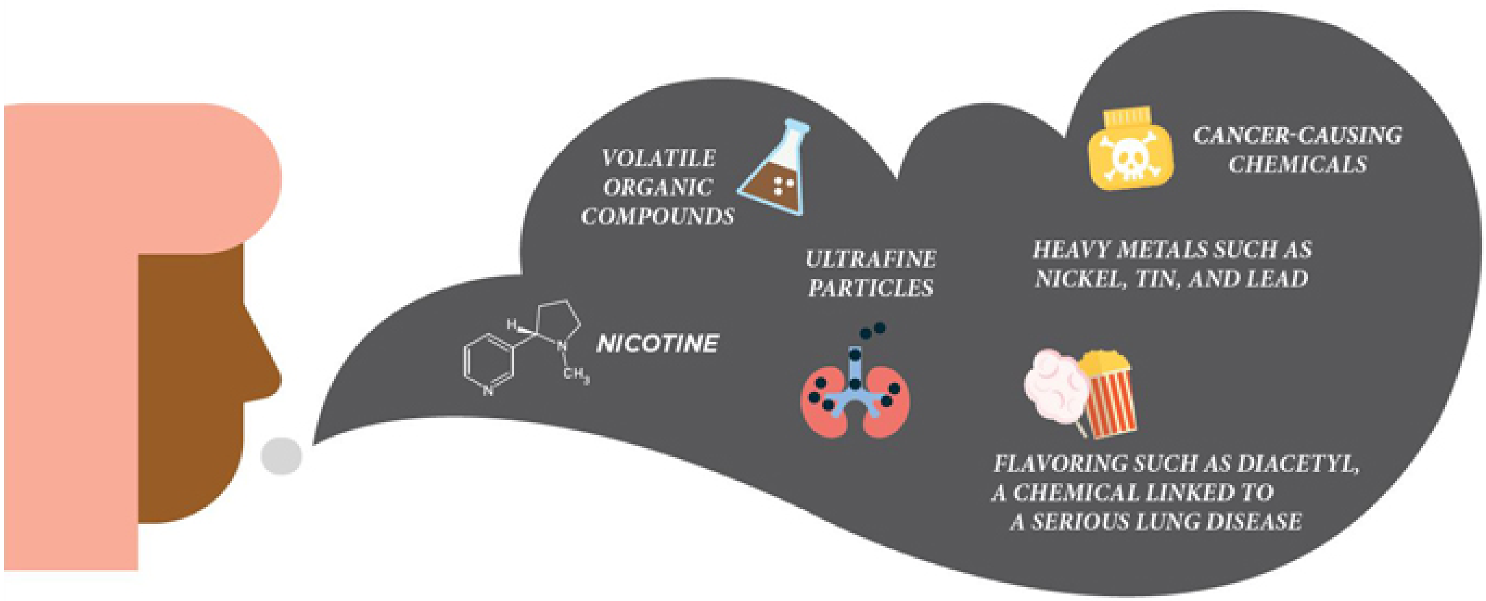
Note: About 30% of cancer death is tobacco related

What are E-cigarettes?

E-cigarettes, e-pens, e-hookah, JUUL, Suorin, mods, vape, Vaprwear etc.

What are E-cigarettes?

It aint water vapor….



CDC graphic

What are E-cigarettes?

It's an Epidemic!

National Health officials including the US Surgeon General, Secretary of Health and Human Services, former FDA Commissioner, and current Interim FDA Commissioner say youth use of e-cigarettes is an Epidemic.

Why are E-cigarettes considered tobacco?

Soterra Inc. v. United States FDA

- **The District Court's Decision**
- On January 14, 2010, the court granted the motion for preliminary injunction, and entered judgment in favor of Smoking Everywhere and NJOY. Judge Richard Leon ruled that Congress did not intend tobacco products to be drugs merely because they deliver nicotine—if this were true, traditional cigarettes would also be a drug-device combination product.[1] The court also found that the intended use of an electronic cigarette is to encourage nicotine use, rather than prevent or mitigate it.
- **The Court of Appeals' Decision**
- Senior Circuit Judge Stephen Williams affirmed the District Court's ruling that electronic cigarettes can be regulated solely as tobacco products, and not as drug-device combination products unless they are being marketed with a therapeutic purpose (cessation).[2]

Source: Tobacco Conrol Legal Consortium

Big Vape equals Big Tobacco

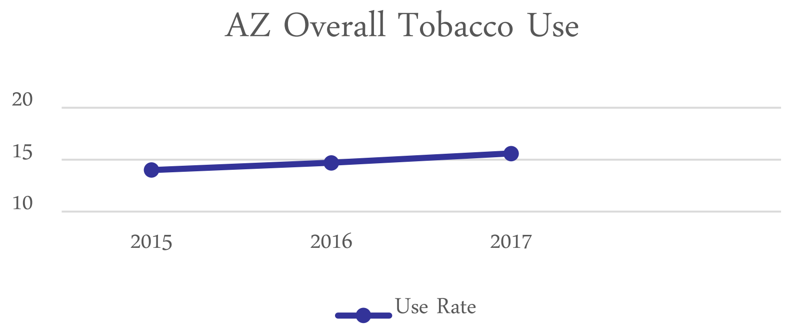
- Altria, parent company of Philip Morris, maker of Marlboro made a $13 billion investment in JUUL for 35% of the company.
- Reynolds American, parent company of R.J. Reynolds Vapor Company, maker of Camel, produces VUSE e-cigarettes.

- Imperial Brands maker of Winston owns Blu e-cigarette brand
- Japan Tobacco International maker of Camel (outside US) owns Logic e-cigarette brand

Arizona by the numbers; wrong direction

- Arizona's tobacco use rate has increased over the last three years.

- 2015 14.0%
- 2016 14.7%
- 2017 15.6%



CDC's Behavioral Risk Factor Surveillance System

AZ youth tobacco use rates:

- According to the 2018 Arizona Criminal Justice Commission survey of 48,000 Arizona 8th, 10th and 12th graders - 19.9 percent of youth reported e-cigarette use in the past 30 days (26.1 percent of 12th graders). This rate has increased since it was first assessed in 2016.

AZ "fail rate"

- According to the Arizona Attorney General's office undercover youth are able to purchase e-cigarettes 39% of the time.
- Since January, undercover youth have been able to purchase tobacco15% of the time. The last full year of data it was only 10%.

Legislation, Regulation, Legal Battles

- Flagstaff, Tucson, Goodyear, Cottonwood and Douglas AZ have passed local T21 ordinances (including e-cigarettes).
- July 2019 court ruling requires the FDA to establish market review of e-cigarettes by May of 2020. Industry appeal filed 8/15/19.
- Federal legislation to raise the age to 21, limit/prohibit flavors.
- Possible administrative action to limit/prohibit flavors.

AZ Legislature 2019 Session

- HB2357 Defines e-cigarettes as tobacco in possession/sales furnishing statutes and statewide smoke-free law
- HB2073 bad definition of e-cigarettes; light regulation; pre-emption
- SB1147 Bad definition of e-cigarettes; no regulation; pre-emption (original version allowed use of tobacco products on school campuses)
- HB2736 allows tobacco for retail sale to be housed in private residence.

Tobacco Control recommendations

- Define e-cigarettes as tobacco in possession/sales furnishing ordinances and smoke-free ordinances
- Establish annual tobacco retail licensing including real enforcement with possibility of suspension and revocation for multiple offenses.
- Establish increased age for sale of tobacco to 21
- Increase tax by at least $1 per pack where possible (AZ local jurisdictions are preempted from raising tobacco tax).
- Increase funding for tobacco prevention and cessation programs.
- Strengthen smoke free ordinances.

Preemption is the name of the game

- "We could never win at the local level…. so the Tobacco Institute and tobacco companies' first priority has always been to preempt the field, preferably to put it all on the federal level, but if they can't do that, at least on the state level."
  – Victor L. Crawford, Former Tobacco Institute Lobbyist, Journal of the American Medical Association, 7/19/95

But they're trying:

- Across the U.S. this year, tobacco lobbyists have thrown considerable lobbying prowess behind their legislative efforts. Altria employed at least 409 lobbyists in 49 states in 2017; Reynolds had 257 in 39 states, according to the most recent complete data from the National Institute on Money in Politics. Juul had just 16 that year but has since staffed up: It had at least 40 lobbyists in 2018, and in the eight states that passed Tobacco 21 laws this year, state records show, Juul hired at least 13 additional lobbyists.

USA Today/AZ Republic, May 23, 2019 *Big Tobacco's Surprising New Campaign to Raise the Smoking Age*

Thank You!

CITY OF SURPRISE
Regular City Council Work Session

Council Meeting Date: November 5, 2019
Contact Person: Jodi Tas, MNGMNT ANALYST - SR
Submitting Department: City Manager Office
District: Citywide
Staff Recommendations: None

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

Agenda Wording:

Presentation and discussion pertaining to the Proposition 400 Extension by Maricopa Association of Governments.

Motion:

None. Presentation and discussion on Prop 400 extension.

Background:

Eric Anderson, Executive Director of Maricopa Association of Governments will present and provide updates on the Proposition 400 Extension.

Objective Analysis:

Continuation of the dedicated transportation sales tax in Maricopa County is critical to meet the transportation needs of our growing region. Prop 400, the current, voter approved sales tax for transportation in Maricopa County, is set to expire at the end of 2025. Prop 400 planning process began in July 2000 with all cities in Maricopa County. Prior to legislators approving Prop 400 (February 2004), MAG approved the 2003 Regional Transportation Plan (RPT) in November 2003. This was required prior to the passing of legislation to move forward with the November 2004 ballot measure.

Prop 400 was significantly different than Prop 300. Prop 300 funds were utilized to build roads. Prop 400 included three major modal programs: Freeway Program ($9.043 billion), Transit Program ($5.002 billion) and the Arterial Program ($1.464 billion). The aforementioned programs were defined by a 20 year list of projects that were guided by statutory requirements and managed via a “Life Cycle Program” concept. This distribution of funding by program seems to have created several problems for us, especially in the West Valley since our programs were based on population which was significantly lower when the Prop 400 discussions began in the early 2000’s.

Prop 400 is a county-wide ½ cent sales tax that was projected to provide $8.98 billion in revenue for the programs. With that being said, there are other funding sources for Prop 400. Those sources are ADOT Highway funds (make up 26.1%), Federal Transit funds (make up 12%), MAG Federal funds (make up 8.1%) and Sales tax which is the ½ cent tax (53.8%). ADOT Highway funds projected revenues are $4.121 billion and they are comprised of ADOT federal funds and gas tax funds (HURF – which as we know, are threatened year after year). The ADOT funds are allocated to the MAG region based on State statutes and the ADOT five year construction plan. Federal Transit funds projected revenues are $1.890 billion and are comprised of formula funds to MAG and Federal discretionary awarded to projects. The allocation of formula funds to MAG are set by federal transportation legislation and other factors. MAG Federal funds projected revenues are $1.275 billion. The allocation is also based on federal transportation legislation and includes Congestion Mitigation and Air Quality (CMAQ) and Surface Transportation Block Grant Program (STBGP). The breakdown for the three modal programs are as follows:

- Freeway Program $9.043 billion 53% sales tax, 47% state/federal
- Transit Program $5.002 billion 56% sales tax, 44% federal
- Arterial Program $1.464 billion 59% sales tax, 41% federal

Unfortunately, Prop 400 has not brought the expected revenue due to the downturn in the economy and our gas efficient autos. To date, MAG projects a loss of expected revenue of 40% because of these factors, hence, why many projects have not been completed and why an extension is needed.

Prop 400 also includes additional programs such as Paving of Unpaved Roads, Active Transportation, Transportation Studies, Street Sweepers and Intelligent Transportation Systems (ITS).

There were many challenges with Prop 400 such as the economy, the growth of our region, impact of technology, revenue uncertainty, etc. One of the biggest challenges was the ability to accurately predict our needs (20 years' worth of projects). The solution is better funding policy framework. Discussions regarding the framework have begun and will continue. This includes the thorough review of the Regional Transportation Plan which is federally required. MAG suggests that the region decouple the region's funding policy from the Regional Transportation Plan and restore the Region's Plan to a visionary document that will change with the needs of our region and more importantly, have flexibility to assist with our respective cities.

MAG would like to enable legislation for a Prop 400 extension. MAG is currently discussing pursuing enabling legislation in 2020 (for 2021 ballot measure) to continue the regional sales tax. A series of discussion with MAG policymakers will shape enabling legislation through 2020. Our transportation infrastructure is critical to creating economic opportunity in the region, including job creation and improving quality of life.

Policy Compliant:

Financial Impact:
Presentation only.

Budget Impact:
Presentation only.
FTE Impact:
This item does not impact the overall full-time equivalent count,

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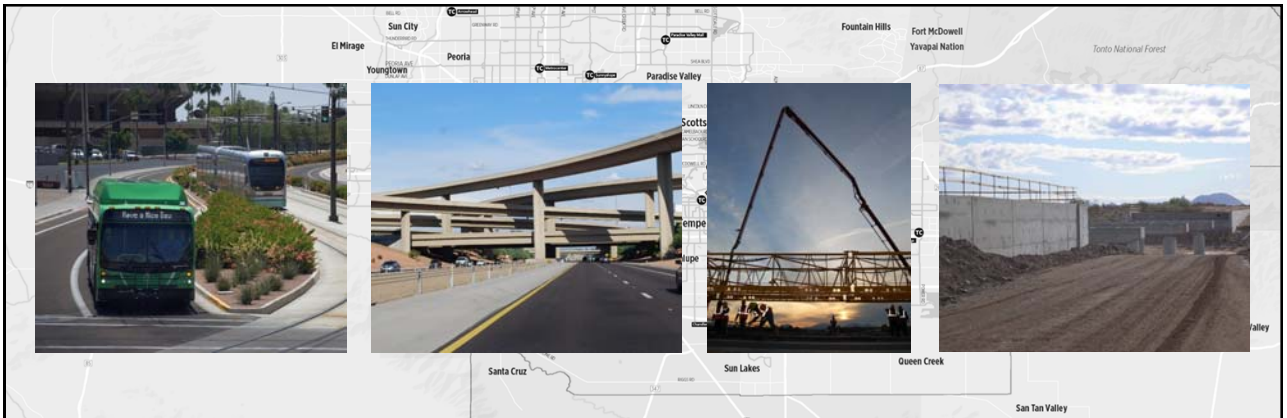
ATTACHMENTS:
1. 20191105 P400E Surprise



Update on Proposition 400 Extension, Regional Transportation Plan

Surprise City Council
November 5, 2019

Presentation Overview

1. Proposed Policy Framework
2. Financial Overview and Cost Assessment
3. Next Steps

Extension of Proposition 400

1. Proposed Policy Framework

Extension of Proposition 400

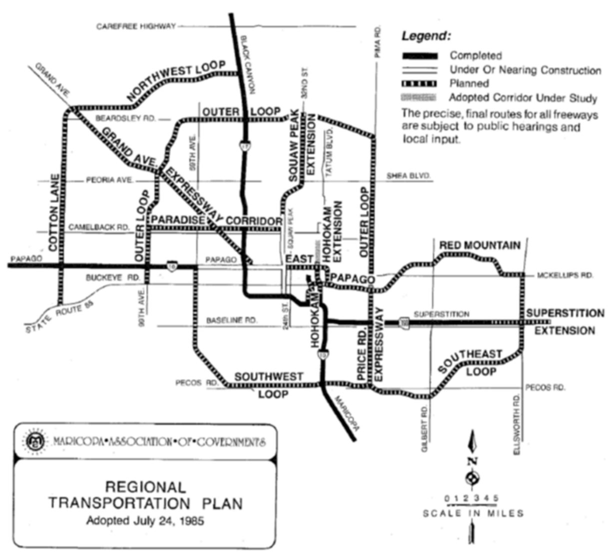
Prop 300

1/2 cent, 20-year sales tax

Needs:

- Build loop freeway system
- Establish regional public transit planning

Proposition 300
Approved by 72%

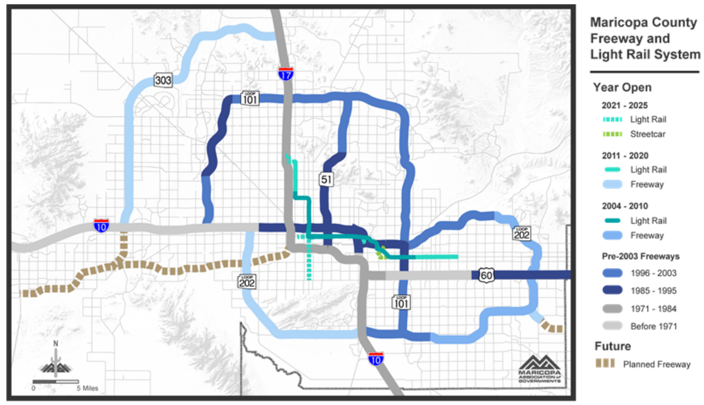


Prop 400

1/2 cent, 20-year sales tax (2006 – 2025)

Needs:

- Finish loop freeway system and expand existing network
- Grow transit program; establish 20-mile light rail system
- Invest in arterial grid network



Prop 400 Lessons Learned

- Specific projects provided certainty, commitment to long-range projects
- Reliant on accuracy for 20+ year projects (i.e., revenues, costs, market conditions, needs)
- Ambiguity on roles, responsibilities, and policy framework for decisions across programs
- Things change: multiple counties, impact of technology, revenue uncertainty

Publicity Pamphlet
Sample Ballot

For the

MARICOPA COUNTY
CONTINUATION OF THE ONE-HALF CENT
TRANSPORTATION EXCISE (SALES) TAX ELECTION

Proposition to be submitted to the qualified electors of the County of Maricopa at the

GENERAL ELECTION
NOVEMBER 2, 2004

(Project Maps on pages 9, 10 & 11)
(Spanish version begins on page 43)

Folleto Publicitario
Boleta de Muestra

Para el

CONDADO DE MARICOPA
ELECCIÓN PARA LA CONTINUACIÓN DE LA IMPOSICIÓN DEL MEDIO CENTAVO DE IMPUESTOS (VENTAS) PARA TRANSPORTES

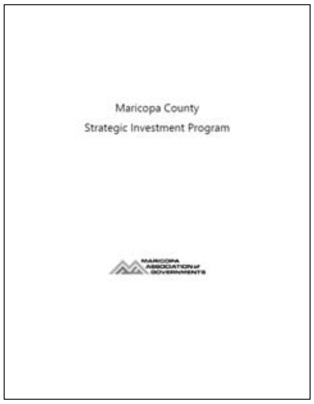
Proposición que será entregada a los electores con derecho a voto en el Condado de Maricopa en la

ELECCIÓN GENERAL
2 DE NOVIEMBRE DE 2004

(Mapas de los Proyectos en las páginas 51, 52 y 53)
(La versión en español comienza en la página 43)

Extension of Proposition 400

Funding Policy Model


Maricopa County
Strategic Investment Program

- Decouple the region's funding policy from the Regional Transportation Plan
  - Restore the Regional Transportation Plan to a visionary document
- Creation of new a new funding policy document: simple, transparent and flexible
  - Maricopa County Strategic Investment Program

Extension of Proposition 400

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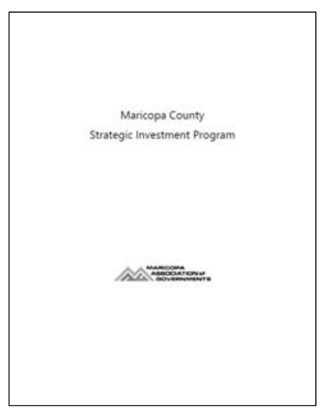
Funding Policy Model

1. Document available resources (revenues)
2. Articulate regional goals and priorities
3. Allocate funding in accordance to these priorities
4. Set policies to manage changes and implementation
5. Ensure consistency and transparency


Maricopa County
Strategic Investment Program

Extension of Proposition 400

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2. Financial Overview and Cost Assessment

Presentation Background

- The information represents preliminary, high-level estimates ("sketch")
  - Information intended to provide order-of-magnitude context
  - Robust needs assessment and fiscal projections will occur as part of the plan development process (2020-2021)
- Information presented over a 25 year period (2026-2050)
- All revenue projections and cost estimates are in 2019 dollars
- Intended to inform enabling legislation discussions (e.g., authorization amount, duration)

Sketch Revenue Estimates

Extension of Proposition 400

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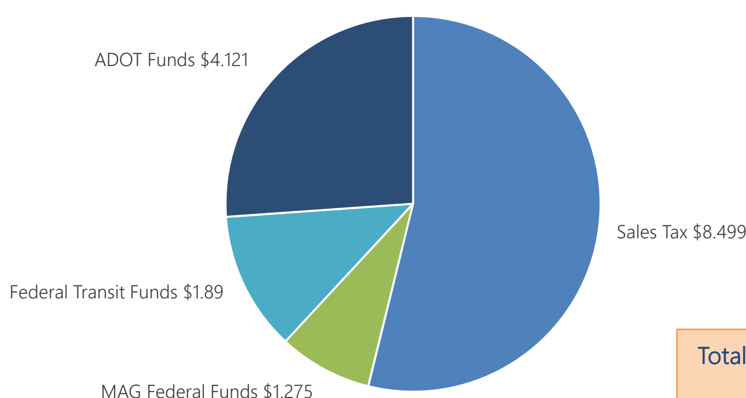
Projected Revenue Estimates – Prop 400

2003 Regional Transportation Plan – Revenue Sources

Billions, 2002$



Total: $15.785 billion

($23.18 billion if inflated to 2019$)

Extension of Proposition 400

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Sketch Revenue Estimates (2026-2050)

Source	
Sales tax (half-cent)	$14.94 b
ADOT funds	$8.89 b
MAG federal funds	$3.17 b
Transit funds*	$2.06 b
Total	$29.06 b
**Federal transit discretionary funds*	*$1.82 b – 4.28 b*
Total with discretionary	$30.88 b – 33.34 b

Extension of Proposition 400

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Operations and Maintenance Cost Review

Extension of Proposition 400

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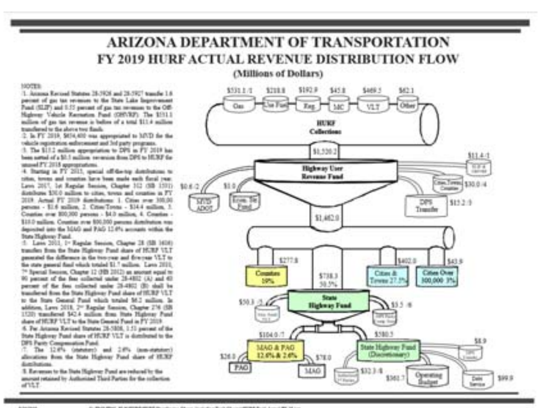
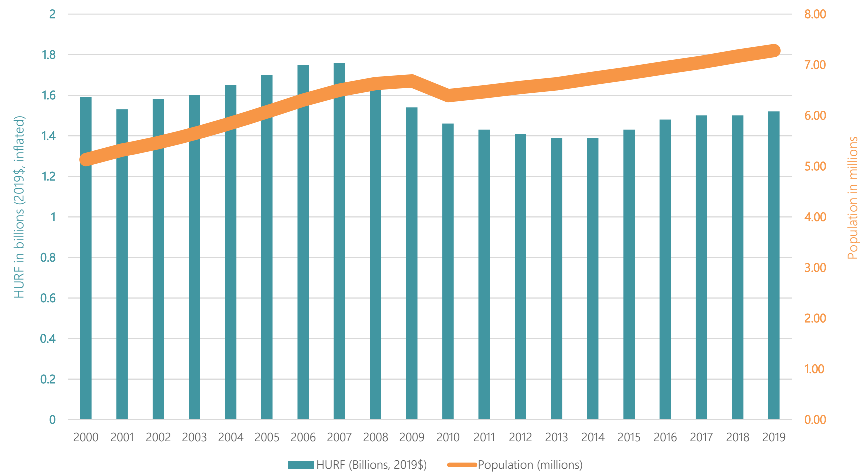
Implications of Diminishing HURF Collections: Highway, Arterial Operations & Maintenance

Highway User Revenue Fund (HURF)



- Highway User Revenue Fund (HURF) distributed based on a formula
  - 50.5% to ADOT
  - 30.5% to cities and towns
  - 19.0% to counties
- Historically, HURF has been the primary revenue source for highway and local roadway maintenance
- State gas tax hasn't increased since 1991

HURF Collections
(total statewide collections, 2019$)



Extension of Proposition 400

Operations & Maintenance - Arterials

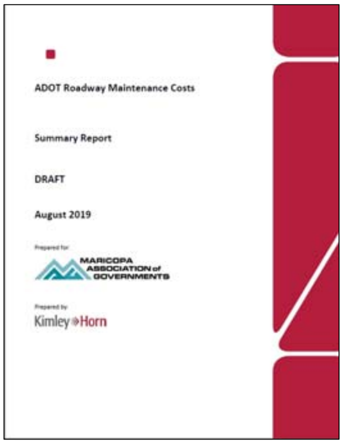
- Estimated maintenance needs (2026-2050):

Costs	$6.46 b
Revenues	$3.62 b
Shortfall	$2.84 b

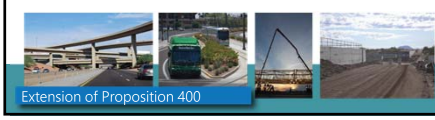
- Shortfall results in strain on local budgets
  - Competing interests between expansion and maintenance needs
  - Significant non-HURF funding allocated to maintenance activities

Extension of Proposition 400

Operations & Maintenance – Highways/Freeways



- ADOT and MAG worked collaboratively to put together an assessment of needs
- Reviewed a number of different elements
  - Pavement
  - Litter
  - Vegetation
  - Guiderails
  - Bridges
  - Lighting
  - Drainage
  - Signs/striping



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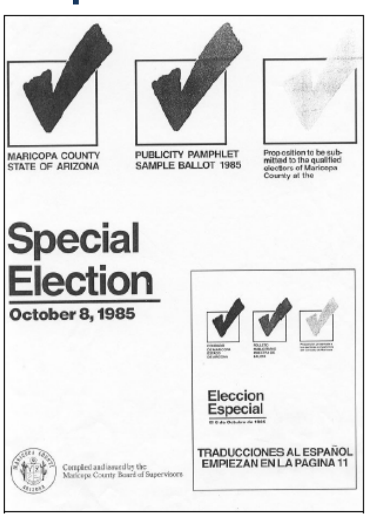
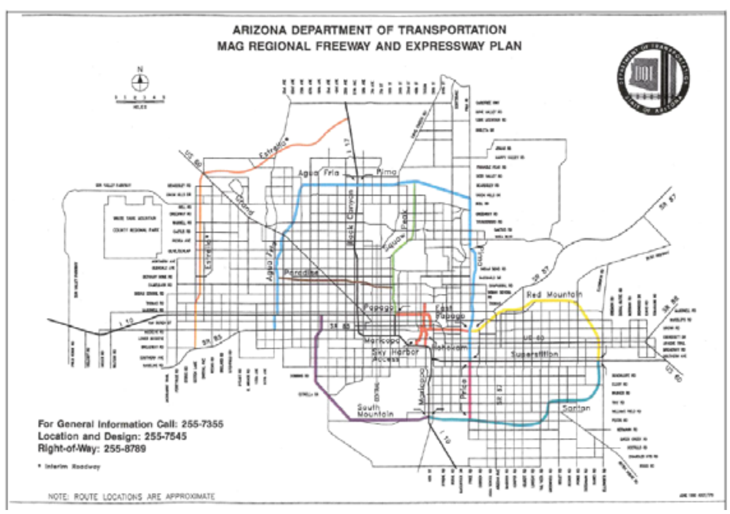
Operations & Maintenance – Highways/Freeways





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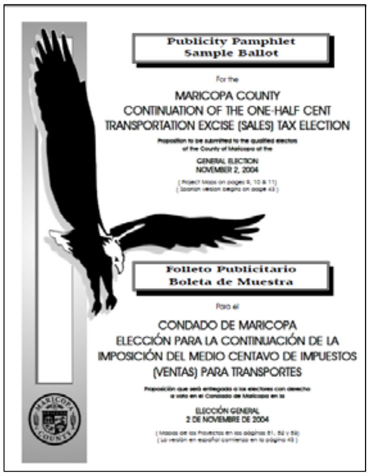
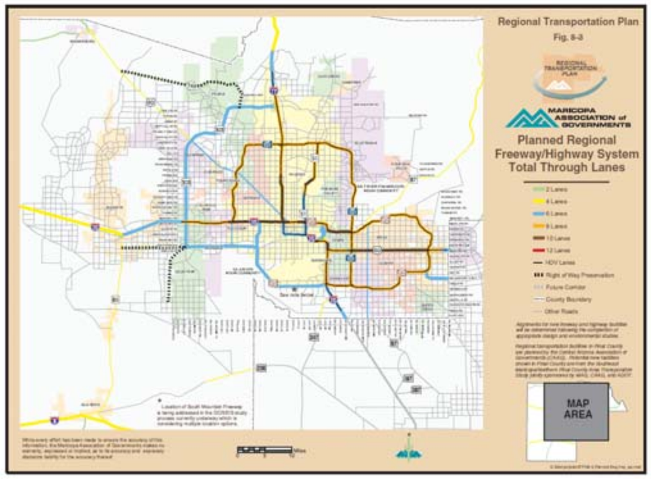
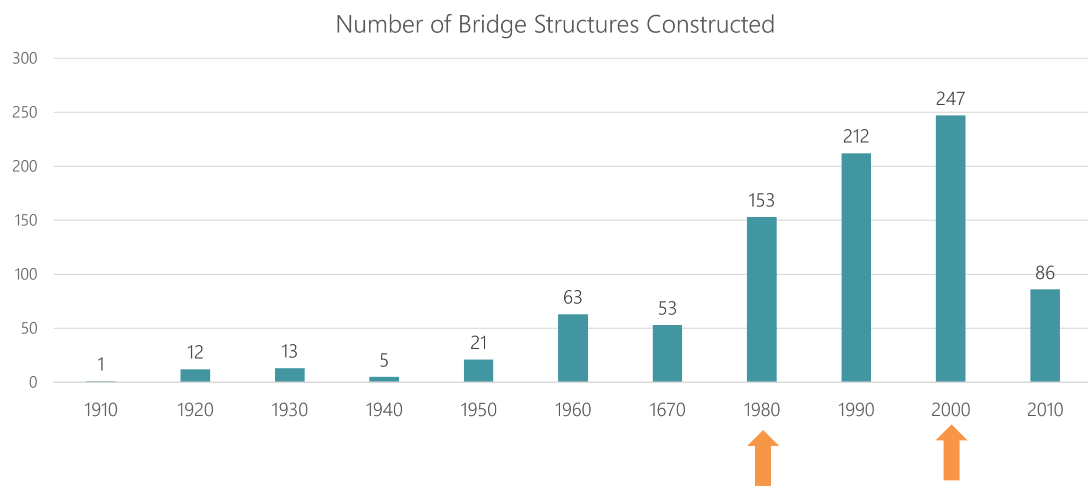
Operations & Maintenance – Highways/Freeways





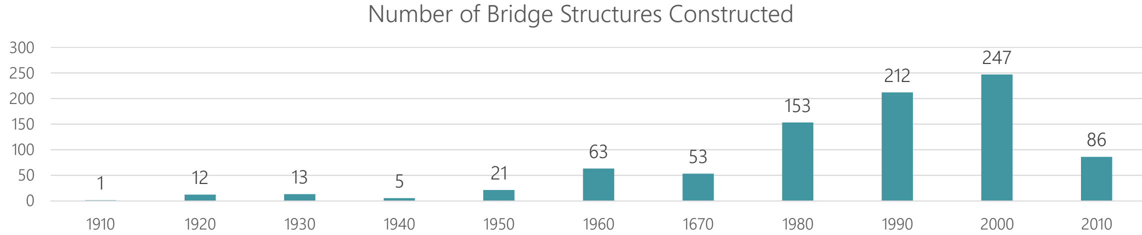
Extension of Proposition 400

Operations & Maintenance – Bridges

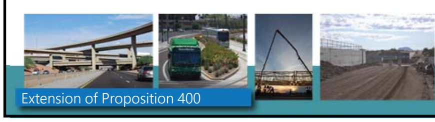


Extension of Proposition 400

Operations & Maintenance – Bridges



Maintenance Treatment	2020-2029	2030-2034	2035-2039	2040-2044	2045-2049	Total
Seal Deck/Replace Joints	$54.78	$2.20	$0.66	$1.10	$4.84	$63.58
Deck Overlay/Replace Joints	$249.26	$168.19	$122.21	$179.08	$12.10	$730.84
Bridge Rehab	$265.65	$217.35	$710.01	$347.76	$647.22	$2,187.99
Replace Bridge	$57.92	$159.28	$267.88	$144.80	$181.00	$810.88
Total	$627.61	$547.02	$1,100.76	$672.74	$845.16	$3,793.29



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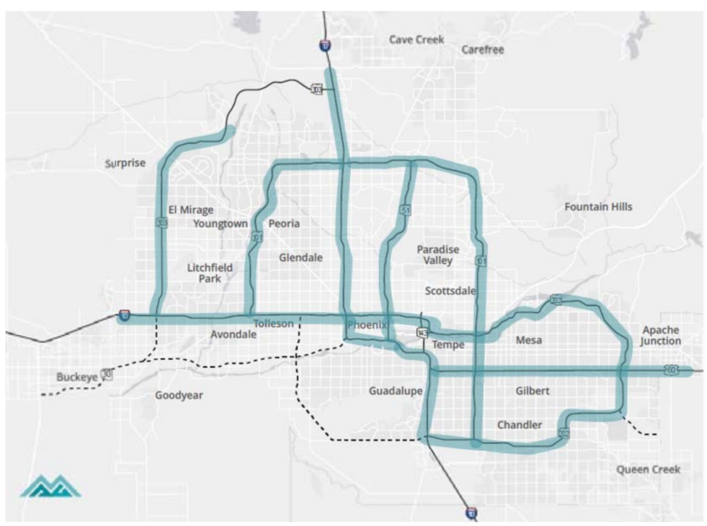
Operations & Maintenance – Rubberized Asphalt



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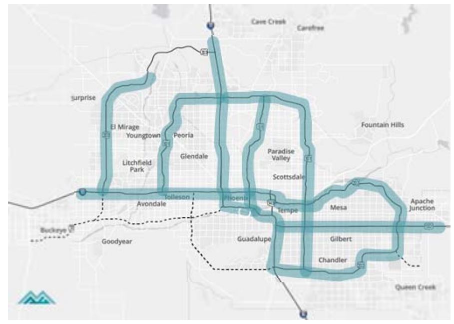
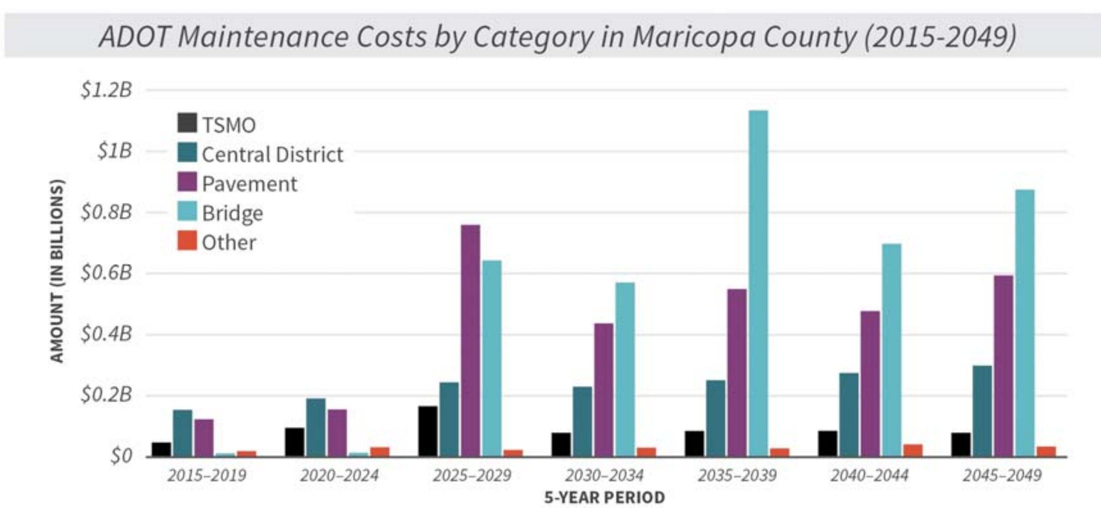
Operations & Maintenance – Rubberized Asphalt



Roadway Type	2020-2029	2030-2034	2035-2039	2040-2044	2045-2049	Total
State Route Lanes	$338.15	$170.52	$167.63	$170.52	$167.63	$1,014.45
U.S. Highway Lanes	$64.54	$32.56	$31.98	$32.56	$31.98	$193.62
Interstate Lanes	$183.00	$43.33	$139.67	$43.33	$139.67	$549.00
Total	$585.69	$246.41	$339.28	$246.41	$339.28	$1,757.07

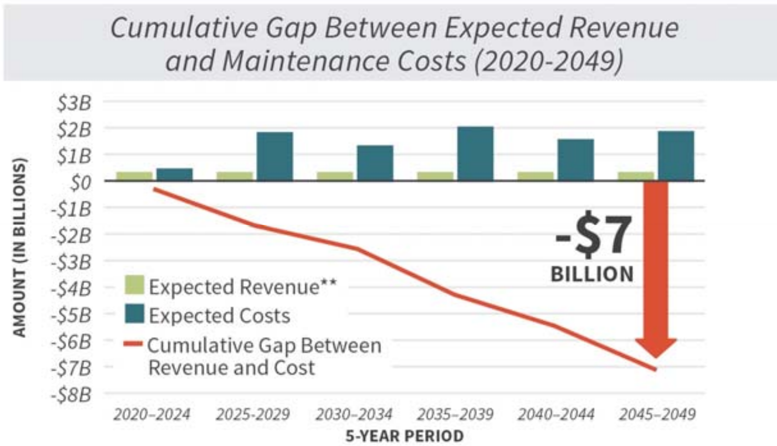
Extension of Proposition 400

Operations & Maintenance – Highways/Freeways



Extension of Proposition 400

Operations & Maintenance – Highways/Freeways



⚠ If the level of maintenance spending does not increase from 2015-2019 levels, it is expected there will be a cumulative revenue shortfall of more than $7 billion by 2049 to address expected maintenance needs in Maricopa County.

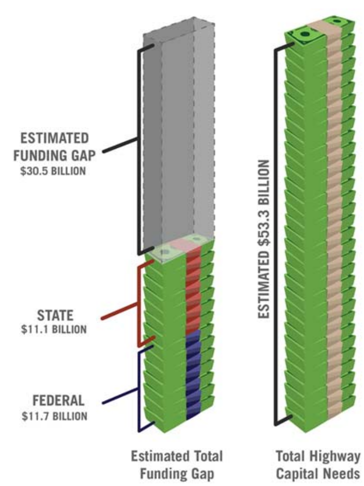
**Based on 2015-2019 costs

Extension of Proposition 400

Operations & Maintenance – Highways/Freeways

Policy questions

- What is the region's role in funding maintenance?
- Should we continue to expand the metropolitan system if the state cannot maintain the infrastructure?
- What value-added elements does the region want to invest (e.g., rubberized asphalt, litter pick-up)?



State Revenue Forecast (2016-2040)
Source: ADOT Long-Range Transportation Plan (2018)

Extension of Proposition 400

Transit Operations and Maintenance

Extension of Proposition 400

Regional Transit Funding Comparison

Comparable peer metropolitan regions

- The region will be unable to fund a comprehensive transit system relying only on the regional tax
- Phoenix, AZ (MAG Metropolitan Region)
  - County excise tax for transit: 0.17 cent (Prop 400)
  - Additional dedicated local taxes
  - Valley Metro annual bus & rail ridership: 66.8M/YR

Extension of Proposition 400

Operations & Maintenance – Transit

- In FY 2019, local funding comprised 58 percent of bus transit costs
  - City of Phoenix contributes 70 percent of the local bus transit funding
- The scenarios do not reflect any local funding contributions

Source: Valley Metro

Extension of Proposition 400

Operations & Maintenance – Transit

Three scenarios were developed to provide order-of-magnitude context of future costs:

Base Scenario

- Transit service and capital currently reflected in our Regional Transportation Plan as well as Phoenix's T2050 plan.

Service Quality Enhancement Scenario

- Base scenario *plus* increased investments on corridors with demand (more frequent service).
- Assumes no geographic expansion beyond the base scenario.

System Expansion Scenario

- Base scenario *plus* expansion of the system into areas it does not reach (wider footprint of service).
- Assumes no service quality enhancement beyond the base scenario.

Extension of Proposition 400

Operations & Maintenance – Regional Bus

	Base Scenario (RTP, T2050)	Service Quality Enhancement Scenario	System Expansion Scenario
Capital	$4.91 b	$5.52 b	$5.37 b
Operating	$9.89 b	$15.40 b	$11.73 b
Fare Revenue*	(20%) -1.35 b	(25%) -3.06 b	(15%) -1.29 b
Total	**$13.45 b**	**$17.86 b**	**$15.82 b**

**Farebox revenues calculated as a percent of operating costs, excluding administrative, support facilities, etc.*

Operations, Maintenance, Capital – High Capacity Transit

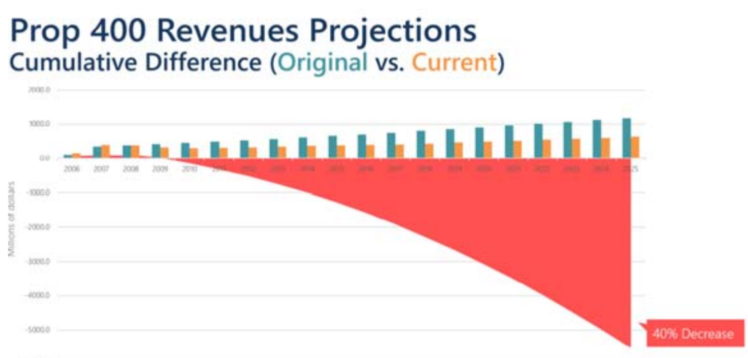
	Base Scenario (RTP, T2050)	Service Quality Enhancement Scenario	System Expansion Scenario
Capital	$4.55 b	$7.59 b	$9.13 b
Operating	$3.37 b	$5.32 b	$3.38 b
Fare Revenue*	(20%) -0.85 b	(25%) -1.33 b	(15%) -0.85 b
Total	**$7.07 b**	**$11.58 b**	**$11.66 b**

**Farebox revenues calculated as a percent of operating costs, excluding administrative, support facilities, etc.*

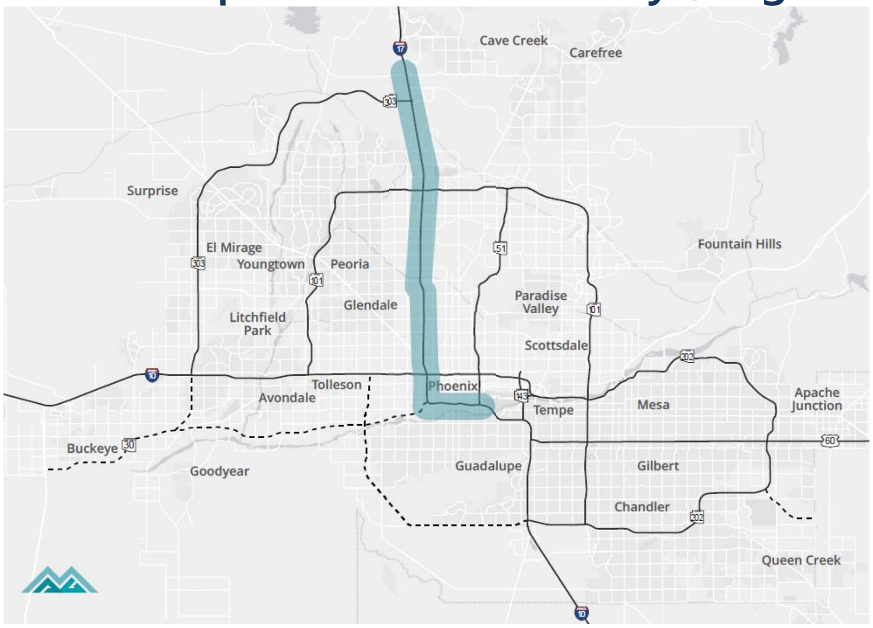
Sketch Capital Costs

Sketch Capital Costs – Freeways/Highways

- Over the life of Prop 400, half-cent sales tax collections are expected to be 40 percent less than original projected
- Projects and service have been deferred to maintain fiscal balance
- Increased traffic and changes in travel patterns have created additional needs



Sketch Capital Costs – Freeways/Highways

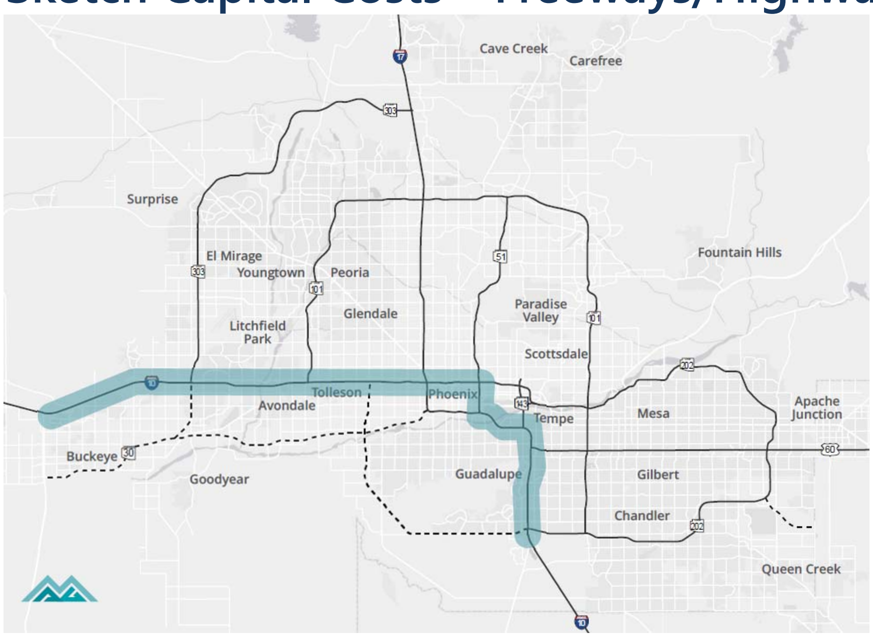


I-17

Deferred interchanges
Spine study
Reconstruction
Widening

Total: $3.50 b

Sketch Capital Costs – Freeways/Highways

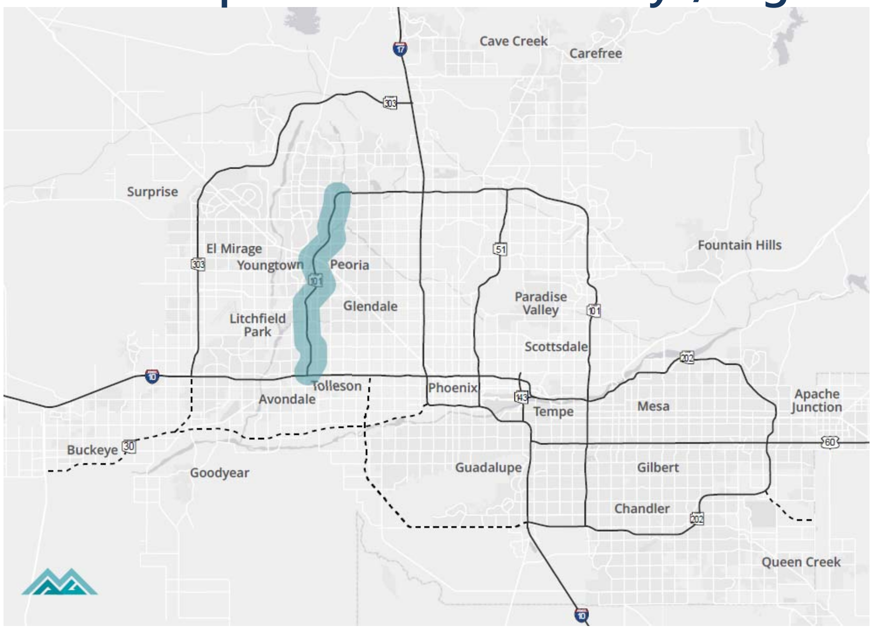


I-10

Spine Study
Baseline interchange
Collector-Distributor Roads
Tunnel to the Split

Total: $2.25 b

Sketch Capital Costs – Freeways/Highways

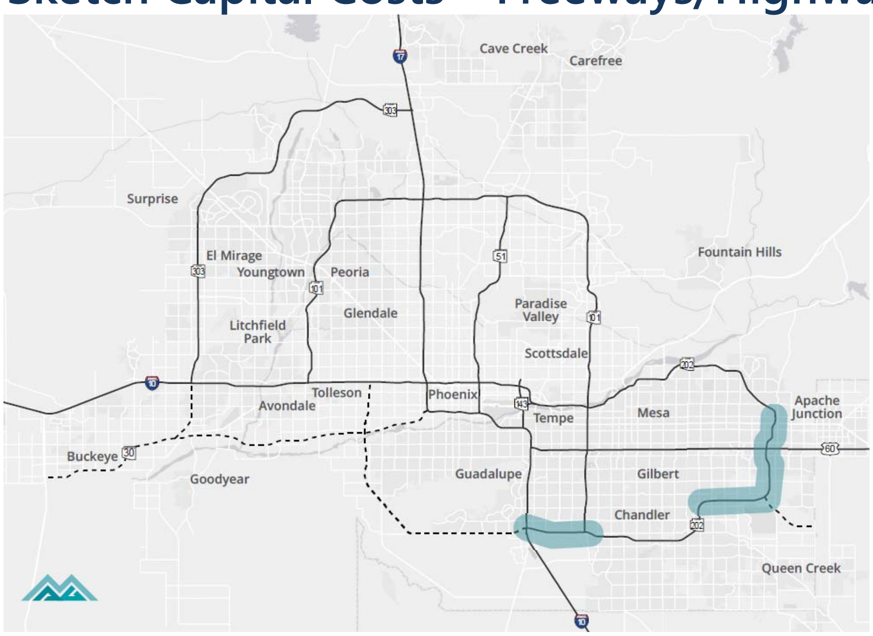


SR-101L

Deferred widening

Total: $0.30 b

Sketch Capital Costs – Freeways/Highways

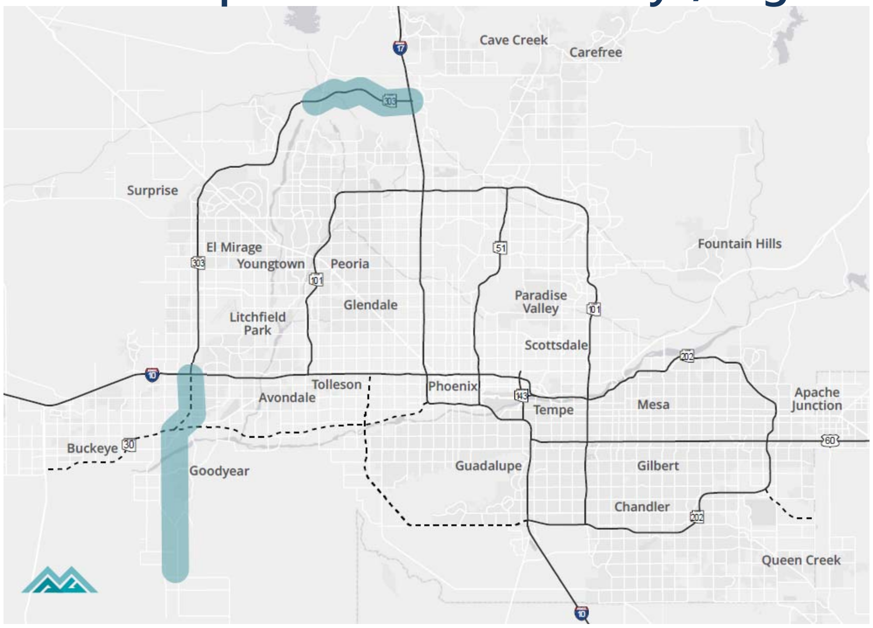


SR-202L

Deferred HOV
Deferred widening

Total: $0.20 b

Sketch Capital Costs – Freeways/Highways

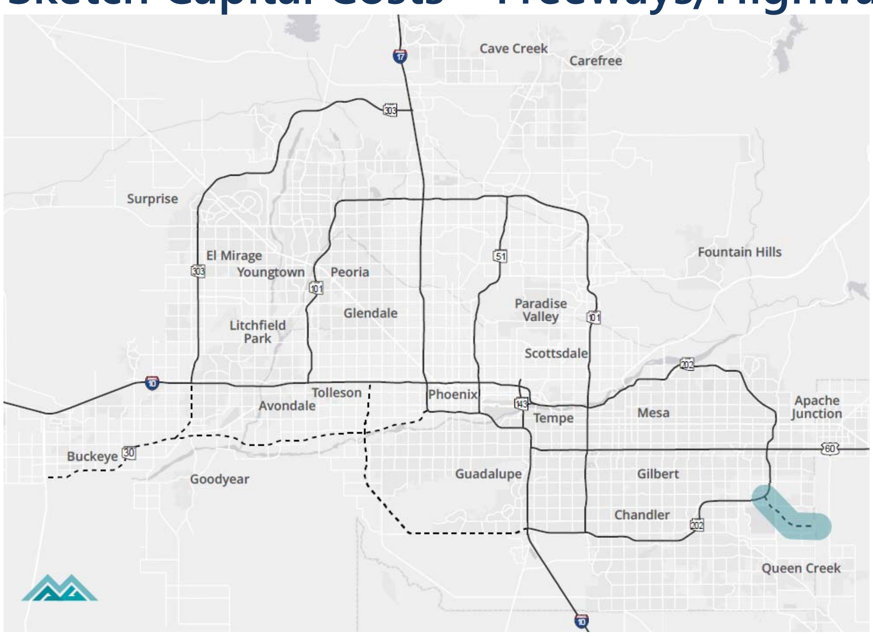


SR-303L

Deferred interchange
Deferred construction
Right of way

Total: $1.50 b

Sketch Capital Costs – Freeways/Highways

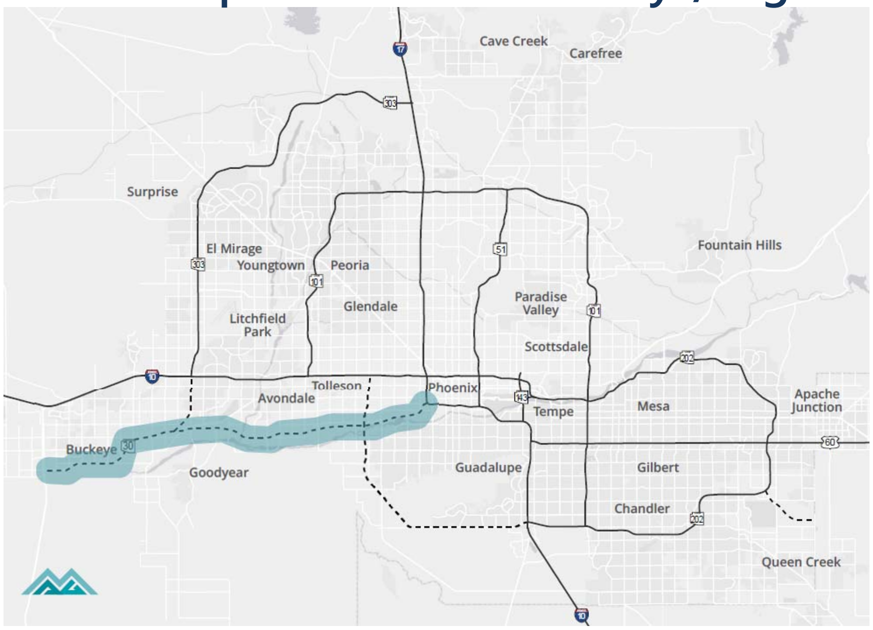


SR-24

Full-build

Total: $0.15 b

Sketch Capital Costs – Freeways/Highways

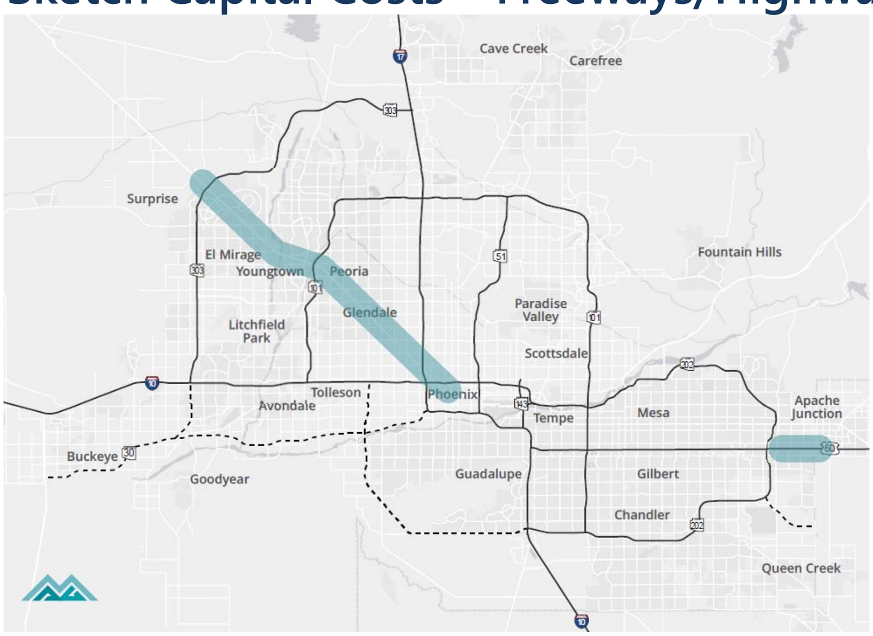


SR-30

Full-build

Total: $5.25 b

Sketch Capital Costs – Freeways/Highways

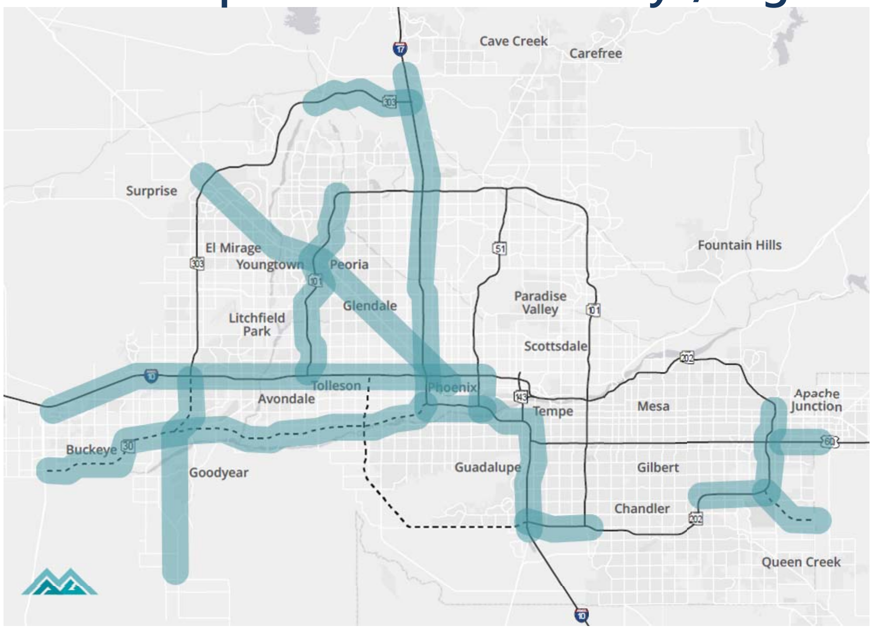


US-60

Deferred improvements
COMPASS study

Total: $1.20 b

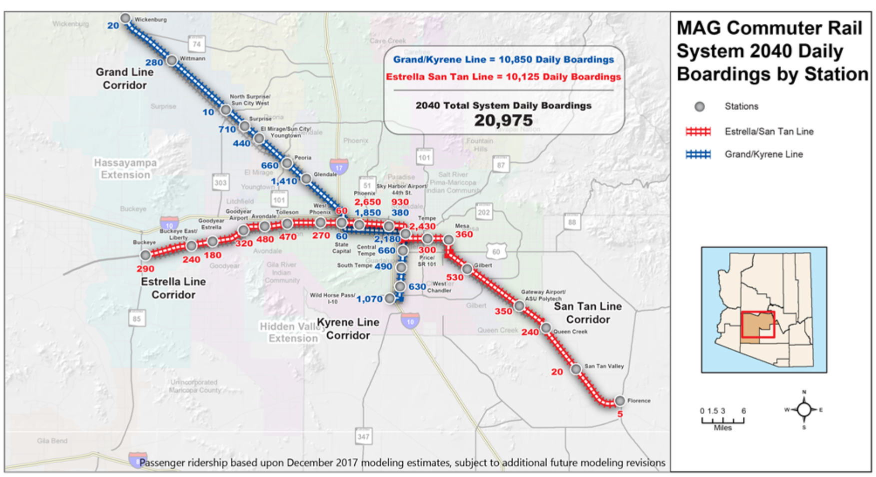
Sketch Capital Costs – Freeways/Highways



Total Studied Freeway Needs

$14.40 b

Sketch Capital Costs – Commuter Rail



Capital Costs:	$2.65 b
Operating costs:	$0.7 b
Total:	$3.34 b

Extension of Proposition 400

Sketch Capital Costs – Active Transportation

Projected costs: $0.50 b

ACTIVE
TRANSPORTATION PLAN

Extension of Proposition 400

Sketch Capital Costs – SM&O (ITS)

Projected costs: $0.63 b

Extension of Proposition 400

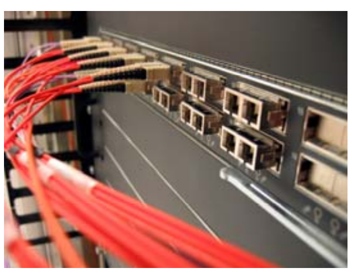
Summary: Sketch System Costs, Revenues

Sketch Costs	
Studied Freeway Capital	$14.40 b
Commuter Rail	$3.34 b
Active Transportation	$0.50 b
System Mgmt & Operations	$0.63 b
Arterial O&M	$2.84 b
Freeway O&M	$7.00 b
Bus Transit	$13.45 b - $17.86 b
High Capacity Transit	$7.07 b - $11.66 b
Total	$49.21 b - $58.21 b

Sketch Revenue Estimates (2026-2050)	
Sales tax (half-cent)	$14.94 b
ADOT funds	$8.89 b
MAG federal funds	$3.17 b
Transit funds*	$2.06 b
Total	$29.06 b
**Transit federal discretionary funds*	*$1.82 b – $4.28 b*
Total with discretionary	$30.88 b – $33.34 b

Extension of Proposition 400

Sketch Capital Costs



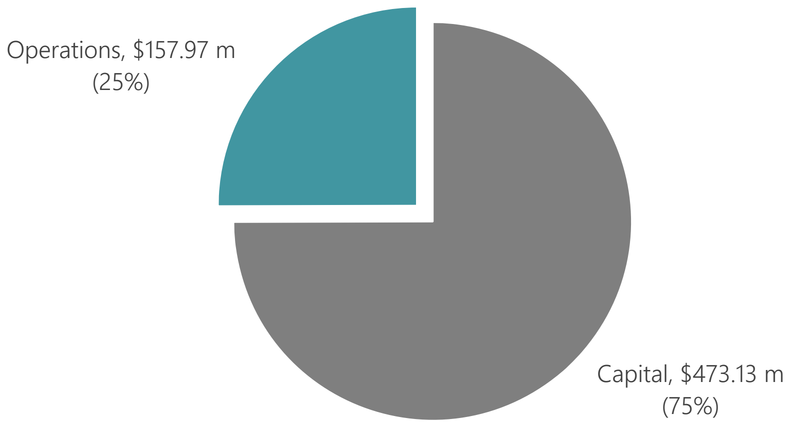
Technology $?

Arterials Capital Improvements $?

Safety $?

Extension of Proposition 400

Projected FY 2025 Half-Cent Collections: $631.1 m



Extension of Proposition 400

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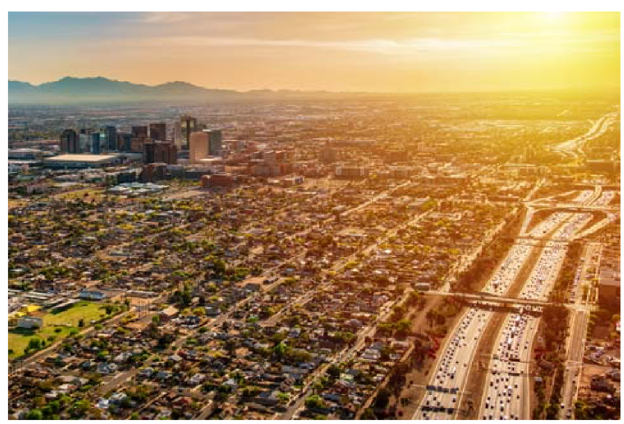
Summary

- Significant regional needs still exist
  - Great Recession has led to Proposition 400 project deferrals
  - System expansion still needed
  - Increased need for multimodal investments
  - Considerations of maintenance and modernization
- The region will need to **weigh trade-offs** as the plan is developed
- Policy implications to consider for enabling legislation
- **Half-cent sales tax *alone* will not meet regional needs**



Extension of Proposition 400

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3. What Are the Next Steps?

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5-YEAR OUTLOOK

2019 2020 2021 2022 2023 2024 2025

Enabling Legislation Discussions

Development of Regional Transportation Plan

Air Quality Conformity

Request ballot placement

Tentative Election Target
November 2022

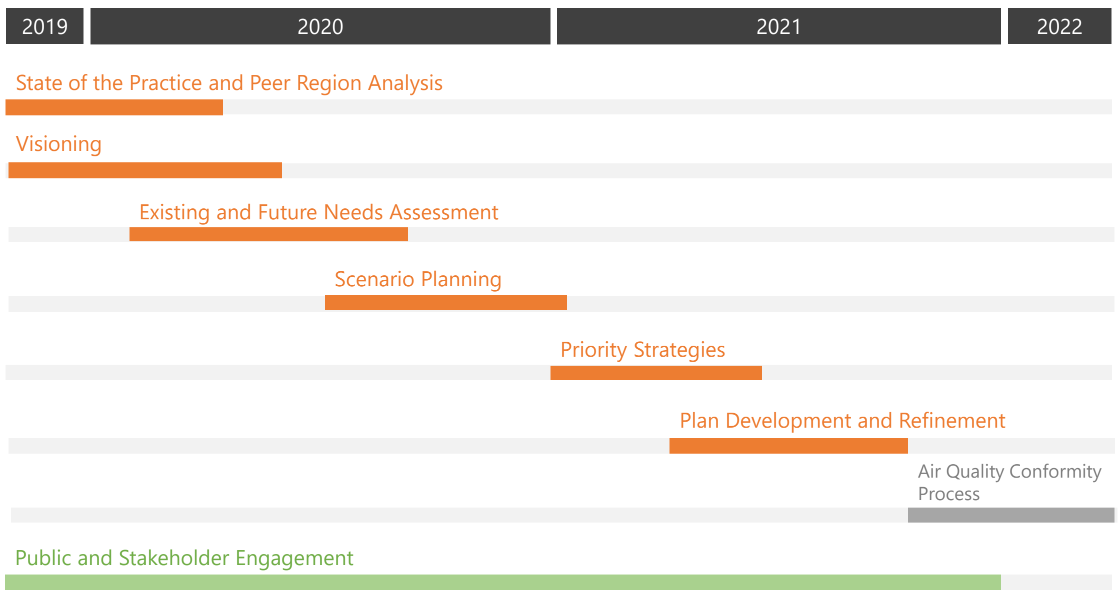
Backup Date for Election
November 2024

Prop 400 Collections Expire
December 31, 2025

Continuous public and stakeholder engagement

Enabling Legislation Opportunity

PLAN DEVELOPMENT



Draft, subject to modification

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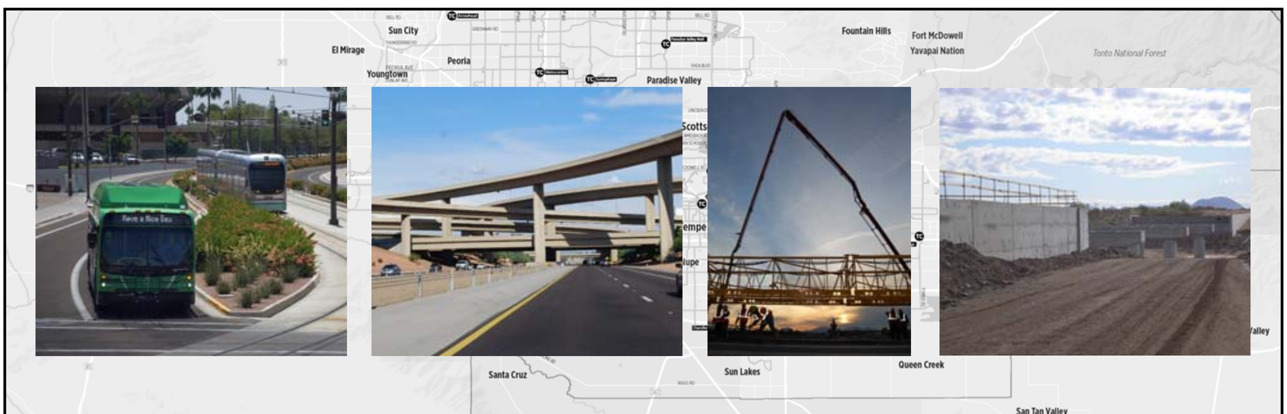

Update on Proposition 400 Extension, Regional Transportation Plan

Surprise City Council
November 5, 2019

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CITY OF SURPRISE
Regular City Council Work Session

Council Meeting Date: November 5, 2019

Submitting Department: Finance
Staff Recommendations: None

Contact Person: Andrea Davis, DIRECTOR - FINANCE
District: Internal

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

Agenda Wording:
Presentation and discussion pertaining to the FY2019 Financial Status Report through June 2019.

Motion:
Discussion only, there is no action.

Background:
This update will review the financial activity through the month of June 2019.

Objective Analysis:
The comparison of the actual financial activity to the plan laid out in the budget helps the city to determine the current financial position. This will allow for better short and long term financial planning as the current fiscal year is underway and the planning for the next budget begins.

Policy Compliant:
This item is compliant with City and Council Policy.

Financial Impact:
The attached presentation provides an update of the year to date revenue and expenditures for the General Fund (including Sports and Tourism Fund as they were budgeted together in FY2019).

Budget Impact:
This item does not amend the current fiscal year budget .There will be discussion of the city's financial performance to-date.

FTE Impact:
This item does not change the full=time equivalent position count.

ATTACHMENTS:
1. 20191105 FY2019 Financial Status Update 11.5

SURPRISE
ARIZONA

FY2019 Year End Financial Status Update

City Council Meeting

November 5, 2019

Sources Category Examples

Local Sales Tax: Tax on Retail, Restaurants, Construction

Intergovernmental: State-shared sales tax, income tax, vehicle license

Charges for Services: Fees for programs and services (permits, youth soccer)

Primary Property Tax: Tax levied on property for operations

Franchise Fees: Fees related to sales from franchised utility companies within the city (APS, Cox, Southwest Gas, EPCOR)

Transfers In: Indirect cost assessments

FY2019 General Fund Sources

Category	FY19 Budget Thru June	FY19 Actual Thru June*	Amount Variance	Percent Variance
Local Sales Tax	$46.6	$48.3	$1.7	3.6%
Intergovernmental	36.3	36.0	(0.3)	(0.8%)
Charges for Services/Other	12.2	19.7	7.5	61.5%
Primary Property Tax	7.9	7.9	0.0	0.0%
Franchise Fees	5.3	5.7	0.4	7.5%
Transfers In	6.7	6.7	0.0	0.0%
Total	$115.0	$124.3	$9.3	8.1%

Amounts in millions

*Unaudited

Uses Category Examples

Personnel: Wages, taxes, benefits, retirement

Supplies: Equipment, fuel, operational supplies

Services: Insurance claims, utilities, landscaping, advertising, postage

Capital: One-time purchases under $100K

Transfers Out: Funding to Capital and Asset Replacement

FY2019 General Fund Uses

Category	FY19 Budget Thru June	FY19 Actual Thru June*	Amount Variance	Percent Variance
Personnel	$ 78.9	$ 76.7	($ 2.2)	(2.8%)
Supplies	4.6	4.3	(0.3)	(6.5%)
Services	26.7	24.4	(2.3)	(8.6%)
Capital	0.2	0.1	(0.1)	(50.0%)
Contingency	1.4	0.0	(1.4)	(100.0%)
Transfers Out	2.1	2.1	0.0	0.0%
Total	$ 113.9	$ 107.5	($ 6.4)	(5.6%)
One-Time Capital	18.5	18.5	0.0	0.0%
	$132.4	126.0	($ 6.4)	(4.8%)

Amounts in millions

*Unaudited

FY2019 Year End Closing Process

Council Action: Resolution 2019–137

- External Auditors final fieldwork:
  - Week of Nov 12th and 18th
- Three exhibits: A,B, and C

FY2019 Year End

Exhibit A: Year-end budget amendments

- Year end adjustments
- Align revenue and expenses
- Does not increase total budget authority

Examples:

- Original Town Site Incentive Program
- Rounding
- Higher revenues than anticipated

FY2019 Year End

Exhibit B: FY2019 Carryforward Adjustments

- Projects and Grants
- Reconcile budget authority from FY2019 budget estimates to FY2018 actuals
- Report provided to council

FY2019 Year End

Exhibit C: Interfund Transfers and Loans

- Indirect cost allocations
- Debt service payments
- Interfund Advances
- Municipal Arts fund

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ARIZONA

QUESTIONS OR COMMENTS?

Thank You