



Town of Paradise Valley

6401 E Lincoln Dr
Paradise Valley, AZ 85253

Meeting Notice and Agenda Town Council

Thursday, May 23, 2019

3:00 PM

Council Chambers

Amended May 22, 2019

1. CALL TO ORDER / ROLL CALL

Notice is hereby given that members of the Town Council will attend either in person or by telephone conference call, pursuant to A.R.S. §38-431(4).

2. STUDY SESSION ITEMS

The Study Session is open to the public however the following items are scheduled for discussion only. The Town Council will be briefed by staff and other Town representatives. There will be no votes and no final action taken on discussion items. The Council may give direction to staff and request that items be scheduled for consideration and final action at a later date. The order of discussion items and the estimated time scheduled to hear each item are subject to change.

[19-243](#)

Discussion of Lincoln Drive Median Improvements 45 Minutes

Staff Contact:

Paul Mood, 480-348-3573

[19-240](#)

Discussion on the State Mandated PSPRS Funding Policy 10 Minutes

Staff Contact:

Douglas Allen

[19-242](#)

Discussion of Public Safety Personnel Retirement System (PSPRS) Funding Options 30 Minutes

Staff Contact:

Douglas Allen

[19-241](#)

Discussion on the Strategic Revenue Plan for FY2020 20 Minutes

Staff Contact:

Douglas Allen

[19-248](#)

Discussion and Direction Regarding Changes to Definition of Small Wireless Facility in Chapter 2, Article 2-5, Section 2-5-2(I)(2)(I) of the Town Code 15 Minutes

Staff Contact:

Andrew Miller, 480-348-3691

19-236 Discussion of Draft of Uniform Video Services License Agreement
and Draft of Application Form and Affidavit
15 Minutes

Staff Contact: Andrew Miller, 480-348-3591

3. EXECUTIVE SESSION

19-235 Discussion of Town Attorney performance review as authorized by
A.R.S. §38-431.03(A)(1) and discussion and direction to the Town
Attorney or Town representatives regarding the Town Attorney
employment agreement as authorized by A.R.S. §38 431.03(A)(4).

19-234 Discussion and consultation with the Town Attorney or Town
representatives concerning negotiations for the abandonment,
purchase, sale, lease, transfer, or condemnation of real property in
the vicinity of 9121 N Foothill Manor Drive and 5664 N Homestead
Ln as authorized by A.R.S. §38-431.03(A)(7).

19-252 Discussion or consultation with the Town Attorney to consider the
Town's position regarding Development Agreement negotiations
related to the Smoke Tree Resort and Lincoln Medical Plaza as
authorized by A.R.S. §38 431.03(A)(4) and/or legal advice regarding
Special Use Permit zoning as authorized by A.R.S. §38 431.03(A)(3.)

19-253 Discussion and consultation with the Town Attorney regarding
contract negotiations, pending or contemplated litigation, or
settlement agreements as authorized by A.R.S. §38-431.03(A)(4)
and/or discussion and consultation with the Town Attorney for legal
advice regarding the development agreement and associated
agreements with Five Star Development as authorized by A.R.S.
§38-431.03(A)(3).

19-231 The Town Council may go into executive session at one or more
times during the meeting as needed to confer with the Town
Attorney for legal advice regarding any of the items listed on the
agenda as authorized by A.R.S. §38-431.03(A)(3).

4. BREAK

5. RECONVENE FOR REGULAR MEETING 6:00 PM**6. ROLL CALL****7. PLEDGE OF ALLEGIANCE*****8. PRESENTATIONS*****19-229 Recognition of Paradise Valley Police Homeland Security & Crime Prevention Volunteers**

Recommendation: Recognize Paradise Valley Police Homeland Security & Crime Prevention Volunteers.

Staff Contact: Chief Peter Wingert

19-225 Presentation of the Smoke Tree Resort Major Special Use Permit Amendment - 7101 East Lincoln Drive

Recommendation: Receive a presentation regarding the Smoke Tree Resort Major Special Use Permit Amendment Request.

Staff Contact: Jeremy Knapp, Community Development Director, 480-348-3522

9. CALL TO THE PUBLIC

Citizens may address the Council on any matter not on the agenda. In conformance with Open Meeting Laws, Council may not discuss or take action on this matter at this Council meeting, but may respond to criticism, ask that staff review a matter raised, or ask that it be placed on a future agenda. Those making comments shall limit their remarks to three (3) minutes. Please fill out a Speaker Request form prior to addressing the Council.

10. CONSENT AGENDA

All items on the Consent Agenda are considered by the Town Council to be routine and will be enacted by a single motion. There will be no separate discussion of these items. If a member of the Council or public desires discussion on any item it will be removed from the Consent Agenda and considered separately. Please fill out a Speaker Request form prior to the start of the meeting and indicate which item you would like to address.

19-230 Minutes of Town Council Meeting May 9, 2019

19-224 **Approval of Purchase of Police Patrol Vehicles and Equipment in FY 2020**

Recommendation: Approve the purchase of three (3) 2020 Chevrolet Tahoes for the Police Department and the purchase and installation of police equipment for the Tahoes with a project cost not to exceed \$204,000. The three (3) Tahoes will be used as police patrol vehicles and will not be purchased until after July 1, 2019.

Staff Contact: Chief Peter Wingert, 480-948-7418

19-244 **Award of Contract for Sanitary Sewer Repairs**

Recommendation: Authorize the Town Manager to execute Contract CON-19-069-ENG with Achen-Gardner Construction, LLC in an amount not to exceed \$105,966.34 for the Glen Dr. sanitary sewer repairs.

Staff Contact: Paul Mood, 480-348-3573

11. PUBLIC HEARINGS

The Town Council may hear public comments and take action on any of these items. Citizens may address the Council regarding any or all of these items. Those making comments are limited to three (3) minutes. Speakers may not yield their time to others. Please fill out a Speaker Request form prior to the start of the meeting and indicate which item you would like to address.

12. ACTION ITEMS

The Town Council May Take Action on This Item. Citizens may address the Council regarding any or all of these items. Those making comments are limited to three (3) minutes. Speakers may not yield their time to others. Please fill out a Speaker Request form prior to the start of the meeting and indicate which item you would like to address.

19-239 **Adoption of Resolution Number 2019-06 Amending the Fiscal Year 2018-19 Adopted Budget.**

Recommendation: Adopt Resolution Number 2019-06

Staff Contact: Douglas Allen, Finance

19-238 **Adoption of Resolution Number 2019-05 Approving the FY2019/20 Tentative Budget**

Recommendation: Adopt Resolution Number 2019-05 approving the FY2019/20 Tentative Budget that sets the maximum appropriation for the fiscal year at \$68,331,196.

Staff Contact: Douglas Allen

19-228 Award of Community Services Funding for Fiscal Year 2018-19

Recommendation: Authorize the Town Manager to execute funding agreements with the community services organizations listed in the Action Report in the total amount of \$50,000.

Staff Contact: Duncan Miller, 480-348-3610

19-245 Adoption of Town Attorney Employment Agreement, Contract No. CON-19-070-ATY

Recommendation: Authorize the Mayor to execute a revised Employment Agreement with the Town Attorney, Contract No. CON-19-070-ATY, and waive the Council's policy to delay execution of the agreement until expiration of the two-week waiting period.

Staff Contact: Deborah Robberson, Assistant Town Attorney

13. FUTURE AGENDA ITEMS

The Town Council May Take Action on This Item. The Mayor or Town Manager will present the long range meeting agenda schedule and announce major topics for the following meeting. Any member of the Council may move to have the Town Manager add a new agenda item to a future agenda. Upon concurrence of three more Members, which may include the Mayor, the item shall be added to the list of future agenda items and scheduled by the Town Manager as a future agenda item within 60 days.

19-232 Consideration of Requests for Future Agenda Items

Recommendation: Review the current list of pending agenda topics.

Staff Contact: Jill B. Keimach, Town Manager, 480-348-3690

14. MAYOR / COUNCIL / MANAGER COMMENTS

The Mayor, Council or Town Manager may provide a summary of current events. In conformance with Open Meeting Laws, Council may not have discussion or take action at this Council meeting on any matter discussed during the summary.

15. STUDY SESSION CONTINUED**19-233 Legislative Update
5 minutes**

Staff Contact: Dawn Marie Buckland, Deputy Town Manager 480.348.3555

16. ADJOURN*AGENDA IS SUBJECT TO CHANGE*

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the general public and to the Town Council of the Town of Paradise Valley that a quorum of Council Members may go to the Rita's Kitchen, Camelback Inn, 5402 E Lincoln Drive following the Town Council meeting. No policy matters will be discussed and no legal action will be taken.

**Notice is hereby given that pursuant to A.R.S. §1-602.A.9, subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the Town Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recording. Parents in order to exercise their rights may either file written consent with the Town Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the Town will assume that the rights afforded parents pursuant to A.R.S. §1-602.A.9 have been waived.*

The Town of Paradise Valley endeavors to make all public meetings accessible to persons with disabilities. With 72 hours advance notice, special assistance can also be provided for disabled persons at public meetings. Please call 480-948-7411 (voice) or 480-483-1811 (TDD) to request accommodation to participate in the Town Council meeting.



Action Report

File #: 19-243

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Paul Mood, Town Engineer

DATE: May 23, 2019

DEPARTMENT: Engineering

AGENDA TITLE:
Lincoln Drive Median Improvements

RECOMMENDATION:
Information, discussion and possible direction to staff on the Lincoln Drive median improvements from Mockingbird Lane to the eastern Town limits.

SUMMARY STATEMENT:
Staff will present the Lincoln Drive median improvement options for discussion and possible direction.

BUDGETARY IMPACT:
Not applicable.

ATTACHMENT(S):
PowerPoint Presentation

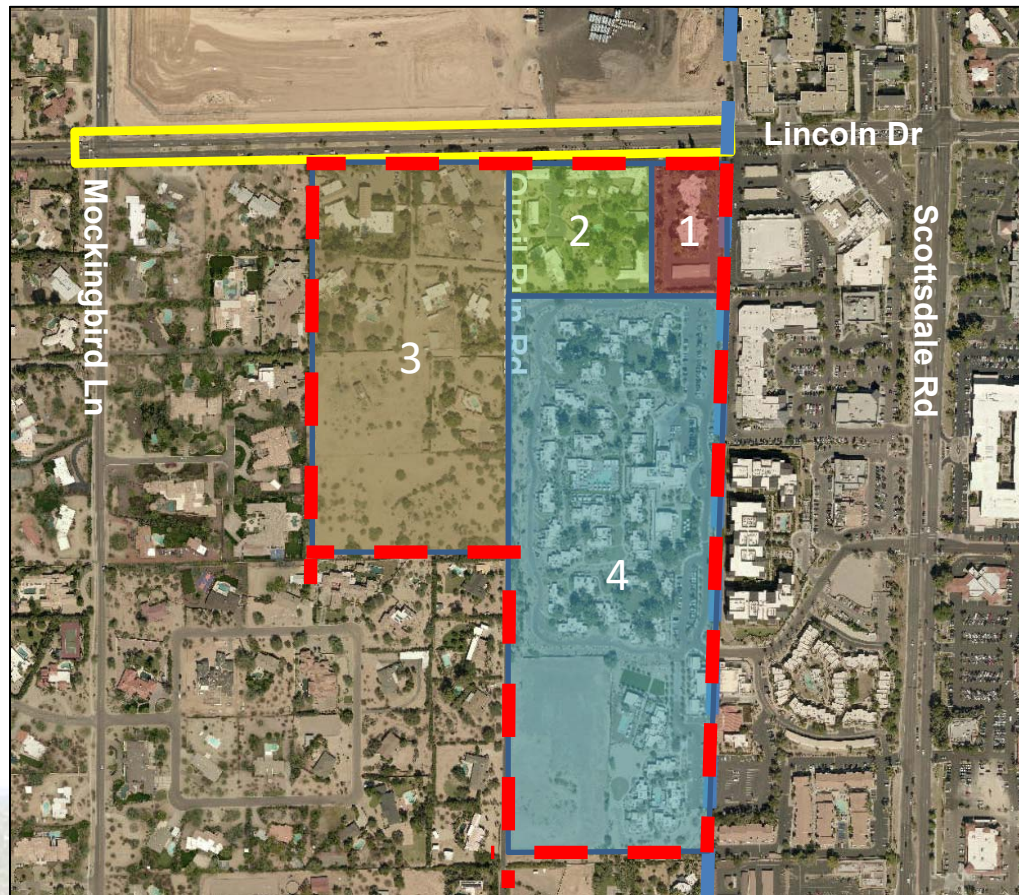
TOWN OF PARADISE VALLEY

Lincoln Drive Median Improvements

May 23, 2019



PROJECT LIMITS



Town Limits



Project Limits



South Lincoln
Development Area



1	Lincoln Medical Plaza
2	Smoke Tree Resort
3	South Lincoln Development
4	Andaz Resort



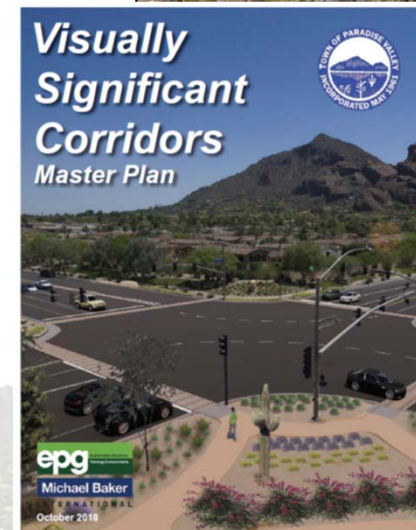
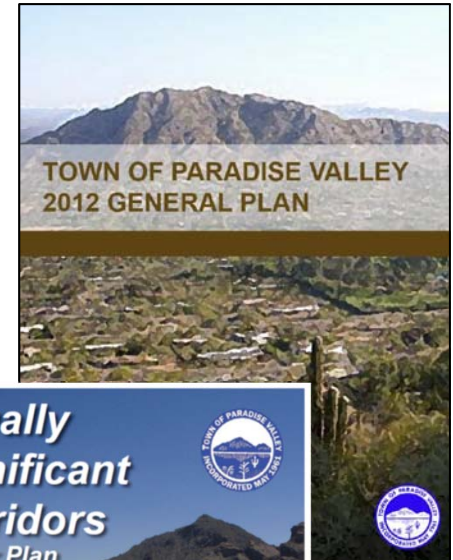
PROJECT SCOPE

- **Reconstruct Lincoln Drive between Mockingbird Lane and Town Limits**
- **Improvement include:**
 - Landscaped Medians
 - Traffic Signal at Quail Run
 - Sewer Line Extension
 - Meandering Sidewalks
 - Landscaping
 - Drainage Structures



DESIGN CONSIDERATIONS

- What drives design?
 - General Plan, specifically Mobility Element
 - Five Star Development Agreement
 - Engineering Standards (AASHTO, CoS, MCDOT)
 - Visually Significant Corridors Master Plan
 - Ultimate Buildout of Corridor



LINCOLN MEDIAN ACCESS: TIMELINE

September 13, 2018 Town Council Meeting

- Lincoln Roadway Improvements 30% Design Concept Outlined
- Median improvements necessary regardless of development on south side of Lincoln Dr.
- Full Median from Mockingbird to Town Limits
- Westbound Left In Only at Applewood Pet Resort's East Entrance
- Staff to research safe access options for Lincoln Medical Plaza and Smoke Tree Resort

December 6, 2018 Town Council Work Study

- Left In/Left Out for Applewood Pet Resort at East Entrance
- Option #1: Left In/Left Out for both Lincoln Medical Plaza & Smoke Tree Resort
- Option #2: Shared Access (Left In/Left Out) for Lincoln Medical Plaza & Smoke Tree Resort
- Option #3: Raised Median (Right In/Right Out Only) for Lincoln Medical Plaza & Smoke Tree Resort



LINCOLN MEDIAN ACCESS: TIMELINE

January 24, 2019 Town Council Work Study

- Left In/Left Out for Applewood Pet Resort at West Entrance
- Shared Access for Lincoln Medical Plaza & Smoke Tree Resort To Accommodate Vehicle Storage & Deceleration
- Evaluate 40mph Speed Limit
- Evaluate Pedestrian Safety
- Provide Median Options from Mockingbird Lane to Quail Run Road
- Provide Full Median Options
- Provide Two Way Left Turn Lane Option for Smoke Tree Resort & Lincoln Medical Plaza Access

February 28, 2019 Town Council Meeting

- Eliminate Full Median Options
- Left In Left In/Left Out for Applewood Pet Resort at West Entrance Only
- Applewood Pet Resort Left In/Left Out Access and Left In Only Access for Gordon Residence
- Applewood Pet Resort Left In/Left Out Access and Shared Left In Only Access for Gordon/Verma Residences
- Shared Left In Only Access for Lincoln Medical & Smoke Tree Resort
- Shared Left In/Left Out Access for Lincoln Medical & Smoke Tree Resort
- Left In/Left Out Access for Smoke Tree Resort and Right In/Right Out Access for Lincoln Medical
- Two Way Left Turn Lane Option for Smoke Tree Resort & Lincoln Medical Access
- Potential Inbound and Outbound Traffic Distribution with Restricted Access
- No Further Discussion of Speed Limit Reduction from 40 mph to 35 mph at this time



LINCOLN MEDIAN ACCESS: TIMELINE

April 25, 2019 Town Council Work Study

- Interim Condition at Smoke Tree Resort and Lincoln Medical Plaza
- Ultimate Condition at Smoke Tree Resort and Lincoln Medical Plaza
- Development Agreement Required with Lincoln Medical Plaza
- Reevaluate Access Options at Gordon Property Keeping Full Access at Applewood Pet Resort West Entrance

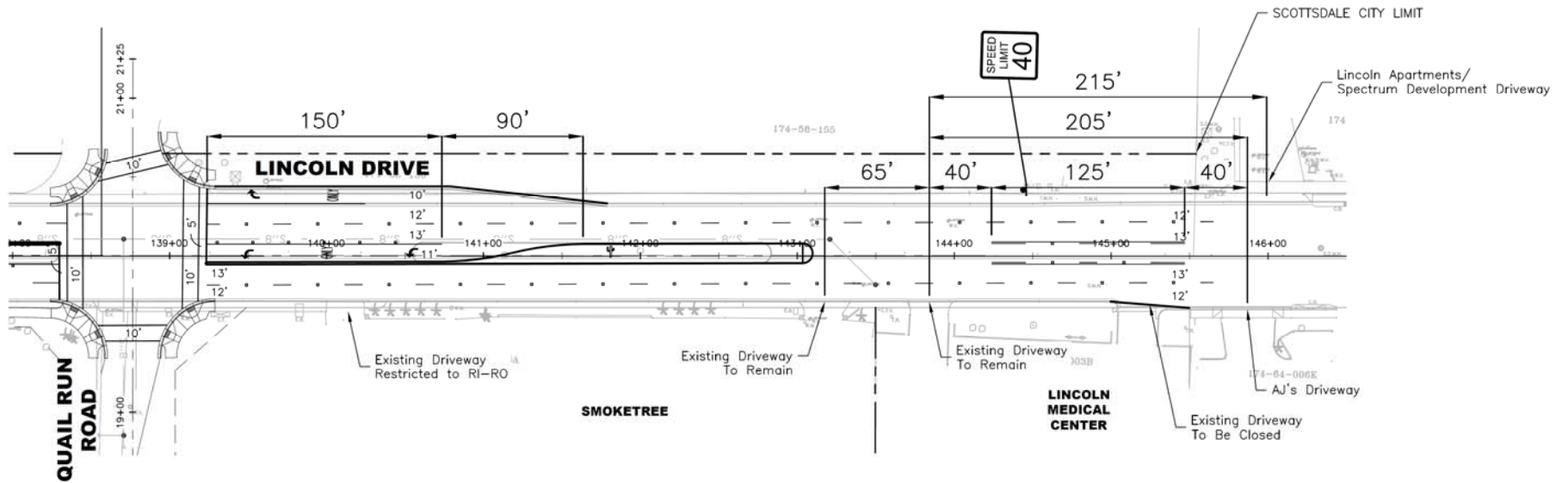
May 23, 2019 Town Council Work Study (Gordon Property Access)

- Option 1A: New Left In/Right Out Median Break at and Close Existing Driveway
- Option 1B: New Left In/Right Out Median Break and Keep Existing Driveway
- Option 2: New Full Median Access at Gordon Property and Close Existing Driveway
- Option 3: Full Median Access at Existing Driveway with Median (reduced standards)
- Option 4: Full Median Access at Existing Driveway with Two Way Left Turn Lane (reduced standards)



QUAIL RUN RD. TO TOWN LIMITS

8

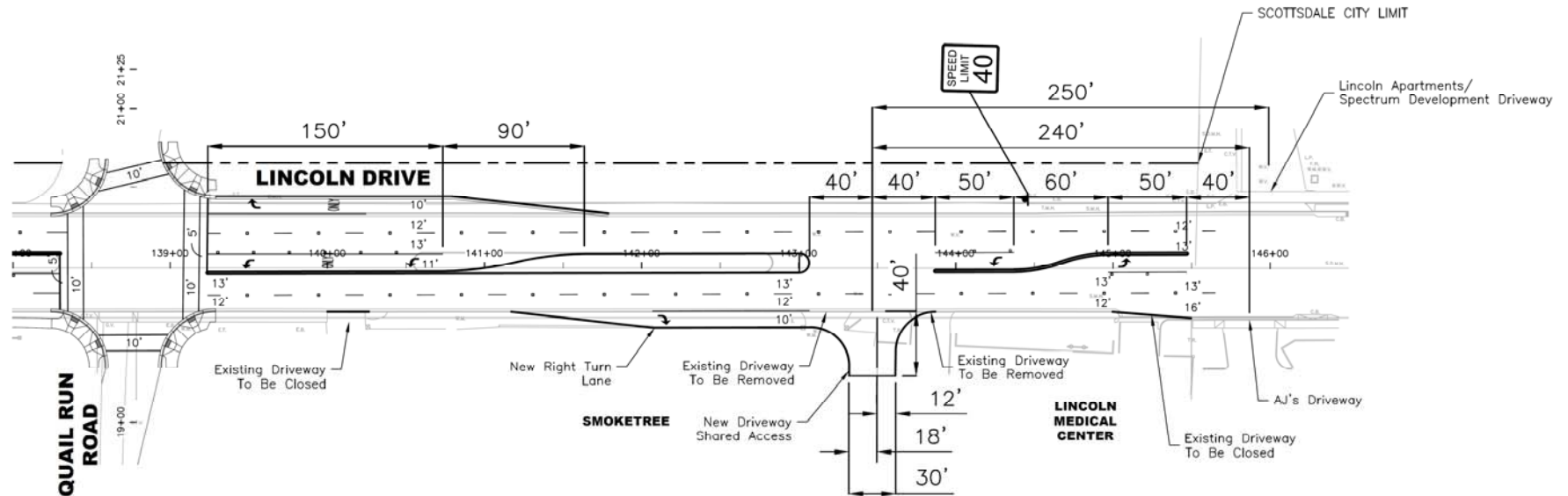


Interim Condition: TWLTL (reduced standards)



QUAIL RUN RD. TO TOWN LIMITS

9



Ultimate Condition: Shared Access at property line (reduced standards)



MOCKINGBIRD LN. TO QUAIL RUN RD.

10



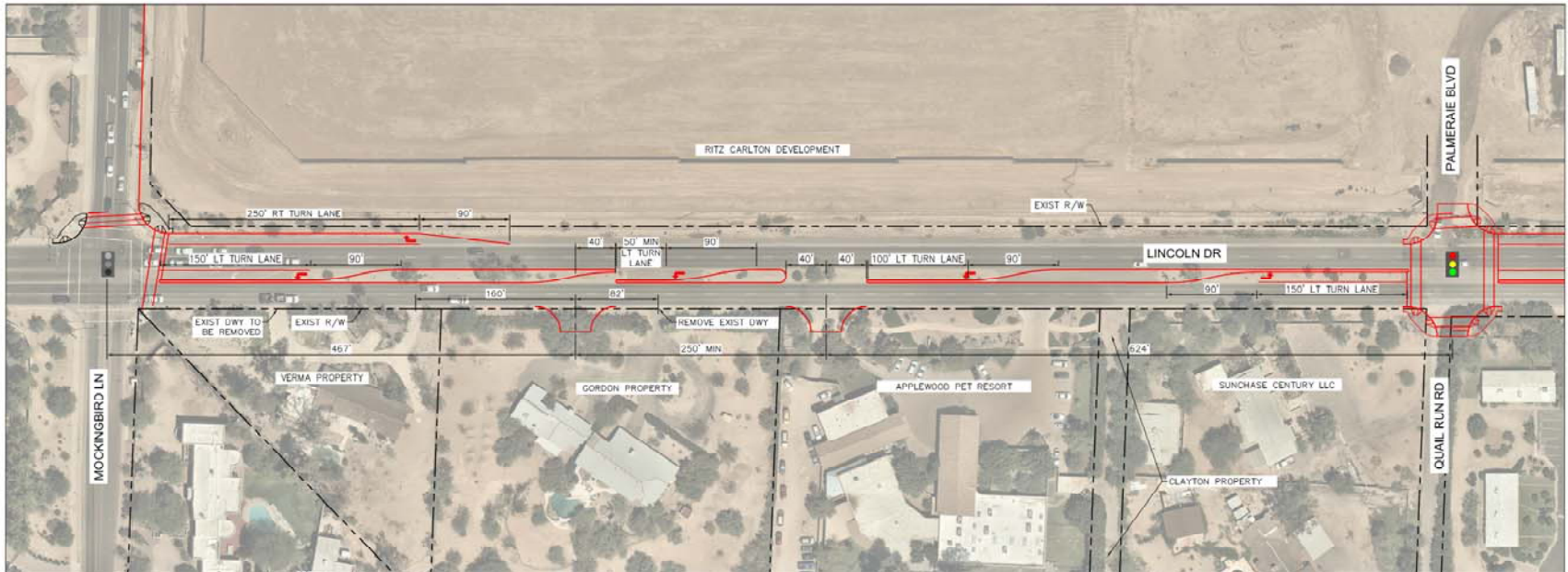
MOCKINGBIRD LN. TO QUAIL RUN RD.

11



MOCKINGBIRD LN. TO QUAIL RUN RD.

12



Option 1A



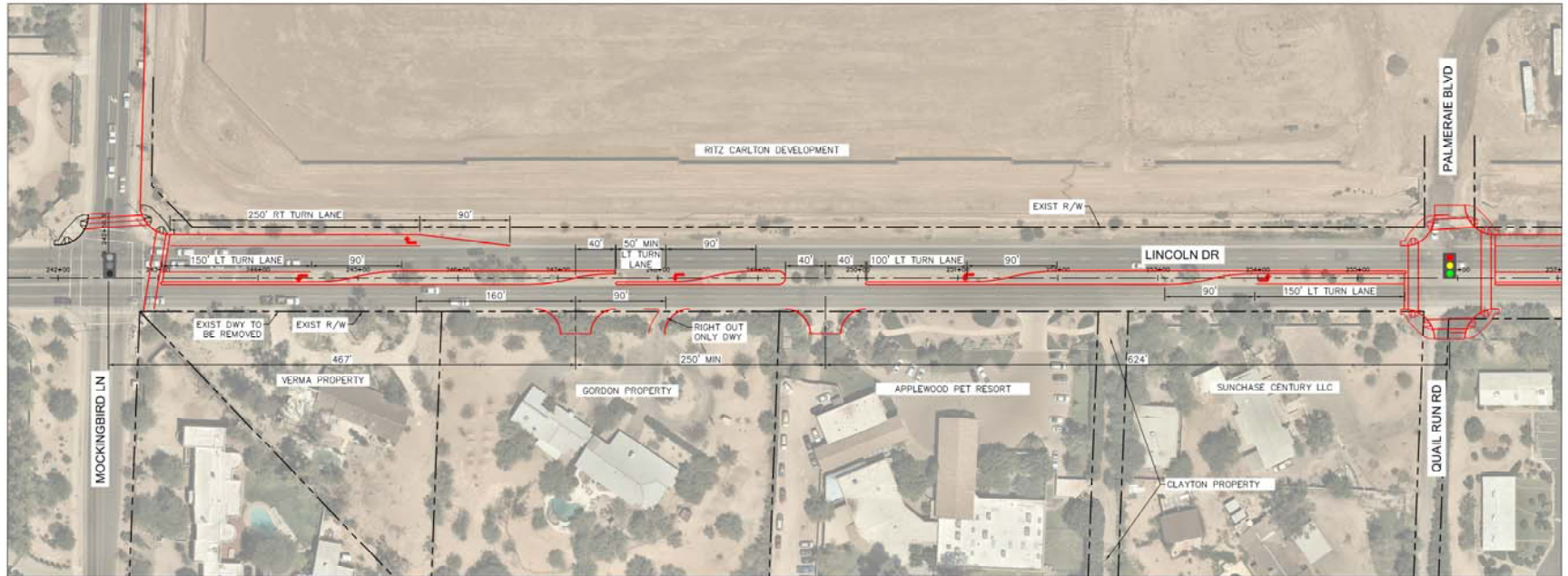
Kimley»Horn

LINCOLN DRIVE - MOCKINGBIRD LN TO QUAIL RUN RD
(NEW LEFT IN / RIGHT IN / RIGHT OUT MEDIAN BREAK AT GORDON DRIVEWAY)

GRAPHIC SCALE IN FEET
0 25 50 100
05/2019

MOCKINGBIRD LN. TO QUAIL RUN RD.

13



LEGEND

- EXISTING SIGNAL WITH PEDESTRIAN CROSSING
- NEW SIGNAL WITH PEDESTRIAN CROSSING

Option 1B



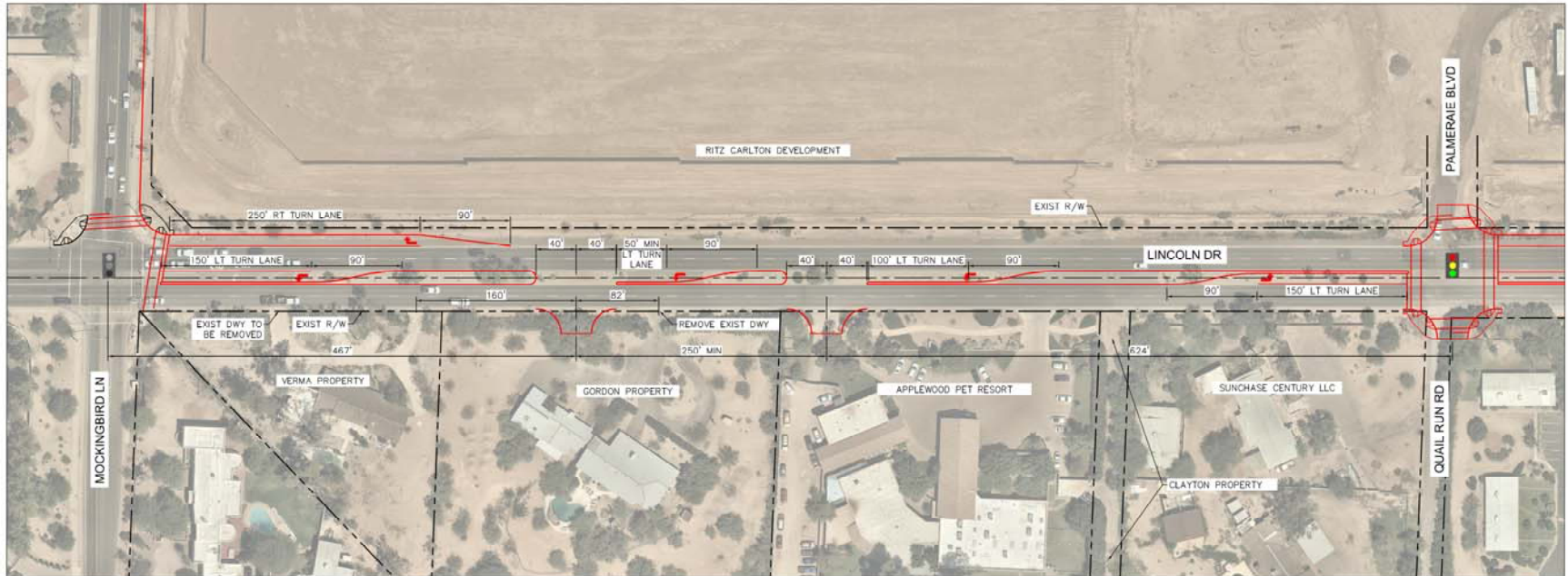
Kimley»Horn

LINCOLN DRIVE - MOCKINGBIRD LN TO QUAIL RUN RD
(NEW LEFT IN / RIGHT IN / RIGHT OUT MEDIAN BREAK AND
RIGHT OUT ONLY AT EXISTING GORDON DRIVEWAY)

GRAPHIC SCALE IN FEET
0 25 50 100
05/2019

MOCKINGBIRD LN. TO QUAIL RUN RD.

14



LEGEND

- EXISTING SIGNAL WITH PEDESTRIAN CROSSING
- NEW SIGNAL WITH PEDESTRIAN CROSSING

Option 2

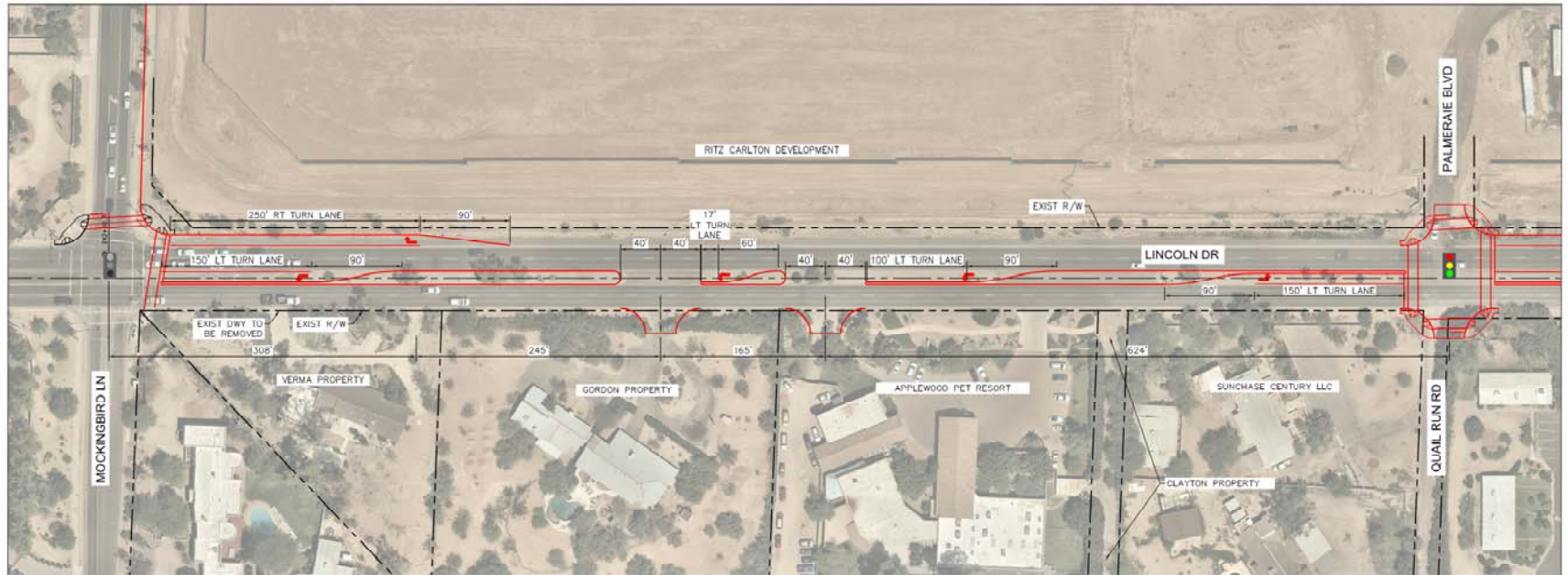


Kimley **Horn**



LINCOLN DRIVE - MOCKINGBIRD LN TO QUAIL RUN RD
(NEW FULL MEDIAN BREAK AT GORDON DRIVEWAY)

GRAPHIC SCALE IN FEET
0 25 50 100
05/2019

MOCKINGBIRD LN. TO QUAIL RUN RD.



LEGEND

-  EXISTING SIGNAL WITH PEDESTRIAN CROSSING
-  NEW SIGNAL WITH PEDESTRIAN CROSSING

Option 3 (reduced standards)

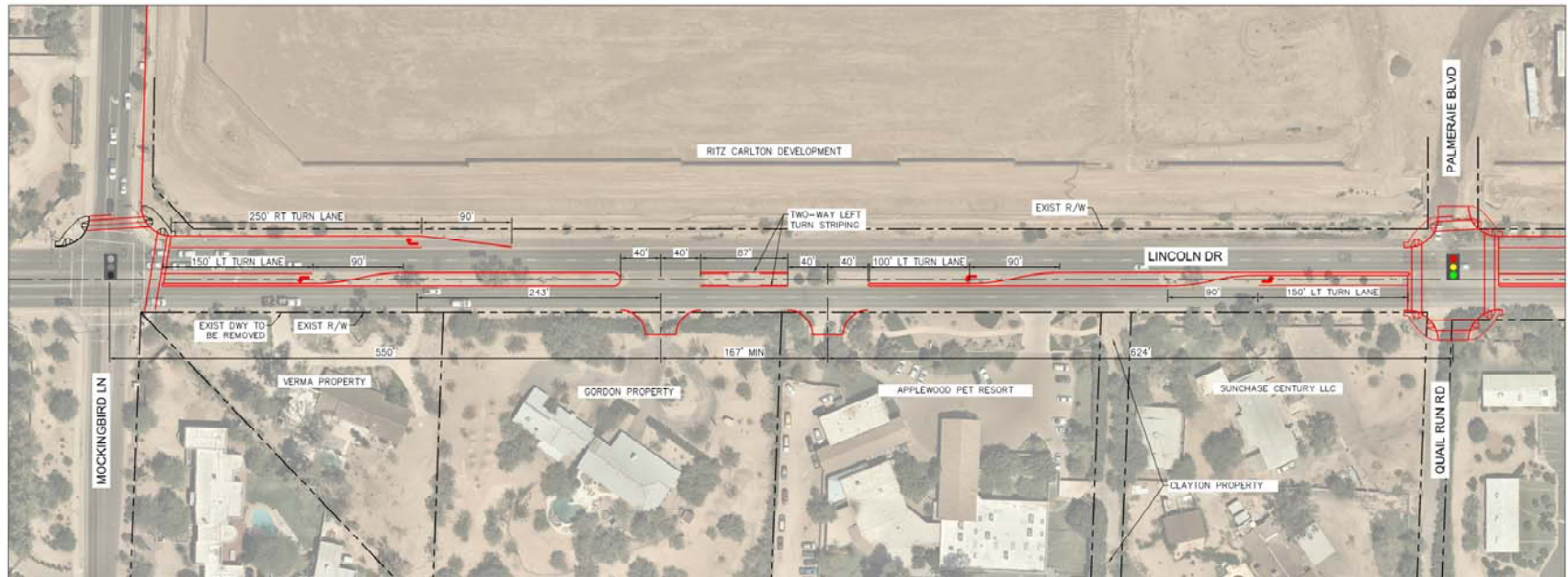


LINCOLN DRIVE - MOCKINGBIRD LN TO QUAIL RUN RD
(FULL ACCESS AT EXISTING GORDON DRIVEWAY)

GRAPHIC SCALE IN FEET
0 25 50 100
05/2019

MOCKINGBIRD LN. TO QUAIL RUN RD.

16



LEGEND

- EXISTING SIGNAL WITH PEDESTRIAN CROSSING
- NEW SIGNAL WITH PEDESTRIAN CROSSING

Option 4 (reduced standards)



Kimley»Horn

LINCOLN DRIVE - MOCKINGBIRD LN TO QUAIL RUN RD
(FULL ACCESS AT EXISTING GORDON DRIVEWAY)

GRAPHIC SCALE IN FEET
0 25 50 100
05/2019

LINCOLN DR. MEDIAN OPTIONS

LINCOLN DRIVE AT GORDEN PROPERTY ¹			
MEDIAN OPTION DESCRIPTION	PROS	CONS	GENERAL COMMENTS
OPTION 1A:^{2 & 3} New left in/right in/right out only at Gordon Property driveway with closure of existing Gordon driveway.	<ul style="list-style-type: none"> Restricts lefts out and potential conflicts points where westbound queuing at Mockingbird stacks beyond the existing Gordon parcel driveway. Achieves minimum 250 foot spacing between Applewood Pet Resort western full access driveway. Achieves the minimum median storage and taper standards for the median improvements. Provide Gordon with left turn in option. Provides a channelized median for exiting vehicles at Applewood western driveway. 	<ul style="list-style-type: none"> Reduces the spacing between the Verma driveway and new Gordon driveway. 	<ul style="list-style-type: none"> Volumes in/out of Gordon property are expected to be very low in comparison to other adjacent parcels.
OPTION 1B:³ New left in/right in/right out only at Gordon Property driveway with existing driveway converted to right out only movements.	<ul style="list-style-type: none"> Achieves minimum 250 foot spacing between Applewood Pet Resort western full access driveway. Achieves the minimum median storage and taper standards for the median improvements. Restricts existing driveway to right out only so conflict points are significantly reduced at this location. Provides a channelized median for exiting vehicles at Applewood western driveway. 	<ul style="list-style-type: none"> Reduces the spacing between the Verma driveway and new Gordon driveway. Driveway spacing between proposed Gordon driveway and existing driveway is less than standard. 	<ul style="list-style-type: none"> Since the new driveway provide right in and right out options, the existing driveway was configured as right out only. The existing could be modified to keep driveway as existing. Concern is over closely spaced driveway. Volumes in/out of Gordon property are expected to be very low in comparison to other adjacent commercial/office parcels.
OPTION 2:^{2 & 3} Full access median break at the new Gordon Property driveway with existing driveway closed.	<ul style="list-style-type: none"> Achieves minimum 250 foot spacing between Applewood Pet Resort western full access driveway. Achieves the minimum median storage and taper standards for the median improvements. Provides a channelized median for exiting vehicles at Applewood western driveway. 	<ul style="list-style-type: none"> Reduces the spacing between the Verma driveway and new Gordon driveway. Westbound queues at Mockingbird stack beyond the existing Gordon driveway presenting higher risk for two stage maneuvers in a median that is narrow. 	<ul style="list-style-type: none"> Volumes in/out of Gordon property are expected to be very low in comparison to other adjacent commercial/office parcels.



LINCOLN DR. MEDIAN OPTIONS

LINCOLN DRIVE AT GORDEN PROPERTY ¹			
MEDIAN OPTION DESCRIPTION	PROS	CONS	GENERAL COMMENTS
OPTION 3: Full access median break at the existing Gordon driveway with median.	<ul style="list-style-type: none"> Increases the spacing between the Verma driveway and existing Gordon driveway Provides a channelized median for exiting vehicles at Applewood western driveway. 	<ul style="list-style-type: none"> Median storage length and taper is less than standard. 	<ul style="list-style-type: none"> Volumes in/out of Gordon property are expected to be very low in comparison to other adjacent commercial/office parcels.
OPTION 4: Full access at existing Gordon driveway with two way left turn lane between Applewood western driveway and Gordon existing driveway.	<ul style="list-style-type: none"> Increases the spacing between the Verma driveway and existing Gordon driveway. 	<ul style="list-style-type: none"> Reduces spacing between Applewood western driveway. TWLTL risk with Applewood left out maneuvers utilizing the TWLTL to make a two-stage maneuver. Results in potential conflict in TWLTL between Gordon 	<ul style="list-style-type: none"> Volumes in/out of Gordon property are expected to be very low in comparison to other adjacent commercial/office parcels.

- Options listed in order of most desirable to least desirable.
- Options 1A and 2 provide the adequate storage and taper lengths to meet standards.
- Options 1A, 1B, and 2 provide the 250-foot minimum driveway spacing from the Applewood Pet Resort full access western driveway.



LINCOLN MEDIAN ACCESS OPTIONS

Gordon Property Access Options

- Option 1A: New Left In/Right Out Median Break at and Close Existing Driveway
- Option 1B: New Left In/Right Out Median Break and Keep Existing Driveway
- Option 2: New Full Median Access at Gordon Property and Close Existing Driveway
- Option 3: Full Median Access at Existing Driveway with Median (reduced standards)
- Option 4: Full Median Access at Existing Driveway with Two Way Left Turn Lane (reduced standards)



LINCOLN DRIVE MEDIAN IMPROVEMENTS

20

QUESTIONS?





Action Report

File #: 19-240

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Douglas W. Allen, CPA

DATE: May 23, 2019

DEPARTMENT: Finance

AGENDA TITLE:

Discussion on the State Mandated PSPRS Funding Policy

SUMMARY STATEMENT:

State law requires the adoption of a PSPRS funding policy for the next fiscal year. The Arizona League of Cities and Towns has provided a template. Town Council as also provided guidance under Council Resolution number 2016-19 Declaring the expedient resolution of the PSPRS unfunded liability a priority.

Highlighted in yellow are the recommended entries in the provided data fields.

This policy is schedule for Council consideration of approval June 13, 2019.

For best viewing of information, staff will review the "pdf" document on-screen in lieu of power point.

ATTACHMENT(S):

PSPRS Funding Policy DRAFT 2019_0523

Town of Paradise Valley

Public Safety Personnel Retirement System

Pension Funding Policy

The intent of this policy is to clearly communicate the Council's pension funding objectives and its commitment to our employees and the sound financial management of the Town and to comply with new statutory requirements of Laws 2018, Chapter 112.

Several terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

Annual Required Contribution (ARC) – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year; and, amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period of time referred to as the amortization period. The ARC is a percentage of the current payroll.

Funded Ratio – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

The Town's police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to commingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under its administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each agency participating in the plan has an individual trust fund reflecting that agency's assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund's assets, each fund has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The Town of Paradise Valley has one trust fund for police employees.

Council formally accepts the assets, liabilities, and current funding ratio of the Town's PSPRS trust funds from the June 30, 2017 actuarial valuation, which are detailed below.

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Paradise Valley Police	\$17,549,901	\$34,948,185	\$17,398,284	50.2%

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the Town of Paradise Valley's liability
- The fluctuating cost of an UAAL causes strain on the Town's budget, affecting our ability to provide services
- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity

Council has taken the following actions to achieve this goal:

- Maintain ARC payment from operating revenues – Council is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from operating funds annually without diminishing Town services.
- Additional payments above the ARC:
 - Council Resolution 2016-19 declared the expedient resolution of the PSPRS unfunded liability a priority
 - The intent of Council is to pay off the liability as quickly as reasonably possible

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2017 Actuarial Valuation.



Action Report

File #: 19-242

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Douglas Allen, CPA

DATE: May 23, 2019

DEPARTMENT: Finance

AGENDA TITLE:

Discussion on the Public Safety Personnel Retirement System (PSPRS).

SUMMARY STATEMENT:

An updated presentation will be available Tuesday May 21st.

In the Town Council's top priorities and management's budget focus is having a fully funded Public Safety Personnel Retirement System (PSPRS) for the Town's police employees who are regularly assigned hazardous duty.

This meeting is for information and discussion to explore financial plans to pay the unfunded liability. Based on information provided by the experts and updated financial forecast models, staff will have analysis prepared.

Any and all concerns related to this topic are welcomed.

ATTACHMENT(S):

Slides - PSPRS 2019_0523

BUDGET 2020: PSPRS UNFUNDED LIABILITY FINANCIAL PLANS



May 23rd, 2019

PSPRS Pension Liability

Town's Budgeting Year	Town CAFR Year	PSPRS Measurement Year	Present Assets	Unfunded Actuarial Liability	Total Actuarial Liability
2020	2019	2018*	\$ 19,020,328	\$ 17,322,469	\$ 36,342,797
2019	2018	2017	17,549,901	17,398,284	34,948,185
2018	2017	2016	10,141,239	21,684,309	31,825,548
2017	2016	2015	7,885,294	21,133,464	29,018,758
2016	2015	2014	7,172,192	21,030,844	28,203,036
2015	2014	2013	8,362,281	15,492,521	23,854,802
2014	2013	2012	8,293,055	14,966,012	23,259,067
2013	2012	2011	8,970,186	12,742,243	21,712,429
2012	2011	2010	9,138,514	11,027,966	20,166,480
Rates	After Actuarial measurement year 2018: Paid \$5,000,000 in July of 2019				

More
detail on
Slides
A2b &
A3



Source: Actuarial Reports
(important to notice which report is being used)

Strategies for UAAL

Rates

- *This option is not being presented*
- Pays UAAL over next 16 years via high contribution rates through 2036 (p. A5)

Cash

- Payments of cash to the extent allowed by the AEL and Town's available budget
- This is a multi-year approach

Taxable Obligations

- Pays UAAL in PSPRS (5.9-7.4% roi)
- Repaid by Town over 2-5 years (3.0% int)

Tax Exempt Obligations

- Used to finance CIP; repaid 2-5 years
- Use CIP's AEL capacity to fully pay UAAL in PSPRS.



Town's Operating Goals

Steady Cash

- Maintain a healthy and predictable reserve through the course of short and long-term financial forecasts.
- Ready for an economic downturn

Quickest Funded

- Fast funding of PSPRS UAAL
- Maximizes returns and minimizes UAAL

Biggest ROI

- Overall, what is the best return on investment for the Town
- May be measure more than monetary

Minimized Debt

- Low to no long-term liabilities

Q: How to best Invest \$12.2M to pay the PSPRS UAAL?

Why \$12.2 Million

- Pays entire balance known March 2019
- Keeps options comparable; \$'s adjustable
Pre-Paying Bad News in 2019
- PSPRS communicated 2019 GASB report
- Discount rate decrease = UAAL increase
Taxable Excise Tax Obligations
- Concerns when capital doesn't back debt
- Town can set aside cash payment fund to mitigate the lack of capital concern
Tax Exempt Obligations
- \$6M for CIP is sufficient to fit the full PSPRS UAAL under the AEL in 1 year
- Must use proceeds before GF (most stringent source first)

Base options:

- 1) Status quo - \$6M per year (installments)
- 2) Accelerate -SQ but up to \$3M Y/E 2019
- 3) Taxable - \$12M proceeds in PSPRS, \$12.2M payment fund in Town pool
- 4) Tax Exempt - \$6M proceeds for CIP; \$12 to PSPRS; \$6.2M in Town pool

PSPRS assumed earnings: 7.40%

PSPRS 7-Year smooth: 5.90%

Towns current ROI: 2.75-3.05%

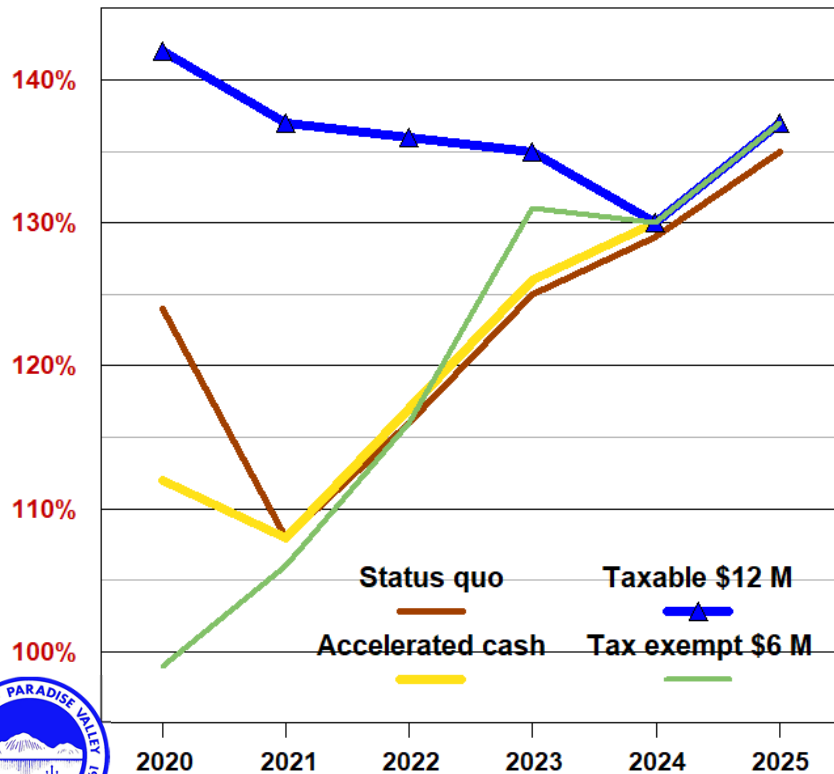
Taxable obligations: 3.00%

Tax-exempt obligations: 2.35%

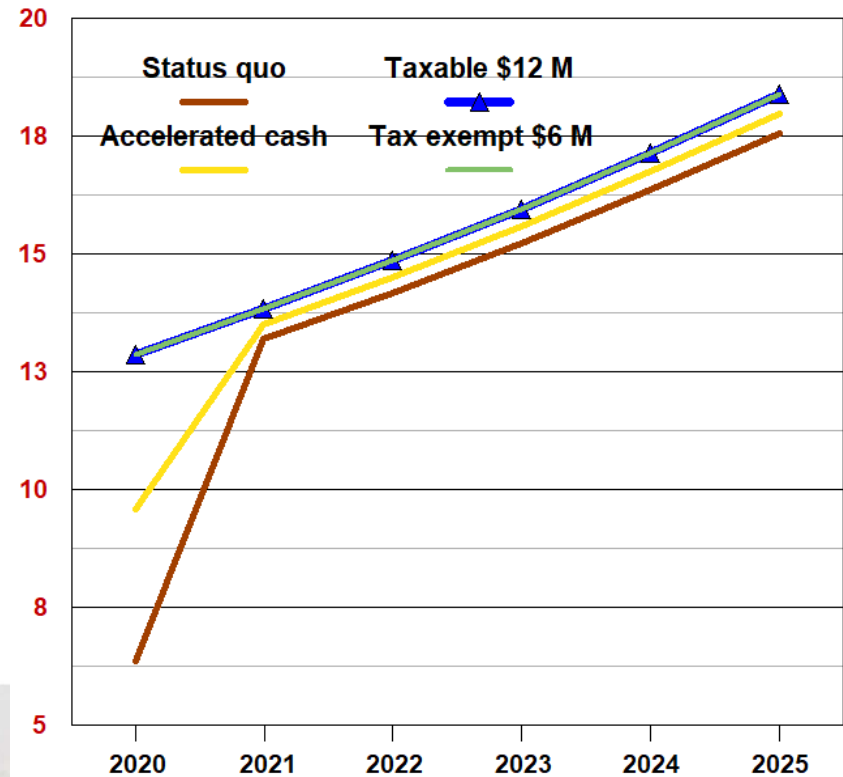


Options 1-4: Forecast 2020

Fund Balance % of next year's operations

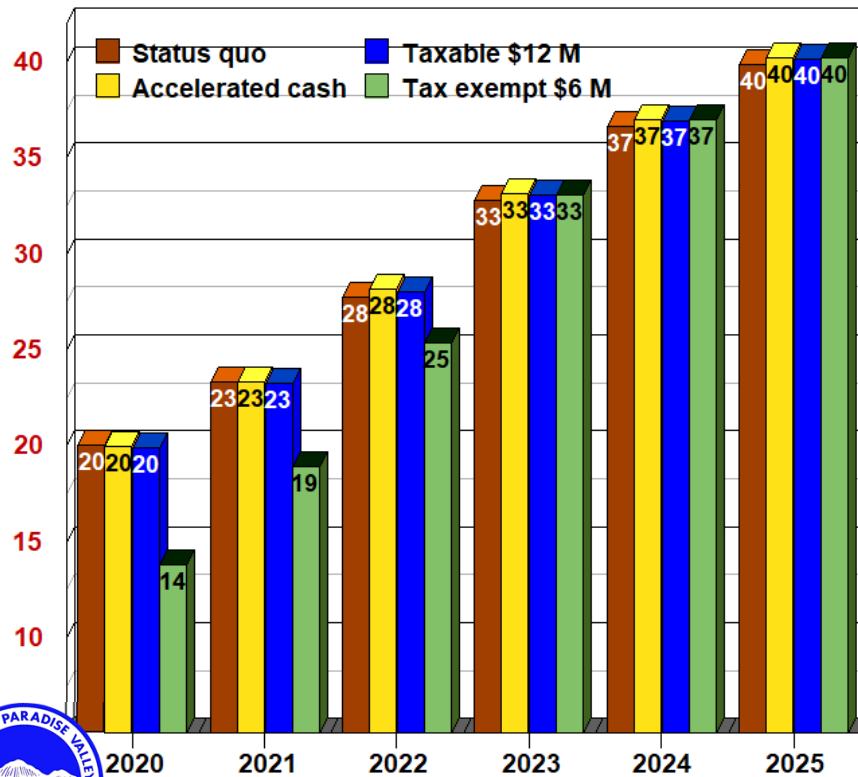


Value of \$12M PSPRS investment

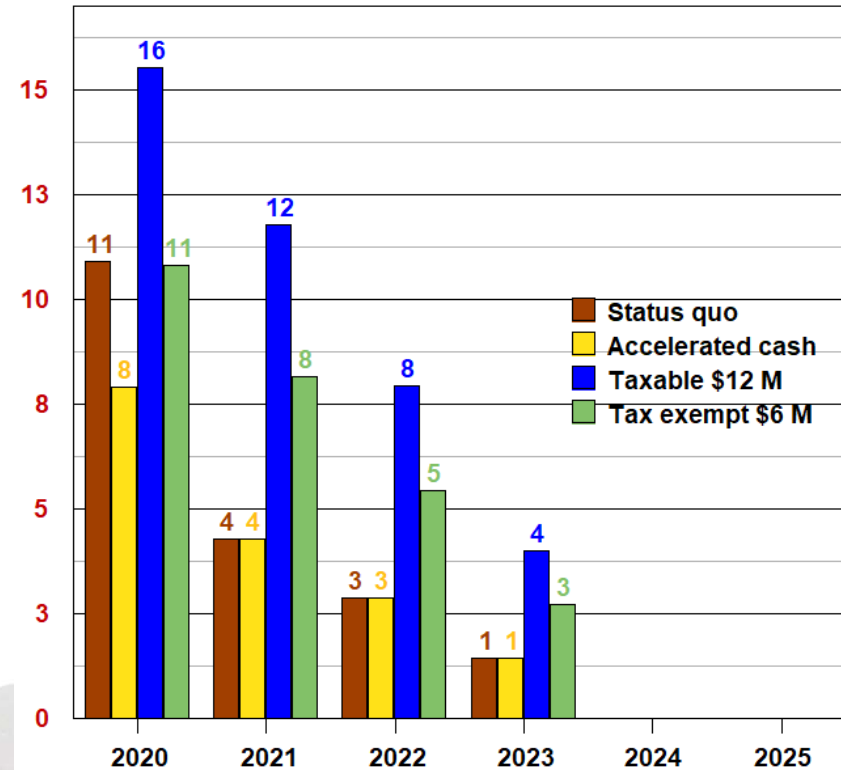


Options 1-4: Forecast 2020

Equivalent Net Worth

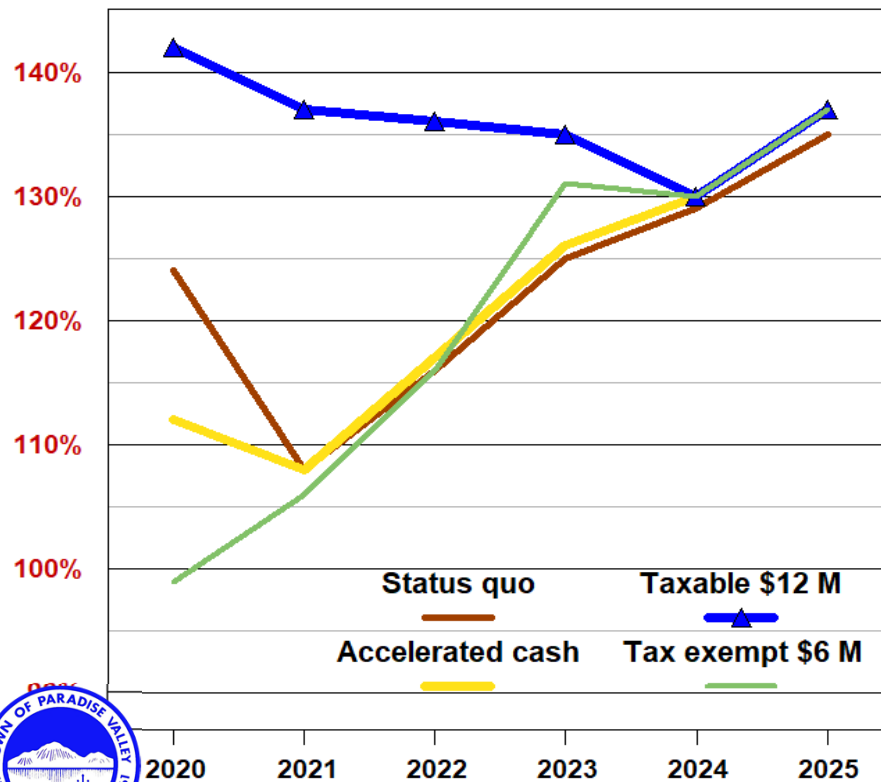


Total Remaining Long-Term Liabilities

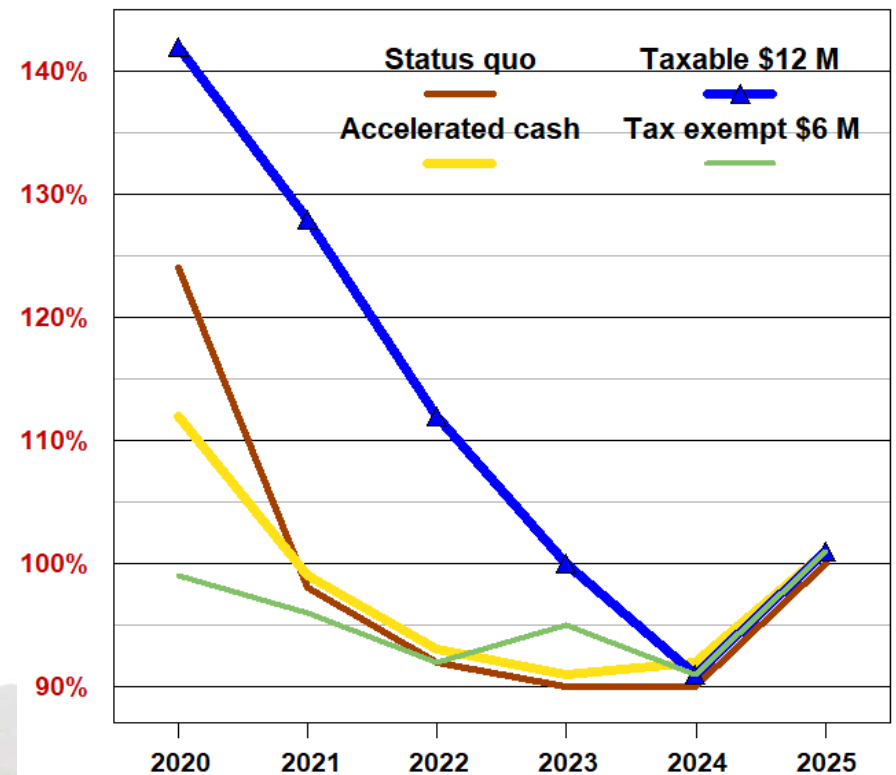


Options 1-4: Stress Test Revenues (Fund Balance)

Forecast 2020 (prior slide)

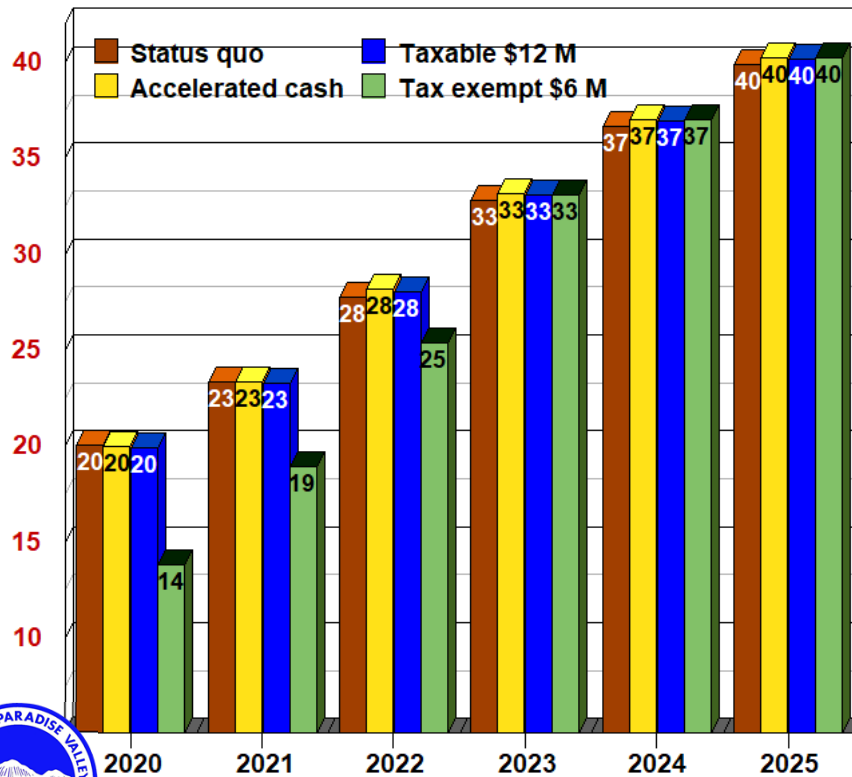


Fund Balance % of next year's operations

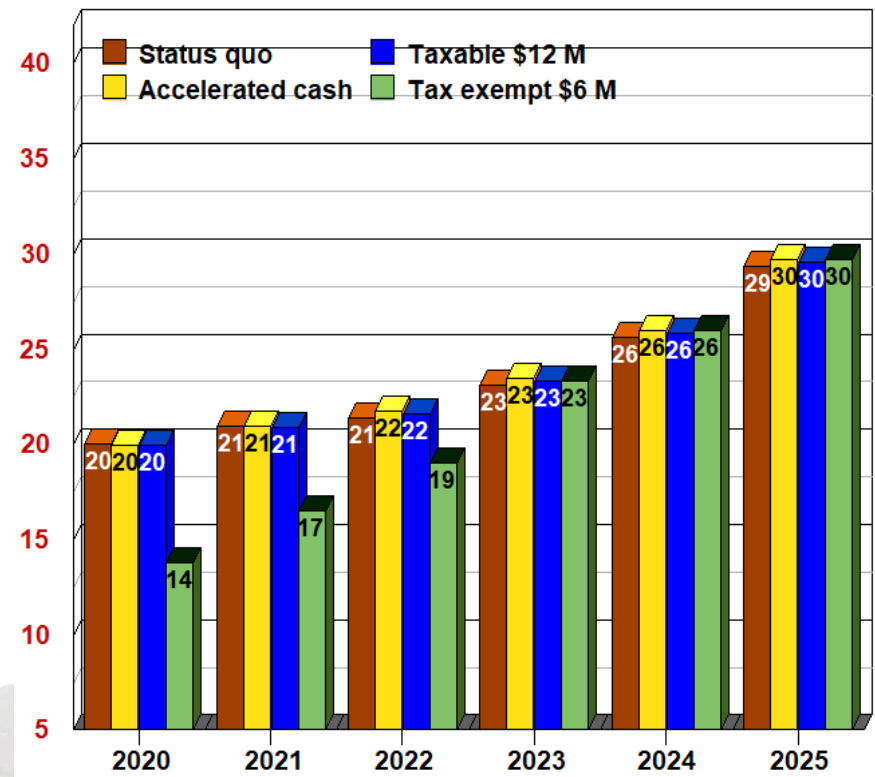


Options 1-4: Stress Test Revenues (Net Worth)

Forecast 2020 (prior slide)



Equivalent Net Worth



FORECAST MODELS FOR OPTIONS 1 - 4



Option 1: Status Quo

OVERVIEW

- Expend \$5,000,000 at the beginning of the fiscal year and another \$1,000,000 at the end if economic conditions are favorable and AEL available

ADVANTAGES

- Flexibility in timing of payments

LIMITATIONS

- Is part of the AEL = multi-year solution
- Once cash used; not available if downturn

IMPACT ON CIP / OTHER PROGRAMS

- \$6M spendable in CIP in 2020; \$6M in 2021; up \$12M thereafter.

Cash payment schedule		
Fiscal Year	Day	Amount
2019	2019, June 27	-
2020	2019, July 1	\$ 5,000,000
2020	2020, June 29	1,000,000
2021	2020, July 1	5,000,000
2021	2021, June 30	1,000,000
Total		\$ 12,000,000

Average Balance from \$12.2M		
Year end	PSPRS	Town
Beg '20	\$ 5,000,000	\$ 7,200,000
2020	6,370,000	6,398,000
2021	13,211,380	436,445
2022	14,189,022	448,447
2023	15,239,010	460,779
2024	16,366,697	473,450
2025	17,577,833	486,470
ROI	7.40%	2.75%



Option 1: Status Quo

OPTION 1: STATUS QUO						
Information based on 2020 Recommended Budget	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
REVENUE:						
Major revenues	\$ 27,686,760	\$ 29,019,949	\$ 30,734,630	\$ 31,755,374	\$ 31,226,413	\$ 31,560,568
Non major revenues	5,679,620	5,209,620	5,209,620	5,209,620	5,209,620	5,209,620
Total revenue	\$ 33,366,380	\$ 34,229,569	\$ 35,944,250	\$ 36,964,994	\$ 36,436,033	\$ 36,770,188
USES:						
Base operations	24,530,963	24,925,949	25,622,328	26,491,082	27,393,062	28,383,990
<i>Estimated rate reduction</i>	-	(547,376)	(1,071,347)	(1,373,969)	(1,373,969)	(1,373,969)
Debt obligations (net) 2016	168,494	1,474,585	1,475,883	1,471,800	1,472,337	-
Debt obligations 2020	-	-	-	-	-	-
<i>Payment fund earnings</i>	(198,000)	(38,445)	(12,002)	(12,332)	(12,671)	(13,020)
Assigned for:						
PSPRS unfunded liability	6,000,000	5,233,108	-	-	-	-
Repair and replacement	479,210	523,102	873,188	799,022	569,786	555,382
Capital improvement plan (net)	2,800,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total uses	\$ 33,780,667	\$ 37,570,923	\$ 32,888,050	\$ 33,375,603	\$ 34,048,545	\$ 33,552,383
Change in fund balance *	(414,287)	(3,341,354)	3,056,200	3,589,391	2,387,488	3,217,805
Beginning unassigned fund balance	31,358,052	30,943,765	27,602,411	30,658,611	34,248,002	36,635,490
Ending unassigned fund balance	\$ 30,943,765	\$ 27,602,411	\$ 30,658,611	\$ 34,248,002	\$ 36,635,490	\$ 39,853,295
Unassigned fund balance as percentage of operating expenditures for:						
Next fiscal year (Benchmark)	124%	108%	116%	125%	129%	135%
Remaining liability for:						
PSPRS unfunded liability	\$ 5,233,108	-	-	-	-	-
2016 Debt principal	5,700,000	\$ 4,310,000	\$ 2,895,000	\$ 1,460,000	-	-
2020 Debt principal	-	-	-	-	-	-
Equivalent net worth	\$ 20,010,657	\$ 23,292,411	\$ 27,763,611	\$ 32,788,002	\$ 36,635,490	\$ 39,853,295
Estimated rate (2-year lag)	57.29%	41.09%	24.89%	14.81%	14.81%	14.81%
Est. PSPRS Balance (from \$12M)	\$ 6,370,000	\$ 13,211,380	\$ 14,189,022	\$ 15,239,010	\$ 16,366,697	\$ 17,577,833

NEW

NET TRANSFER IN

NEW



Option 2: Accelerated Cash

OVERVIEW

- Same as Option 1, but pays up to an additional \$3,000,000 at the end of 2019

PAYMENT CONTINGENT ON

- Availability of cash, budget & AEL
- Limited carry forward in AEL since 2017

ADVANTAGES / LIMITATIONS

- Same as Option 1, but less cash in FY2019 to 2021

IMPACT ON CIP / OTHER PROGRAMS

- \$6M spendable in CIP in 2020; \$9M in 2021; up \$12M thereafter.

Cash payment schedule		
Fiscal Year	Day	Amount
2019	2019, June 27	\$ 3,000,000
2020	2019, July 1	5,000,000
2020	2020, June 29	1,000,000
2021	2020, July 1	3,000,000
2021	2021, June 30	-
Total		\$ 12,000,000

Average Balance from \$12.2M		
Year end	PSPRS	Town
Beg '20	\$ 8,000,000	\$ 4,200,000
2020	9,592,000	3,315,500
2021	13,523,808	324,176
2022	14,524,570	333,091
2023	15,599,388	342,251
2024	16,753,743	351,663
2025	17,993,520	361,334
ROI	7.40%	2.75%



Option 2: Accelerated Cash

OPTION 2: ACCELERATED CASH						
Information based on 2020 Recommended Budget	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
REVENUE:						
Major revenues	\$ 27,686,760	\$ 29,019,949	\$ 30,734,630	\$ 31,755,374	\$ 31,226,413	\$ 31,560,568
Non major revenues	5,679,620	5,209,620	5,209,620	5,209,620	5,209,620	5,209,620
Total revenue	\$ 33,366,380	\$ 34,229,569	\$ 35,944,250	\$ 36,964,994	\$ 36,436,033	\$ 36,770,188
USES:						
Base operations	24,530,963	24,925,949	25,622,328	26,491,082	27,393,062	28,383,990
<i>Estimated rate reduction</i>	-	(722,033)	(1,373,969)	(1,373,969)	(1,373,969)	(1,373,969)
Debt obligations (net) 2016	168,494	1,474,585	1,475,883	1,471,800	1,472,337	-
Debt obligations 2020	-	-	-	-	-	-
<i>Payment fund earnings</i>	(115,500)	(8,676)	(8,915)	(9,160)	(9,412)	(9,671)
Assigned for:						
PSPRS unfunded liability	6,000,000	2,233,108	-	-	-	-
Repair and replacement	479,210	523,102	873,188	799,022	569,786	555,382
Capital improvement plan (net)	2,800,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total uses	\$ 33,863,167	\$ 34,426,035	\$ 32,588,515	\$ 33,378,775	\$ 34,051,804	\$ 33,555,732
Change in fund balance *	(496,787)	(196,466)	3,355,735	3,586,219	2,384,229	3,214,456
Beginning unassigned fund balance	28,358,052	27,861,265	27,664,799	31,020,534	34,606,753	36,990,982
Ending unassigned fund balance	\$ 27,861,265	\$ 27,664,799	\$ 31,020,534	\$ 34,606,753	\$ 36,990,982	\$ 40,205,438
Unassigned fund balance as percentage of operating expenditures for:						
Next fiscal year	112%	108%	117%	126%	130%	137%
Benchmark: Status Quo	124%	108%	116%	125%	129%	135%
Remaining liability for:						
PSPRS unfunded liability	\$ 2,233,108	-	-	-	-	-
2016 Debt principal	5,700,000	\$ 4,310,000	\$ 2,895,000	\$ 1,460,000	-	-
2020 Debt principal	-	-	-	-	-	-
Equivalent net worth	\$ 19,928,157	\$ 23,354,799	\$ 28,125,534	\$ 33,146,753	\$ 36,990,982	\$ 40,205,438
Estimated rate (2-year lag)	57.29%	35.69%	14.81%	14.81%	14.81%	14.81%
Est. PSPRS Balance (from \$12M)	\$ 9,592,000	\$ 13,523,808	\$ 14,524,570	\$ 15,599,388	\$ 16,753,743	\$ 17,993,520



Option 3: Taxable Excise Tax Obligations 100% Est. Liab.

OVERVIEW

- Issue taxable obligation for 100% of the estimated unfunded liability @ Mar. 2019
- Set a “payment fund” in the Town’s investment pool to pay the obligations

ADVANTAGES

- Pays PSPRS UAAL in 1 year; extends Town cash payments over 2-5 years; AEL exempt

DISADVANTAGES

- Trades one debt for another (but lower rate)
- Change in Town’s Debt Policy needed

IMPACT ON CIP / OTHER PROGRAMS

- \$12M available in year obligations issued and going forward

Average Balance from \$12.2M		
Year end	PSPRS	Town
Beg '20	\$ 12,000,000	\$ 12,200,000
2020	12,888,000	9,906,517
2021	13,841,712	7,550,223
2022	14,865,999	5,126,435
2023	15,966,083	2,636,226
2024	17,147,573	75,762
2025	18,416,493	77,845
ROI	7.40%	2.75%

Excise tax obligation payment schedule (taxable)			
Paid in end of	Principal	Interest	Total
2020	\$ 2,300,000	\$ 328,983	\$ 2,628,983
2021	2,360,000	268,723	2,628,723
2022	2,425,000	206,419	2,631,419
2023	2,490,000	141,186	2,631,186
2024	2,560,000	72,960	2,632,960
Total	\$ 12,135,000	\$ 1,018,271	\$ 13,153,271



Option 3: Taxable Excise Tax Obligations 100% Est. Liab.

OPTION 3: TAXABLE EXCISE TAX OBLIGATIONS - 100% OF ESTIMATED LIABILITY						
Information based on 2020 Recommended Budget	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
REVENUE:						
Major revenues	\$ 27,686,760	\$ 29,019,949	\$ 30,734,630	\$ 31,755,374	\$ 31,226,413	\$ 31,560,568
Non major revenues	5,679,620	5,209,620	5,209,620	5,209,620	5,209,620	5,209,620
Total revenue	\$ 33,366,380	\$ 34,229,569	\$ 35,944,250	\$ 36,964,994	\$ 36,436,033	\$ 36,770,188
USES:						
Base operations	24,530,963	24,925,949	25,622,328	26,491,082	27,393,062	28,383,990
Estimated rate reduction	-	(634,704)	(1,373,969)	(1,373,969)	(1,373,969)	(1,373,969)
Debt obligations (net) 2016	168,494	1,474,585	1,475,883	1,471,800	1,472,337	-
Debt obligations 2020	2,628,983	2,628,723	2,631,419	2,631,186	2,632,960	-
Payment fund earnings	(335,500)	(272,429)	(207,631)	(140,977)	(72,496)	(2,083)
Assigned for:						
PSPRS unfunded liability	-	-	-	-	-	-
Repair and replacement	479,210	523,102	873,188	799,022	569,786	555,382
Capital improvement plan (net)	2,800,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total uses	\$ 30,272,150	\$ 34,645,226	\$ 35,021,218	\$ 35,878,144	\$ 36,621,680	\$ 33,563,320
Change in fund balance *	3,094,230	(415,657)	923,032	1,086,850	(185,647)	3,206,868
Beginning unassigned fund balance	32,358,052	35,452,282	35,036,625	35,959,657	37,046,507	36,860,860
Ending unassigned fund balance	\$ 35,452,282	\$ 35,036,625	\$ 35,959,657	\$ 37,046,507	\$ 36,860,860	\$ 40,067,728
Unassigned fund balance as percentage of operating expenditures for:						
Next fiscal year	142%	137%	136%	135%	130%	136%
Benchmark: Status Quo	124%	108%	116%	125%	129%	135%
Remaining liability for:						
PSPRS unfunded liability	-	-	-	-	-	-
2016 Debt principal	\$ 5,700,000	\$ 4,310,000	\$ 2,895,000	\$ 1,460,000	-	-
2020 Debt principal	9,835,000	7,475,000	5,050,000	2,560,000	-	-
Equivalent net worth	\$ 19,917,282	\$ 23,251,625	\$ 28,014,657	\$ 33,026,507	\$ 36,860,860	\$ 40,067,728
Estimated rate (2-year lag)	57.29%	41.09%	14.81%	14.81%	14.81%	14.81%
Est. PSPRS Balance (from \$12M)	\$ 12,888,000	\$ 13,841,712	\$ 14,865,999	\$ 15,966,083	\$ 17,147,573	\$ 18,416,493



Option 4: Tax Exempt Excise Tax Obligations - 1 Year CIP

OVERVIEW

- Issue tax exempt obligations for 1 year of CIP; pay \$12,000,000 cash to PSPRS; GF maintains Construction TPT policy.
- CFO: “Must” use proceeds for CIP first; not GF and reimburse with proceeds later.

ADVANTAGES

- Pays PSPRS UAAL in 1 year; extends Town cash payments over 2-5 years; AEL exempt
- Lower interest rates than Taxable

DISADVANTAGES

- Trades one debt for another (but lower rate)

IMPACT ON CIP / OTHER PROGRAMS

- \$6M spendable in CIP in year issued; up \$12M thereafter.



Average Balance from \$12.2M		
Year end	PSPRS	Town
Beg '20	\$ 8,000,000	\$ 4,200,000
2020	9,592,000	3,315,500
2021	13,523,808	324,176
2022	14,524,570	333,091
2023	15,599,388	342,251
2024	16,753,743	351,663
2025	17,993,520	361,334
ROI	7.40%	2.75%

Excise tax obligation payment schedule (tax-exempt)			
Paid in end of	Principal	Interest	Total
2020	\$ 1,180,000	\$ 106,750	\$ 1,286,750
2021	1,200,000	86,100	1,286,100
2022	1,220,000	65,100	1,285,100
2023	1,240,000	43,750	1,283,750
2024	1,260,000	22,050	1,282,050
Total	\$ 6,100,000	\$ 323,750	\$ 6,423,750

Option 4: Tax Exempt Excise Tax Obligations - 1 Year CIP

OPTION 4: TAX EXEMPT EXCISE TAX OBLIGATIONS \$6M						
Information based on 2020 Recommended Budget	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
REVENUE:						
Major revenues	\$ 27,686,760	\$ 29,019,949	\$ 30,734,630	\$ 31,755,374	\$ 31,226,413	\$ 31,560,568
Non major revenues	5,679,620	5,209,620	5,209,620	5,209,620	5,209,620	5,209,620
Total revenue	\$ 33,366,380	\$ 34,229,569	\$ 35,944,250	\$ 36,964,994	\$ 36,436,033	\$ 36,770,188
USES:						
Base operations	24,530,963	24,925,949	25,622,328	26,491,082	27,393,062	28,383,990
Estimated rate reduction	-	(634,704)	(1,373,969)	(1,373,969)	(1,373,969)	(1,373,969)
Debt obligations (net) 2016	168,494	1,474,585	1,475,883	1,471,800	1,472,337	-
Debt obligations 2020	1,286,750	1,286,100	1,285,100	1,283,750	1,282,050	-
Payment fund earnings	(170,500)	(108,280)	(75,917)	(42,702)	(8,620)	(8,857)
Assigned for:						
PSPRS unfunded liability	12,000,000	-	-	-	-	-
Repair and replacement	479,210	523,102	873,188	799,022	569,786	555,382
Capital improvement plan (net)	2,800,000	4,348,000	4,348,000	3,378,400	5,925,600	6,000,000
Total uses	\$ 41,094,917	\$ 31,814,752	\$ 32,154,613	\$ 32,007,383	\$ 35,260,246	\$ 33,556,546
Change in fund balance *	(7,728,537)	2,414,817	3,789,637	4,957,611	1,175,787	3,213,642
Beginning unassigned fund balance	32,358,052	24,629,515	27,044,332	30,833,969	35,791,580	36,967,367
Ending unassigned fund balance	\$ 24,629,515	\$ 27,044,332	\$ 30,833,969	\$ 35,791,580	\$ 36,967,367	\$ 40,181,009
Unassigned fund balance as percentage of operating expenditures for:						
Next fiscal year	99%	106%	116%	131%	130%	137%
Benchmark: Status Quo	124%	108%	116%	125%	129%	135%
Remaining liability for:						
PSPRS unfunded liability	-	-	-	-	-	-
2016 Debt principal	\$ 5,700,000	\$ 4,310,000	\$ 2,895,000	\$ 1,460,000	-	-
2020 Debt principal	5,137,000	3,850,900	2,565,800	1,282,050	-	-
Equivalent net worth	\$ 13,792,515	\$ 18,883,432	\$ 25,373,169	\$ 33,049,530	\$ 36,967,367	\$ 40,181,009
Estimated rate (2-year lag)	57.29%	38.39%	14.81%	14.81%	14.81%	14.81%
Est. PSPRS Balance (from \$12M)	\$ 12,888,000	\$ 13,841,712	\$ 14,865,999	\$ 15,966,083	\$ 17,147,573	\$ 18,416,493



OPTIONS 5 & 6



Option 5: Tax Exempt Excise Tax Obligations – CIP v2

OVERVIEW

- Same as option 4, but temporarily suspends the policy for construction transaction privilege tax transfers to CIP for the next \$6M.

ADVANTAGES

- General fund recovers cash savings from issuing obligations by 2021 rather than 2024; however balances in CIP can be transfer to GF at Council's direction.

DISADVANTAGES

- Same as option 4, but temporary suspension of a Financial Management Policy (slide A10)

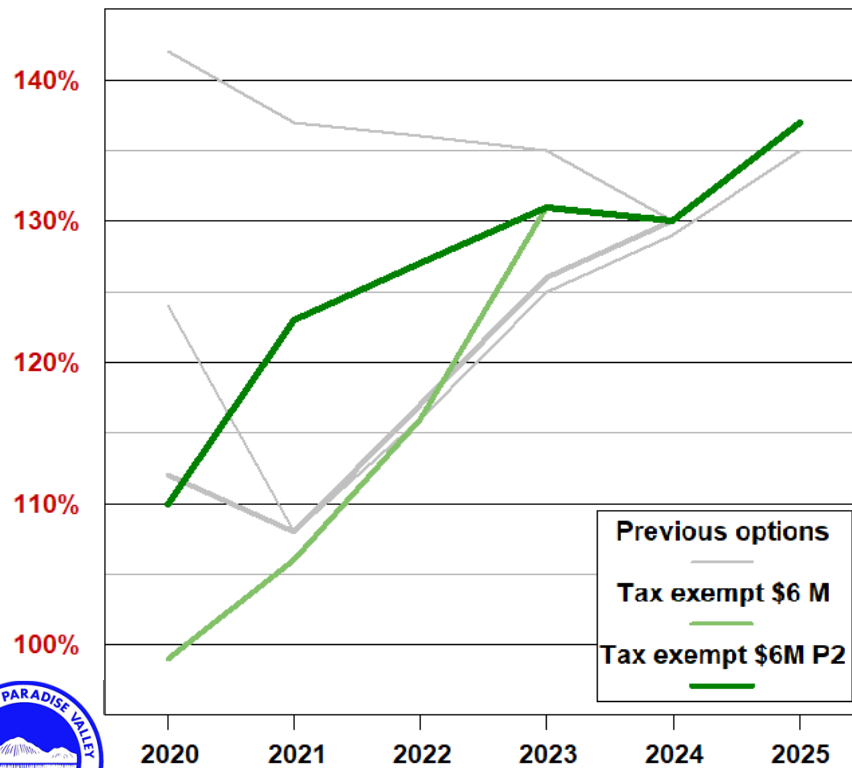


Average Balance from \$12.2M		
Year end	PSPRS	Town
Beg '20	\$ 12,000,000	\$ 6,200,000
2020	12,888,000	5,083,750
2021	13,841,712	3,937,453
2022	14,865,999	2,760,633
2023	15,966,083	1,552,800
2024	17,147,573	313,452
2025	18,416,493	322,072
ROI	7.40%	2.75%

Excise tax obligation payment schedule (tax-exempt)			
Paid in end of	Principal	Interest	Total
2020	\$ 1,180,000	\$ 106,750	\$ 1,286,750
2021	1,200,000	86,100	1,286,100
2022	1,220,000	65,100	1,285,100
2023	1,240,000	43,750	1,283,750
2024	1,260,000	22,050	1,282,050
Total	\$ 6,100,000	\$ 323,750	\$ 6,423,750

Option 5: Tax Exempt Excise Tax Obligations – CIP v2

Fund Balance % of next year's operations



OPTION 5: TAX EXEMPT EXCISE TAX OBLIGATIONS \$6M and SUSPEND CONSTRUCTION TPT POLICY						
Information based on 2020 Recommended Budget	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
REVENUE:						
Major revenues	\$ 27,686,760	\$ 29,019,949	\$ 30,734,630	\$ 31,755,374	\$ 31,226,413	\$ 31,560,568
Non major revenues	5,679,620	5,209,620	5,209,620	5,209,620	5,209,620	5,209,620
Total revenue	\$ 33,366,380	\$ 34,229,569	\$ 35,944,250	\$ 36,964,994	\$ 36,436,033	\$ 36,770,188
USES:						
Base operations	24,530,963	24,925,949	25,622,328	26,491,082	27,393,062	28,383,990
Estimated rate reduction	-	(634,704)	(1,373,969)	(1,373,969)	(1,373,969)	(1,373,969)
Debt obligations (net) 2016	168,494	1,474,585	1,475,883	1,471,800	1,472,337	-
Debt obligations 2020	1,286,750	1,286,100	1,285,100	1,283,750	1,282,050	-
Payment fund earnings	(170,500)	(108,280)	(75,917)	(42,702)	(8,620)	(8,857)
Assigned for:						
PSPRS unfunded liability	12,000,000	-	-	-	-	-
Repair and replacement	479,210	523,102	873,188	799,022	569,786	555,382
Capital improvement plan (net)	-	2,800,000	6,000,000	6,000,000	6,000,000	6,000,000
Total uses	\$ 38,294,917	\$ 30,266,752	\$ 33,806,613	\$ 34,628,983	\$ 35,334,646	\$ 33,556,546
Change in fund balance *	(4,928,537)	3,962,817	2,137,637	2,336,011	1,101,387	3,213,642
Beginning unassigned fund balance	32,358,052	27,429,515	31,392,332	33,529,969	35,865,980	36,967,367
Ending unassigned fund balance	\$ 27,429,515	\$ 31,392,332	\$ 33,529,969	\$ 35,865,980	\$ 36,967,367	\$ 40,181,009
Unassigned fund balance as percentage of operating expenditures for:						
Next fiscal year	110%	123%	127%	131%	130%	137%
Benchmark: Status Quo	124%	108%	116%	125%	129%	135%
Remaining liability for:						
PSPRS unfunded liability	-	-	-	-	-	-
2016 Debt principal	\$ 5,700,000	\$ 4,310,000	\$ 2,895,000	\$ 1,460,000	-	-
2020 Debt principal	5,137,000	3,850,900	2,565,800	1,282,050	-	-
Equivalent net worth	\$ 16,592,515	\$ 23,231,432	\$ 28,069,169	\$ 33,123,930	\$ 36,967,367	\$ 40,181,009
Estimated rate (2-year lag)	57.29%	38.39%	14.81%	14.81%	14.81%	14.81%
Est. PSPRS Balance (from \$12M)	\$ 12,888,000	\$ 13,841,712	\$ 14,865,999	\$ 15,966,083	\$ 17,147,573	\$ 18,416,493

Option 6: Taxable Excise Tax Obligations – \$9M

OVERVIEW

- Same as option 3, but includes a cash payment of \$3M at the end of FY2019 and lower debt obligations of \$9M.

ADVANTAGES

- 1 year to pay PSPRS; extends Town cash payments over 2-5 years; AEL exempt

DISADVANTAGES

- Trades one debt for another (but lower rates)
- Change in Town's Debt Policy (p.A10)

IMPACT ON CIP / OTHER PROGRAMS

- \$9M available in year obligations issued; and \$12M thereafter

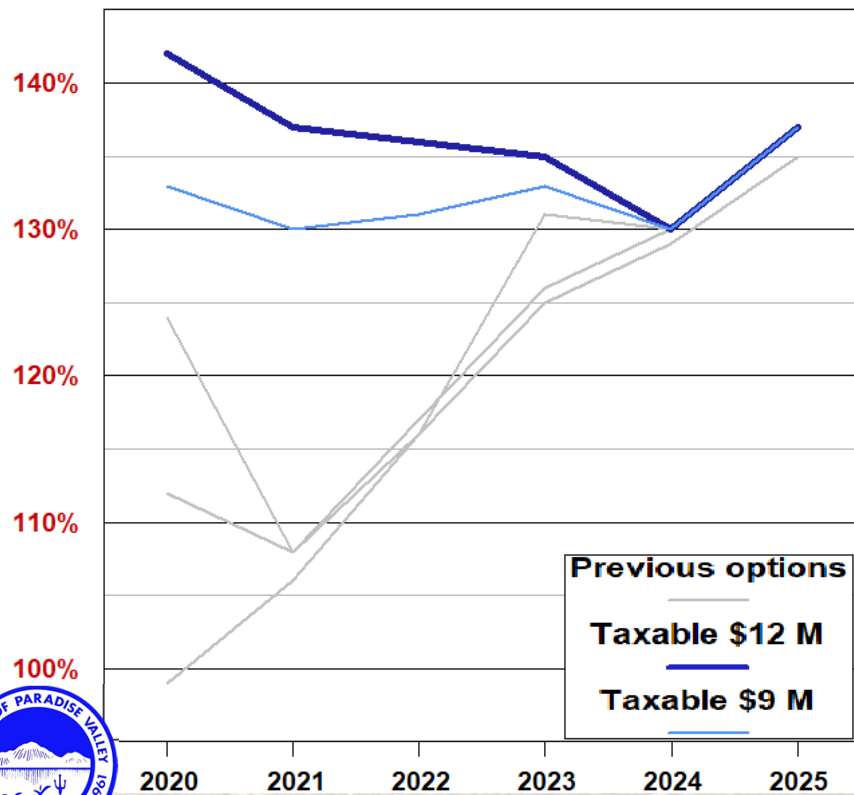
Average Balance from \$12.2M		
Year end	PSPRS	Town
Beg '20	\$ 12,000,000	\$ 9,200,000
2020	12,888,000	7,481,263
2021	13,841,712	5,713,228
2022	14,865,999	3,894,336
2023	15,966,083	2,025,399
2024	17,147,573	104,320
2025	18,416,493	107,189
ROI	7.40%	2.75%

Excise tax obligation payment schedule (taxable)			
Paid in end of	Principal	Interest	Total
2020	\$ 1,725,000	\$ 246,737	\$ 1,971,737
2021	1,772,000	201,770	1,973,770
2022	1,821,000	155,006	1,976,006
2023	1,870,000	106,031	1,976,031
2024	1,922,000	54,777	1,976,777
Total	\$ 9,110,000	\$ 764,321	\$ 9,874,321



Option 6: Taxable Excise Tax Obligations – \$9M

Fund Balance % of next year's operations



OPTION 6: TAXABLE EXCISE TAX OBLIGATIONS \$9M						
Information based on 2020 Recommended Budget	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
REVENUE:						
Major revenues	\$ 27,686,760	\$ 29,019,949	\$ 30,734,630	\$ 31,755,374	\$ 31,226,413	\$ 31,560,568
Non major revenues	5,679,620	5,209,620	5,209,620	5,209,620	5,209,620	5,209,620
Total revenue	\$ 33,366,380	\$ 34,229,569	\$ 35,944,250	\$ 36,964,994	\$ 36,436,033	\$ 36,770,188
USES:						
Base operations	24,530,963	24,925,949	25,622,328	26,491,082	27,393,062	28,383,990
Estimated rate reduction	-	(722,033)	(1,373,969)	(1,373,969)	(1,373,969)	(1,373,969)
Debt obligations (net) 2016	168,494	1,474,585	1,475,883	1,471,800	1,472,337	-
Debt obligations 2020	1,971,737	1,973,770	1,976,006	1,976,031	1,976,777	-
Payment fund earnings	(253,000)	(205,735)	(157,114)	(107,094)	(55,698)	(2,869)
Assigned for:						
PSPRS unfunded liability	-	-	-	-	-	-
Repair and replacement	479,210	523,102	873,188	799,022	569,786	555,382
Capital improvement plan (net)	2,800,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total uses	\$ 29,697,404	\$ 33,969,638	\$ 34,416,322	\$ 35,256,872	\$ 35,982,295	\$ 33,562,534
Change in fund balance *	3,668,976	259,931	1,527,928	1,708,122	453,738	3,207,654
Beginning unassigned fund balance	29,358,052	33,027,028	33,286,959	34,814,887	36,523,009	36,976,747
Ending unassigned fund balance	\$ 33,027,028	\$ 33,286,959	\$ 34,814,887	\$ 36,523,009	\$ 36,976,747	\$ 40,184,401
Unassigned fund balance as percentage of operating expenditures for:						
Next fiscal year	133%	130%	131%	133%	130%	137%
Benchmark: Status Quo	124%	108%	116%	125%	129%	135%
Remaining liability for:						
PSPRS unfunded liability	-	-	-	-	-	-
2016 Debt principal	\$ 5,700,000	\$ 4,310,000	\$ 2,895,000	\$ 1,460,000	-	-
2020 Debt principal	7,385,000	5,613,000	3,792,000	1,922,000	-	-
Equivalent net worth	\$ 19,942,028	\$ 23,363,959	\$ 28,127,887	\$ 33,141,009	\$ 36,976,747	\$ 40,184,401
Estimated rate (2-year lag)	57.29%	35.69%	14.81%	14.81%	14.81%	14.81%
Est. PSPRS Balance (from \$12M)	\$ 12,888,000	\$ 13,841,712	\$ 14,865,999	\$ 15,966,083	\$ 17,147,573	\$ 18,416,493



PSPRS in the State Forms (Tentative Budget)

- Total budget \$68.3M
- Proceeds up to \$12,000,000; use of proceeds is in Expenditure Limitation Exclusion line
- Sets up payment fund with fund balance and budgets first years use
- \$5M PSPRS unfunded liability in Police Department budget
- \$7M PSPRS unfunded liability budgeted in General Fund Contingency
- AEL contingency of \$6M aligns the Town's total budget with it's AEL
- Debt service for ½ estimated maximum payment from the payment fund

CHANGES FROM THE RECOMMENDED TO THE TENTATIVE BUDGET 2020			
	Recommended Budget	Addition / (Reduction)	Tentative Budget
SOURCES			
Excise tax obligation proceeds	-	\$ 12,000,000	\$ 12,000,000
Use of fund balance / Carry forward	\$ 5,746,346	1,301,903	7,048,249
ALF grant for public transit	-	38,000	38,000
PD DUI and STEP grants	-	50,000	50,000
Non-Town funded projects	9,425,067	-	9,425,067
All other current revenue	39,769,880	-	39,769,880
Total revenue	\$ 54,941,293	\$ 13,389,903	\$ 68,331,196
EXPENDITURES / EXPENSES			
PSPRS unfunded in Police Dept	\$ 5,000,000	-	\$ 5,000,000
PSPRS unfunded in contingency	1,000,000	\$ 6,000,000	7,000,000
AEL contingency (budget = AEL)	-	6,000,000	6,000,000
Debt service (1/2 \$12M 5-yr)	-	1,286,750	1,286,750
Census 2020 outreach	-	20,000	20,000
Legislative outreach	-	5,000	5,000
Community services program	50,000	15,000	65,000
Offset 3rd party cost w/ new pos	-	(40,200)	(40,200)
Match IT allocation with ent.	-	(610)	(610)
General contingency	1,207,726	810	1,208,536
PD DUI and STEP grants	-	50,000	50,000
ALF grant for public transit	-	53,153	53,153
All other expenditures / expenses	47,683,567	-	47,683,567
Total Budget	\$ 54,941,293	\$ 13,389,903	\$ 68,331,196



PSPRS in the State Forms (Tentative Budget)

- State forms total budget \$68.3M and proceeds line \$12M
- If the Town issues less than \$12M or no obligations; the budget is adjustable downward
- The Town can not use proceeds without budget authority
- Council can modify the Tentative budget, before adopting it as “Tentative” or “Final”
- After the Tentative budget is approved, Council can adjust between lines and reduce the total budget; but not increase the total budget



TOWN OF PARADISE VALLEY Summary Schedule of Estimated Revenues and Expenditures/Expenses Fiscal Year 2020										
Fiscal Year	Schedule	FUNDS								
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds	Internal Service Funds	Total All Funds	
2019	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	30,453,582	3,656,999	1,257,673	13,854,120	0	6,172,126	0	55,384,500
2019	Actual Expenditures/Expenses**	E	23,554,612	3,516,424	1,257,673	4,713,713	0	5,518,611	0	38,561,033
2020	Fund Balance/Net Position at July 1***		4,909,110	200,925	467,697	4,197,400		392,284	0	10,167,416
2020	Primary Property Tax Levy	B	0							0
2020	Secondary Property Tax Levy	B								0
2020	Estimated Revenues Other than Property Taxes	C	32,397,480	1,623,400	0	4,000,000	0	5,837,000	0	43,857,880
2020	Other Financing Sources	D	12,000,000	0	0	0	0	0	0	12,000,000
2020	Other Financing (Uses)	D	0	0	0	0	0	0	0	0
2020	Interfund Transfers In	D	1,500,000	2,085,113	1,455,244	4,300,000	0	100,000	0	9,440,357
2020	Interfund Transfers (Out)	D	(7,840,357)	0	0	(1,500,000)	0	(100,000)	0	(9,440,357)
2020	Reduction for Amounts Not Available:									
2020	LESS: Amounts for Future Debt Retirement:									0
2020										0
2020										0
2020	Total Financial Resources Available		58,646,947	3,909,438	1,922,941	13,997,400	0	6,429,284	0	84,906,010
2020	Budgeted Expenditures/Expenses	E	39,956,160	3,782,879	2,764,614	15,525,067	0	6,302,476	0	68,331,196

EXPENDITURE LIMITATION COMPARISON	
	2019
1. Budgeted expenditures/expenses	\$ 55,384,500
2. Add/subtract: estimated net reconciling items	(356,492)
3. Budgeted expenditures/expenses adjusted for reconciling items	55,028,008
4. Less: estimated exclusions	14,152,842
5. Amount subject to the expenditure limitation	\$ 40,875,166
6. EEC expenditure limitation	\$ 40,907,550

	2020
1. Budgeted expenditures/expenses	\$ 68,331,196
2. Add/subtract: estimated net reconciling items	(10,220)
3. Budgeted expenditures/expenses adjusted for reconciling items	68,320,976
4. Less: estimated exclusions	26,124,394
5. Amount subject to the expenditure limitation	\$ 42,196,582
6. EEC expenditure limitation	\$ 42,196,582

☒ X The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.
 ** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
 *** Amounts on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

SCHEDULE A

Budget amendment for 2019 (Pages 26 & 191)

Expenditure Limitation Exhibit A-2

AEL FORECAST

ANNUAL EXPENDITURE LIMITATION

STATUS QUO	Projected 2019	Estimated 2020	Forecast 2021	Forecast 2022
Expenditure limitation:	\$ 40,907,550	\$ 42,196,582	\$ 43,251,497	\$ 44,332,784
Operating expenditures	22,325,251	24,530,963	24,925,949	25,622,328
Enterprise expenditures	5,518,611	6,302,476	6,491,550	6,686,297
Other expenditures (exclusions)	(673,625)	(736,857)	(705,324)	(708,377)
Total Operations	27,170,237	30,096,582	30,712,175	31,600,248
Limitation after operations	\$ 13,737,313	\$ 12,100,000	\$ 12,539,322	\$ 12,732,536
Repair and replacement spending	in operating expenditures above		563,582	557,000
Town funded CIP spending	4,713,713	6,100,000	6,000,000	6,000,000
PSPRS unfunded liability	6,000,000	6,000,000	5,233,108	-
Sub total	10,713,713	12,100,000	11,796,690	6,557,000
Available limitation	\$ 3,023,600	\$ -	\$ 742,632	\$ 6,175,536

{(1)}

(1) Use of excess AEL can be applied directed to the PSPRS unfunded liability; as recommended in budget amendments section 1.

Note: Fire vehicles due for replacement 2023-2024

BUDGET AMENDMENTS

RESOLUTION NUMBER 2019-TBD

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF PARADISE VALLEY, ARIZONA AMENDING THE FISCAL YEAR 2018-19 ADOPTED BUDGET.

WHEREAS, the Fiscal Year 2018-19 budget was adopted by Resolution 2018-19 on June 14, 2018;

WHEREAS, budget amendments are consistent with Generally Accepted Accounting Principles (GAAP) and recommended budgeted practices;

WHEREAS, the Town of Paradise Valley's Adopted Financial Management Policies requires the approval of the Town Council for the use contingency accounts in excess of \$25,000;

WHEREAS, the Town of Paradise Valley's Adopted Financial Management Policies requires the approval of the Town Council for shifts in appropriations within funds and in departments exceeding \$50,000;

WHEREAS, the Town of Paradise Valley's Adopted Financial Management Policies require that amendments to the capital improvement fund be approved by the Town Council;

WHEREAS, adjustments do not increase the total budget or enable the Town Council to increase spending in excess of the Adopted Budget;

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Paradise Valley, Arizona, as follows:

Section 1. Record the FY2018-19 budget amendment of \$3,000,000 for payment for the Town's unfunded liability in PSPRS before June 30, 2019. This payment is to be made only if sufficient general fund cash is available, the expenditure limitation is not exceeded, it aligns to the Town's Financial Management policies for construction sales tax and fund balances, and the Town Council has not documented an alternate payment plan that supersedes this action. The use of CIP Contingency is for budget authority and the payment will be made from General Fund.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
PSPRS part III	-	\$3,000,000	-	\$ 3,000,000
CIP Contingency	\$ 2,814,357	-	\$(2,814,357)	-
General fund contingency	1,025,367	-	(185,643)	839,724



Budget amendment for 2019 (Expectations)

Section 1. Record the FY2018-19 budget amendment of \$3,000,000 for payment for the Town's unfunded liability in PSPRS before June 30, 2019. This payment is to be made only if sufficient general fund cash is available, the expenditure limitation is not exceeded, it aligns to the Town's Financial Management policies for construction sales tax and fund balances, and the Town Council has not documented an alternate payment plan that supersedes this action. The use of CIP Contingency is for budget authority and the payment will be made from General Fund.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
PSPRS part III	-	\$ 3,000,000	-	\$ 3,000,000
CIP Contingency	\$ 2,814,357	-	\$(2,814,357)	-
General fund contingency	1,025,367	-	(185,643)	839,724

Several stipulations

- Available General Fund cash
- Available Expenditure Limitation capacity
- Within overall budget authority
- No alternative plan by June 24th

Cautions

- The Recommended Budget 2020 estimated budget & AEL savings
- In mid June, an updated estimate will be made for 11 months ending May 31
- Not much room for error or unknown IBNR expenditures
- Limited AEL carryforward available (2 transactions in 2017 lowered to \$226k)



Impact on the Expenditure Limitation

Cash payments to PSPRS are included in the Expenditure Limitation

Use of long-term obligations proceeds and debt repayment are exempt from the expenditure limitation.

Information from contact with LHC and auditors is anticipated to be available by June 13th.



Expenditure Limitation Penalty

5. What is the penalty for exceeding the expenditure limitation?

In accordance with [A.R.S. §41-1279.07\(H\)](#), a city or town that exceeds its expenditure limitation without authorization will have the following amount of state income tax (urban revenue sharing monies) withheld based on the percentage of the excess expenditures:

- If the excess expenditures are less than 5 percent of the limitation, the amount withheld is equal to the excess expenditures.
- If the excess expenditures are between 5 percent and 10 percent of the limitation or are less than 5 percent of the limitation but it is at least the second consecutive instance of excess expenditures, the amount withheld is equal to three times the excess expenditures.
- If the excess expenditures are equal to 10 percent or more of the limitation, the amount withheld is equal to five times the excess expenditures or one-third of its allocation of state income tax, whichever is less.

Before state monies are withheld, the Auditor General must hold a hearing to determine if the city or town has exceeded the expenditure limitation without authorization. To ensure due process, the city or town representatives are invited to attend and participate in this hearing. The State Treasurer withholds the penalty in the fiscal year following the Auditor General's hearing.



Expenditure Limitation Penalty

Estimated State income tax for 2020 = \$1,891,800

One-third of State income tax for 2020 = \$624,294

Limitation 2020	\$42,196,582
5% of limitation	2,109,829
10% of limitation	4,219,658

Penalty in subsequent year:

< 5% = same amount

5% > 10% = 3 times the amount

=/> 10% = lesser of 5 times amount or 1/3 state income tax

*Less monetary concern; matter of public trust and confidence



Stabilization Fund

Similar to Fund Balance Policy

- Define specific purposes for its use
- Set a funding *range* to maintain in PSPRS

Anticipated bad news

- 2019 GASB 68 report; and
- 2020 lowering of the discount rate
(expected return rate, slide A3)

How Establish

- Established via Ordinance or Financial Management Policy.
- Not recommended to include in any debt obligations unless that would significantly benefit the Town



Other Items for discussion

Plan Objectives

Other Related Topics

- Procurement process
(formal process, State contract)
- Process for issuing excise tax obligations
(Specific steps and Council actions)
- Stabilization fund amount (<\$1M)
- Changes in the discount rate
(CAFR Note 4E page 62)
- Town's authority to issue debt
- Other options
- Consequences of challenges
- Reconcile GFOA advisory on POBs
- Communication for residence

Financial Plan Objectives

- Legal compliance
- Public confidence and trust
- Maintain Town operations
- Maintain adequate Town reserves
- Continue funding Capital Improvements
- Pay PSPRS as expediently as possible
- Minimize debt, interest rate and term
- Open to any and all options



Requested Council Direction

For Tonight (May 23rd)

- Keep or reduce up to \$12M for proceeds in the Tentative Budget?
- Update excise tax options for mid-year implementation or leave as is to assist in decisions?
- Any options to eliminate?
- Alternatives to add for consideration?

By Next Meeting (June 13th)

- If Budget Amendment is approved, place up to \$3M with PSPRS in 2019 regardless of what financing option is selected?
> Impacts Town contribution rates in 2021 if paid by June 28
- Place the scheduled \$5M with PSPRS in July of 2019 or hold until after summer?
> Earnings are based on the average daily balance

Note: The Strategic Revenue Plan will be updated based on the Tentative Budget



Appendix



Interest: How is it calculated; where does it go?

The formula is based on the Town's Total Pension Liability and *discount rate* (aka expected return rate).

PSPRS FY 2017: Interest on the Total Pension Liability	
Beginning balance of Total Pension Liability	\$ 31,825,548
Plus 50% of Service costs of \$625,699	312,850
Less 50% of Benefit payments of (\$2,250,789)	(1,125,395)
Subtotal	31,013,003
Multiply times the rate	7.50%
Interest on the Total Pension Liability	\$ 2,325,975

The “interest on the Total Pension Liability” is recorded in the Unfunded Liability; *as a non-cash transaction.*

The “Funded Liability” or “Plan Assets” or “Plan Fiduciary” earns investment income with the PSPRS investment pools

Source: GASB 68 Report; (which differs from Actuarial Reports due to actual market experience)



Interest: How is it calculated; where does it go?

The formula is base on the Town's Total Pension Liability and *discount rate* (aka expected return rate).

PSPRS FY 2017: Interest on the Total Pension Liability	
Beginning balance of Total Pension Liability	\$ 31,825,548
Plus 50% of Service costs of \$625,699	312,850
Less 50% of Benefit payments of (\$2,250,789)	(1,125,395)
Subtotal	31,013,003
Multiply times the rate	7.50%
Interest on the Total Pension Liability	\$ 2,325,975

Year ending June 30,	2017
Total Pension Liability	
Service Cost	\$ 625,699
Interest on the Total Pension Liability	2,325,975
Benefit Changes	388,150
Difference between Expected and Actual Experience	572,004
Assumption Changes	1,461,598
Benefit payments, including refunds of employee contributions	(2,250,789)
Net Change in Total Pension Liability	3,122,637
Total Pension Liability - Beginning	31,825,548
Total Pension Liability - Ending (a)	\$ 34,948,185
Plan Fiduciary Net Position	
Employer Contributions	\$ 8,029,673
Employee Contributions	320,063
Pension Plan Net Investment Income	1,380,854
Benefit payments, including refunds of employee contributions	(2,250,789)
Pension Plan Administrative Expense	(12,618)
Other*	182,874
Net Change in Plan Fiduciary Net Position	7,650,057
Plan Fiduciary Net Position - Beginning	9,349,880
Plan Fiduciary Net Position - Ending (b)	\$ 16,999,937
Net Pension Liability/(Asset) - Ending (a) - (b)	17,948,248



Sensitivity of Net Pension (aka Unfunded Liability)

Sensitivity of Net Pension Liability/(Asset) to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.40%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the Total Pension Liability

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method Entry Age Normal
Asset Valuation Method Fair Value of Assets

Current Single Discount

	1% Decrease 6.40%	Rate Assumption 7.40%	1% Increase 8.40%
Total Pension Liability	\$ 39,429,712	\$ 34,948,185	\$ 31,259,791
Plan Fiduciary Net Position	16,999,937	16,999,937	16,999,937
Net Pension Liability/(Asset)	\$ 22,429,775	\$ 17,948,248	\$ 14,259,854

the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.

A detailed description of the actuarial assumptions and methods can be found in the June 30, 2017 Arizona Public Safety Personnel Retirement System annual actuarial valuation report.



Accounting Schedules 2018

What is the Town's PSPRS contribution rate?

Normal Cost Rate:

14.81% = \$479,013 in FY2020

Unfunded Actuarial Liability Rate:

42.48%* = \$1,373,969 in FY2020

Total Rate: 57.29% = \$1,852,982 in the FY2020 budget

The Normal Cost Rate is unrelated to the Unfunded Liability

The Unfunded Actuarial Liability rate is to pay the Unfunded Liability, amortized over an established number of years

* The Unfunded Actuarial Liability rate is reduced when the Unfunded Liability is reduced.



Town's Rate Reduction Chart

Impact of Extra Contributions

Extra Contribution in \$(000)	\$0	\$100	\$200	\$300	\$400	\$500	\$600	\$700	\$800	\$900	\$1,000
Impact on:											
- June 30, 2018 Funded Status	52.3%	52.6%	52.9%	53.2%	53.5%	53.7%	54.0%	54.3%	54.6%	54.9%	55.1%
- FYE 2020 Contribution Rate	57.29%	57.02%	56.75%	56.48%	56.21%	55.94%	55.67%	55.40%	55.13%	54.86%	54.59%

Based on the June 30, 2018 actuarial valuation, the table above shows the hypothetical change in the funded status and contribution rate due to each additional \$100,000 in market value.



Actuarial

Previous meeting(s)

\$12,000,000, Estimated Taxable Analysis (PSPRS Advancement)

STIFEL

Security: Pledged Revenue Obligations

Rating: Aa2 (Moody's)

Call: Non-Callable

Maturity	Amount	TR Comp	TR Yld	Coupon	Yield	Spread
2020	\$ 2,300,000	1YR	2.42%	2.2%	2.24%	0.20
2021	2,360,000	2YR	2.34%	3.2%	3.23%	0.30
2022	2,425,000	2YR	2.34%	3.7%	3.73%	0.35
2023	2,490,000	3YR	2.29%	4.7%	4.73%	0.45
2024	2,560,000	5YR	2.30%	5.7%	5.73%	0.55

\$ 12,135,000



Previous meeting(s)

\$12,000,000, Estimated Taxable Analysis (PSPRS Advancement)

STIFEL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			<div style="border: 1px solid black; padding: 5px; text-align: center;"> \$12,135,000 Excise Tax Revenue Obligations, Taxable Series 2019 </div>				
Year Ending June 30	Estimated Pledged Revenues	Outstanding Obligations Debt Service	Estimated Principal	Estimated Interest (a)	Total Debt Service	Combined Total Debt Service	Estimated Debt Service Coverage
2018	\$ 24,379,906	\$ 1,469,875				\$ 1,469,875	16.59x
2019		1,472,632				1,472,632	16.56x
2020		1,472,864	\$ 2,300,000	\$ 329,179	\$ 2,629,179	4,102,043	5.94x
2021		1,474,585	2,360,000	268,919	2,628,919	4,103,504	5.94x
2022		1,475,882	2,425,000	206,568	2,631,568	4,107,450	5.94x
2023		1,471,800	2,490,000	141,287	2,631,287	4,103,087	5.94x
2024		1,472,337	2,560,000	73,011	2,633,011	4,105,348	5.94x
Total		<u>\$ 10,309,974</u>	<u>\$ 12,135,000</u>	<u>\$ 1,018,965</u>	<u>\$ 13,153,965</u>	<u>\$ 23,463,939</u>	

(a) Estimated 3.0% taxable interest rate. Subject to change based on the final credit rating (if applicable) and market conditions.



Previous meeting(s)

\$6,000,000, Estimated Tax-Exempt Analysis (Capital Improvements) STIFEL

Security: Pledged Revenue

Rating: Aa2 (Moody's)

Call: Non-Callable

Maturity	Amount	MMD	Coupon	Yield	Spread
2020	\$ 1,180,000	1.53%	3.0%	1.15%	0.10
2021	1,200,000	1.55%	4.0%	1.26%	0.11
2022	1,220,000	1.58%	5.0%	1.46%	0.13
2023	1,240,000	1.62%	5.0%	1.66%	0.15
2024	1,260,000	1.68%	5.0%	1.87%	0.17

\$ 6,100,000



Previous meeting(s)

\$6,000,000, Estimated Tax-Exempt Analysis (Capital Improvements) STIFEL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			<div style="border: 1px solid black; padding: 5px; text-align: center;"> \$6,100,000 Excise Revenue Obligations, Tax-Exempt Series 2019 </div>				
Year Ending June 30	Estimated Pledged Revenues	Outstanding Obligations Debt Service	Estimated Principal	Estimated Interest (a)	Total Debt Service	Estimated Total Debt Service	Estimated Debt Service Coverage
2018	\$ 24,379,906	\$ 1,469,875				\$ 1,469,875	16.59x
2019		1,472,632				1,472,632	16.56x
2020		1,472,864	\$ 1,180,000	\$ 106,750	\$ 1,286,750	2,759,614	8.83x
2021		1,474,585	1,200,000	86,100	1,286,100	2,760,685	8.83x
2022		1,475,882	1,220,000	65,100	1,285,100	2,760,982	8.83x
2023		1,471,800	1,240,000	43,750	1,283,750	2,755,550	8.85x
2024		1,472,337	1,260,000	22,050	1,282,050	2,754,387	8.85x
Total		<u>\$ 10,309,974</u>	<u>\$ 6,100,000</u>	<u>\$ 323,750</u>	<u>\$ 6,423,750</u>	<u>\$ 16,733,724</u>	

(a) Estimated as 2.35%



Related Financial Management Policies (Budget p.173)

Fund Balance

- Maintain reserve of 90-110% of the subsequent years operating budget (General fund and HURF)

Capital

- Construction TPT in excess of \$500,000 is for the Capital Improvement Plan

Debt Service

- Long-term debt not exceed resources to pay
- Bond issuance limited to capital improvement projects to large to be included in AEL

Contingency

- The contingency fund is intended to create budget authority for the Town's remaining spending authority under the AEL



Council Resolution

(PSPRS) UNFUNDED LIABILITY A PRIORITY;

WHEREAS, the Town has a PSPRS unfunded liability exceeding \$18 million; and
WHEREAS, the Town is assessed an 8% annual fee on any outstanding balance; and
WHEREAS, the State Legislature amended state law to correct the structural issues which
would generate future increases to the unfunded liability; and
WHEREAS, the Town Council has established a Council goal of a long term balanced budget;
NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE
TOWN OF PARADISE VALLEY, ARIZONA THAT:
The expedient resolution of the PSPRS unfunded liability is a Council priority. It is the
Council's intent to pay off the liability as quickly as reasonably possible. The Town will
plan through its budgeting processes to pay the unfunded liability over a three-year period
in an effort to avoid significant future assessment costs. Each year the Town will revisit the
schedule to ensure that current revenues are sufficient to allow for the continuation of the
aggressive payment schedule.

PASSED AND ADOPTED by the Town Council this 13th day of October 2016.



GFOA – Advisory on Evaluating Use of POB

A GFOA advisory identifies specific policies and procedures necessary to minimize a government's exposure to potential loss in connection with its financial management activities. It is *not* to be interpreted as GFOA sanctioning the underlying activity that gives rise to the exposure.

Evaluating the Use of Pension Obligation Bonds (1997 and 2005) (DEBT & CORBA)

Background. An unfunded actuarial accrued liability (UAAL) for pension benefits generally represents the difference between the present value of all benefits estimated to be payable to plan members as a result of their service through the valuation date and the actuarial value of plan assets available to pay those benefits. This amount changes over time as a result of changes in accrued benefits, pay levels, rates of return on investments, changes in actuarial assumptions, and changes in the demographics of the employee base.

State and local governments normally reduce their unfunded actuarial pension liability over time as part of their annual required pension contribution. Some governments, however, have elected to issue pension obligation bonds to reduce their unfunded actuarial liability as a part of the overall strategy for managing its pension costs. Governments should also realize that, while the UAAL may initially be fully funded, actuarial experience may result in over or under funding over time. Policies should be developed to manage potential over or under funding, regardless of the issuance of POBs.

Pension obligation bonds must be issued on a taxable basis because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher-yielding taxable securities. From a purely financial perspective, issuing pension obligation bonds can produce savings for a government if the interest rate paid on the bonds is less than the rate of return earned on proceeds placed in the pension plan. However, governments issuing pension obligation bonds must be aware of the risks involved with these instruments and have the ability to manage these risks.

Recommendation. The Government Finance Officers Association (GFOA) recommends that state and local governments use caution when issuing pension obligation bonds. If a government chooses to issue pension obligation bonds, they should ensure they are legally authorized to issue these bonds and that other legal or statutory requirements governing the pension fund are not violated. Furthermore, the issuance of the pension obligation bonds should not become a substitute for prudent funding of pension plans.

Governments issuing pension obligation bonds should compare the bond's debt service schedule to the pension system's current UAAL amortization schedule, using the true interest cost of the bond issue as the discount rate to calculate the estimated net present value savings. Additionally, issuing governments should consider the amount of the estimated net present value savings, the spread between the true interest cost of the bonds, and the actuarial investment return assumption of the pension plan.

Even if the analysis indicates that financial benefits appear to outweigh the risks, governments should evaluate other issues that may arise if the bonds are issued, such as the loss of flexibility in difficult economic times because of the need to make timely payments of principal and interest in order not to default on the bonds, potential misunderstanding by policy makers regarding the possibility that an unfunded liability may reappear in the future, and potential pressures for additional benefits by government employees if plans are fully funded and the government's contribution as a percentage of payroll has declined relative to neighboring jurisdictions.

Before deciding to issue pension obligation bonds, a governmental entity should undertake a careful financial analysis that considers the following:

- Adequate disclosure of the fact that even if bonds are sold, governments could still face an unfunded liability in the future resulting from such factors as changes in benefit levels, investment returns, demographics, or other factors that were not anticipated when THE bonds were issued.
- Pension obligation bonds should be structured in a manner that does not defer principal payments. Additionally, the bonds should not have a maturity that is in excess of the current unfunded actuarial accrued liability amortization period.
- Most pension systems have investment practices that are designed to accept smaller incremental contributions than are typical with pension obligation bonds. A review of the system's ability to adequately incorporate a much larger contribution into the system without adversely affecting the system's asset allocation should be considered.
- Issuance of debt to fund pension liability increases debt burden and may use up debt capacity that could be used for other purposes.
- Issuing pension obligation bonds converts a liability that may not be fully reported on the face of the financial statements (i.e., the unfunded actuarial accrued liability) into a liability that is reported on the face of the financial statements (i.e., bonds payable).
- Governments should ensure that the pension system review its cash flow in order to ensure that benefits are paid in a timely manner, since annual employer contributions will be reduced in lieu of debt service payments on the POBs. Analysis should extend through the amortization period of the unfunded liability on a cash flow basis and the debt service period of the POB.
- Special consideration and analysis should be given to the actuarial and cost implications for individual employers participating in multiple-employer systems.

References

- *Financing Retirement Systems Benefits*, Richard G. Roeder, Public Employee Retirement Series, GFOA, 1987.
- "Pension Obligation Bonds: Practices and Perspectives," *Government Finance Review*, GFOA, December 1996.
- "Risky Business? Evaluating the Use of Pension Obligation Bonds," *Government Finance Review*, GFOA, June 2003, pp. 12-17.

Approved by the GFOA's Executive Board, March 2005.



GFOA – Advisory (Understanding the Recommendation)

Pension Obligation Bonds

Advisory:

GFOA Advisories identify specific policies and procedures necessary to minimize a government's exposure to potential loss in connection with its financial management activities. It is not to be interpreted as GFOA sanctioning the underlying activity that gives rise to the exposure.

BACKGROUND:

Pension obligation bonds (POBs) are taxable bonds¹ that some state and local governments have issued as part of an overall strategy to fund the unfunded portion of their pension liabilities by creating debt. The use of POBs rests on the assumption that the bond proceeds, when invested with pension assets in higher-yielding asset classes, will be able to achieve a rate of return that is greater than the interest rate owed over the term of the bonds. However, POBs involve considerable investment risk, making this goal very speculative.² Failing to achieve the targeted rate of return burdens the issuer with both the debt service requirements of the taxable bonds and the unfunded pension liabilities that remain unmet because the investment portfolio did not perform as anticipated. In recent years, local jurisdictions across the country have faced increased financial stress as a result of their reliance on POBs, demonstrating the significant risks associated with these instruments for both small and large governments.

Notes:

1 The Tax Reform Act of 1986 eliminated the tax exemption for pension obligation bonds.

2 Alicia H. Munnell, Jean-Pierre Aubry, and Mark Cafarelli, "An Update on Pension Obligation Bonds," Center for Retirement Research at Boston College, July 2014.

3 See GFOA Advisory – Using Debt-Related Derivatives and Developing a Derivatives Policy (2015)

Town's Plan & Objectives

- Addresses and mitigates these concerns?
- Highlights need for communication plan

RECOMMENDATION:

The Government Finance Officers Association (GFOA) recommends that state and local governments do not issue POBs for the following reasons:

1. The invested POB proceeds might fail to earn more than the interest rate owed over the term of the bonds, leading to increased overall liabilities for the government.
2. POBs are complex instruments that carry considerable risk. POB structures may incorporate the use of guaranteed investment contracts, swaps, or derivatives, which must be intensively scrutinized as these embedded products can introduce counterparty risk, credit risk and interest rate risk.³
3. Issuing taxable debt to fund the pension liability increases the jurisdiction's bonded debt burden and potentially uses up debt capacity that could be used for other purposes. In addition, taxable debt is typically issued without call options or with "make-whole" calls, which can make it more difficult and costly to refund or restructure than traditional tax-exempt debt.
4. POBs are frequently structured in a manner that defers the principal payments or extends repayment over a period longer than the actuarial amortization period, thereby increasing the sponsor's overall costs.
5. Rating agencies may not view the proposed issuance of POBs as credit positive, particularly if the issuance is not part of a more comprehensive plan to address pension funding shortfalls.



BUDGET 2020: PSPRS UNFUNDED LIABILITY FINANCIAL PLANS



May 23rd, 2019



Action Report

File #: 19-241

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Douglas Allen, CPA

DATE: May 23, 2019

DEPARTMENT: Finance

AGENDA TITLE:

Discussion on the Strategic Revenue Plan for FY2020

SUMMARY STATEMENT:

Staff will highlight additions and changes to the document as presented May 9th.

This document is a work in progress and all input from Council is welcomed and additional data and information can be added before the next meeting on June 13th.

Consideration for adoption of the Strategic Revenue Plan is planned for June 13th included in the resolution that approves the Final Budget and CIP.

For best viewing of information, staff will review the "pdf" document on-screen in lieu of power point.

The Strategic Revenue Plan is inspired by a Mayor's initiative and the long-standing traditions of Paradise Valley's Mayor and Council's values and directives for fiscal prudence and stability. This report brings together an ASU graduate students revenue risk assessment study, GFOA recommended practices, and the Town's revenue analysis, annual financial forecast and budget preparation. The Strategic Revenue Plan looks at specific revenue trends, their basis and how likely risk factors could influence their performance that would impact the Town's governmental operations, obligation repayments and capital improvement plans.

Page numbers have shifted since the May 9th draft. Changes / Updates can be found on pages 7, 15, 19, 38, and 41-48.

ATTACHMENT(S):

Strategic Revenue Plan Draft 2019_0523

File #: 19-241

TOWN OF PARADISE VALLEY, ARIZONA

**STRATEGIC
REVENUE
PLAN**

FISCAL YEAR 2020

DRAFT
May 23, 2019

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OVERVIEW

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OVERVIEW

The Strategic Revenue Plan is inspired by a Mayor's initiative and the long-standing traditions of Paradise Valley's Mayor and Council's values and directives for fiscal prudence and stability. This report brings together an ASU grad revenue risk assessment study, GFOA recommended practices, and the Town's revenue analysis, annual financial forecast and budget preparation. The Strategic Revenue Plan looks at specific revenue trends, their basis and how likely risk factors could influence their performance that would impact the Town's governmental operations, obligation repayments and capital improvement plans.

The Capital Improvement Plan and the Strategic Revenue Plan are both integral components of the Town's annual budget but are both stand-alone documents that serve specific purposes. The Strategic Revenue Plan draws from the Town' Annual Budget and is adopted by Town Council in a single resolution that also includes the annual budget resolution and Capital Improvement Plan.

The intent of the Town to update the Strategic Revenue Plan annually and include in its adopted budget document like the Capital Improvement Plan.

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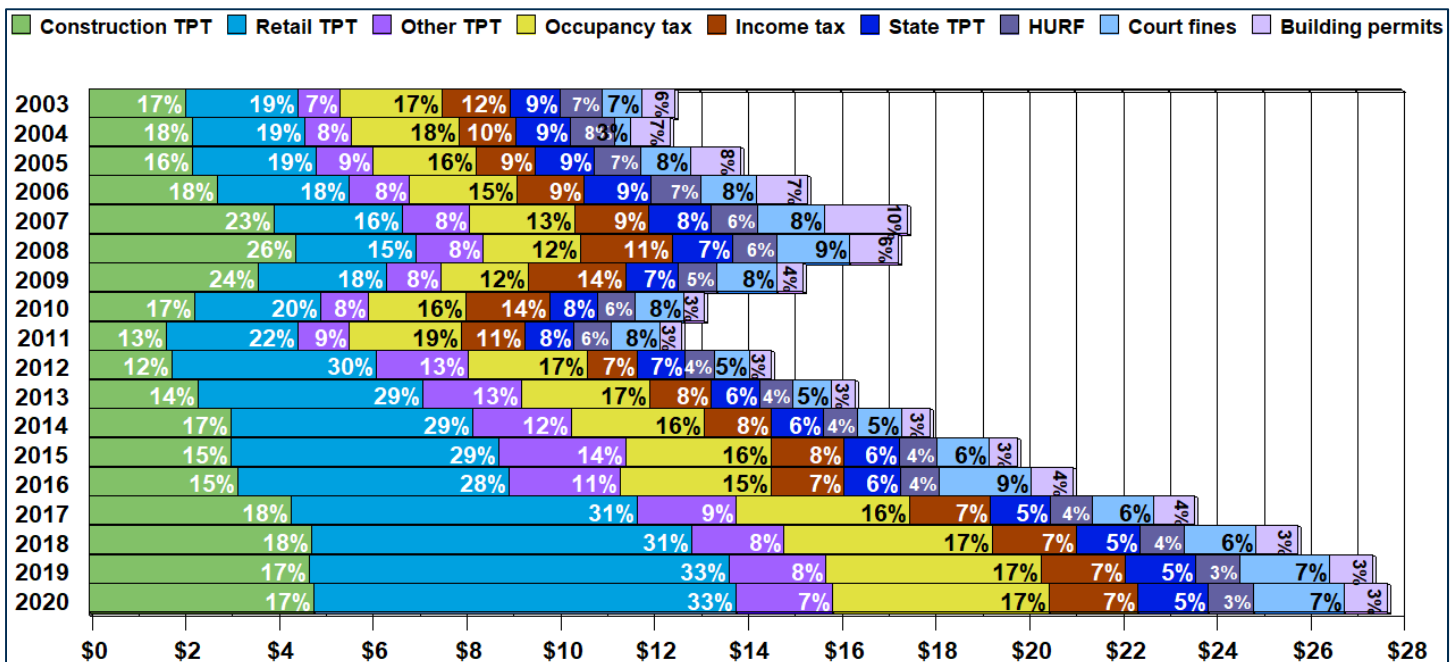
SUMMARY

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SUMMARY

Major revenues are a combination of seven (7) individually reported revenue sources. Trends show that historically, these seven revenues generally meet the benchmark of 80% of total governmental revenues (78%-83% from 2013 to 2020). Estimating these seven sources with reasonable accuracy is vital to adequately managing and supporting the Towns financial strategies.

MAJOR OPERATING REVENUE ESTIMATED FOR 2020						
Revenue Major Sources	Actual 2014/15	Projected 2015/16	Actual 2016/17	Actual 2017/18	Projected 2018/19	Estimated 2019/20
1-Transaction privilege tax (sales):						
Retail and hospitality	\$ 5,705,830	\$ 5,788,062	\$ 7,370,408	\$ 8,088,233	\$ 8,960,000	\$ 9,000,000
Construction & contracting	3,049,241	3,181,485	4,327,639	4,762,342	4,708,000	4,800,000
All other	2,692,378	2,376,355	2,120,270	1,982,947	2,059,000	2,060,000
2-Occupancy tax (bed)	3,117,450	3,207,626	3,701,739	4,443,281	4,577,734	4,623,500
State shared revenues:						
3-State income tax	1,551,940	1,543,526	1,703,256	1,778,003	1,807,858	1,891,800
4-State sales tax	1,171,604	1,217,296	1,277,675	1,378,388	1,487,842	1,502,000
5-Highway user revenue fund	793,772	828,858	897,142	933,034	953,225	968,900
6-Court fines	1,118,688	1,964,887	1,318,793	1,528,206	1,920,403	1,921,120
7-Building permits	613,269	894,704	876,434	893,751	900,432	919,440
Total major revenues	\$ 19,814,172	\$ 21,002,799	\$ 23,593,356	\$ 25,788,185	\$ 27,374,494	\$ 27,686,760
Non major revenue	3,569,271	4,939,641	4,530,042	6,414,288	5,767,526	5,679,620
Total operating revenue	\$ 23,383,443	\$ 25,942,440	\$ 28,123,398	\$ 32,202,473	\$ 33,142,020	\$ 33,366,380
% Major revenue to total	85%	81%	84%	80%	83%	83%



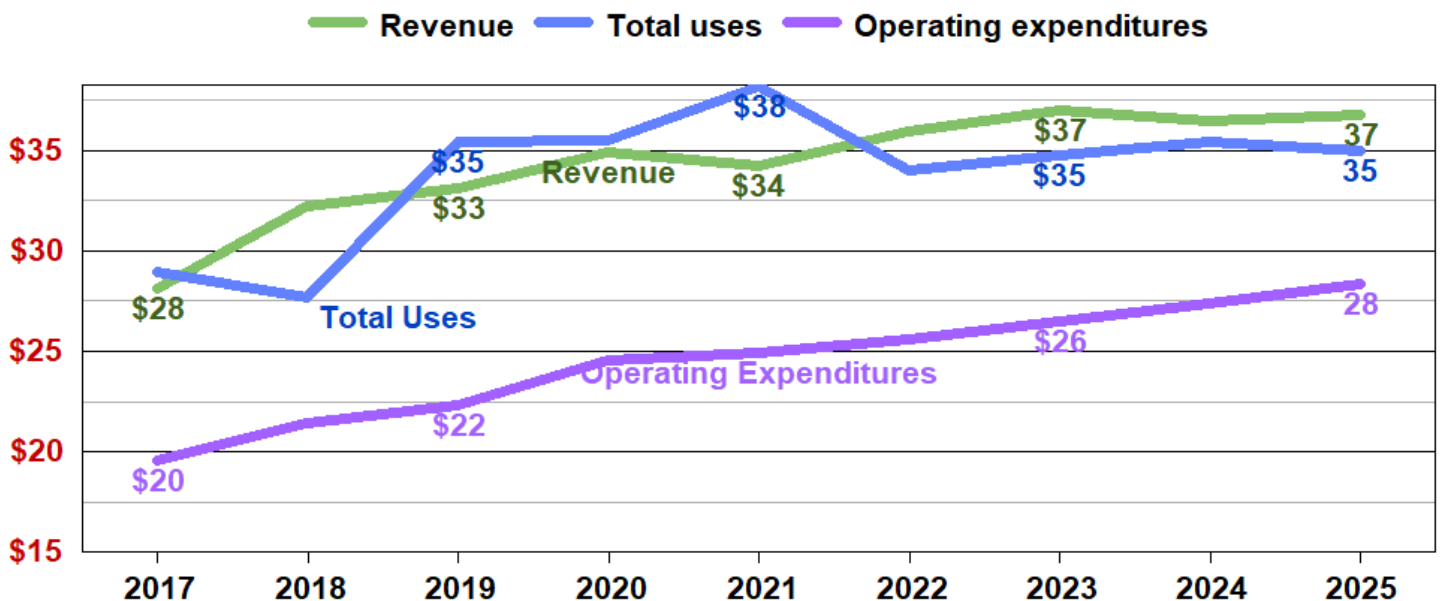
SUMMARY

The forecast below is based on the forecast in the recommended budget for FY2019/20.

FINANCIAL FORECAST 2020						
Financial Forecast from the Recommended Budget 2019/20	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
REVENUE:						
Major revenues	\$ 27,686,760	\$ 29,019,949	\$ 30,734,630	\$ 31,755,374	\$ 31,226,413	\$ 31,560,568
Non major revenues	5,679,620	5,209,620	5,209,620	5,209,620	5,209,620	5,209,620
Transfers in	1,500,000	-	-	-	-	-
Total revenue	\$ 34,866,380	\$ 34,229,569	\$ 35,944,250	\$ 36,964,994	\$ 36,436,033	\$ 36,770,188
USES:						
Base operations	24,530,963	24,925,949	25,622,328	26,491,082	27,393,062	28,383,990
Debt obligations	168,494	1,474,585	1,475,883	1,471,800	1,472,337	-
Assigned for:						
PSPRS unfunded liability	6,000,000	5,233,108	-	-	-	-
Repair and replacement	479,210	523,102	873,188	799,022	569,786	555,382
Capital improvement plan	4,300,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total uses	\$ 35,478,667	\$ 38,156,744	\$ 33,971,399	\$ 34,761,904	\$ 35,435,185	\$ 34,939,372
Increase (decrease) fund balance	\$ (612,287)	\$ (3,927,175)	\$ 1,972,851	\$ 2,203,090	\$ 1,000,848	\$ 1,830,816
This forecast deviates from the 2020 budget document by reporting "transfer in" as a revenue in the 2019/20 column						

The graph below illustrates the financial forecast for 2020.

If the **total uses line** is over the **revenue line**, then the Town is using fund balance, like in FY2019-2021. If the **revenue line** is over the **total uses line**, then the town is accruing fund balance that is carried for future years, like FY2022-2025. If the **operating expenditure line** were over the **revenue line**, then the Town would be facing a structural deficit.



SUMMARY

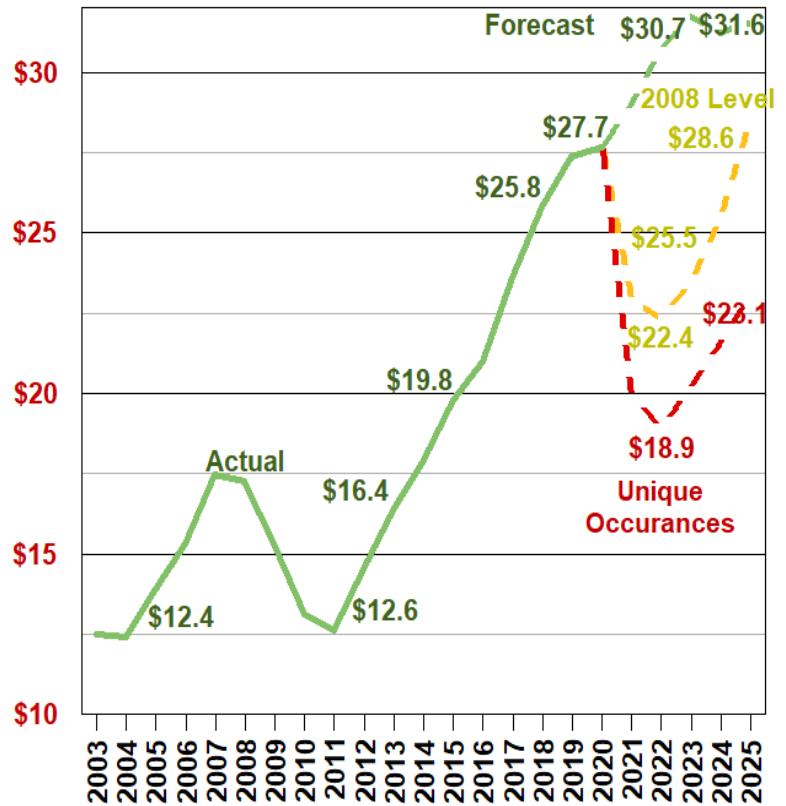
Stressing the forecast: Based on the previous pages, a goal is to maintain the revenue line above the expenditure line and focusing on major revenues is a logical step one.

Green line: shows the current revenue forecast that is then stressed in two scenarios.

Yellow line: runs a trend that mirrors the economic downturn late 2008 through 2011 for each major revenue.

Red line: represents a unique situation, either legislative action or a change in the revenue base for each major revenue.

Step two is to test how these two scenarios support the Towns forecasted expenditures for operations, debt payments, capital improvements, planned repairs and replacement of vehicles and equipment.

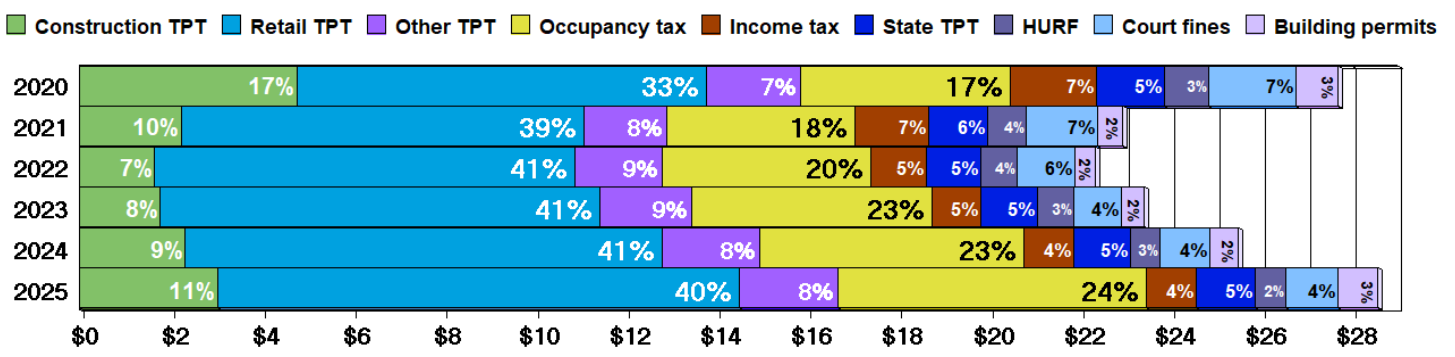


YELLOW LINE: REVENUE IMPACTS - STRESS TEST: 2008-2011 MODEL

MAJOR REVENUES	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Financial forecast 2020	\$ 27,686,760	\$ 29,019,949	\$ 30,734,630	\$ 31,755,374	\$ 31,226,413	\$ 31,560,568
Stress: 2008-2011 model	27,686,760	22,959,849	22,356,496	23,436,173	25,492,940	28,573,942
Shortfall: less than forecast	\$ -	\$ (6,060,100)	\$ (8,378,134)	\$ (8,319,201)	\$ (5,733,473)	\$ (2,986,626)
* Due to the inclusion of multiple scenarios, "equivalent net worth" is not shown						

The chart above compares major revenues in the forecast in the 2020 budget and a stress test modeled after impacts to revenue 2008-2011.

The graph below shows each major revenue and the percentage the account for in the total major revenue.

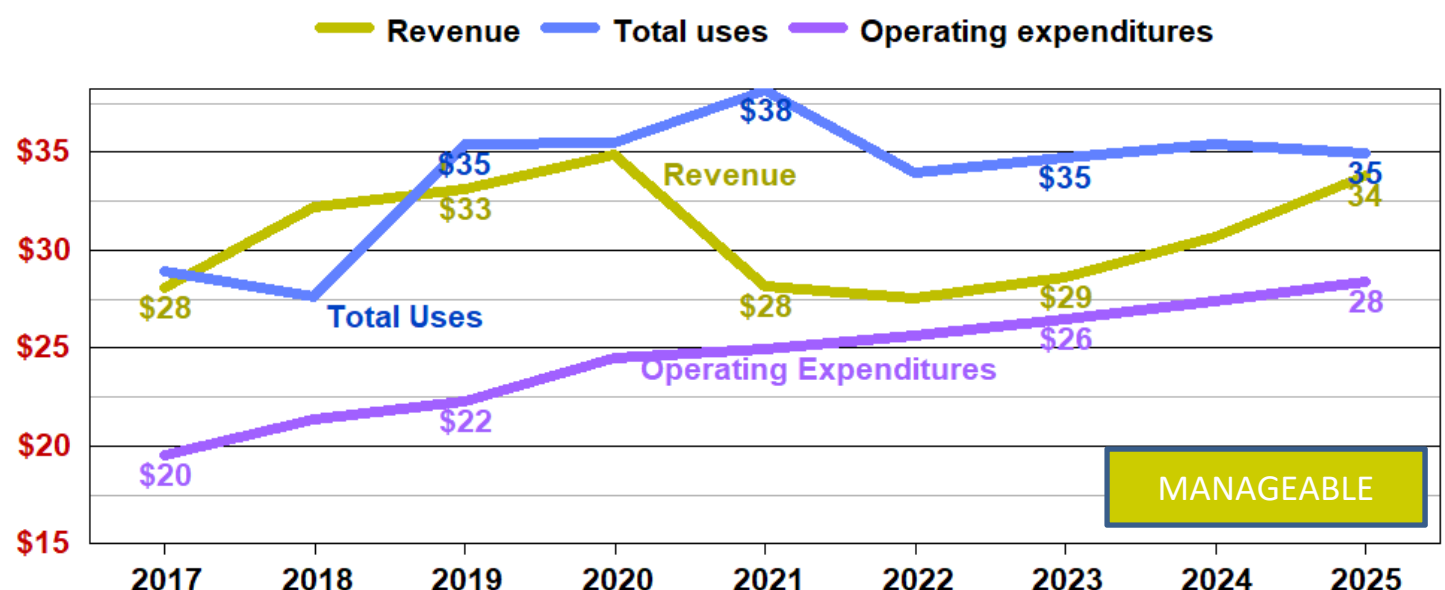


SUMMARY

The forecast below is based on simulating patterns of major revenues with economic conditions from late 2008-2011.

YELLOW LINE: FINANCIAL FORECAST - STRESS TEST: 2008-2011 MODEL						
Financial Forecast based on the 2008-2011 model*	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
REVENUE:						
Stress: 2008-2011 model	\$ 27,686,760	\$ 22,959,849	\$ 22,356,496	\$ 23,436,173	\$ 25,492,940	\$ 28,573,942
Non major revenues	5,679,620	5,209,620	5,209,620	5,209,620	5,209,620	5,209,620
Transfers in	1,500,000	-	-	-	-	-
Total revenue	\$ 34,866,380	\$ 28,169,469	\$ 27,566,116	\$ 28,645,793	\$ 30,702,560	\$ 33,783,562
USES:						
Base operations	24,530,963	24,925,949	25,622,328	26,491,082	27,393,062	28,383,990
Debt obligations	168,494	1,474,585	1,475,883	1,471,800	1,472,337	-
Assigned for:						
PSPRS unfunded liability	6,000,000	5,233,108	-	-	-	-
Repair and replacement	479,210	523,102	873,188	799,022	569,786	555,382
Capital improvement plan	4,300,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total uses	\$ 35,478,667	\$ 38,156,744	\$ 33,971,399	\$ 34,761,904	\$ 35,435,185	\$ 34,939,372
Increase (decrease) fund balance	\$ (612,287)	\$ (9,987,275)	\$ (6,405,283)	\$ (6,116,111)	\$ (4,732,625)	\$ (1,155,810)
Different from Forecast 2020	\$ -	\$ (6,060,100)	\$ (8,378,134)	\$ (8,319,201)	\$ (5,733,473)	\$ (2,986,626)
This forecast deviates from the 2020 budget document by reporting "transfer in" as a revenue in the 2019/20 column						

Though not as compelling as in the forecast in the FY2020 budget, **the revenue line** does remain above **operating expenditures**. By looking at each revenue source, there are possible actions that can be taken on the expenditure side to lower **the blue line** in this graph. Simply using fund balance to cover all revenue shortfalls would leave the Town vulnerable in future years. However, fund balance can be the bridge to navigate over this type of revenue stress.



SUMMARY

The chart below identifies some possible mitigation actions that could be taken on the expenditure side, should revenues decline to the extent in the stress test.

YELLOW LINE: POSSIBLE ACTIONS - STRESS TEST: 2008-2011 MODEL						
Possible actions to mitigate impacts of 2008-2011 type stress	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Defer capital improvement plan		\$ 3,000,000	\$ 3,500,000	\$ 4,000,000	\$ 3,500,000	\$ 3,000,000
Reprogram street maintenance	-	152,120	226,552	254,183	438,091	451,234
Defer PSPRS unfunded liability	-	-	-	-	-	-
Reduce contractual services	-	130,000	130,000	130,000	75,000	-
Reduce contribution to tourism	-	410,753	509,519	606,056	414,519	55,677
Staffing reductions	-	-	-	-	-	-
Other expenditure offsets	-	-	-	-	-	-
Defer assignments for:						
Fleet	-	-	-	-	-	-
Facilities	-	-	-	-	-	-
Technology	-	-	-	-	-	-
Total before use of fund balance	\$ -	\$ 3,692,873	\$ 4,366,071	\$ 4,990,239	\$ 4,427,610	\$ 3,506,911
Use of (replenish) fund balance:						
PSPRS unfunded liability	612,287	5,233,108	-	-	-	-
PSPRS debt obligations	-	-	-	-	-	-
Operating expenditures	-	-	-	-	-	-
Capital improvement plan	-	1,061,294	2,039,212	1,125,872	305,015	(2,351,101)
CIP debt obligations	-	-	-	-	-	-
Use of (replenish) fund balance	612,287	6,294,402	2,039,212	1,125,872	305,015	(2,351,101)
Total actions to balance deficit	\$ 612,287	\$ 9,987,275	\$ 6,405,283	\$ 6,116,111	\$ 4,732,625	\$ 1,155,810
Total deficit from 2008-2011 stress	\$ 612,287	\$ 9,987,275	\$ 6,405,283	\$ 6,116,111	\$ 4,732,625	\$ 1,155,810

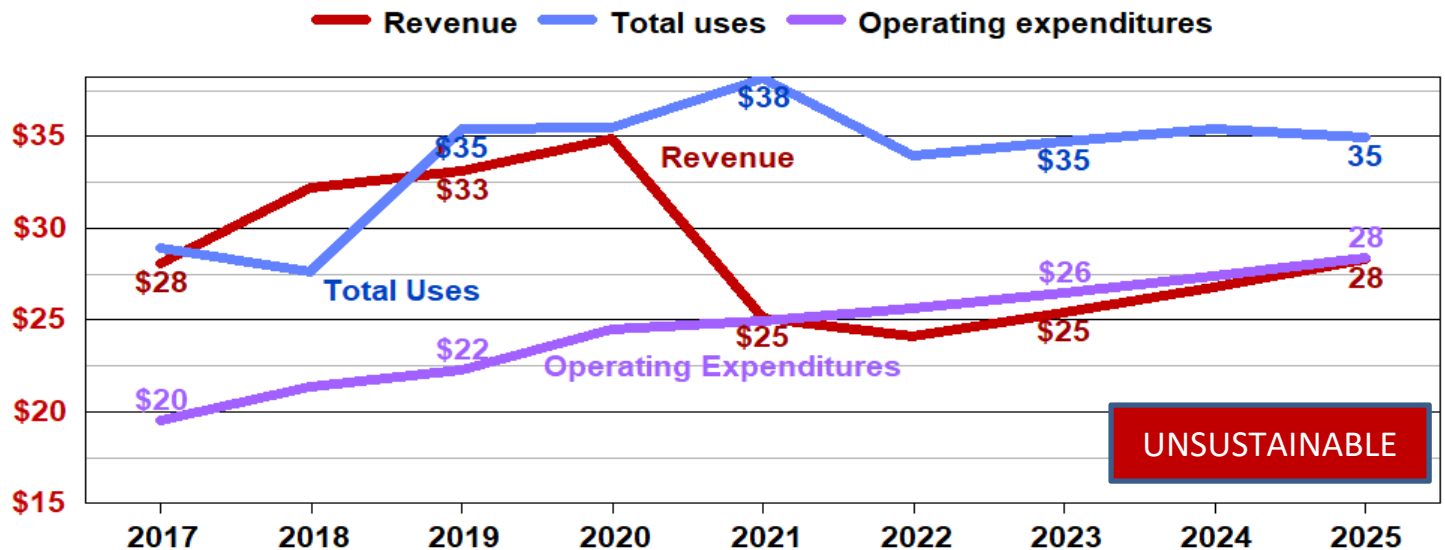
Unassigned **fund balance** is the cumulative difference of revenue and expenditures carried forward to the next fiscal year, that is not assigned or restricted. The chart below shows the amount of unassigned balance as a percentage (%) of next year's forecasted operating expenditures.

YELLOW LINE: FINANCIAL FORECAST - STRESS TEST: 2008-2011 MODEL						
Fund balance amount and as % of subsequent year	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Unassigned fund balance	\$ 29,459,015	\$ 23,164,613	\$ 21,125,401	\$ 19,999,529	\$ 19,694,514	\$ 22,045,615
Stress: 2008-2011 model	118%	90%	80%	73%	69%	75%
Financial Forecast 2020	118%	100%	104%	108%	108%	111%

SUMMARY

The second stress test applies a unique situation, either legislative action or a change in the revenue base for each major revenue and presents the information in the same format as previous forecasts.

RED LINE: REVENUE IMPACTS - UNIQUE OCCURANCES						
MAJOR REVENUES	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
MAJOR REVENUES:						
Financial forecast 2020	\$ 27,686,760	\$ 29,019,949	\$ 30,734,630	\$ 31,755,374	\$ 31,226,413	\$ 31,560,568
Stress: Unique occurrences	27,686,760	19,917,358	18,921,490	20,229,901	21,564,009	23,096,383
Shortfall: less than forecast	\$ -	\$ (9,102,591)	\$ (11,813,140)	\$ (11,525,473)	\$ (9,662,404)	\$ (8,464,185)



RED LINE: FINANCIAL FORECAST - UNIQUE OCCURANCES						
	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
REVENUE:						
Major revenues	\$ 27,686,760	\$ 19,917,358	\$ 18,921,490	\$ 20,229,901	\$ 21,564,009	\$ 23,096,383
Non major revenues	5,679,620	5,209,620	5,209,620	5,209,620	5,209,620	5,209,620
Transfers in	1,500,000	-	-	-	-	-
Total revenue	\$ 34,866,380	\$ 25,126,978	\$ 24,131,110	\$ 25,439,521	\$ 26,773,629	\$ 28,306,003
USES:						
Base operations	24,530,963	24,925,949	25,622,328	26,491,082	27,393,062	28,383,990
Debt obligations	168,494	1,474,585	1,475,883	1,471,800	1,472,337	-
Assigned for:						
PSPRS unfunded liability	6,000,000	5,233,108	-	-	-	-
Repair and replacement	479,210	523,102	873,188	799,022	569,786	555,382
Capital improvement plan	4,300,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total uses	\$ 35,478,667	\$ 38,156,744	\$ 33,971,399	\$ 34,761,904	\$ 35,435,185	\$ 34,939,372
Increase (decrease) fund balance	\$ (612,287)	\$ (13,029,766)	\$ (9,840,289)	\$ (9,322,383)	\$ (8,661,556)	\$ (6,633,369)
Different from Forecast 2020	\$ -	\$ (6,060,100)	\$ (8,378,134)	\$ (8,319,201)	\$ (5,733,473)	\$ (2,986,626)
This forecast deviates from the 2020 budget document by reporting "transfer in" as a revenue in the 2019/20 column						

REVENUES

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TRANSACTION PRIVILEGE TAX

The *Arizona Department of Revenue* (“ADOR”) describes the Arizona Transaction Privilege Tax as: “although commonly referred to as a **sales tax**, the Arizona transaction privilege tax (TPT) is actually a tax on a vendor for the privilege of doing business in the state. Various business activities are subject to transaction privilege tax and must be licensed.”

“If a business is selling a product or engaging in a service subject to TPT. A license from the ADOR would likely be needed as well as a transaction privilege tax or business / occupational license from the city or cities in which the business is based and / or operates.”

“ADOR collects the tax for the counties and cities; however, tax rates vary depending on the type of business activity, the city and the county.”

RATES & CATEGORIES

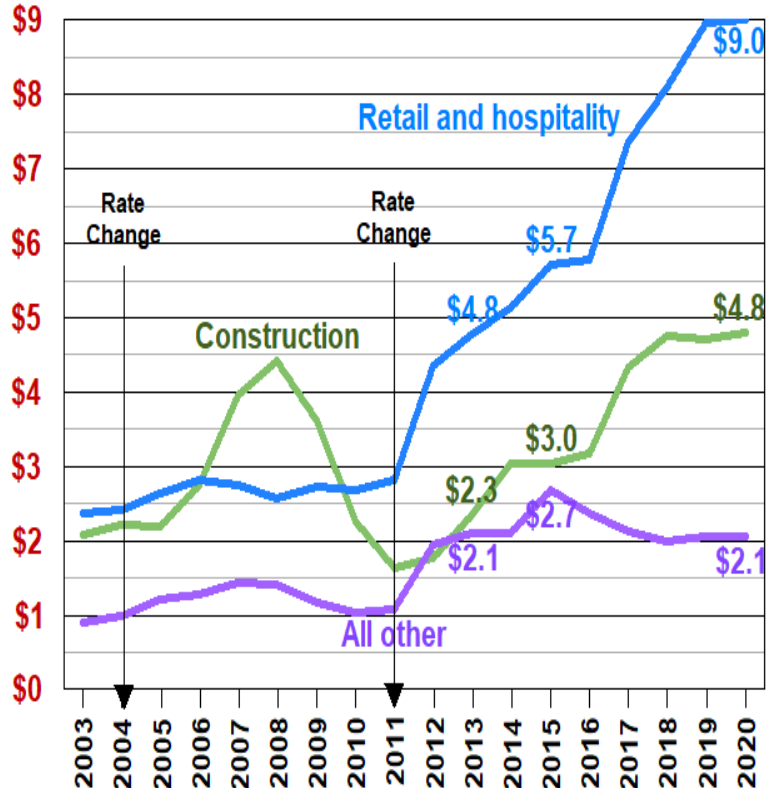
On January 1, 1999, the Town’s TPT rate increased from 1.2% to 1.4%; increased to 1.65% on September 1, 2004 and 2.50% on August 1, 2011.

There are numerous components and taxable activities within the local sales tax (TPT) and can be simplified into three (3) main categories: Construction, Hospitality and Retail, and All Other.

Construction is generally considered a non-recurring revenue and is primarily used for the Town’s Capital Improvement Plan.

Retail and hospitality is a significant category for the Town because of its potential to be recurring year-to-year and recent growth.

The line graph to the right shows these categories for local sales tax from 2003-2020 (in millions).



TRANSACTION PRIVILEGE TAX						
Revenue By category	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Projected 2018/19	Estimated 2019/20
Construction	\$ 3,049,241	\$ 3,181,485	\$ 4,327,639	\$ 4,762,342	\$ 4,708,000	\$ 4,800,000
Retail and hospitality	5,705,830	5,788,062	7,370,408	8,088,233	8,960,000	9,000,000
All other	2,692,378	2,376,355	2,120,270	1,982,947	2,059,000	2,060,000
Total major revenues	\$ 11,447,449	\$ 11,345,902	\$ 13,818,317	\$ 14,833,522	\$ 15,727,000	\$ 15,860,000

CONSTRUCTION TPT

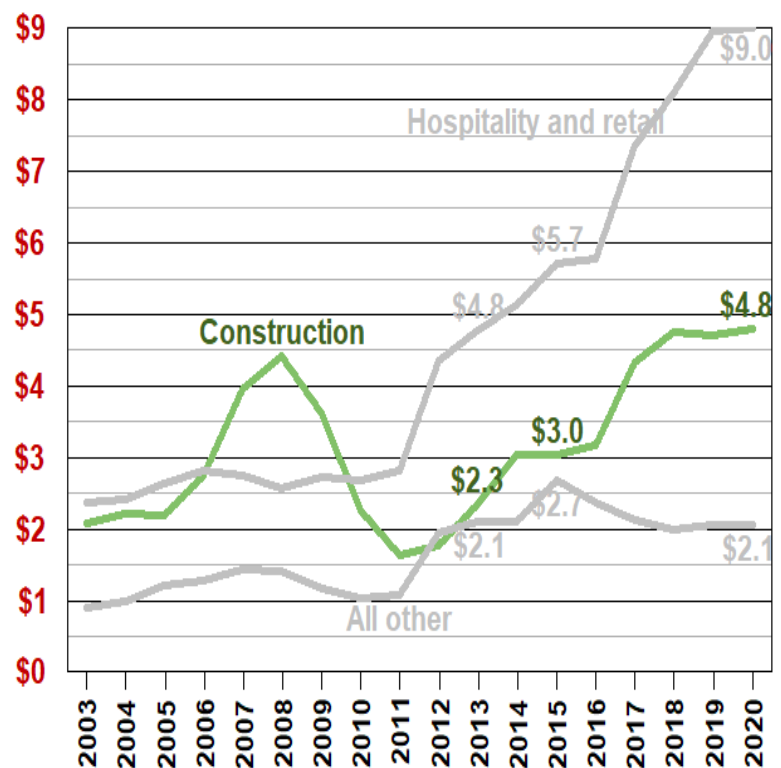
Construction is the most volatile of the three TPT categories.

Construction TPT is generally considered a non-recurring revenue, because once the specific construction project is completed, that activity is done.

Construction is volatile and cyclical in the Town. The majority of the Town's construction is for major projects, such as building resorts.

As the Town's residential areas are being "built out", it is expected that a level of construction will be maintained with remodels and "scrape and build".

The line graph to the right shows highlights the Construction TPT from 2003-2020. (in millions).



RISK ASSESSMENT

Significance and Likelihood	Volatility			Legislative Action			State Allocation			Stagnant Population			Income Recession			Overall Risk Rating		
Significantly impact	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Likelihood of occurrence	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L

Assessment is from the "Paradise Valley Revenue Risk Assessment"

The risk assessment shows Construction TPT is highly volatile and has limited residential growth; and is vulnerable to potential legislative action (at the State level) and the strength of the economy relative to building.

RESTRICTIONS ON USE OF REVENUE

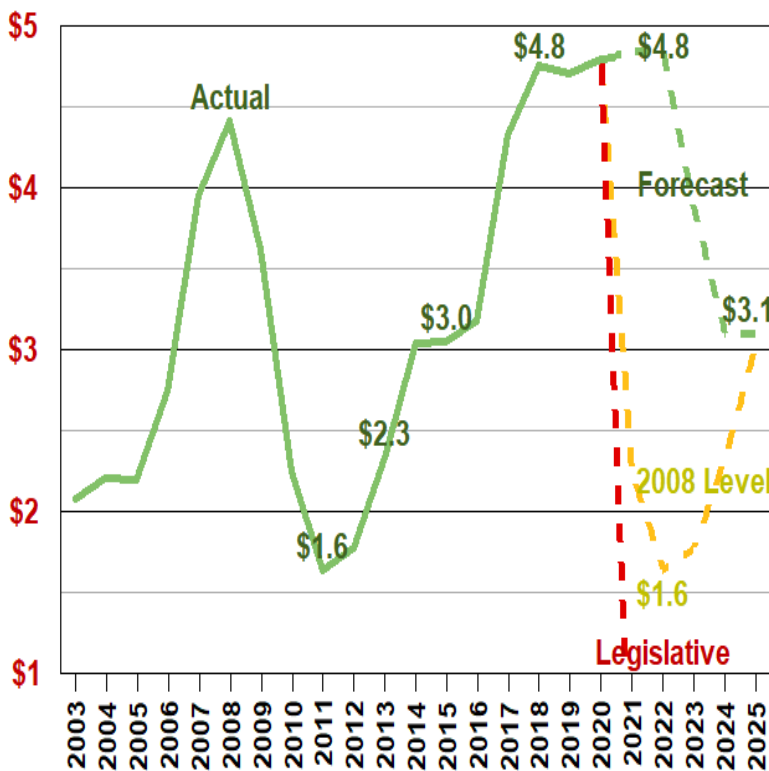
Legal or Legislative	Town Designation	General Use
None	All revenue in excess of \$500,000 is for the Capital Improvement Program	First \$500,000 can be used for general operations

A shortfall defers CIP or uses other sources

The Town has a policy that the first \$500,000 of Construction TPT received can be used for general operations and all amounts in excess of \$500,000 is transferred to the Capital Improvement Program (CIP).

When the Town experiences a reduction in Construction sales tax revenue, the initial impact is on the CIP. The Town's CIP currently includes funding from other sources than Construction TPT. Town Council would need to determine weather to offset a reduction in Construction TPT by deferring CIP projections or augmenting the short fall with other revenues or other Town programs.

CONSTRUCTION TPT



The green line represents the financial forecast for FY2020 through FY2025. It projects that construction levels will remain at peak for the next few years. This will then level off as major projects are completed. This forecast does not specifically predict the completion in FY2024, but in years after FY2023.

The yellow line emulates the trend of construction TPT in the nation-wide economic downturn that began in late 2008 and construction resumes 3 years later.

The red line illustrates legislative action that could be materially detrimental to the Town's revenue upon action.

The line graph (in millions) and charts show the three forecast scenarios for Construction TPT for the next 5 years.

SCENARIO #1 - YELLOW LINE - STRESS TREND PATTERNED ON 2008-2011

CONSTRUCTION & CONTRACTING	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Construction & contracting:						
Financial forecast 2020	\$ 4,800,000	\$ 4,848,000	\$ 4,848,000	\$ 3,878,400	\$ 3,102,720	\$ 3,102,720
Stress: 2008-2011 model	4,800,000	2,250,756	1,645,850	1,780,801	2,340,481	3,048,856
Shortfall: less than forecast	\$ -	\$ (2,597,244)	\$ (3,202,150)	\$ (2,097,599)	\$ (762,239)	\$ (53,864)
Estimated 5-year accumulated shortfall		\$ (8,713,096)				

The nation-wide economic downturn that began in late 2008 halted most major construction projects in the state. The Town was fortunate that projects within the Town were not cancelled but delayed and construction resumed in 2012.

SCENARIO #2 - RED LINE - LEGISLATIVE CHANGES

CONSTRUCTION & CONTRACTING	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Construction & contracting:						
Financial forecast 2020	\$ 4,800,000	\$ 4,848,000	\$ 4,848,000	\$ 3,878,400	\$ 3,102,720	\$ 3,102,720
Stress: Legislative action	4,800,000	-0-	-0-	-0-	-0-	-0-
Shortfall: less than forecast	\$ -	\$ (4,848,000)	\$ (4,848,000)	\$ (3,878,400)	\$ (3,102,720)	\$ (3,102,720)
Estimated 5-year accumulated shortfall		\$ (19,779,840)				

Since the Town uses Construction TPT for its capital improvement plan, any factors that negatively impacts this revenue, directly impacts the Town's Capital Improvement Plan.

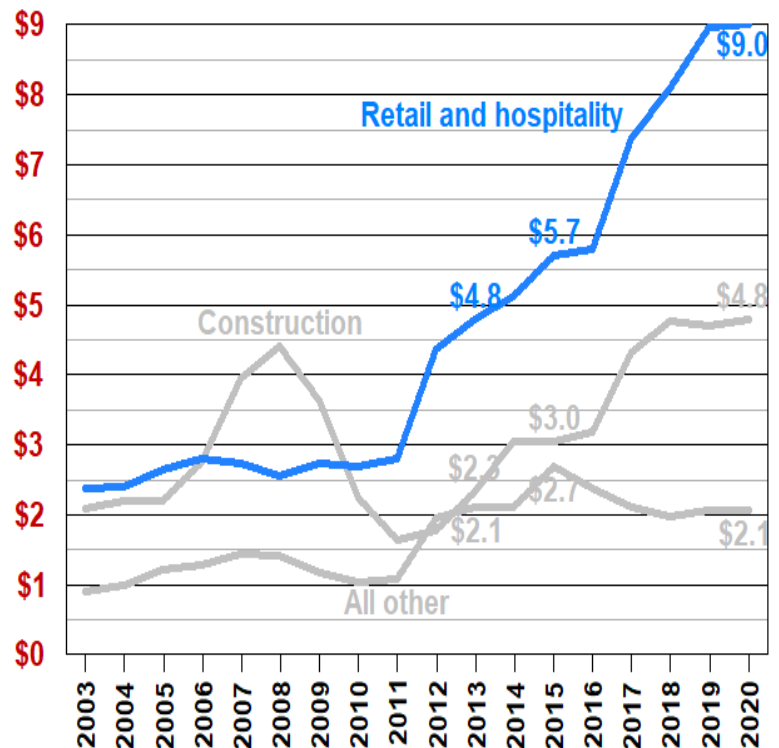
RETAIL & HOSPITALITY TPT

Retail and hospitality is a significant revenue category. In 2016 it became the most predominant of the three categories of Transaction Privilege Tax (TPT).

Retail and hospitality TPT is a recurring revenue and is available to support the Town's governmental operations, which includes Public Safety.

Retail and hospitality revenue was consistent between \$2.4 million and \$2.8 million from 2003 to 2011. Beginning in 2012, this revenue began a continued steep increase from \$3 million to an estimated \$9 million in 2020. This is a direct result of new amenities within the Town.

The graph (in millions) highlights the Retail and hospitality TPT from 2003-2020.



RISK ASSESSMENT

Significance and Likelihood	Volatility			Legislative Action			State Allocation			Stagnant Population			Income Recession			Overall Risk Rating		
Significantly impact	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Likelihood of occurrence	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L

Assessment is from the "Paradise Valley Revenue Risk Assessment"

The risk assessment shows the nature of the Town's Retail and hospitality has low volatility and not susceptible to legislative action, state allocation or stagnant population. But, since Retail and hospitality is dependent on tourism, it does have a high risk should there be impacts on income levels, such as a recession.

RESTRICTIONS ON USE OF REVENUE

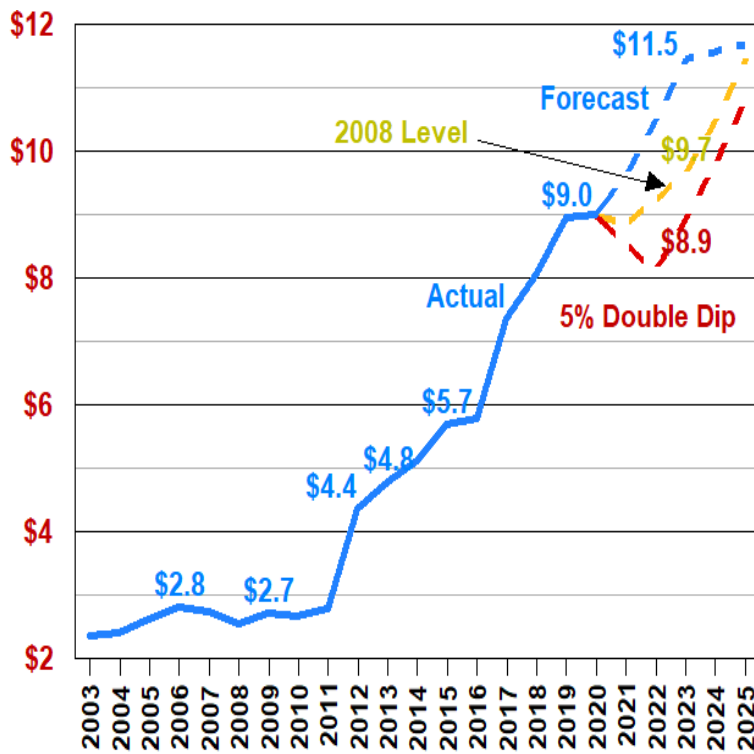
Legal or Legislative	Town Designation	General Use
None	None	All revenue is for general use

A shortfall could impact Town's operations

There are no specific legislative or Town designations imposed on Retail and hospitality revenue, other than laws regarding the use of public funds.

Retail and hospitality revenue is for general use and provides funding for the recurring governmental operations of the town and is also available to supplement other programs where other funding may temporarily fall short, such as the Capital Improvement Program.

RETAIL & HOSPITALITY TPT



The blue line is the forecast for FY2020 and continues to include new retail and hospitably amenities opening over the next few years. Consist with prior years, revenue for new retail space is estimated by using a “per square foot” formula. The tapering of the steep increase in 2023 isn’t specific to that year but recognizing less “new” amenities in out years.

The yellow line trends the economic downturn from late 2008-2011. The impacts on the Town’s Retail and hospitality revenue were not as sever compared to the other revenue sources and the rest of the state.

The red line calculates a two-year decline of 5%. The reason for this to occur could be a change in rates, revenue basis, income levels or a natural or other event that effects tourism.

The graph (in millions) and charts show the three forecast scenarios for the next 5 years.

YELLOW LINE - STRESS TREND PATTERNED ON 2008-2011

RETAIL & HOSPITALITY	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Retail and hospitality:						
Financial forecast 2020	\$ 9,000,000	\$ 9,630,800	\$ 10,478,546	\$ 11,470,831	\$ 11,585,539	\$ 11,701,394
Stress: 2008-2011 model	9,000,000	8,864,314	9,261,692	9,676,884	10,478,546	11,470,831
Shortfall: less than forecast	\$ -	\$ (766,486)	\$ (1,216,854)	\$ (1,793,947)	\$ (1,106,993)	\$ (230,563)
Estimated 5-year accumulated shortfall		\$ (5,114,843)				

In the timeframe of 2008-2011, the total dollar impact to this revenue stream wasn’t as significant when compared to other revenues or the rest of the state. However, as this revenue has grown, that percentage change equals larger dollars. This model recognized that if there was a 2008 type of economic downturn that impacts construction, then building new amenities would be delayed.

RED LINE - 2 YEARS OF 5% REDUCTION, 5% ANNUAL GROWTH THEREAFTER

RETAIL & HOSPITALITY	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Retail and hospitality:						
Financial forecast 2020	\$ 9,000,000	\$ 9,630,800	\$ 10,478,546	\$ 11,470,831	\$ 11,585,539	\$ 11,701,394
Stress: 5% double dip	9,000,000	8,550,000	8,122,500	8,934,750	9,828,225	10,811,048
Shortfall: less than forecast	\$ -	\$ (1,080,800)	\$ (2,356,046)	\$ (2,536,081)	\$ (1,757,314)	\$ (890,347)
Estimated 5-year accumulated shortfall		\$ (8,620,588)				

Even though 2 years of 5% reduction are followed with 3 years of 5% growth, such an occurrence that negatively affects tourism would be detrimental to the Town’s revenue stream.

ALL OTHER TPT

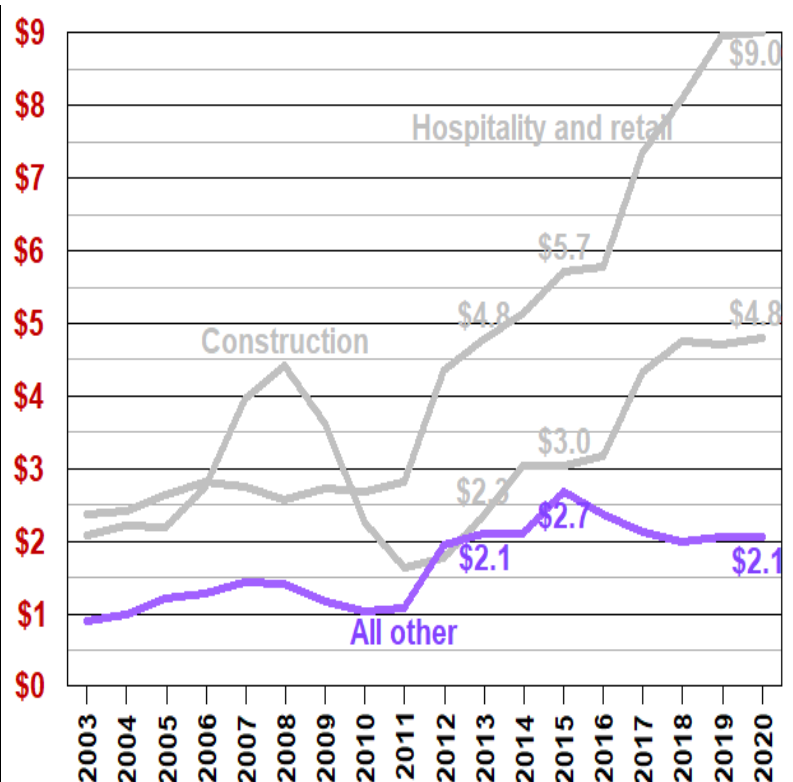
“All other” is the category that contains all other classifications of Transaction Privilege Tax (TPT) other than “Construction and contracting” or “Retail and hospitality”.

All other TPT, in total, is the most consistent but is still vulnerable to business and building cycles.

All other TPT, in total, is generally considered recurring revenue and is available to support the Town’s governmental operations, including Public Safety.

Since 2003 to 2020, All other TPT has ranged from \$1 million to \$2.7 million and is estimated at \$2.1 million for 2020.

The graph (in millions) highlights the All other TPT from 2003-2020.



RISK ASSESSMENT

Significance by Category	Volatility			Legislative Action			State Allocation			Stagnant Population			Income Recession			Overall Risk Rating		
Communications	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Utilities	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Manufacturing	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Finance and insurance	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
All other	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L

Assessment is from the "Paradise Valley Revenue Risk Assessment"

The risk assessment did not account for all classifications in “all other” TPT but did look at the higher revenue classifications and combined the rest in “all other”. Though there are a few areas with the potential for high volatility and medium legislative action, stagnant population and recession; overall this is considered a low risk revenue, as a whole.

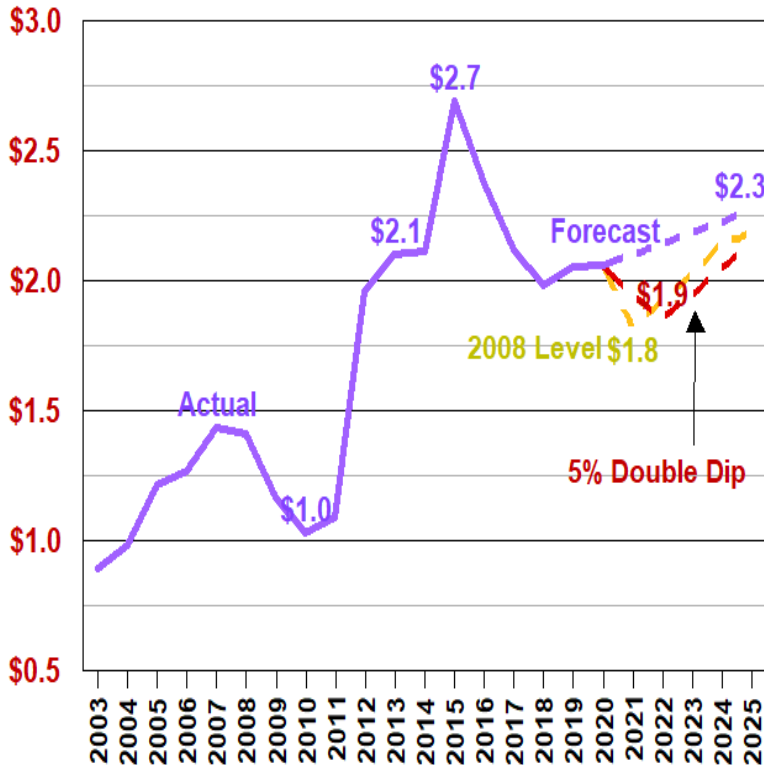
RESTRICTIONS ON USE OF REVENUE

Legal or Legislative	Town Designation	General Use
None	None	All revenue is for general use
A shortfall could impact Town's operations		

There are no specific legislative or Town designations imposed on Retail and hospitality revenue, other than laws regarding the use of public funds.

All other TPT is for general use and provides funding for the recurring governmental operations of the Town and is also available to supplement other programs where other funding may temporarily fall short.

ALL OTHER TPT



The purple line is the forecast for FY2020. To minimize the risk of over-extending the use of this revenue it was conservatively estimated flat, with a modest increase to recognize a growing inflationary factor to the cost of goods and services.

The yellow line trends the economic downturn from late 2008-2011. Even though the percentage reduction was 33%, the total amount of \$0.5 million impacts on the All other TPT revenue was not as severe compared to the other revenue sources and the rest of the state.

The red line calculates a two-year decline of 5%. The reason for this to occur could be a change in rates, tax basis, manufacturing, real estate, or income levels.

The graph (in millions) and charts show the three forecast scenarios for the next 5 years.

YELLOW LINE - STRESS TREND PATTERNED ON 2008-2011

ALL OTHER TPT	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
All other TPT:						
Financial forecast 2020	\$ 2,692,378	\$ 2,101,200	\$ 2,143,224	\$ 2,186,088	\$ 2,229,810	\$ 2,274,406
Stress: 2008-2011 model	2,692,378	1,825,046	1,922,951	2,026,108	2,143,224	2,186,088
Shortfall: less than forecast	\$ -	\$ (276,154)	\$ (220,273)	\$ (159,980)	\$ (86,586)	\$ (88,318)
Estimated 5-year accumulated shortfall		\$ (831,311)				

The overall, 5-year negative impact to All other TPT in the 2008-2011 economic downturn model is \$831,311.

RED LINE - 2 YEARS OF 5% REDUCTION, 5% ANNUAL GROWTH THEREAFTER

ALL OTHER TPT	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
All other TPT:						
Financial forecast 2020	\$ 2,692,378	\$ 2,101,200	\$ 2,143,224	\$ 2,186,088	\$ 2,229,810	\$ 2,274,406
Stress: 5% double dip	2,692,378	1,957,000	1,859,150	1,952,108	2,049,713	2,152,199
Shortfall: less than forecast	\$ -	\$ (144,200)	\$ (284,074)	\$ (233,981)	\$ (180,097)	\$ (122,207)
Estimated 5-year accumulated shortfall		\$ (964,559)				

A dip of 5% for two consecutive years would have larger impact than a 2008-2011 type of event. The 5% reduction could be from a combination of changes in the taxable activities tax basis, manufacturing, real estate, or income levels

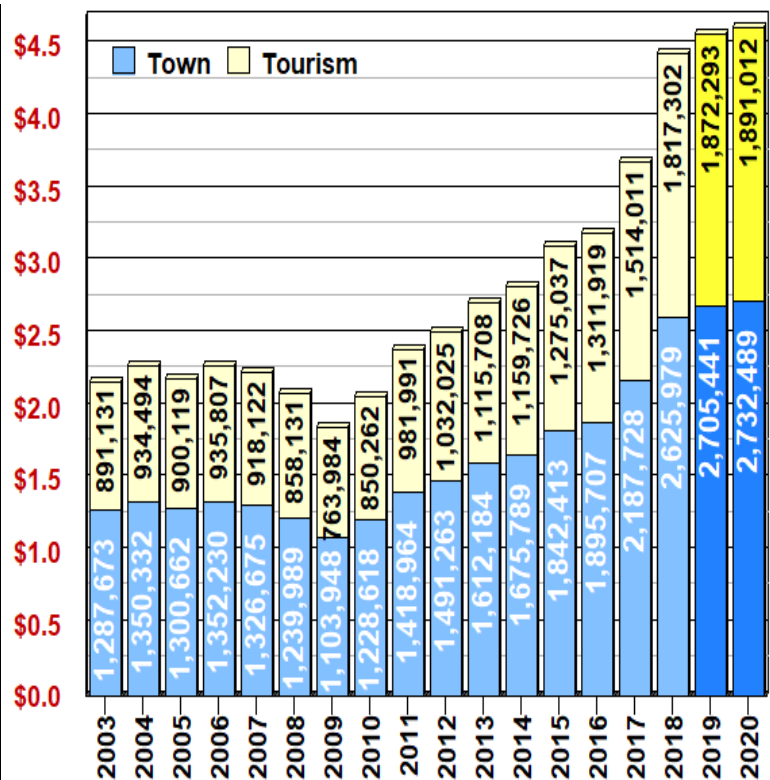
OCCUPANCY (BED) TAX

Tourism and the hospitality industry are critical elements and contribute greatly to the Town's character. This industry generates a good portion of the Town's operating revenue. As a result, the Town dedicates significant resources to invest in tourism promotion.

Occupancy tax is a recurring revenue and has specific legislative restrictions regarding how the Town can use this revenue.

Occupancy tax revenue was consistently less than \$2.5 million until 2013. With the addition of new resorts, the Town has seen a significant increase in Occupancy tax revenue with an estimated \$4.6 million in 2020.

The graph (in millions) shows a history of the Occupancy (bed) tax from 2003-2020.



RISK ASSESSMENT

Significance and Likelihood	Volatility			Legislative Action			State Allocation			Stagnant Population			Income Recession			Overall Risk Rating		
Significantly impact	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Likelihood of occurrence	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L

Assessment is from the "Paradise Valley Revenue Risk Assessment"

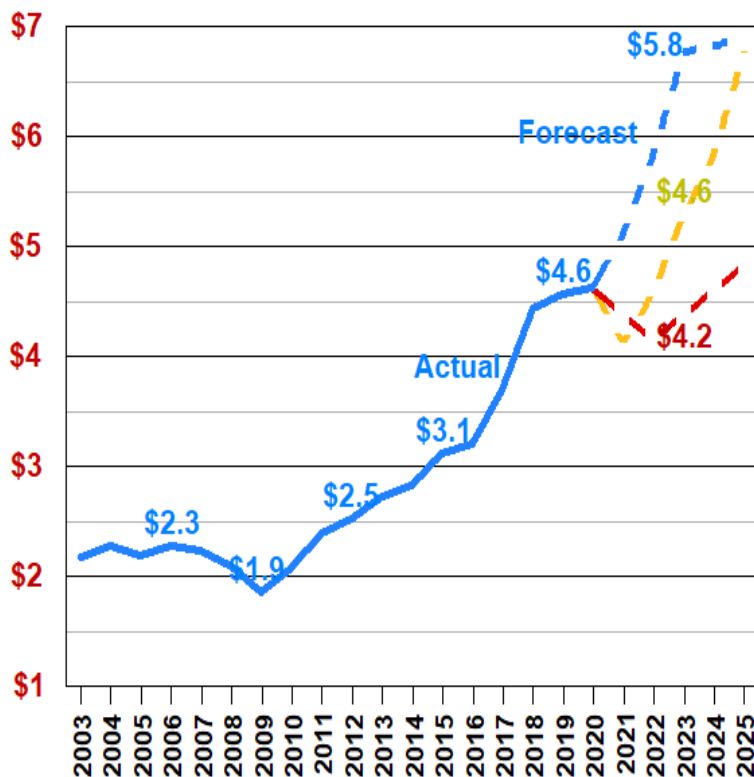
The risk assessment views Occupancy tax to have medium volatility and susceptibility to legislative action. Though the risks for state allocation and the Town's stagnant population are low, there is a high risk of impact from shifts in income and recession. Overall, this revenue has a medium risk.

RESTRICTIONS ON USE OF REVENUE

Legal or Legislative	Town Designation	General Use
{This section is under review}		
Arizona Revised Statutes 9-500.06		

{This section is under review}

OCCUPANCY (BED) TAX



The blue line is the forecast for FY2020 and like Retail, continues to include new amenities opening over the next few years. Revenues are estimated based on the growing number of room keys and the expected occupancy rate. The tapering of the steep increase in 2024 isn't specific to that year but recognizes that major projects will be completed in out years.

The yellow line trends the economic downturn from late 2008-2011. The impacts on the Town's Occupancy tax were visible, but quick to recover, unlike other revenue sources and the rest of the state.

The red line calculates a two-year decline of 5%. The reason for this to occur could be a change in rates, revenue basis, income levels or a natural or other event that effects tourism.

The graph (in millions) and charts show the three forecast scenarios for the next 5 years

YELLOW LINE - STRESS TREND PATTERNED ON 2008-2011

OCCUPANCY (BED) TAX	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Occupancy (bed) tax						
Financial forecast 2020	\$ 4,623,500	\$ 5,120,535	\$ 5,826,870	\$ 6,772,639	\$ 6,840,365	\$ 6,908,769
Stress: 2008-2011 model	4,623,500	4,116,249	4,581,102	5,290,839	5,826,870	6,772,639
Shortfall: less than forecast	\$ -	\$ (1,004,286)	\$ (1,245,768)	\$ (1,481,800)	\$ (1,013,495)	\$ (136,130)
Estimated 5-year accumulated shortfall		\$ (4,881,479)				

Even though in 2008-2011 the Occupancy tax was quick to recover, there was still a significant dollar impact in the next 5 years. This model recognizes that if there were a 2008 type of economic downturn that impacted construction, then additional room keys would not be cancelled, but delayed.

RED LINE - 2 YEARS OF 5% REDUCTION, 5% ANNUAL GROWTH THEREAFTER

OCCUPANCY (BED) TAX	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Occupancy (bed) tax						
Financial forecast 2020	\$ 4,623,500	\$ 5,120,535	\$ 5,826,870	\$ 6,772,639	\$ 6,840,365	\$ 6,908,769
Stress: 5% double dip	4,623,500	4,392,325	4,172,709	4,381,344	4,600,411	4,830,432
Shortfall: less than forecast	\$ -	\$ (728,210)	\$ (1,654,161)	\$ (2,391,295)	\$ (2,239,954)	\$ (2,078,337)
Estimated 5-year accumulated shortfall		\$ (9,091,957)				

Even though 2 years of 5% reduction are followed with 3 years of 5% growth, such an occurrence that negatively affects tourism would be detrimental to the Town's revenue stream.

STATE INCOME TAX

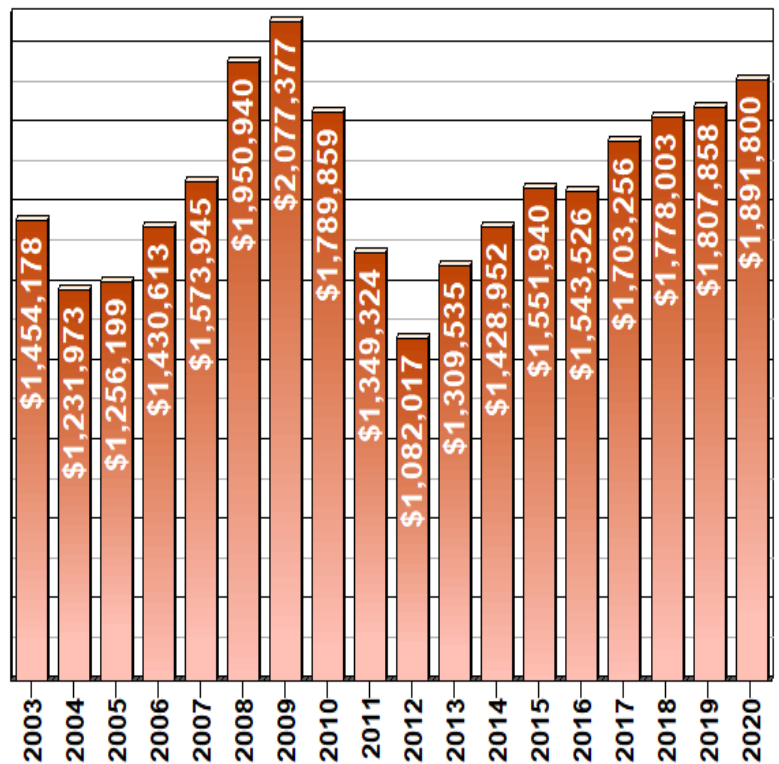
The State of Arizona imposes and collects an income tax.

The income tax is part of the state's revenue sharing program and is distributed to Arizona cities, towns and counties based on their population.

State shared income tax is a recurring revenue and is available to support the Town's governmental operations, including Public Safety.

This revenue is dependent on the state's economic conditions and has ranged from \$2.1 million in 2009 to \$1.1 million in 2012. Since 2012, this revenue has gradually increased each year.

The graph shows the Town's portion of the State's shared income tax from 2003-2020 (in millions).



RISK ASSESSMENT

Significance and Likelihood	Volatility			Legislative Action			State Allocation			Stagnant Population			Income Recession			Overall Risk Rating		
Significantly impact	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Likelihood of occurrence	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L

Assessment is from the "Paradise Valley Revenue Risk Assessment"

The risk assessment shows the nature of the State shared income tax has medium volatility and is highly sensitive to legislative actions, state allocation methods and the Town's stagnant population compared to the rest of the state. Overall, this revenue has a high-risk rating.

RESTRICTIONS ON USE OF REVENUE

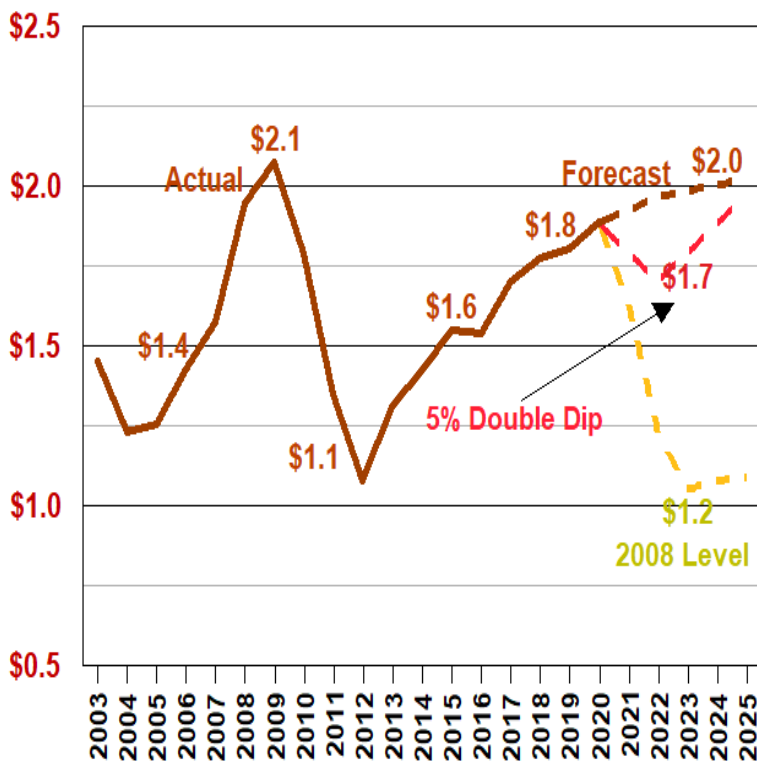
Legal or Legislative	Town Designation	General Use
None	None	All revenue is for general use

A shortfall could impact Town's operations

There are no specific legislative or Town designations imposed on the State shared income tax revenue, other than laws regarding the use of public funds.

State shared income tax is for general use. It provides funding for the recurring governmental operations of the Town and is also available to supplement other programs where other funding may temporarily fall short.

STATE INCOME TAX



The **hazelnut line** is the forecast for FY2020 that continues to follow the current trend, but with less of a slope. This revenue is distributed based on population and the Town's population is growing less than the state average. This results in the Town's revenue increase being lower than the state's average. The 2020 census will be important to the Town.

The **yellow line** trends the economic downturn from late 2008-2011. The impact was significant to the Town's portion and the entire state.

The **red line** calculates a two-year decline of 5%. This could occur by a change in rates, revenue basis, legislative action, state allocation, or income levels.

The graph (in millions) and charts show the three forecast scenarios for the next 5 years.

YELLOW LINE - STRESS TREND PATTERNED ON 2008-2011

STATE SHARED INCOME TAX	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
State shared income tax:						
Financial forecast 2020	\$ 1,891,800	\$ 1,929,636	\$ 1,968,229	\$ 1,987,911	\$ 2,007,790	\$ 2,027,868
Stress: 2008-2011 model	1,891,800	1,629,967	1,228,786	1,058,717	1,079,891	1,090,690
Shortfall: less than forecast	\$ -	\$ (299,669)	\$ (739,443)	\$ (929,194)	\$ (927,899)	\$ (937,178)
Estimated 5-year accumulated shortfall		\$ (3,833,383)				

The economic downturn of 2008-2011 was significant to State's shared income tax revenue. This stress test shows that this revenue is still vulnerable should this type of incident occur again.

RED LINE - 2 YEARS OF 5% REDUCTION, 5% ANNUAL GROWTH THEREAFTER

STATE SHARED INCOME TAX	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
State shared income tax:						
Financial forecast 2020	\$ 1,891,800	\$ 1,929,636	\$ 1,968,229	\$ 1,987,911	\$ 2,007,790	\$ 2,027,868
Stress: 5% double dip	1,891,800	1,797,210	1,707,350	1,792,717	1,882,353	1,976,470
Shortfall: less than forecast	\$ -	\$ (132,426)	\$ (260,880)	\$ (195,194)	\$ (125,437)	\$ (51,398)
Estimated 5-year accumulated shortfall		\$ (765,334)				

Even though 2 years of 5% reduction are followed with 3 years of 5% growth, such an occurrence of legislative action, state allocation, or an event that effects income levels or recession would be detrimental to the Town's revenue stream.

STATE TPT (SALES TAX)

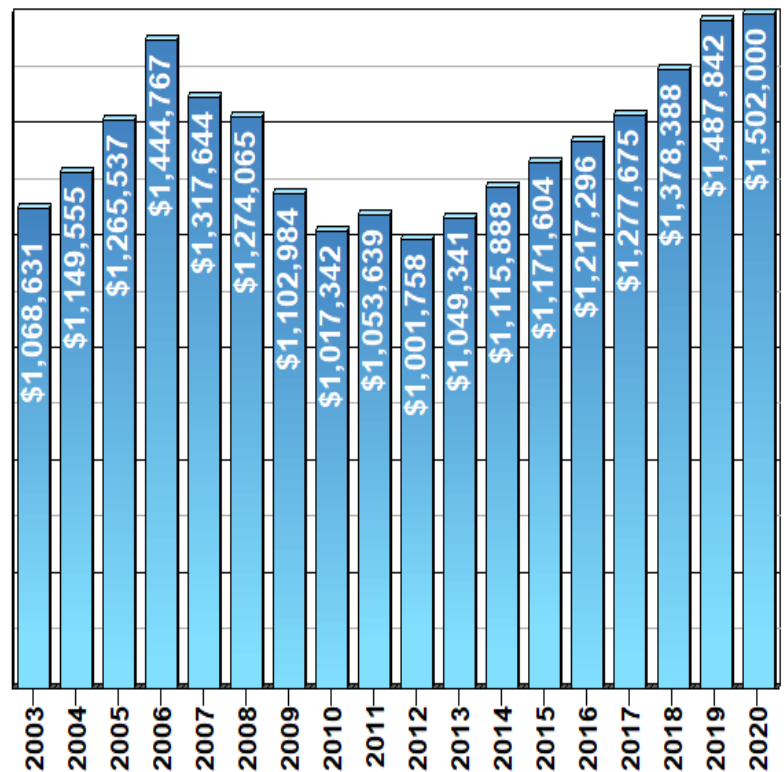
Commonly referred to as a “sales tax”, the State of Arizona levies a Transaction Privilege Tax (TPT) on various business activities. The state rate is 5.60%

State shared TPT is part of the state’s revenue sharing program and is distributed to Arizona cities, towns and counties based on their population.

State shared TPT is a recurring revenue and is available to support the Town’s on-going governmental operations, which includes Public Safety.

This revenue is dependent on the state’s economic conditions and has ranged from \$1.0 million in 2012 to \$1.5 million estimated in 2020.

The graph shows the Town’s portion of the State shared TPT from 2003-2020 (in millions).



RISK ASSESSMENT																	
Significance and Likelihood			Volatility			Legislative Action			State Allocation			Stagnant Population			Income Recession		
Significantly impact			H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Likelihood of occurrence			H	M	L	H	M	L	H	M	L	H	M	L	H	M	L

Assessment is from the "Paradise Valley Revenue Risk Assessment"

The risk assessment shows the State shared TPT has low volatility and has medium sensitivity to legislative actions, state allocation methods and the Town’s stagnant population compared to the rest of the state and high sensitivity to income and recession. Overall, the rating is medium-risk.

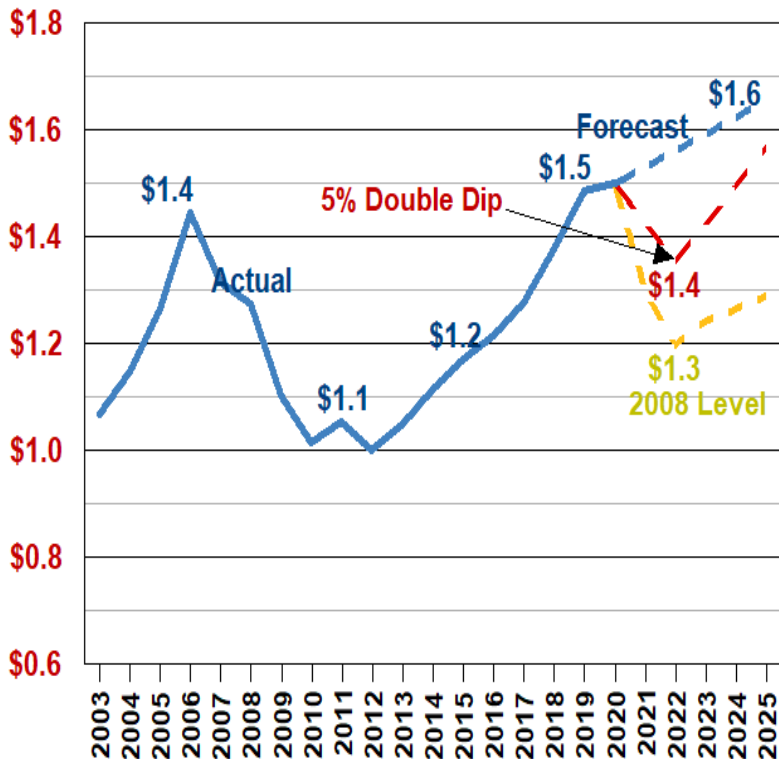
RESTRICTIONS ON USE OF REVENUE		
Legal or Legislative	Town Designation	General Use
None	None	All revenue is for general use

A shortfall could impact Town's operations

There are no specific legislative or Town designations imposed on the State shared TPT revenue, other than laws regarding the use of public funds.

State shared TPT is for general use and provides funding for the recurring governmental operations of the Town. It is also available to supplement other programs where other funding may temporarily fall short.

STATE TPT (SALES TAX)



The blue line is the forecast for FY2020 that continues to show mild year-to-year change in this revenue as compared to other sources. As economic conditions are favorable for commerce, State shared TPT collections are expected to maintain its trend. The Town uses estimates provided by the Arizona League of Cities and Towns for its budget preparation.

The yellow line trends the economic downturn from late 2008-2011. The impacts on this revenue were significant for the Town and the State.

The red line calculates a two-year decline of 5%. The reason for this to occur could be a change in rates, revenue basis, income levels or a natural or other event that effects commerce activities

The graph (in millions) and charts show the three forecast scenarios for the next 5 years.

YELLOW LINE - STRESS TREND PATTERNED ON 2008-2011

STATE SHARED TPT (SALES TAX)	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
State Shared TPT (sales tax)						
Financial forecast 2020	\$ 1,502,000	\$ 1,532,040	\$ 1,562,681	\$ 1,593,935	\$ 1,625,814	\$ 1,658,330
Stress: 2008-2011 model	1,502,000	1,300,312	1,199,348	1,242,139	1,266,982	1,292,322
Shortfall: less than forecast	\$ -	\$ (231,728)	\$ (363,333)	\$ (351,796)	\$ (358,832)	\$ (366,008)
Estimated 5-year accumulated shortfall		\$ (1,671,697)				

The economic downturn of 2008-2011 was significant to the State shared TPT. This stress test shows that this revenue is still vulnerable should this type of incident occur again.

RED LINE - 2 YEARS OF 5% REDUCTION, 5% ANNUAL GROWTH THEREAFTER

STATE SHARED TPT (SALES TAX)	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
State Shared TPT (sales tax)						
Financial forecast 2020	\$ 1,502,000	\$ 1,532,040	\$ 1,562,681	\$ 1,593,935	\$ 1,625,814	\$ 1,658,330
Stress: 5% double dip	1,502,000	1,426,900	1,355,555	1,423,333	1,494,499	1,569,224
Shortfall: less than forecast	\$ -	\$ (105,140)	\$ (207,126)	\$ (170,602)	\$ (131,315)	\$ (89,106)
Estimated 5-year accumulated shortfall		\$ (703,289)				

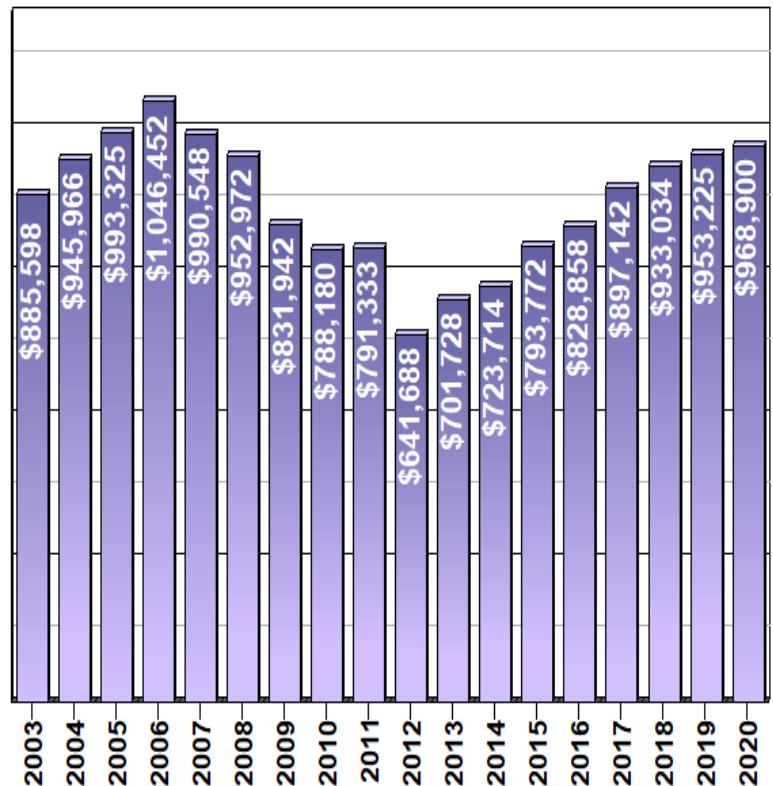
Even though 2 years of 5% reduction are followed with 3 years of 5% growth, such an occurrence of legislative action, state allocation, or an event that effects commerce activities would be detrimental to the Town's revenue stream.

HIGHWAY USER REVENUE

Arizona Department of Transportation explains: "Arizona taxes motor fuels and collects a variety of fees and charges relating to the registration and operation of motor vehicles on the public highways of the state. These collections include gasoline and use-fuel, motor-carrier and vehicle-license taxes, motor vehicle registration fees and other miscellaneous fees. These revenues are deposited in the Arizona Highway User Revenue Fund (HURF) and are then distributed to the cities, towns and counties and to the state highway fund."

These taxes represent a primary source of revenues available state-wide for roadway construction, improvements and other related expenditures.

The graph shows Town HURF revenue from 2003-2020 (in millions).



RISK ASSESSMENT

Significance and Likelihood	Volatility			Legislative Action			State Allocation			Stagnant Population			Income Recession			Overall Risk Rating		
Significantly impact	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Likelihood of occurrence	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L

Assessment is from the "Paradise Valley Revenue Risk Assessment"

The risk assessment shows the HURF has medium volatility and is highly sensitive to legislative actions, state allocation methods and the Town's stagnant population compared to the rest of the state. Overall, this revenue has a high-risk rating.

RESTRICTIONS ON USE OF REVENUE

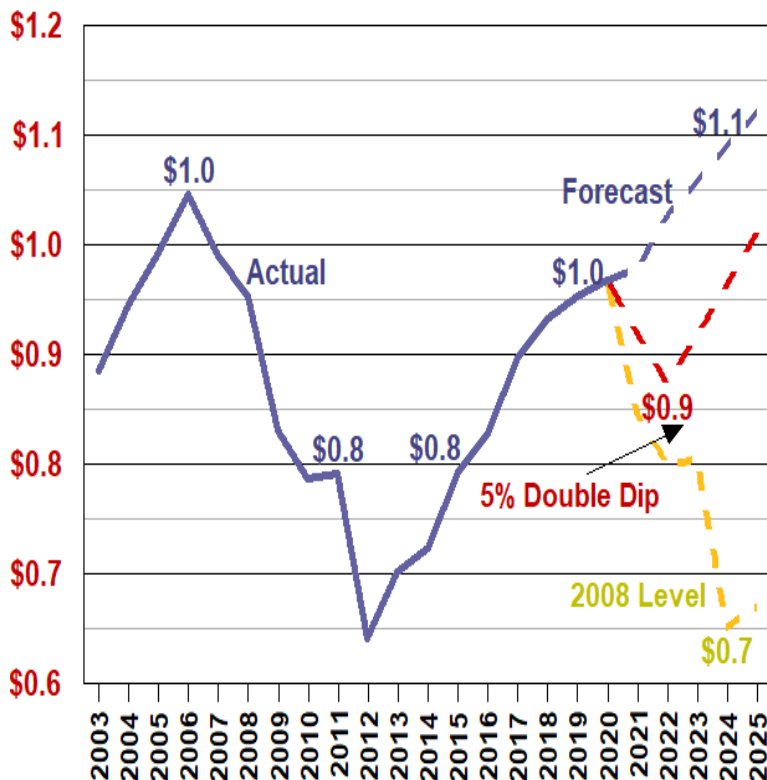
Legal or Legislative	Town Designation	General Use
Street construction, improvements and other related expenditures	Street construction, improvements and other related expenditures	No

Arizona Revised Statutes 28-6533

Legal restrictions on HURF revenue are to be used for street construction, improvements and other related expenditures.

The Town budgets HURF as part of the Town's "operating fund" and dedicates significant general fund resources along with HURF for street construction, improvements and other related expenditures.

HIGHWAY USER REVENUE



The purple line is the forecast for FY2020 that continues an upward trend. As economic conditions are favorable for motor fuels, HURF collections are expected to maintain this trend. The Town uses estimates provided by the Arizona League of Cities and Towns for its budget preparation.

The yellow line trends the economic downturn from late 2008-2011. Due to HURF's sensitivity to economic conditions, the Town's share of was significant impacted.

The red line calculates a two-year decline of 5%. The reason for this to occur could be a change in rates, revenue basis, legislative action or state allocation, income levels or a natural or other event that effects fuel consumption.

The graph (in millions) and charts show the three forecast scenarios for the next 5 years.

YELLOW LINE - STRESS TREND PATTERNED ON 2008-2011

STATE SHARED HIGHWAY USER REVENUE FUND	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Highway user revenue fund						
Financial forecast 2020	\$ 968,900	\$ 997,967	\$ 1,027,906	\$ 1,058,743	\$ 1,090,505	\$ 1,123,220
Stress: 2008-2011 model	968,900	845,847	801,354	804,560	652,414	671,986
Shortfall: less than forecast	\$ -	\$ (152,120)	\$ (226,552)	\$ (254,183)	\$ (438,091)	\$ (451,234)
Estimated 5-year accumulated shortfall		\$ (1,522,180)				

The economic downturn of 2008-2011 was significant to HURF. This stress test shows that HURF is still vulnerable should this type of incident occur again.

RED LINE - 2 YEARS OF 5% REDUCTION, 5% ANNUAL GROWTH THEREAFTER

STATE SHARED HIGHWAY USER REVENUE FUND	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Highway user revenue fund						
Financial forecast 2020	\$ 968,900	\$ 997,967	\$ 1,027,906	\$ 1,058,743	\$ 1,090,505	\$ 1,123,220
Stress: 5% double dip	968,900	920,455	874,432	918,154	964,062	1,012,265
Shortfall: less than forecast	\$ -	\$ (77,512)	\$ (153,474)	\$ (140,589)	\$ (126,443)	\$ (110,955)
Estimated 5-year accumulated shortfall		\$ (608,974)				

Even though 2 years of 5% reduction are followed with 3 years of 5% growth, such an occurrence of legislative action, state allocation, or an event that effects fuel consumption would be detrimental to the Town's revenue stream.

COURT FINES

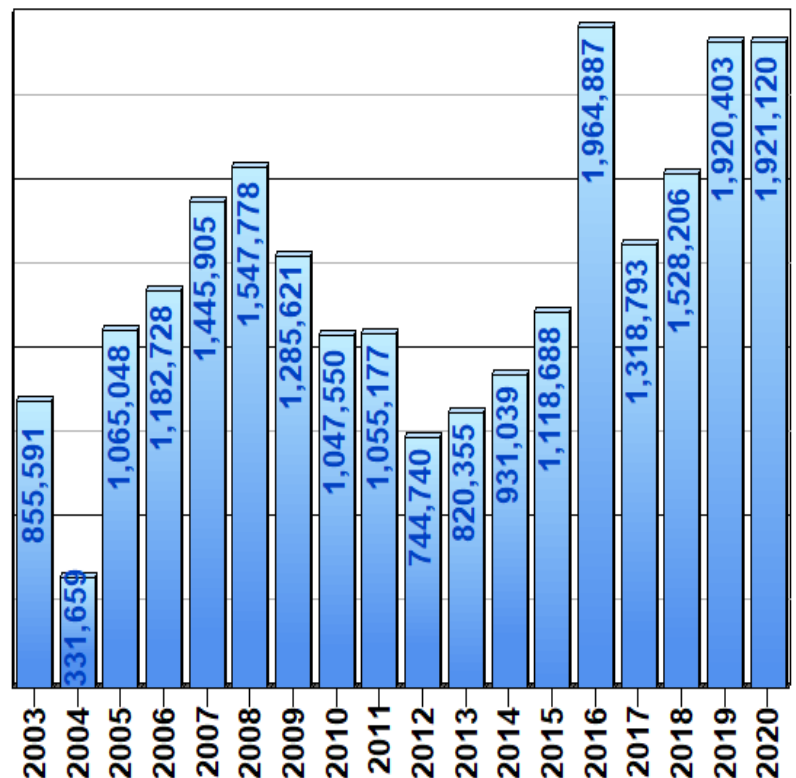
Courts fines is by far the most volatile and unpredictable of the Town's revenues. This revenue is collected by the Town's Municipal Court.

This revenue has ranged from \$331 thousand in 2004 to \$1.9 million in 2016.

Court fines are a recurring revenue and is available matched with Public safety costs, for budget reporting.

Photo radar is included in this account but impacts of that public safety program is not exclusive to revenue. Photo radar also reduces costs and is an integral component of the Town's public safety initiatives.

The graph shows the Court fines revenue from 2003-2020 (in millions).



RISK ASSESSMENT																		
Significance and Likelihood	Volatility			Legislative Action			State Allocation			Stagnant Population			Income Recession			Overall Risk Rating		
	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Assessment is from the "Paradise Valley Revenue Risk Assessment"																		

Assessment is from the "Paradise Valley Revenue Risk Assessment"

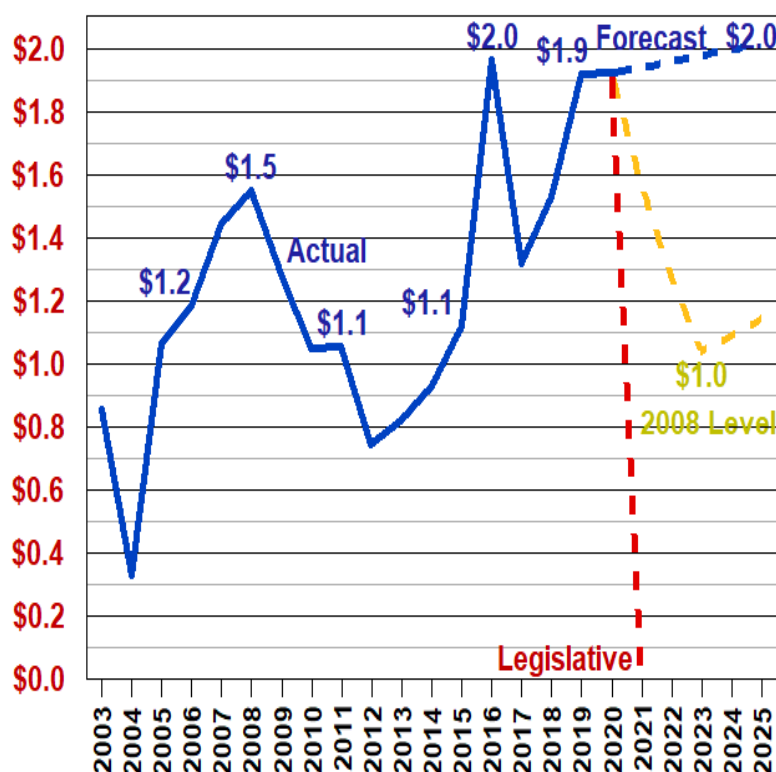
The risk assessment shows the nature of the collection of Court fines is highly volatile and has medium sensitivity to legislative actions and recession, with low risks to state allocation methods and the Town's stagnant population. Overall, this revenue has a risk rating of medium.

RESTRICTIONS ON USE OF REVENUE		
Legal or Legislative	Town Designation	General Use
None	None	All revenue is for general use, but matched with Public Safety for analysis

There are no specific legislative or Town designations imposed on these Court fines.

For budget reporting purposes, Court fines are matched with Public safety expenditures.

COURT FINES



The blue line is the forecast for FY2020 that attempts to find a smoothing average for revenue expectations. The inherited volatility of this revenue is a reminder that there are better methods to balancing a municipal budget than with fines.

The yellow line trends the economic downturn from late 2008-2011. Court fines were dramatically impacted with the events of 2008-2011

The red line simulates a legislative action that bans the use of photo enforcement for Arizona municipalities. Since this document is focused on the revenue side only, the costs for additional patrol officers is not full captured in this scenario.

The graph (in millions) and charts show the three forecast scenarios for the next 5 years.

YELLOW LINE - STRESS TREND PATTERNED ON 2008-2011

COURT FINES	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Court fines:						
Financial forecast 2020	\$ 1,921,120	\$ 1,940,331	\$ 1,959,734	\$ 1,979,331	\$ 1,999,124	\$ 2,019,115
Stress: 2008-2011 model	1,921,120	1,565,367	1,275,493	1,039,298	1,091,263	1,145,826
Shortfall: less than forecast	\$ -	\$ (374,964)	\$ (684,241)	\$ (940,033)	\$ (907,861)	\$ (873,289)
Estimated 5-year accumulated shortfall		\$ (3,780,388)				

The economic downturn of 2008-2011 was significant to the State's shared income tax revenue. This stress test shows that this revenue is still vulnerable should this type of incident occur again.

RED LINE - LEGISLATIVE CHANGES

COURT FINES	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Court fines:						
Financial forecast 2020	\$ 1,921,120	\$ 1,940,331	\$ 1,959,734	\$ 1,979,331	\$ 1,999,124	\$ 2,019,115
Stress: Legislative action	1,921,120	-0-	-0-	-0-	-0-	-0-
Shortfall: less than forecast	\$ -	\$ (1,940,331)	\$ (1,959,734)	\$ (1,979,331)	\$ (1,999,124)	\$ (2,019,115)
Estimated 5-year accumulated shortfall		\$ (9,897,635)				

This is not being presented as a solid number as this revenue account contains more than photo radar related collections. The nominal amount not related would be reclassified to a non-major revenue account. Banning of photo radar would affect more than just revenue. There could be more patrol staffing costs and reduced processing costs (staffing and contractual). The total net is estimated near the amount in the forecast below but needs to be fine-tuned.

BUILDING PERMITS

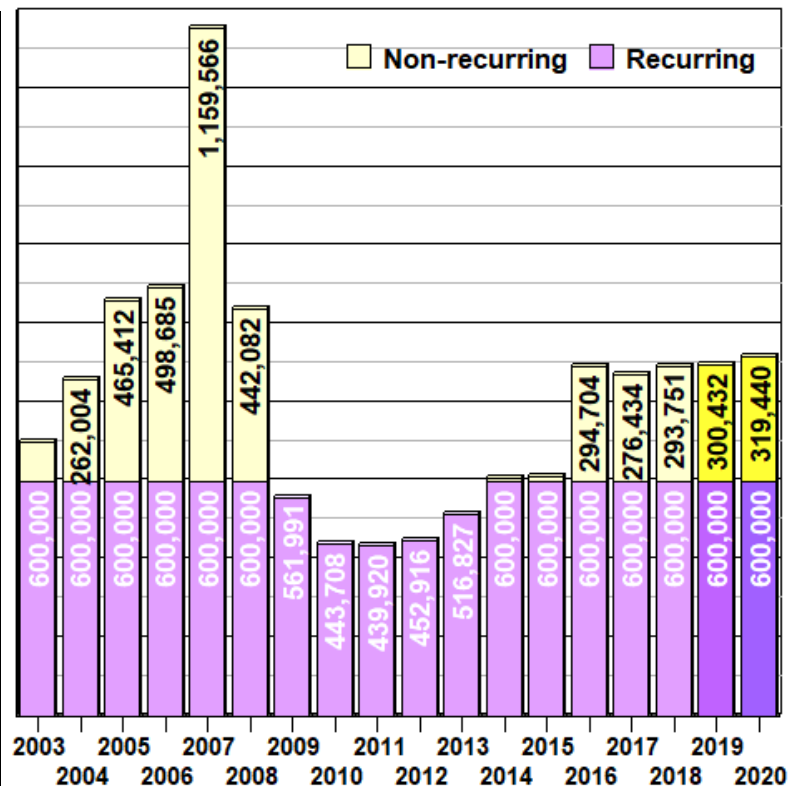
Total Building permit revenue tends to be rather volatile yet has a reliable base.

Building permit revenue over \$600,000 is considered a non-recurring revenue, because once the specific construction project is completed, that activity is done.

Construction is volatile and cyclical in the Town. The majority of the Town's construction is for major projects, such as resort development and renovations.

As the Town's residential areas are being "built out", it is expected that a level of construction will be maintained with remodels and "scrape and build".

The graph shows the Town's Building permit revenue and its allocation for recurring and non-recurring purposes from 2003-2020 (in millions).



RISK ASSESSMENT

Significance and Likelihood	Volatility			Legislative Action			State Allocation			Stagnant Population			Income Recession			Overall Risk Rating		
Significantly impact	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Likelihood of occurrence	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L	H	M	L

Assessment is from the "Paradise Valley Revenue Risk Assessment"

The risk assessment shows Building permit revenue being highly volatile, with low risk of being affected from a state allocation or stagnant population; but has a medium risk of legislative action and changes in income levels or recession. The overall risk rating is medium.

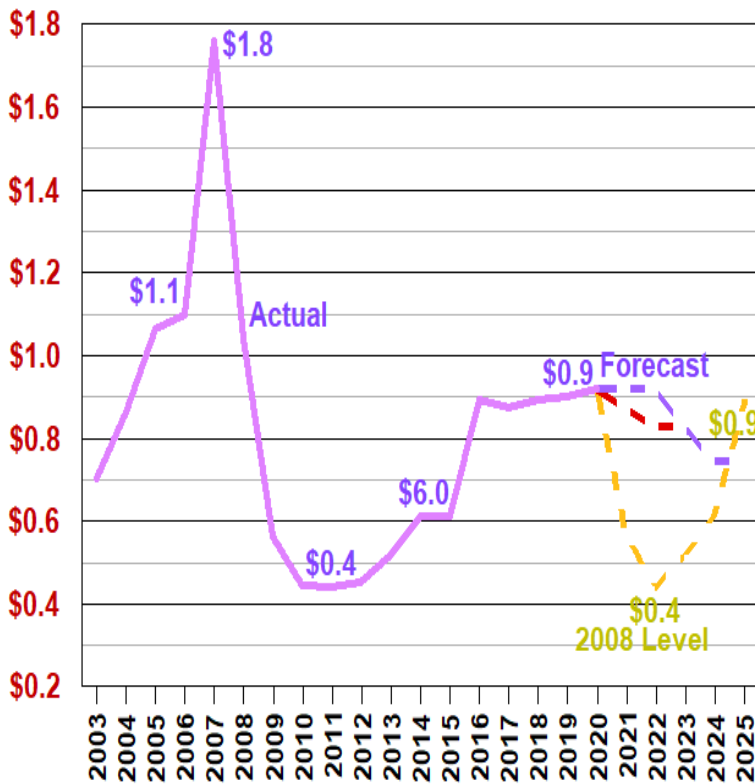
RESTRICTIONS ON USE OF REVENUE

Legal or Legislative	Town Designation	General Use
None	None	Management budgets amounts in excess of \$600,000 to non-recurring expenditures

There are no specific legislative or Town designations imposed on the use of Building permit revenue. All amounts in excess of \$600,000 are matched to non-recurring expenditures each budget year.

Building permit revenues are for general use. Town management budgets the first \$600,000 revenue to be available to provide funding for the recurring governmental operations of the town and available to supplement other programs where other funding may have a temporary short fall, such as the Capital Improvement Program.

BUILDING PERMITS



The purple line represents the financial forecast for FY2020 through FY2025. It projects that construction levels will remain at peak for the next few years. This will level off as major projects are completed. This forecast does not specifically predict the completion in FY2024, but in out years.

The yellow line emulates the trend of Building permit revenue in the nation-wide economic downturn that began in late 2008 with construction resuming three years later.

The red line calculates a two-year decline of 5%. The reason for this to occur could be a change in valuations, legislative action or an event that effects local building.

The graph (in millions) and charts show the three forecast scenarios for Building permit revenue for the next five years.

YELLOW LINE - STRESS TREND PATTERNED ON 2008-2011

BUILDING PERMITS	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Building permits:						
Financial forecast 2020	\$ 919,440	\$ 919,440	\$ 919,440	\$ 827,496	\$ 744,746	\$ 744,746
Stress: 2008-2011 model	919,440	561,991	439,920	516,827	613,269	894,704
Shortfall: less than forecast	\$ -	\$ (357,449)	\$ (479,520)	\$ (310,669)	\$ (131,477)	\$ 149,958
Estimated 5-year accumulated shortfall		\$ (1,129,157)				

The nation-wide economic downturn that began in late 2008, halted most major construction projects in the state. The Town was fortunate that projects within the Town were not canceled but delayed with construction resuming in 2012.

RED LINE - 2 YEARS OF 5% REDUCTION, THEN FOLLOW 2020 FORECAST

BUILDING PERMITS	Estimated 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Building permits:						
Financial forecast 2020	\$ 919,440	\$ 919,440	\$ 919,440	\$ 827,496	\$ 744,746	\$ 744,746
Stress: 5% double dip	919,440	873,468	829,795	827,496	744,746	744,746
Shortfall: less than forecast	\$ -	\$ (45,972)	\$ (89,645)	\$ -	\$ -	\$ -
Estimated 5-year accumulated shortfall		\$ (135,617)				

Even though two years of 5% reduction are followed with three years of 5% growth, such an occurrence of a change in valuations, legislative action or an event that affects local building would slow the Town's revenue stream.

OTHER INFORMATION & DATA

NUMBER OF PERMITS					
Fiscal Year*	New Homes	Pool	Remodel Additions	All Other	TOTAL
2010	23	53	193	230	499
2011	27	56	197	255	535
2012	32	57	187	242	518
2013	42	62	220	235	559
2014	45	71	250	272	638
2015	55	89	243	228	615
2016	76	82	329	288	775
2017	95	97	275	249	716
2018	86	108	222	295	711
* Fiscal Year is from July 1 to June 30					

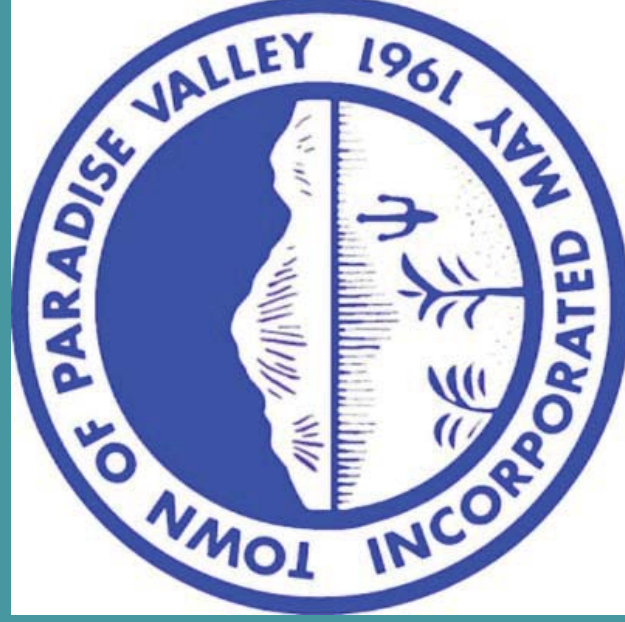
DEMOLITIONS		
Fiscal Year*	Demo Permits	Demo Permits
2010	140	26
2011	140	19
2012	112	20
2013	133	27
2014	191	44
2015	152	46
2016	188	54
2017	167	52
2018	160	55

VALUE OF IMPROVEMENTS										
Fiscal Year*	New Homes		Pool	Remodel Additions		All Other	TOTAL			
2010	\$	27,708,450	\$	2,373,780	\$	21,806,260	\$	2,579,261	\$	54,467,751
2011		29,454,059		2,631,482		23,371,649		4,017,715		59,474,905
2012		37,245,695		3,036,176		23,424,711		4,935,939		68,642,521
2013		44,143,205		1,841,357		24,889,414		3,273,309		74,147,285
2014		45,755,975		2,964,949		33,403,352		3,357,535		85,481,811
2015		56,791,525		3,150,190		26,458,908		2,152,087		88,552,710
2016		83,167,795		2,683,770		64,442,762		2,664,337		152,958,664
2017		99,930,445		3,693,057		28,601,311		3,480,919		135,705,732
2018		112,255,437		4,300,563		72,109,202		4,360,564		193,025,766
* Fiscal Year is from July 1 to June 30										

APPENDIX

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Paradise Valley Revenue Risk Assessment



Developed by ASU's Marvin Andrews Fellows
Alison Matthees, Rachel Hudgins, Taylor Reimann, and Aaron Robinson

Paradise Valley Revenue Model – Research and Analysis

Executive Summary

The Paradise Valley revenue model is based on: 1) Tourism (Special Use Permits and collection of bed tax) – accounts for 55% of the Town's operating revenue; 2) New construction sales tax and permit revenues – accounts for 13% of the Town's operating revenue; and 3) State-shared revenue. The Town of Paradise Valley does not have a primary or secondary property tax or any commercial or industrial zoning-based sales tax.

A number of potential threats to Paradise Valley's revenue streams exist (e.g. the town has no annexable territory and is near build-out). In June and July of 2018, ASU's Marvin Andrews Fellows identified and analyzed key risks to Paradise Valley's revenue. Utilizing the top risks identified, the Fellows assessed the current and forecasted risk to Paradise Valley revenue streams using qualitative and quantitative factors.

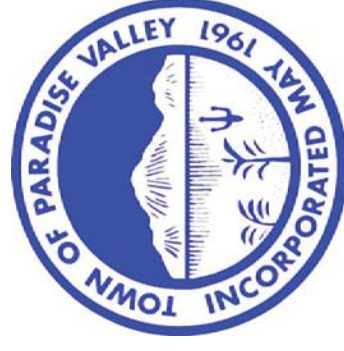
The intent of the project is for Paradise Valley to identify and evaluate risks to its revenue streams in order to assist council and city staff as they make policy and financial decisions for the town. Based on the analysis performed, the top risks facing Paradise Valley's revenue include: State Pre-emption / Legislative Action Risk, State-shared Revenue Modification / Reduction Risk, Population Change / Census Risk, and Income / Recession Risk. These risks, as well as the volatility and materiality of various revenue streams indicate that sales tax, particularly construction sales tax, as well as state shared revenue are at the highest risk for future changes in revenue.

Objectives

- Analyze sustainability of Paradise Valley revenue model via a risk analysis of revenue streams
- Identify alternative ongoing revenue options (e.g. benchmarking with similar municipalities, researching alternatives)

Scope

- Benchmark with comparable municipalities to identify:
 - Similarly situated residential metropolitan suburbs
 - Common revenue streams utilized
- Perform data analytics on Paradise Valley revenue trends / forecasts to identify high-risk areas

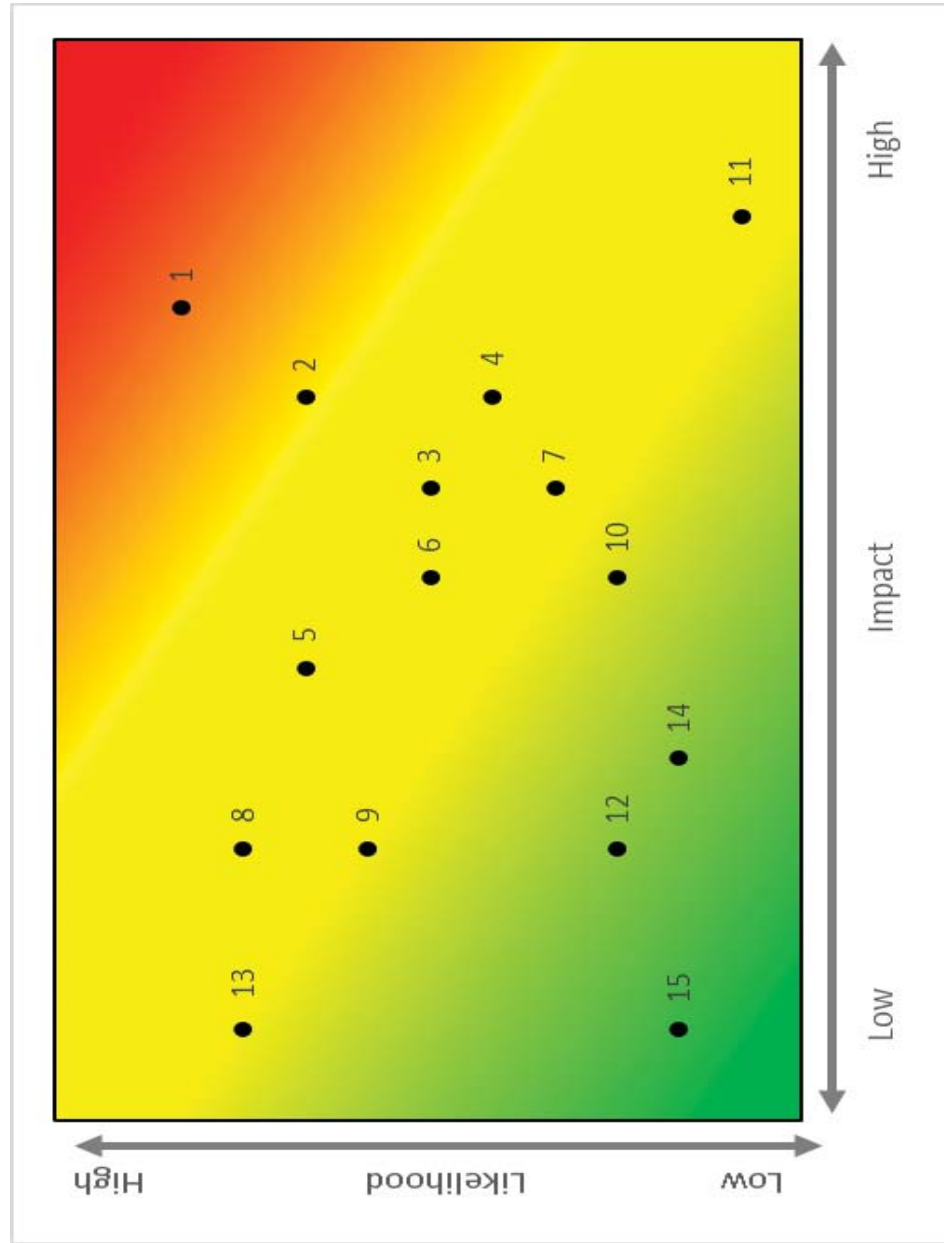


Paradise Valley Revenue Risk Heat Map

Purpose

The Revenue Risk Heat Map graphically displays potential risks to Paradise Valley's revenue streams based on their likelihood of occurring and quantitative impact if were to occur.

#	Risk Name
1	Stagnant Population
2	Revenue Sharing Redistribution
3	Recession
4	State Pre-emption
5	Home Sharing Popularity
6	Reduced Construction
7	Resident / Council Priorities Change
8	Occupancy Rates Decrease
9	Autonomous Vehicles
10	Revenue Collection Inefficiencies
11	Severe Weather / Climate Events
12	Demographic Changes
13	Red Light Camera
14	Partnership Agreements
15	Misappropriation / Fraud



Paradise Valley Revenue Risk Assessment

Purpose

The Revenue Risk Assessment qualitatively and quantitatively evaluates the vulnerability Paradise Valley's revenue streams.

Statement of Activities	Quantitative*		Qualitative*				Revenue Risk Rating	
	Year Ended June 30, 2017	Significance / Materiality	Volatility	State Pre-emption / Legislative Action Risk	State-shared Revenue Modification / Reduction	Population Change / Census Risk	Income / Recession Risk	Overall Risk Rating (May be manually adjusted)
General Revenue								
Sales Tax**	17,151,386	H	M	M	L	M	H	H
Construction	4,327,639	H	H	L	L	H	H	H
Hospitality	5,287,561	H	L	L	L	L	L	M
Communications and Utilities	957,578	M	L	M	L	M	L	L
Retail Trade	2,082,847	M	H	M	L	L	L	L
Manufacturing, Finance, Insurance and Other	441,528	L	H	M	L	L	L	L
Bed Tax	721,164	M	H	L	L	M	M	M
Franchise Tax	3,701,739	H	M	M	L	L	M	M
State Revenue Sharing	1,056,547	M	M	L	L	L	L	L
State Sales Tax Revenue Sharing	1,703,256	M	M	H	H	L	H	H
Auto Lieu Tax Revenue Sharing	1,277,675	M	L	M	M	M	M	M
Investment Income	548,523	L	L	M	M	L	L	L
	185,141	L	H	L	L	L	M	M
Program Revenue								
Fees, Fines and Charges for Service	4,719,896	H	H	M	L	L	M	M
Operating Grants and Contributions	1,144,233	M	M	L	L	L	L	L
Capital Grants and Contributions	208,085	L	H	L	L	L	L	L
Total Revenues	27,994,742							



A. Paradise Valley Revenue Risk Assessment Set-Up

Data Sources

- Paradise Valley Comprehensive Annual Financial Report (Statement of Activities) for Fiscal Years ending June 30th, 2015, 2016, and 2017

Risk Assessment Ranking Criteria

Each revenue stream is evaluated and ranked as High, Medium, or Low risk for the quantitative and qualitative criteria outlined below. Each individual criteria will be combined to generate a calculated score used as a preliminary indicator of risk associated with that revenue stream. This calculated risk rating is just a starting point; judgment may be applied to determine the final rating. Refer to tab B. Risk Assessment Calculations for the thresholds utilized to quantify the calculated risk rating.

Quantitative	
1. Significance / Materiality	Defined as the importance of the individual revenue source as a percentage of total revenue. The higher the materiality, the larger impact on the city's financial status. Significance and materiality is assessed as noted below and these risk assessment assumptions may be modified on the B. Risk Assessment Assumptions tab. <ul style="list-style-type: none"> - High: $\geq 5\%$ of total revenue - Medium: $> 1\%$ and $< 5\%$ of total revenue - Low: $\leq 1\%$ of total revenue
2. Volatility	Defined as the historic period over period change in the revenue source, indicating the ease with which it can be relied upon, monitored, and forecasted. The greater the degree of change year-over-year, the less predictability for the revenue source. Volatility is assessed as noted below and these risk assessment assumptions may be modified on the B. Risk Assessment Assumptions tab. <ul style="list-style-type: none"> - High: $\geq 35\%$ fluctuation year over year - Medium: $> 10\%$ and $< 35\%$ fluctuation year over year - Low: $\leq 10\%$ fluctuation year over year
Qualitative (Top four risks identified via heat map)	
1. State Pre-emption / Legislative Action Risk	Defined as the risk of state-level legislation negatively impacting revenue sources used by the city. Questions to consider around this risk include: <ul style="list-style-type: none"> - Could this revenue stream be impacted by state preemption? - Has the state historically changed legislation around this revenue area? - Are there any politically "hot topics" around this revenue stream? The more "yes" answers to the questions above, the higher the degree of state preemption or legislative action risk.
2. State-shared Revenue Modification / Reduction Risk	Defined as the risk of the state modifying intergovernmental revenue sharing calculations or distributions. Questions to consider around this risk include: <ul style="list-style-type: none"> - Is the distribution of this revenue source dictated by government outside of the city level? - Are modifications to the revenue formula around this area frequent? - Have technological, environmental, or social factors changed significantly around this area, indicating a future change might be forthcoming? The more "yes" answers to the questions above, the higher the degree of state preemption or legislative action risk.
3. Population Change / Census Risk	Defined as the risk of Valley-area population changes negatively impacting revenue sources used by the city. Questions to consider around this risk include: <ul style="list-style-type: none"> - Is the city population trending or forecasted to remain steady or decrease? - Are other cities in the same state-shared revenue pool) growing at a faster rate than the city? The more "yes" answers to the questions above, the higher the degree of state preemption or legislative action risk.
4. Income / Recession Risk	Defined as the risk of a financial recession or changing tastes negatively impacting currently stable revenue sources used by the city: <ul style="list-style-type: none"> - Have prior financial downturns had a significant negative impact on the city's revenue? - Is this revenue source sensitive to changes in retail, consumer preferences, or resident incomes? - Has recovery from prior financial downturns taken a significant amount of time? The more "yes" answers to the questions above, the higher the degree of state preemption or legislative action risk.

B. Risk Assessment Materiality and Volatility Calculations

Statement of Activities FY 2017 Actual			
Revenue Materiality	Total Revenue	\$	27,994,742.00
<div>High Threshold</div> <div>10%</div> <div>Low Threshold</div> <div>2%</div>	>= 10% of Total Revenue:	High	2,799,474
	> 2% and < 10% of Total Revenue:	Medium	2,799,474
	<= 2% of Total Revenue:	Low	Or Less
Range			
Greater Than		\$	\$
\$		559,895	\$
\$		559,895	Or Less

Volatility (Historic and Forecasted)	>= 35% fluctuation year over year:	High
	> 10% and < 35% fluctuation year over year:	Medium
	<= 10% fluctuation year over year:	Low
<div>High Threshold</div> <div>35%</div> <div>Low Threshold</div> <div>10%</div>		

Calculated Risk Ranking of Weighted Average Risk Scores	>= 2 weighted average risk score:	High
	> 1.5 and < 2 weighted average risk score:	Medium
	<= 1.5 weighted average risk score:	Low
<div>High Threshold</div> <div>2</div> <div>Low Threshold</div> <div>1.5</div>		

C. Paradise Valley Revenue Risk Rankings

Summary

The following list of risks represents potential negative impacts on Paradise Valley's revenue streams. This range of risks should be considered in forecasting revenues and establishing revenue-related policies and procedures.

Applicable Definitions

Risk: Any item which could negatively impact one or more of the city's revenue streams.

Likelihood: Rated on a 0-5 scale, likelihood is the probability of the risk occurring.

Impact: Rated on a 0-5 scale, impact is the magnitude of the negative effect on the city's revenue if the risk does occur.

#	Risk Name	Risk Detail	Likelihood	Impact	Total
1	Stagnant Population	The city's population does not grow as fast as other area cities, accounting for a reduced percentage of state population and resulting in a smaller share of state-shared revenue.	5.0	4.5	23
2	Revenue Sharing Redistribution	State legislative action modifies revenue sharing formulas or calculations resulting in reduced revenue for the city.	4.0	4.0	16
3	Recession	A recession negatively impacts hotel occupancy, reducing a major revenue source.	3.0	3.5	11
4	State Pre-emption	State legislative action removes or significantly alters one of the city's revenue sources or a state-shared revenue sources / collection resulting in reduced revenue for the city.	2.5	4.0	10
5	Home Sharing Popularity	Rising interest in home sharing (e.g. Air BnB, HomeAway) leads to a decrease occupancy rates in resorts and decreased bed tax.	4.0	2.5	10
6	Reduced Construction	Construction in the city slows, negatively impacting the permitting and fees revenue collected from it.	3.0	3.0	9
7	Resident / Council Priorities Change	Local priorities shift, voters and community leaders pursue changes in revenue structure.	2.0	3.5	7
8	Occupancy Rates Decrease	Increased hotel rooms within city boundaries decrease the city's hotel occupancy rate.	4.5	1.5	7
9	Autonomous Vehicles	Self-driving cars / car sharing could reduce auto shared revenue.	3.5	1.5	5
10	Revenue Collection Inefficiencies	Inefficiencies in revenue collection, misalignment between set fees and billing practices.	1.5	3.0	5
11	Severe Weather / Climate Events	A natural event or climate change decreases the popularity of the city as a tourist destination.	0.5	5.0	3
12	Demographic Changes	Demographic changes in the city results in differing or increased demand for services, requiring additional revenue sources.	1.5	1.5	2
13	Red Light Camera	Legislation could change regarding red-light cameras, resulting in a modification in public safety revenue.	4.5	0.5	2
14	Partnership Agreements	Partnership agreements with service partners (water, sewer, etc.) may be modified or cancelled resulting in the need for increased revenue.	1.0	2.0	2
15	Misappropriation / Fraud	Employee misappropriation of funds, fraud, or collusion impacts city revenue.	1.0	0.5	1

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Action Report

File #: 19-248

TO: Mayor and Town Council

FROM: Debby Robberson, Assistant Town Attorney
Andrew Miller, Town Attorney

DATE: May 23, 2019

CONTACT:

Andrew Miller, 480-348-3691

AGENDA TITLE:

Discussion and Direction regarding changes to definition of Small Wireless Facility in Chapter 2, Article 2-5, Section 2-5-2(1)(2)(I) of the Town Code

BACKGROUND:

At its study session on May 9, 2019, the Council rereviewed the terms of the Master License Agreement for Small Wireless Facilities in the Right-of-Way ("MLA"). In conjunction with implementing an MLA, it is suggested that the definition of Small Wireless Facility in Town Code Section 2-5-2(1)(2)(I) be amended to clarify the definition. A draft ordinance has been prepared with the suggested changes.

It is recommended that the Town Council review the draft Ordinance and provide direction on any suggested revisions.

NEXT STEPS

After receiving Council input, staff will make the changes to the draft Ordinance and present a final copy to the Council for adoption at its June 13, 2019 regular meeting.

ATTACHMENTS:

Draft of Ordinance No. 2019-08

ORDINANCE NUMBER 2019-08

AN ORDINANCE OF THE TOWN OF PARADISE VALLEY, ARIZONA AMENDING THE PARADISE VALLEY TOWN CODE, CHAPTER 2, ARTICLE 2-5, SECTION 2-5-2(I)(2)(I) REGARDING THE DEFINITION OF SMALL WIRELESS FACILITY

**NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND TOWN COUNCIL OF
THE TOWN OF PARADISE VALLEY, ARIZONA:**

WHEREAS, the Town Council desires to make revisions to Article 2-5, Section 2-5-2, Planning Commission, to revise the definition of Small Wireless Facility contained in Section 2-5-2(I)(2)(I).

Section 1. Article 2-5, Section 2-5-2(I)(2)(I) is hereby amended (with deletions shown as ~~strike throughs~~ and additions shown in **bold type**):

Section 2-5-2 Planning Commission

I. Small Wireless Service Facilities Located in the Rights-Of-Way

- I-1 Purpose
- I-2 Definitions
- I-3 General Requirements
- I-4 Siting Standards
- I-5 Design Standards
- I-6 Alternative Design Standards
- I-7 Radiofrequency (RF) Performance and Interference Standards and Monitoring
- I-8 Noise and Environmental Standards
- I-9 Co-Location and Limitations
- I-10 Submittal Requirements
- I-11 Permit Limitations and General Conditions
- I-12 Applicability

2. Definitions.

For the purpose of this Section, the following terms shall have the meanings prescribed herein unless the context clearly requires otherwise:

- a) "Administrative Small Wireless Facility Permit" means the administrative permit approved by the Town for a Small Wireless Facility site.
- b) "Antenna" means communication equipment that transmits or receives electromagnetic radio frequency signals and that is used as part of a Small Wireless Facility;

- c) "Applicant" means a person or other entity who submits an application to the Town for an Administrative Small Wireless Facility Permit for a Small Wireless Facility in the Town rights-of-way. A Permittee and the owner of the subject property (which may be through a master license agreement), and/or utility pole shall be an Applicant(s) or co-Applicant(s) on such application;
- d) "Application" means a complete submittal for an Administrative Small Wireless Facility Permit on a form or set of forms prescribed by the Town that is deemed complete by the Town staff and contains all of the required submittals, studies, diagrams, photo simulations, and other documentation required pursuant to the checklists on the prescribed form(s) or in this Section.
- e) "Co-location" means the use of a single mount and/or site by more than one small wireless service provider;
- f) "Design" means the appearance of a Small Wireless Facility, including but not limited to its material, color or shape;
- g) "Equipment cabinet" means an enclosed box that is either located in a vault at or near the base of the SWF which contains, among other things, batteries and electrical equipment (hereinafter referred to as "equipment"). This equipment is connected to the antenna by underground cables.
- h) "Location" means property(ies) or site(s) where Small Wireless Facilities are located or could be located;
- i) "Modification" means any physical or operational change, alteration, or other modification of any of the following as they relate to a Small Wireless Facility or the subject property upon which it is located, including but not limited to:
 - i. The site plan;
 - ii. The sight line representation;
 - iii. The design submittal as required in this Section;

The conversion of a single-use Small Wireless Facility to a co-location is also considered a modification;

- j) "Monopole" means a type of mount that is self-supporting with a single shaft of steel or concrete or other acceptable material that is not more than forty inches in diameter at ground level and that has all of the small wireless facilities mounted on the pole or contained inside the pole;
- k) "Permittee" means an Applicant who has an approved Administrative Small Wireless Facility Permit;
- l) "Small Wireless Facility" or "SWF" means any of several technologies using radio signals at various frequencies to send and receive voice, data or video to and from mobile transceivers, which are composed of **a faux cactus that houses Antennas internally or a replacement Utility Pole that has Antennas that are no more than**

six cubic feet in volume, AND any of the following: ~~two (2) or more of the following components:~~

- ~~i. Antennas that are no more than six cubic feet in volume;~~
 - ~~ii. Faux Cactus or replacement Utility Pole;~~
 - ~~iii. Equipment cabinet less than twenty-eight cubic feet in volume; **or**~~
 - ~~iiiv. Underground vault for equipment; **or**~~
 - ~~iiiv. Electric meter (where required by law); **or**~~
 - ~~iv. Grounding Equipment and a power transfer switch.~~
- m) "Small Wireless Services" means commercial mobile radio services, unlicensed wireless services and common carrier wireless exchange access services as defined in the Telecommunications Act of 1996, and any amendments thereto, and any services that are provided to the public and that use licensed or unlicensed spectrum, whether at a fixed location or mobile and that use small wireless facilities;
 - n) "Sight Line Representation" means a drawing in which a sight line is drawn from a street level view (viewpoint shall be approximately 4 feet above grade) within five hundred (500) feet of the SWF to the highest point (visible point) of the SWF. Each sight line shall be depicted in profile, drawn at one inch equals forty (40) feet unless otherwise specified by the Town. The profiles shall show all intervening trees and structures;
 - o) "Site" means the subject property where a small wireless facility is located or proposed to be located.
 - p) "Siting" means the method and form of placement of a small wireless facility on a specific area of a subject property pursuant to the provisions of this Section;
 - q) "Subject Property" means all the specific rights-of-way upon which a small wireless facility is either proposed to be, or already is, developed, located, constructed or operated; and
 - r) "Utility Pole" means a pole or similar structure that is used in whole or in part for communications services, electric distribution, lighting or traffic signals, but excludes a monopole.

Section 2. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 3. This Ordinance shall become effective in 30 days.

Section 4. In accordance with Article II, Sections 1 and 2, Constitution of Arizona, the Town Council has considered the individual property rights and personal liberties of the residents of the Town before adopting this ordinance.

PASSED AND ADOPTED by the Mayor and Council of the Town of Paradise Valley, Arizona, this _____ day of _____, 2019.

Jerry Bien-Willner, Mayor

ATTEST:

Duncan Miller, Town Clerk

APPROVED AS TO FORM

Andrew M. Miller, Town Attorney

TOWN OF PARADISE VALLEY

**Discussion Regarding Code Changes to
Definition of “Small Wireless Facility”**

Town Council Study Session

May 23, 2019



KEY QUESTION

- Does the Council wish to amend the definition of “Small Wireless Facility” in Town Code Section 2-5-2(1)(2)(1) as set forth in the draft ordinance?



BACKGROUND

- At its study session on May 9, 2019 the Council reviewed a proposed Master License Agreement (MLA) for Small Wireless Facilities (SWF) in the Right-of-Way
- It is suggested that the definition of “Small Wireless Facility” in the Town Code be amended to clarify the definition in conjunction with the upcoming adoption of the MLA



TOWN CODE CHANGES – SECTION 2-5-2(1)(2)(1)

1) "Small Wireless Facility" or "SWF" means any of several technologies using radio signals at various frequencies to send and receive voice, data or video to and from mobile transceivers, which are composed of **a faux cactus that houses Antennas internally or a replacement Utility Pole that has Antennas that are no more than six cubic feet in volume, AND any of the following:** ~~two (2) or more of the following components:~~

- ~~i. Antennas that are no more than six cubic feet in volume;~~
- ~~ii. Faux Cactus or replacement Utility Pole;~~
- ~~iii. Equipment cabinet less than twenty-eight cubic feet in volume; or~~
- ~~iiiv. Underground vault for equipment; or~~
- ~~iiiv. Electric meter (where required by law); or~~
- iv. Grounding Equipment and a power transfer switch.



NEXT STEPS

- Council to review the draft ordinance and provide comments and direction regarding the definition of SWF
- Council to consider adoption of Ordinance at 6/13 meeting
- MLA – also for Council consideration at 6/13 meeting



QUESTIONS?



Action Report

File #: 19-236

TO: Mayor and Town Council

FROM: Andrew Miller, Town Attorney

DATE: May 23, 2019

CONTACT:

Andrew Miller, 480-348-3591

AGENDA TITLE:

Discussion of Draft of Uniform Video Services License Agreement and Draft of Application Form and Affidavit

BACKGROUND:

In 2018, the Legislature enacted Senate Bill 1140 (the uniform video service license legislation) that requires cities and towns to adopt a standard uniform video service license agreement and application for the uniform license by July 1, 2019. By state statute, cities and towns are also required to issue uniform video service licenses to video service providers. From January 1, 2020 until June 30, 2020, incumbent cable operators may elect to continue to operate pursuant to their existing local license or terminate the local license and apply for a uniform video service license.

The uniform video services license agreement contains sixteen separate provisions including the date on which the provider expects to provide video services in the area, a description of the service area to be served, a requirement that the provider will pay the license fees and all other lawful charges imposed by cities and towns, and requirement that the provider comply with federal, state and local laws, consumer privacy mandates and public, education and government programming requirements. The city or town must issue the uniform license to the applicant thirty days after the filing of a completed application and affidavit.

Draft Uniform Video Services License Agreement, Application and Affidavit

The attached draft uniform video services license agreement, application and Affidavit is modelled after a draft from the Telecommunications Workgroup and league of Cities and Towns. The Council should provide comments on the drafts.

NEXT STEPS

Review and make comments and suggestions to the draft Uniform Video Services License Agreement, and the Application and Affidavit.

File #: 19-236

ATTACHMENTS:

Draft Uniform Video Services License Agreement
Draft Application and Affidavit

APPLICATION AND AFFIDAVIT FOR UNIFORM VIDEO SERVICE LICENSE

(Pursuant to Title 9, chapter 13, Arizona Revised Statutes)

Local Government: Town of Paradise Valley, Arizona

I. Applicant:

Date:		
Applicant's Name:		
Principal Place of Business:		
Phone:	Address:	
City/Town:	State:	Zip:
Type of Entity:	Jurisdiction of Formation:	Email:

II. Applicant's principal executive officers or general partners:

Name:	Title:
Address:	

Name:	Title:
Address:	

Name:	Title:
Address:	

Name:	Title:
Address:	

III. Person(s) authorized to represent Applicant before Local Government:

Name:	Title:	
Address:		
Phone:	Fax:	Email:

Name:	Title:	
Address:		
Phone:	Fax:	Email:

IV. Check one pursuant to Arizona Revised Statutes Section 9-1411(C)(4):

- ☐ Applicant is an Incumbent Cable Operator as provided in Arizona Revised Statutes, Section 9-1401(13).
- ☐ Applicant is not an Incumbent Cable Operator. The date on which the Applicant expects to provide Video Services in the Service Area identified below under Section 9-1411(C)(5) is:

Date:

V. For All Applications:

- A. Applicant will timely file with the Federal Communications Commission all forms required by that agency before Applicant offers Video Service in the Service Area, including the forms required by 47 Code of Federal Regulations Section 76.1801.
- B. The term of the uniform video service license shall be (not to exceed ten years):
- | |
|-------|
| Years |
|-------|
- C. Applicant agrees to pay all lawful fees and charges imposed by Local Government as provided in Arizona Revised Statutes, Section 9-1414(B)(4).
- D. Applicant agrees to notify Local Government in writing of changes to the above information within thirty days after the change occurs as provided in Arizona Revised Statutes, Section 9-1414(B)(2).
- E. Provide an exact description of the Service Area as set forth in Arizona Revised Statutes, Section 9-1411(C)(5), as identified by a geographic information system digital boundary meeting or exceeding national map accuracy standards.

Select one:

The Service Area consists of all the territory within the Boundaries of Local Government:

The Service Area consists of all the territory within the area described on attached Exhibit A.

Applicant Verification

I certify that the information contained in this application for a video service license in the Town of Paradise Valley is true and correct. I further affirm that I am authorized by _____ [NAME OF APPLICANT] to file this application on behalf of applicant and to bind the applicant with respect to the representations made in Section V, Paragraphs A through D of this application. A copy of the authorization is attached to this application.

Name and Title (printed):

Signature:

Date:

Local Government Receipt

The foregoing Application and Affidavit for Uniform Video Service License was received by the Town of Paradise Valley this _____ day of _____, 20____; at _____.

Town of Paradise Valley, an Arizona municipal corporation ("Local Government")

By _____

Print Name _____

Title _____

Address _____

City, State, Zip _____

Phone

Fax

Email

Date

Model Uniform Video Service License Agreement

Date of Issuance: _____

This Uniform Video Service License Agreement ("License") is made on the date of issuance hereof by and between the Town of Paradise Valley, an Arizona municipal corporation ("Licensor" or "Town") and _____, a _____ ("Licensee").

WHEREAS, Licensee has filed a completed application and affidavit under Title 9, Chapter 13, Arizona Revised Statutes ("Licensing Statute"), for Town to issue a Uniform Video Service License to Licensee; and

WHEREAS, Licensee is authorized under the laws of the State of Arizona to provide Cable Service.

NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein and the mutual covenants set forth herein, the Parties agree as follows:

1. Definitions. Capitalized terms that are not defined herein have the same meaning prescribed in the Licensing Statute, including A.R.S. Section 9-1401.

2. Licensee Information. The following appear on Exhibit A attached hereto and are incorporated herein by this reference:

2.1 The name of Licensee, its type of entity and its jurisdiction of formation.

2.2 The address and telephone number of Licensee's principal place of business.

2.3 The names, titles and addresses of Licensee's principal executive officers or general partners.

2.4 The names, titles, telephone and fax numbers and email addresses of any persons authorized to represent Licensee before Town.

3. Grant of License. Under the Licensing Statute, Licensor hereby issues to Licensee, and Licensee hereby accepts from Town, a nonexclusive Uniform Video Service License.

3.1 The Service Area in which this License authorizes Licensee to provide Video Service in the area described on Exhibit B attached hereto and incorporated herein by this reference.

3.2. Town grants Licensee authority in the delivery of Video Service to use and occupy, and to construct and operate a Video Service Network in, Highways in the Service Area in compliance with the Licensing Statutes and this License .

3.3 Licensee may operate and maintain facilities installed in the Highways in the Service Area to provide services pursuant to and subject to all the following: A.R.S. Section 9-584 and A.R.S. Title 9, Chapter 5.

4. Licensee Compliance with Law. Licensee shall comply with and be subject to:

4.1 All valid and enforceable federal and state laws.

4.2 All generally applicable, nondiscriminatory Local Laws, including highway use, mapping, insurance, performance bonds, security fund, indemnification, letter of credit or similar requirements that apply to the use and occupation of any highway and that conform to the Licensing Statute.

4.3 All public, education and government programming requirements of the Licensing Statute.

4.4 All customer service rules of the Federal Communications Commission under 47 Code of Federal Regulations Section 76.309(c) applicable to Cable Operators.

4.5 All consumer privacy requirements of 47 United States Code Section 551 applicable to Cable Operators.

5. Commencement of Video Service; Revocation. If Licensee is an incumbent cable operator, Licensee shall begin to provide Video Services under this License on the date of issuance of this license. If Licensee is not an incumbent cable operator, Licensee shall provide video service to at least one subscriber within each service area authorized by this License not later than twenty-four months after the date of issuance of this License. Failure of a non-incumbent cable operator to provide video service to at least one subscriber within each service area as set forth above shall result in revocation of this License unless the Licensee establishes to the satisfaction of the Town that such failure was for reasons beyond the Licensee's control.

6. License Fee. Licensee is required to pay the License Fees required under the Licensing Statute and all other lawful fees, taxes and charges imposed by Licensor. The initial rate of the License Fee shall be [five (5)] percent.

7. Federal Filing Requirement. Licensee is required to file in a timely manner with the Federal Communications Commission all forms required by that agency before Licensee offers Video Service in the Service Area, including the forms required by 47 Code of Federal Regulations Section 76.1801.

8. Term. The term of this License is ten (10) years and shall begin on the date of issuance.

9. Compliance with Law. Licensor and Licensee agree that they are subject to and must comply with the Licensing Statute. This License is subject to A.R.S. Section 38-511.

Licensor

Licensee

Town of Paradise Valley, an Arizona
municipal corporation

By: _____
Its: Mayor
Date: _____

By : _____
Its: _____
Date: _____

ATTEST:

Duncan Miller, Town Clerk

APPROVED AS TO FORM:

Andrew Miller, Town Attorney

STATE OF _____)
County of _____) ss.

The foregoing instrument was acknowledged before me this _____ day
of _____, 20__ by _____, the _____ of
_____, a _____ on behalf of Licensee.

(Seal)

Notary Public

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day
of _____, 20__ by _____, Mayor of the Town of Paradise Valley,
an Arizona municipal corporation, on its behalf.

(Seal)

EXHIBIT A

[Information about Licensee]

I. Licensee:

Date:		
Applicant's Name:		
Principal Place of Business		
Phone:	Address:	
City:	State:	Zip:
Type of Entity:	Jurisdiction of Formation:	Email:

II. Licensee's principal executive officers or general partners:

Name:	Title:
Address:	

Name:	Title:
Address:	

Name:	Title:
Address:	

Name:	Title:
Address:	

III. Person(s) authorized to represent Licensee before Town:

Name:	Title:	
Address:		
Phone:	Fax:	Email:

Name:	Title:	
Address:		
Phone:	Fax:	Email:

Name:	Title:	
Address:		
Phone:	Fax:	Email:

EXHIBIT B
[Service Area]

TOWN OF PARADISE VALLEY

**Uniform Video Services License Agreement and
Draft of Application Form and Affidavit**

Town Council Study Session

May 23, 2019



KEY QUESTIONS

- Does the Council wish to make any changes to the draft Uniform Video Service License Agreement or the draft Application Form and Affidavit, modeled after standard form drafted by the Telecommunications Workgroup and Arizona League of Cities and Towns



BACKGROUND

- In 2018, the Legislature enacted Senate Bill 1140 (the uniform video service license legislation) that requires cities and towns to adopt a standard uniform video service license agreement and application and affidavit by July 1, 2019
- By state statute, cities and towns are required to issue the uniform video service license to video service providers that make application



BACKGROUND

- From January 1, 2020 until June 30, 2020, incumbent cable operators may elect to continue to operate pursuant to their existing local license or terminate the local license and apply for a uniform video service license



BACKGROUND

- The uniform video services license agreement contains sixteen separate provisions including the date on which the provider expects to provide video services in the area, a description of the service area to be served, a requirement that the provider will pay the license fees and all other lawful charges imposed by cities and towns, and requirement that the provider comply with federal, state and local laws, consumer privacy mandates and public, education and government programming requirements



BACKGROUND

- A city or town must issue the uniform license to the applicant thirty days after the filing of a completed application and affidavit



UNIFORM VIDEO SERVICES LICENSE AGREEMENT, APPLICATION AND AFFIDAVIT

- The draft Uniform Video Service License Agreement, Application and Affidavit are modeled after a draft from the Telecommunications Workgroup and Arizona League of Cities and Towns



NEXT STEPS

- Review and make comments and suggestions to the draft Uniform Video Service License Agreement, Application and Affidavit
- The finalized documents would be presented for Council consideration for approval at its 6/13 meeting



QUESTIONS?



Town of Paradise Valley

6401 E Lincoln Dr
Paradise Valley, AZ 85253

Action Report

File #: 19-235



Town of Paradise Valley

6401 E Lincoln Dr
Paradise Valley, AZ 85253

Action Report

File #: 19-234



Action Report

File #: 19-252

Discussion or consultation with the Town Attorney to consider the Town's position regarding Development Agreement negotiations related to the Smoke Tree Resort and Lincoln Medical Plaza as authorized by A.R.S. §38 431.03(A)(4) and/or legal advice regarding Special Use Permit zoning as authorized by A.R.S. §38 431.03(A)(3.)



Town of Paradise Valley

6401 E Lincoln Dr
Paradise Valley, AZ 85253

Action Report

File #: 19-253



Action Report

File #: 19-231

The Town Council may go into executive session at one or more times during the meeting as needed to confer with the Town Attorney for legal advice regarding any of the items listed on the agenda as authorized by A.R.S. §38-431.03(A)(3).



Action Report

File #: 19-229

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill Keimach, Town Manager
Peter Wingert, Chief of Police

DATE: May 23, 2019

DEPARTMENT: Police Department

AGENDA TITLE:

Recognition of Paradise Valley Police Homeland Security & Crime Prevention Volunteers

RECOMMENDATION:

Recognize Paradise Valley Police Homeland Security & Crime Prevention Volunteers.

SUMMARY STATEMENT:

During 2018, the Volunteers of the Paradise Valley Police Department, under the leadership of Bill Harrington and Priti Kaur and under the supervision of Steven McGhee, 3,616 worked hours. A full-time employee works 2080 hours per year. Accordingly, the volunteers donated the equivalent of almost two full time employees to the Paradise Valley Police Department.

The National value of an hour of volunteer time is \$25.43¹. As a result, the volunteers donated nearly \$92,000 in service to the Town of Paradise Valley during 2018.

¹ <https://independentsector.org/value-of-volunteer-time-2018/>

BUDGETARY IMPACT:

There is no cost to recognize the hard work of the Paradise Valley Police Volunteers in Police Service.

ATTACHMENT(S):



Action Report

File #: 19-225

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Dawn Marie Buckland, Deputy Town Manager
Jeremy Knapp, Community Development Director

DATE: May 23rd, 2019

DEPARTMENT: Community Development

AGENDA TITLE:

**Presentation of the Smoke Tree Resort Major Special Use Permit Amendment
7101 East Lincoln Drive**

RECOMMENDATION:

Receive a presentation regarding the Smoke Tree Resort Major Special Use Permit Amendment Request.

SUMMARY STATEMENT:

In May 2018 to property owner of 7101 East Lincoln Drive submitted a request for a Major Special Use Permit Amendment to redevelop the Smoke Tree Resort. The Town Council issued a Statement of Direction regarding this request in October of 2018. Subsequently, the project was discussed with the Planning Commission over the course of four months, where ultimately the Planning Commission recommended to Town Council denial of the request.

During the Planning Commission discussion, several items of the request were clarified or modified by the applicant. This presentation will provide a summary of the current request by Town Staff followed by a presentation by the applicant. Town Council will have an opportunity to ask questions of the applicant in a public forum which will then be followed by public comment.

Attached to this item is a PowerPoint Presentation prepared by staff (Attachment A), the Applicants PowerPoint Presentation (Attachment B), and the Town's Special Use Permit Guidelines (Attachment C).

ATTACHMENT(S):

Attachment A - Staff PowerPoint Presentation
Attachment B - Applicants PowerPoint Presentation
Attachment C - Special Use Permit Guidelines

TOWN OF PARADISE VALLEY

Smoke Tree Resort

Major Special Use Permit Amendment

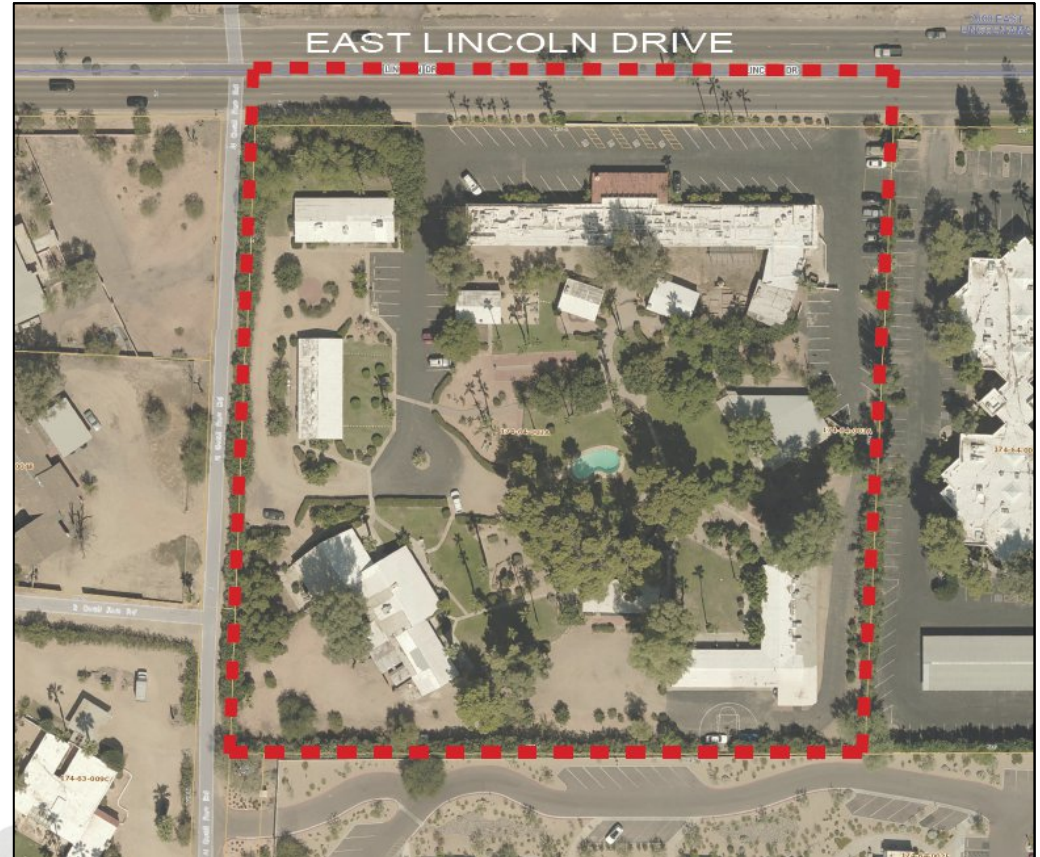
Town Council Presentation

May 23, 2019



AGENDA

- Background
- Summary
- SUP Guidelines
- Applicant Presentation

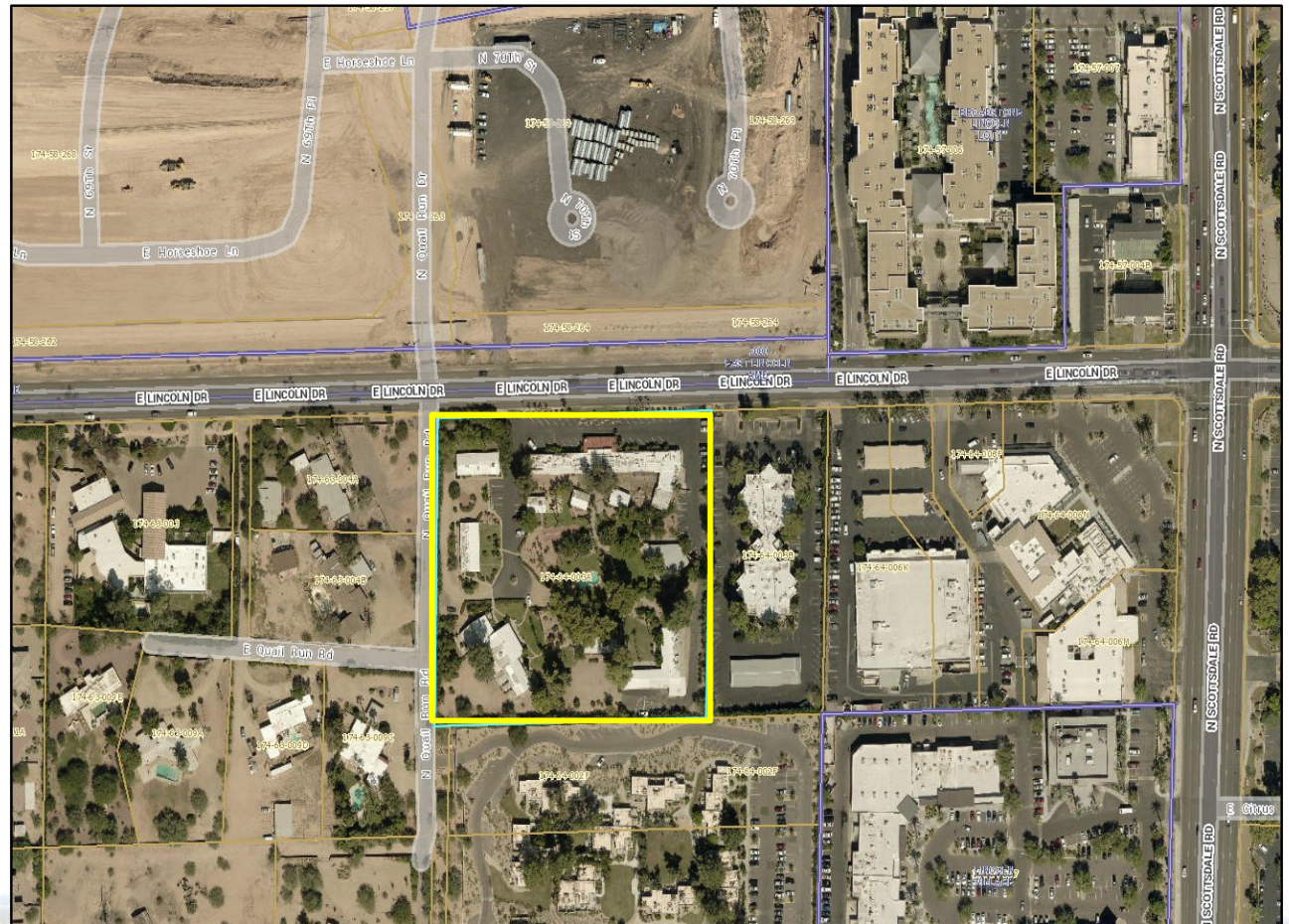


May 23, 2019



BACKGROUND

- Located at 7101 E Lincoln Drive
- 5.3 Gross Acres
- Lincoln Drive is a Major Arterial
- Quail Run Road is a Local Street

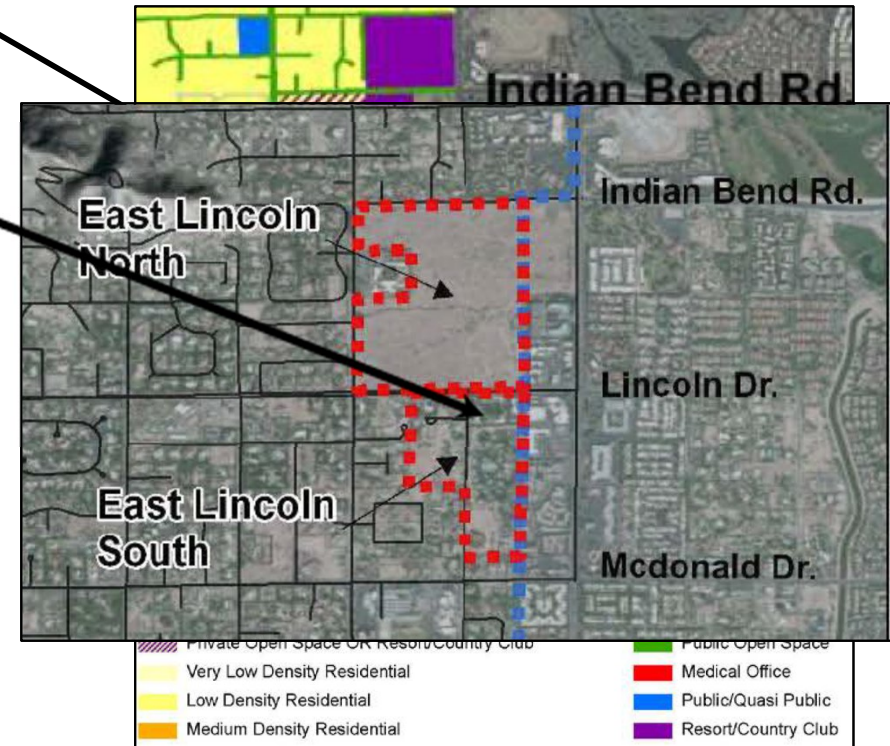


May 23, 2019



BACKGROUND

- General Plan Designation is SUP-Resort
- Within the Lincoln Drive South Development Area
- Zoning is SUP-Resort
- Council issued Statement of Direction on October 25, 2018
- Planning Commission reviewed in 10 Study Sessions and recommended denial 4-3 on March 5, 2019



May 23, 2019



PROJECT SUMMARY

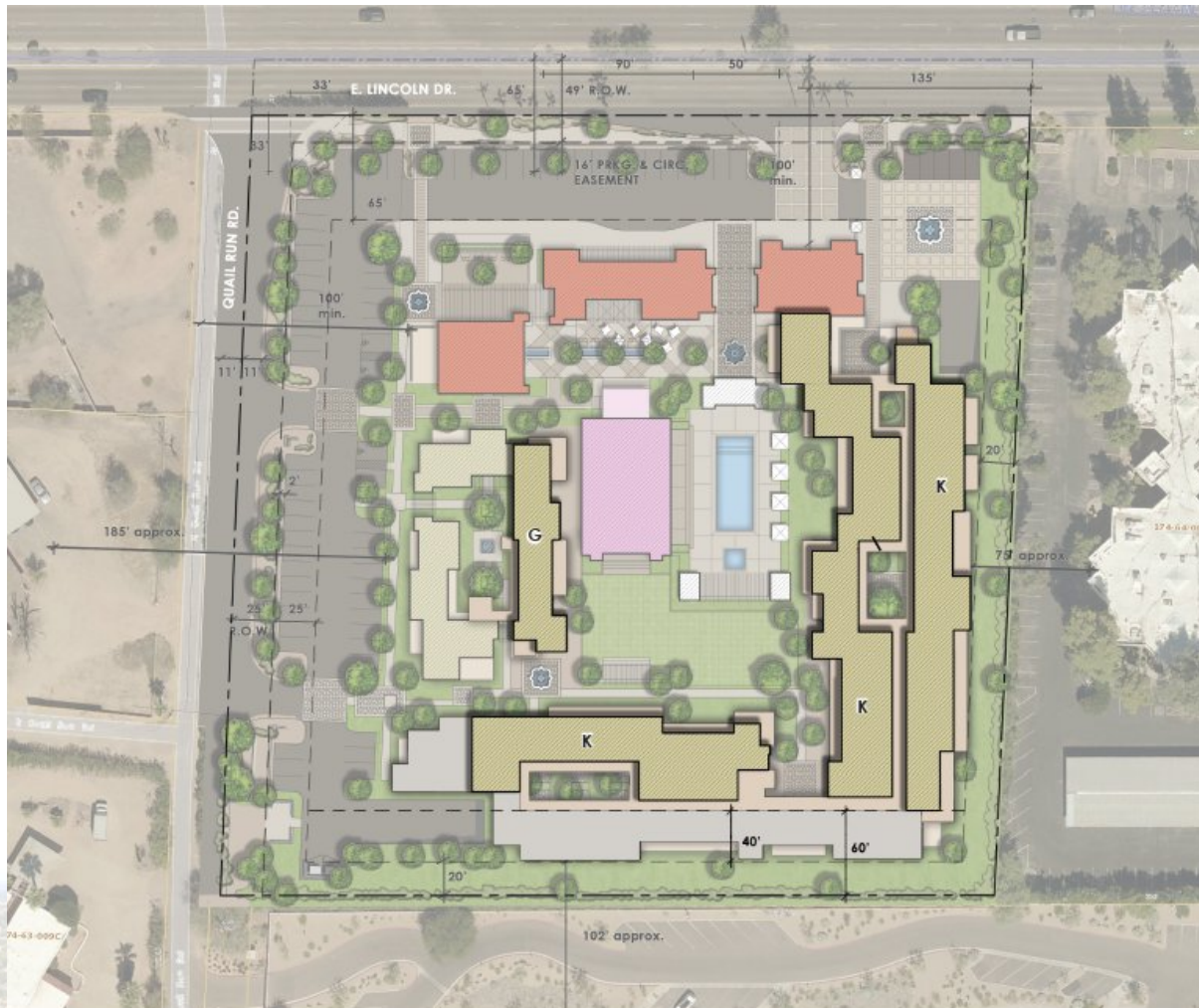
- **165 Total Keys**
 - 120 traditional hotel guest room keys
 - 30 resort residential units
 - 15 lock off units
- **Restaurant and bar/lounge**
- **Accessory uses such as:**
 - Fresh food market
 - Café/Eatery
 - Micro-brewery
 - Speakeasy
 - Pop-up retail
 - Coffee shop
 - Florist
 - Sandwicheria
 - Bakery
- **Indoor/outdoor event space**
 - Resort pavilion for banquets/meetings
 - Pool



May 23, 2019



PROJECT SUMMARY



PROGRAM

- A. Pedestrian Entry
- B. Resort Reception Entry Plaza and Valet
- C. Resort Reception (Approx. 1,000 sf.)
- D. Resort Market (Approx. 2,500 sf.)
- E. Resort Restaurant (Approx. 3,500 sf.)
- F. Resort Clubhouse (Approx. 5,000 sf.)
- G. Resort Villas
- H. Surface Parking
- I. Resort Pool
- J. Resort Bedrooms (first 2 floors)
- K. Resort Residences (3rd floor)
- L. Underground parking access
- M. Resort Retail (Approx. 400 sf.)
- N. Resort Public Area (Approx. 3,500 sf.)
- O. Signage
- P. Garbage Bins w/Landscape buffer, walls & gates
- Q. Delivery Location
- R. Employee Break Area

HOTEL UNITS - 120 Units

- Connected building
- Rooms on first and second levels

RESORT RESIDENCES (30 Units)

VILLAS

- 12 units

RESORT PENTHOUSE RESIDENCES

- 18 Units
- 3rd Level of Resort buildings
- 60 Underground dedicated parking (2 per unit)

SURFACE PARKING

- 76 Spaces (4 ADA)

May 23, 2019



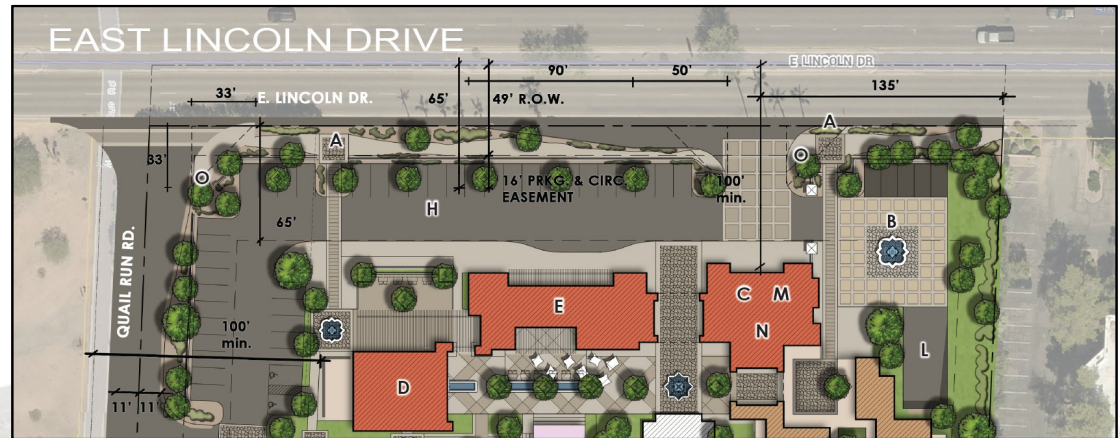
PROJECT SUMMARY

SUP Guideline Deficiencies Include:

- Height above 36 feet
- Penetration of Open Space Criteria
- Lot coverage, impervious coverage, and pervious coverage percentages
- Setbacks from right-of-way and perimeter property lines
- Landscape buffers
- Interior directional signage

Other Items:

- Proposed parking internal capture rate
- Dedication of right-of-way



May 23, 2019



THANK YOU

Applicant's Presentation to Follow



May 23, 2019



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Goals for Tonight's Meeting:

- Develop a definition and specifications for the resort dwelling units.
 - Dwelling units are an absolutely critical component to a successful redevelopment of the Smoke Tree Resort.
 - Town will recover 100% of bed tax with in lieu fees in a Development Agreement.
- Highlight changes made from May 2018 submittal to present as a result of Planning Commissions.
 - Met the spirit and intent of the Statement of Direction.
 - Reduced density; reduced height; eliminated balconies; eliminated lock offs; increased open space; complied with open space criteria on west and north.
 - We've heard the concern from you that this proposal "feels like a lot."
 - Still flexibility in the design.
 - Willing to adjust unit count and density to achieve unrestricted dwelling units.
- Highlight protections and accommodations made for neighbors – residential neighbors to the west and Andaz to the south.
- Highlight neighborhood and community support.
 - Overwhelming support for proposal.
 - Dozens of letters received, only two in opposition.
- Focus on terms for the Stipulations and Development Agreement
 - Set development boundaries, limits, and standards.
 - Provides assurances to the Town Council, citizens, and the developer as to what the Resort must provide, such as:
 - Easements and dedications.
 - Number of dwelling units and treatment of dwelling units.
 - In lieu fee calculations.
- Receive constructive direction from the Council.
 - We believe we've presented a project that makes sense in the marketplace.
 - At the end of this process, we intend to bring forward a project that you can vote for, not against.
 - How do we get there?



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Dwelling Units under a Special Use Permit Resort

- The Smoke Tree Resort has operated as a resort since its construction in 1958. The Resort was annexed in to the Town of Paradise Valley as a Resort. The present Amendment application is only an amendment to the existing Special Use Permit – Resort Zoning designation and does not seek to modify the uses currently allowed in the Zoning Ordinance.
- Three documents give SUP property owners direction on what property rights they have as owners of property in the Town of Paradise Valley:
 - General Plan – Adopted by legislation, general in nature
 - Zoning Ordinance – Adopted by ordinance, specific in nature
 - SUP Guidelines – Not construed to be ordinance, supplemental in nature
- The General Plan, which represents a statement by the public of what they expect their Town to become, calls for the consideration of “single-owner resort housing” on Special Use Permit resort properties.
- The proposed application complies with the Special Use Permit Resort General Plan and the Zoning Ordinance.
- The Zoning Ordinance allows “Dwelling Units” as an accessory use to a Resort.
- As defined by the International Building Code a “Dwelling Unit” is a single unit providing complete, independent living facilities for one or more persons, including **permanent** provisions for living, sleeping, eating, cooking and sanitation. A Dwelling Unit is intended to serve as a permanent residence.



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Possible impacts of Dwelling Units under a Special Use Permit Resort

- Traffic – The total trips generated per door as a result of a Resort equal the total number of trips generated by a dwelling unit (6.2 trips per day). There is no appreciable impact on traffic regardless if it is a dwelling unit or resort hotel key.
- Management – All dwelling units and associated HOA will be under common management as the Resort.
- Rental Program – All dwelling units will be part of the Resort's Rental Program. No dwellings units will be permitted to be rented independently of the Resort Rental Program.
- Resort Fees – All dwelling units occupied by the owner of the unit and not available for nightly rental will pay a resort fee to the Town that is equivalent to the Bed Tax rate. These fees will be annually reconciled to ensure correctness.
- "Part of the Resort" – All Dwelling Units will be integrated in to the Resort by use of common Valet parking, Amenities, Management Program, Room Service, Maid Service, and access and participation in all Resort uses.
- Furniture, Fixtures, and Equipment – All Fixtures and Equipment of the Dwelling Units will initially be the same as the Resort. Furniture will be required to meet the Resort Standards as set forth in the Resort Rental Program.



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Dwelling Unit Usage Restrictions

- A successfully operated Resort and Resort Rental Program will strive to have maximum occupancy every night of the year.
- Since Dwelling Units must participate in the Resort Rental Program, restrictions designed to restrict the use by the Owner of the Dwelling Unit, will not decrease the occupancy of the Dwelling Unit.
- For every night the Owner of a Dwelling Unit is restricted from use, a transient hotel guest will occupy the Dwelling Unit as part of the Resort Rental Program.
- Owner usage restrictions limit property values.
- Within the Resort development sector, for-sale components are important for overall project feasibility in that they serve to balance the project risk profile within acceptable tolerances for financing.
- Dwelling Units lower the development risk for Developer and the Town alike.
- Dwelling Units are an allowed accessory use under the SUP-R Zoning Ordinance.



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Resort Dwelling Unit Comparison Chart

Resort	Total Units	Guest Units	Resort Residences	Percentage for Sale
Proposed Smoke Tree Resort	165	135	30	18%
Ritz Carlton	458	200	258	56%
Andaz	201	201	0*	0%*
Mountain Shadows	331	183	148	45%
Sanctuary	174	161	54	31%
Montelucia	327	303	124	38%
Scottsdale Plaza	404	404	0	0%
Doubletree	378	378	0	0%
Hermosa Inn	49	49	0	0%
Camelback Inn	458	458	458	100%
Notes: * Cottonwoods (Andaz) SUP 12-08 had 27 Resort Residences under consideration before current ownership withdrew the request prior to approval				

Lot Coverage Comparison Chart

	5 ACRE COVERAGE	CALCULATION 5 ACRES = 217,800 SQFT	% COVERAGE
1 DOUBLE TREE SCOTTSDALE RESORT	141,720 SF	141,720 COVERAGE / 217,800 SQFT	65.1%
2 OMNI RESORT & SPA AT MONTELUCCIA	117,023 SF	117,023 COVERAGE / 217,800 SQFT	53.7%
3 THE SCOTTSDALE PLAZA RESORT	112,743 SF	112,743 COVERAGE / 217,800 SQFT	51.8%
4 THE RITZ-CARLTON RESORT - VILLAS	104,223 SF	104,223 COVERAGE / 217,800 SQFT	47.9%
5 SCOTTSDALE CAMELBACK INN RESORT & SPA	93,317 SF	93,317 COVERAGE / 217,800 SQFT	42.8%
6 MOUNTAIN SHADOWS RESORT	89,263 SF	89,263 COVERAGE / 217,800 SQFT	40.1%
7 SANCTUARY CAMELBACK MOUNTAIN RESORT	74,118 SF	74,118 COVERAGE / 217,800 SQFT	34.0%
8 PROPOSED SMOKE TREE RESORT	74,085 SF	74,085 COVERAGE / 217,800 SQFT	*34.0%
9 ANDAZ SCOTTSDALE RESORT & SPA	65,685 SF	65,685 COVERAGE / 217,800 SQFT	30.2%
10 EL CHORRO	57,534 SF	57,534 COVERAGE / 217,800 SQFT	26.4%
11 THE HERMOSA INN	48,388 SF	48,388 COVERAGE / 217,800 SQFT	22.2%

*Excludes credit for 1.3 acre subterranean parking garage



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Changes Made Through Planning Commission

- Reduced number of units from 180 to 165
 - Can be adjusted to realize allowed accessory use of Dwelling Units as permanent residences under the SUP-R Zoning Ordinance
- Reduced density on south and west
 - 15 lock offs were eliminated on south side
- Increased setback and created tiered height on the south side for Andaz
 - Two-story building stepping back to a three-story maximum
- Agreed to prohibit balconies on the west side
- Committed to an initial FF&E that is consistent with the Resort hotel keys
 - FF&E packages will be available; mandatory FF&E will be required if part of the rental program
- Eliminated hip roof architectural elements
 - Agreed to a maximum height of 36 feet with limited areas of mechanical screening up to 42 feet
 - Agreed to a maximum number of chimneys, towers, and other architectural features up to 45 feet
- Agreed to dedications and improvements on Quail Run Road
- Agreed to the Town's request on access on Lincoln Drive
- Made revisions for OSC
 - We comply with OSC on west side (residential) and north side (Lincoln Dr.)
 - Limited encroachment on east and south
- Made changes to the sign plan and removed internal signs
- No signage will be placed in the ROW unless an applicable easement is granted by the Town



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Protections for Residential Neighbors

- Locates greater height and density to the south and east
- Limits overall height to 36 feet with some limited areas of 42 feet for mechanical screening and 45 feet for architectural elements
- Provides tiered heights on west side
- Leaves 100 feet between the residential property line and the nearest structure, which is limited to 24 feet in height
- Prohibits balconies on the west side facing residential neighbors
- Noise generating elements are located internal to the property and surrounded by the hotel and resort dwelling units
- Complies with the OSC criteria on the west side from the current property line
- Provides appropriate landscaping buffers
- Lighting will be directed appropriately so as not to glare in the residential neighbors' yards
- Agreed that deliveries on site will not occur on Quail Run
- Adds a 3 foot screen wall on the west

Accommodations for Andaz

- Reduces the number of units from 180 to 165
- Removes 15 lock offs from the south side
- Increases the setback and creates a tiered height on the south side
 - 20 foot setback with 24 foot maximum height
 - 60 foot setback with 36 foot maximum height
- Limits overall height to 36 feet with some limited areas of 42 feet for mechanical screening and 45 feet for architectural elements
- Limited amount of OSC encroachment on south
- Noise generating elements are located internal to the property and surrounded by the hotel and resort dwelling units



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Proposed Compromise

- Reduce total number of units from 165 to 150
 - 125 hotel keys
 - 25 dwelling units
- No lock offs for the dwelling units
- Hard cap of 36 foot height limit – no exceptions for mechanical screening or architectural elements
- Committed to in lieu fees, collected by an HOA, and governed by a Development Agreement
- This compromise depends on the realization of allowed accessory use of Dwelling Units as permanent residences under the SUP-R Zoning Ordinance



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Development Agreement Necessary Next Step

- The Development Agreement will provide definition and clarity on what is needed in the revitalization of the Smoke Tree Resort
- The Development Agreement will provide needed clarification on the applicability of proportional guidelines so as to direct site plan and architecture revisions.
- Iterative submittal revisions have failed to yield explicit feedback necessary to make specific adjustments
- Other jurisdictions implement development agreements after review of preliminary concepts.
 - This helps the jurisdiction to make clear to the Applicant what will be required that is not directly defined in the zoning ordinance.
 - Helps to simplify and expedite the resubmittal process as the Applicant has direction to work from.
 - Reduces risk to the jurisdiction and Applicant so that the continuing development process has a defined goal.



Smoke Tree Resort SUP Amendment :: May 23, 2019 Town Council Presentation

Development Agreement Topics

- Phasing – likely done all at once, but in agreement that none of the Certificates of Occupancy will be issued for resort dwelling units until Certificates issued for resort hotel structures.
- Easements and Dedications
 - Lincoln Drive – in agreement with 49 foot dedication and 16 foot easement (which includes parking and landscaping easements)
 - Quail Run Road – agree to dedicate half street and make full improvements on east, curb and gutter on the west
- Improvements
- Number of resort dwelling units
- Treatment of resort dwelling units
 - No restrictions on time of use
 - Access to rental program, defined by CC&Rs, and under unified management with hotel
- In lieu fee calculations
 - Favor adapting the in lieu fee concept from Mountain Shadows SUP Development Agreement
 - Collected by the HOA and governed by the Development Agreement
- FF&E – agree to an initial FF&E that is consistent with the Resort hotel keys.
 - FF&E packages will be available; mandatory FF&E will be required if part of the rental program
- Height
- Parking
- Setbacks

SPECIAL USE PERMIT GUIDELINES

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Section 1 General Purpose

The following guidelines should not be construed as an ordinance. These guidelines are a result of joint discussions between the Town Planning Commission and Town Council to provide a generally-accepted vision of appropriate site, bulk, density, perimeter, parking, sign, lighting, and other related standards during the review of a new or amended Special Use Permit for a non-residential development in the Town of Paradise Valley. The nature of the request, the architecture of the development, the unique characteristics of the site, among other factors; may merit less or more restrictive standards as determined during a complete review of each individual request. It should be noted that meeting all the guidelines listed below does not obligate the Town to grant a Special Use Permit or amendment thereto. These guidelines supplement the regulations as set forth in Article XI, Additional Use Regulations and Special Uses, of the Town Zoning Ordinance.

Section 2 Lighting

The following lighting guidelines shall apply to all non-residential properties requiring a Special Use Permit.

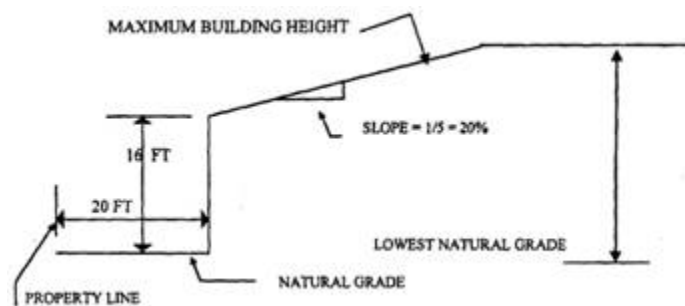
- a. Outdoor lighting shall be permitted so long as:
 - i. the light emitting element is shielded so that no beam of light extends above a horizontal plane placed at the lowest level of any exposed portion of the light emitting element; and
 - ii. the light emitting element and reflecting device of all lighting or illumination units is hooded or shielded so that it is not visible from any adjacent lot or real property; and
 - iii. such outdoor lighting or illuminating units do not direct light, either directly or through a reflecting device, upon any adjacent real property.
 - iv. uplighting shall be permitted so long as no Luminaire is greater than 300 Lumens.
- b. Outdoor pole lighting shall be permitted subject to the provisions of subsection A.8.a of this section so long as:
 1. the height of such lights or illumination does not exceed 16 feet measured from the natural ground level; and
 2. Each lighting or illuminating device shall be set back from the nearest property line a distance equal to or greater than the height of the device above natural ground level.

- c. Outdoor light levels, measured in foot candles or equivalent Lux in accordance with Illuminating Engineering Society of North America (IESNA) standards, shall not exceed the following levels in the locations specified:
 - i. parking lots – 1.6.
 - ii. entrance roadways, interior driveways and drop off areas – 5.0.
 - iii. adjacent to service buildings and loading docks – 5.0.
 - iv. in conjunction with architectural lighting adjacent to all other structures – 3.0.
 - v. outdoor pool decks and function areas – 5.0.
 - vi. outdoor dining areas – 10.0.
- d. No outdoor lighting shall be permitted within any setback area adjacent to a residential property unless:
 - i. the lighting measured at the property line does not exceed 0.5 foot candles; and
 - ii. all light emitting elements are less than three (3) feet in height.

Section 3 Open Space Criteria

The following Open Space Criteria shall apply to all non-residential properties requiring a Special Use Permit. To maintain view corridors around the perimeter of a property, building heights shall be limited around property lines. No building shall penetrate an imaginary plane beginning at 16 feet above the natural grade and 20 feet from exterior property lines, which plane slopes upward at a ratio of one foot vertically for each five feet horizontally measured perpendicular to the nearest property line, as illustrated in Figure 3-1. This limitation shall apply until the maximum allowable height is reached. All height measurements shall commence at the ground elevation at the 20-foot beginning line. Building height measurements shall be taken from the high points of the structure to the closest point on the 20-foot beginning line perpendicular to that portion of the structure. Notwithstanding the foregoing, no structure shall be located closer to an exterior property line than as otherwise permitted for that use.

Figure 3-1



Section 4 Resorts

1. Site Standards

- a. *Except for properties that have existing special use permits for resort uses, the minimum site area shall be 20 acres which shall not be bisected by any public right-of-way.*
- b. Except for properties that have existing special use permits for resort uses, the site shall have primary access from and frontage of at least 300 feet on a Major or Minor Arterial as designated in the Paradise Valley General Plan.
- c. Principal structures shall be those containing guest units or those containing guest registration areas, facility administrative offices and accessory uses. Principal structures with guest units also may contain permitted accessory uses.
- d. Accessory structures shall be those containing accessory uses.
- e. Service structures shall include those structures used for support and maintenance of the resort.
- f. All parking on a site shall be at the surface or underground.
- g. No individual retail business, office or business service shall occupy more than 2000 square feet. Entrances to any retail business, office or business service shall be from within a principal or accessory structure.

2. Bulk and Density Standards

- a. Maximum building height:
 - i. *Principal Structures - 36 feet*
 - ii. *Accessory structures - 24 feet*
 - iii. *Service structures - 18 feet*
 - iv. Towers and other architectural features may exceed maximum building heights, subject to special use permit or major amendment approval.
 - v. To maintain view corridors around the perimeter of a property, building heights shall be limited around property lines in accordance with the Open Space Criteria per Section 3 of the Special Use Permit Guidelines.
- b. Lot coverage
 - i. *Total of all structures - 25%*
 - ii. *Total of all impervious surfaces including building footprints - 60%*
 - iii. *Open space, which shall consist of land and water areas retained for active or passive recreation purposes or essentially undeveloped areas retained for resource protection or preservation purposes, a minimum of 40%*
- c. *Maximum density of guest units – 1 unit for each 4000 sq. feet of site area*

3. Perimeter Standards

- a. Minimum distance from exterior property lines where the adjacent use is residential:
 - i. *Principal structures - 100 feet*
 - ii. *Accessory structure - 60 feet*
 - iii. Service structure - 100 feet
 - iv. *Outdoor game courts and swimming pools which are generally available to all guests - 200 feet*
 - v. *Parking lots and interior drives, excluding exterior points of access - 60 feet*
 - vi. Any portion of an equestrian facility, including structures, barns, stalls and corrals - 200 feet
- b. Minimum distance from exterior property lines where the adjacent use is other than residential or is adjacent to a public street:
 - i. *Principal structures - 100 feet*
 - ii. *Accessory structure - 40 feet*
 - iii. Service structure – 65 feet
 - iv. *Outdoor game courts and swimming pools which are generally available to all guests - 65 feet*
 - v. *Parking lots and interior drives, excluding exterior points of access - 40 feet.*
- c. There shall be a 40 foot wide landscaped area adjacent to an exterior property line where it abuts residentially zoned property.
- d. There shall be a minimum 30 foot wide landscaped area where an exterior property line abuts a public or private local or collector street and a 50 foot wide landscaped area where an exterior property line abuts a Major or Minor Arterial.
- e. The provisions of Chapter XXIV, Walls, and Fences, of the Town's Zoning Ordinance shall apply.

4. Parking and Circulation

- a. On site parking shall be provided as follows:
 - i. For each guest unit - 1.2 spaces.
 - ii. For each dwelling unit - 2.0 spaces.
 - iii. For each 50 square feet of net dining area in restaurants - 1.0 space.
 - iv. For each two seats or equivalent area in meeting rooms, auditoriums or group assembly areas - 1.0 space.
 - v. For each 300 square feet of net sales areas in retail establishments – 1.0 space.

- vi. For each 300 square feet of net occupied space in office and service establishments - 1.0 space.
 - b. These requirements may be modified in conjunction with special use permit or major amendment approval based on information documenting overlapping usage of on-site facilities by guests or visitors and as contained in an approved traffic and parking analysis.
 - c. *All parking and driveway areas shall be located so as to prevent lights from shining onto adjacent residential property.*
 - d. All parking areas and driveways located within 200 feet of adjacent residentially zoned property shall be screened with a minimum three foot high, solid, decorative wall or a landscaped berm providing equivalent screening or a combination of both.
 - e. *Landscaped islands shall be provided every 100 feet within surface parking areas.* Shade tree planters shall be provided between every four stalls.
 - f. No loading, truck parking, trash containers or outdoor storage area shall be located within 100 feet of adjacent residentially zoned property. All such areas shall provide visual and noise screening to minimize impacts on adjacent residential property.
5. Signs
- a. An identification sign may be located at each entrance to the resort from a Major or Minor arterial street. The maximum height shall be 8 feet and the maximum sign area shall be 40 square feet, aggregate.
 - b. On entrances from all other streets, the maximum height shall be 4 feet and the maximum area shall be 32 square feet, aggregate.
 - c. All signs shall be only backlit or indirectly illuminated according to the standards in Article XXV, Signs, of the Town's Zoning Ordinance.
 - d. No moving or animated signs shall be permitted. Changeable copy is permitted within the allowable sign area.
 - e. Traffic and directional signs within the site shall not exceed 12 square feet in area, aggregate, and shall not exceed 5 feet in height.
 - f. A sign, mounted on an exterior wall of any structure shall contain only structure identification as necessary for emergency access.
6. Lighting as per Section 2 of the Special Use Permit Guidelines

Section 5 Medical Office

1. Bulk and Density Standards

- a. Maximum building height
 - i. *Principal Structures – 30 feet*
 - ii. Accessory structures – 24 feet
 - iii. Service structures – 18 feet
 - iv. Towers and other architectural features may exceed maximum building heights, subject to special use permit or major amendment approval.
 - v. To maintain view corridors around the perimeter of a property, building heights shall be limited around property lines in accordance with the Open Space Criteria per Section 3 of the Special Use Permit Guidelines.
- b. Maximum lot coverage for all buildings - 25%
- c. Minimum lot area - 5 acres

2. Perimeter Standards

- a. Building setback when property is adjoining residentially zoned property – 60 feet
- b. Building setback when property is adjoining a public street - 40 feet
- c. Parking lots and internal driveways shall be set back a minimum of 60 feet from adjoining residential zoned property
- d. Parking lots shall be shielded with a minimum 3 foot high wall or landscaped berm providing equivalent screening or a combination of both so that no vehicle lights shall shine onto adjacent residential property.
- e. Parking lots adjoining public streets shall be screened with a minimum three foot high, solid, decorative wall or a landscaped berm providing equivalent screening or a combination of both.
- f. There shall be a 40 foot wide landscaped area adjacent to an exterior property line where it abuts residentially zoned property.
- g. There shall be a minimum 30 foot wide landscaped area where an exterior property line abuts a public or private local or collector street and a 50 foot wide landscaped area where an exterior property line abuts a Major or Minor Arterial.

3. Parking

- a. On-site parking shall be provided as follows:
 - i. Medical offices - 1 space for each 200 square feet of interior floor area.
 - ii. Outpatient surgical facilities - 1 space for each 2 employees plus 1 space for each surgical room.

- iii. Medical laboratories - 1 space for each 2 employees.
 - iv. Physical therapy facilities - 1 space for each 1.5 employees.
 - v. Pharmacy – 1 space for each 300 square feet of interior area.
- b. These requirements may be modified in conjunction with special use permit or major amendment approval based on information documenting overlapping usage of on-site facilities by staff and visitors and as contained in an approved traffic and parking analysis.

4. Signage

In addition to the provisions of Chapter XXV, Signs, of the Town's Zoning Ordinance, the following regulations shall apply:

- a. One ground sign that is no higher than 8 feet and no larger than 40 square feet in area shall be permitted at each principal entrance to the property.
- b. No moving or animated signs shall be permitted.
- c. Traffic and directional signs within the site shall not exceed 12 square feet in area or five feet in height.

5. Lighting

Lighting as per Section 2 of the Special Use Permit Guidelines

Section 6 Religious Facility, Private School, Non-Profit Organization,
Public/Quasi Public

1. Bulk and Density Standards
 - a. *Maximum building height of principal building – 35 feet*
 - b. Maximum building height for all other structures - 24 feet
 - c. Maximum lot coverage for all buildings - 25%
 - d. Minimum lot area - 5 acres
 - e. Towers and other architectural features may exceed building maximum heights subject to special use permit or major amendment approval.
 - f. To maintain view corridors around the perimeter of a property, building heights shall be limited around property lines in accordance with the Open Space Criteria per Section 3 of the Special Use Permit Guidelines.
2. Perimeter Standards
 - a. Building setback when property is adjoining residentially zoned property – 60 feet
 - b. Building setback when property is adjoining a public street - 40 feet
 - c. Parking lots and internal driveways shall be set back a minimum of 60 feet from adjacent residentially zoned property.
 - d. Parking lots shall be shielded with a minimum 3 foot high wall or a landscaped berm providing equivalent screening or a combination of both so that no vehicle lights shall shine onto adjacent residentially zoned property.
 - e. Parking lots adjoining public streets shall be shielded by a minimum 3 foot high wall or landscaped berm providing equivalent screening or a combination of both.
 - f. There shall be a 40 foot wide landscaped area adjacent to an exterior property line where it abuts residentially zoned property.
 - g. There shall be a minimum 30 foot wide landscaped area where an exterior property line abuts a public or private local or collector street and a 50 foot wide landscaped area where an exterior property line abuts a Major or Minor Arterial.
3. Parking
 - a. On-site parking shall be provided as follows:
 - i. Places of assembly - 1 space for each 3 seats or for each 54 inches of total pew length
 - ii. Classrooms - 1 space for each classroom
 - iii. Administrative offices - 1 space for each 300 square feet of net interior floor area
 - iv. Professional offices - 1 space for each 300 square feet of net interior floor area

- b. These requirements may be modified in conjunction with special use permit or major amendment approval based on information documenting overlapping usage of on-site facilities by employees or visitors and as contained in an approved traffic and parking analysis.

4. Signage

In addition to the provisions of Chapter XXV, Signs, of the Town's Zoning Ordinance, the following regulations shall apply:

- a. One ground sign no higher than 8 feet and no larger than 32 square feet in area shall be permitted at each principal entrance to the property.
- b. No moving or animated signs shall be permitted.
- c. Changeable message panels shall be permitted.
- d. Traffic and directional signs within the site shall not exceed 12 square feet in area and five feet in height.

5. Lighting

Lighting as per Section 2 of the Special Use Permit Guidelines

Section 7 Country Club and Golf Course

1. Bulk and Density Standards

- a. Uses may be conducted indoors or outdoors.
- b. Structures associated with the facility shall not exceed one story or 24 feet in height
- c. Lot coverage of all structures on a site shall not exceed 20% excluding outdoor game courts and swimming pools, and shall not exceed 30% including outdoor game courts and swimming pools.
- d. Minimum site area - 5 acres
- e. To maintain view corridors around the perimeter of a property, building heights shall be limited around property lines in accordance with the Open Space Criteria per Section 3 of the Special Use Permit Guidelines.

2. Perimeter Standards

- a. No tee or hole within any golf course or driving range shall be closer than 100 feet from the principal structure on any residentially zoned land.
- b. No portion of any outdoor game court or swimming pool and decking shall be closer than 150 feet from the property line of any residential zoned land.
- c. Building setback when property is adjoining residentially zoned property – 40 feet.
- d. Building setback when property is adjoining a public street – 40 feet.
- e. Parking lots and internal driveways shall be set back a minimum of 60 feet from adjacent residentially zoned property.
- f. Parking lots shall be shielded with a minimum 3 foot high wall or a landscaped berm providing equivalent screening or a combination of both so that no vehicle lights shall shine onto adjacent residentially zoned property.
- g. Parking lots adjoining public streets shall be shielded by a minimum 3 foot high wall or landscaped berm providing equivalent screening or a combination of both.
- h. There shall be a 40 foot wide landscaped area adjacent to an exterior property line where it abuts residentially zoned property.
- i. There shall be a minimum 30 foot wide landscaped area where an exterior property line abuts a public or private local or collector street and a 50 foot wide landscaped area where an exterior property line abuts a Major or Minor Arterial.

3. Parking

- a. On-site parking shall be provided as follows:
 - i. employees - 1 space per employee.
 - ii. per golf course hole - 2 spaces.

- iii. per driving range station tee area - 2 spaces.
 - iv. putting or chipping green - 1 space per 500 square feet.
 - v. tennis, racquetball or handball - 3 spaces per court.
 - vi. swimming pool - 1 space per 60 square feet of deck area.
 - vii. dining areas and bar - 1 space per 50 square feet of dining area.
 - viii. retail sales area - 1 space per 300 square feet of gross sales area.
 - ix. exercise room - 1 space per 150 square feet of gross area.
 - x. event hall - 1 space per 50 square feet of assembly area or 1 space per 2 fixed or portable seats.
- b. These requirements may be modified in conjunction with special use permit or major amendment approval based on information documenting overlapping usage of on-site facilities by guests or visitors and as contained in an approved traffic analysis.

4. Signage

In addition to the provisions of Chapter XXV, Signs, of the Town's Zoning Ordinance, the following regulations shall apply:

- a. One ground sign which shall be no higher than 8 feet and no larger than 40 square feet in area shall be permitted at each principal entrance to the property.
- b. No moving or animated signs shall be permitted.
- c. Changeable message panels shall be permitted.
- d. Traffic and directional signs within the site shall not exceed 12 square feet in area or five feet in height.

5. Lighting

Lighting as per Section 2 of the Special Use Permit Guidelines

Section 8 Guardhouse, Gatehouse, and Access Control Gates

1. Bulk, density and design standards
 - a. The appearance of the guardhouses, gatehouses, and access control gates and related improvements shall be architecturally and aesthetically compatible with adjacent buildings, structures and landscaping.
 - b. There shall be a turnaround provided outside a guardhouse, gatehouse, or access control gate which shall meet Town standards for cul-de-sacs.
 - c. An access control gate shall be set back a minimum of 150 feet from the centerline of the nearest intersecting street providing access to the facility.
 - d. Guardhouses and gatehouses shall be no higher than 16 feet in height.
 - e. No guardhouse or gatehouse shall exceed 250 square feet in area.
 - f. No access control gate shall be higher than 8 feet.
 - g. Pedestrian and non-motorized vehicle access shall be provided adjacent to roadway access.
2. Signage
 - a. One wall sign, not to exceed 6 feet in height or 6 square feet in area shall be permitted.
 - b. Ground signs, not to exceed 4 feet in height or 2 square feet each in area shall be permitted.
3. Lighting

Lighting as per Section 2 of the Special Use Permit Guidelines



Town of Paradise Valley

6401 E Lincoln Dr
Paradise Valley, AZ 85253

Action Report

File #: 19-230



**TOWN COUNCIL MEETING
6401 E. LINCOLN DRIVE
PARADISE VALLEY, ARIZONA 85253
MINUTES
Thursday, May 9, 2019**

1. CALL TO ORDER / ROLL CALL

Mayor Bien-Willner called to order the Town Council Meeting for Thursday, May 9, 2019 at 3:04 p.m. in the Town Hall Boardroom.

COUNCIL MEMBERS PRESENT

Mayor Jerry Bien-Willner
Council Member Ellen Andeen
Council Member Paul Dembow
Vice Mayor Scott Moore
Council Member Julie Pace
Council Member Anna Thomasson

Council Member Mark Stanton was not present

STAFF MEMBERS PRESENT

Interim Town Manager Brian Dalke
Town Attorney Andrew Miller
Town Clerk Duncan Miller
Police Chief Peter Wingert
Town Engineer Paul Mood
Community Development Director Jeremy Knapp
Public Works Director Brent Skoglund
CFO Douglas Allen
CIO Steven Brunasso
Planner George Burton

2. STUDY SESSION ITEMS

**19-194 Discussion of Amendments to Town Code Chapter 6 -
Administrative Land Modification**

Planner George Burton presented draft Ordinance Number 2019-05 amending Town Code Chapter 6 Subdivisions to: 1) define administrative land modifications, easement modifications, lot line adjustments, exempt lot splits, and replats; and 2) clarify which types may be processed administratively. He noted that the draft language codifies current practices and is consistent with state statute.

Note: Minutes of Town Council meetings are prepared in accordance with the provisions of Arizona Revised Statutes. These minutes are intended to be an accurate reflection of action taken and direction given by the Town Council and are not verbatim transcripts. Video recordings of the meetings along with staff reports and presentations are available online and are on file in the Office of the Town Clerk. Persons with disabilities who experience difficulties accessing this information may request accommodation by calling 480-948-7411 (voice) or 480-348-1811 (TDD).

The Council discussed additional edits to the definition section, additional review by the Town Attorney and Town Manager, and a requirement that these modifications on SUP properties must be reviewed and approved by the Town Council.

Staff was directed to amend the draft ordinance and schedule it for another study session.

19-215 Discussion on the Strategic Revenue Plan for FY2020

Council Member Pace departed the meeting.

Chief Financial Officer Douglas Allen presented a draft strategic revenue plan that was based on an ASU revenue risk assessment study, GFOA recommended practices, the Town's revenue analysis, and annual financial forecast and budget data. The Council provided feedback and requested additional data and clarifications.

19-216 Discussion on the Public Safety Personnel Retirement System (PSPRS)

Mark Reader and Omar Daghestani, Managing Directors with Stifel Financial Corp, presented four pension liability management options including: status quo, accelerated cash payments, \$6 million in tax-exempt CIP bonds, and \$12 million in taxable pension bonds. The Council discussed the advantages, disadvantages, and risks of each option. They questioned if there were any unintended consequences for early pay-off. The benefits of creating a pension stabilization fund was also discussed.

Mr. Allen stated that no decision is needed from the Council at this time and that this item will be schedule for more discussion.

Council Member Pace rejoined the meeting.

19-214 Review and discussion on the Recommended Budget for Fiscal Year 2019/20

Mr. Allen presented changes to the recommended budget based on the Council's direction, provided information on the proposed part-time procurement position, and discussed the timeline for budget adoption. The Council also discussed the budget implications of the public safety pension liability funding options. It was agreed that the pension liability should be paid in full as soon as practicable, but that more discussion was needed before the Council would be prepared to decide which of the four options (or a hybrid option) to authorize.

Mayor Bien-Willner recessed the meeting at 6:05 PM

3. EXECUTIVE SESSION

- 19-199** Discussion and consultation with the Town Attorney or Town representatives concerning negotiations for the purchase, sale, lease, transfer, or condemnation of real property in the vicinity of the Five Star Development property (Lincoln Dr, Mockingbird Ln, & Indian Bend Rd) as authorized by A.R.S. §38-431.03(A)(7).
- 19-201** Discussion or consultation with the Town Attorney to consider the Town's position and provide instruction regarding license agreement negotiations for a radio facility in the vicinity of 8444 N Tatum Blvd as authorized by A.R.S. §38 431.03(A)(4) and discussion and consultation with the Town Attorney or Town representatives concerning negotiations for the lease of real property in the vicinity of 8444 N Tatum Blvd as authorized by A.R.S. §38 431.03(A)(7).
- 19-208** Discussion or consultation with the Town Attorney to consider the Town's position regarding Master Lease Agreements as authorized by A.R.S. §38 431.03(A)(4); and discussion with the Town Attorney for legal advice regarding use of the public rights-of-way as authorized by A.R.S. §38 431.03(A)(3).
- 19-200** Discussion of Town Attorney performance review as authorized by A.R.S. §38-431.03(A)(1) and discussion and direction to the Town Attorney or Town representatives regarding the Town Attorney employment agreement as authorized by A.R.S. §38 431.03(A)(4).
- 19-204** The Town Council may go into executive session at one or more times during the meeting as needed to confer with the Town Attorney for legal advice regarding any of the items listed on the agenda as authorized by A.R.S. §38-431.03(A)(3).

4. BREAK

5. RECONVENE FOR REGULAR MEETING

Mayor Bien-Willner reconvened the meeting at 6:15 PM.

6. ROLL CALL**COUNCIL MEMBERS PRESENT**

Mayor Jerry Bien-Willner
Council Member Ellen Andeen
Council Member Paul Dembow
Vice Mayor Scott Moore
Council Member Julie Pace
Council Member Anna Thomasson

Council Member Mark Stanton was not present

STAFF MEMBERS PRESENT

Interim Town Manager Brian Dalke
Town Attorney Andrew Miller
Town Clerk Duncan Miller
Police Chief Peter Wingert
Town Engineer Paul Mood
Community Development Director Jeremy Knapp
Public Works Director Brent Skoglund
Chief Financial Officer Douglas Allen
Chief Information Officer Steven Brunasso
Planner George Burton

7. PLEDGE OF ALLEGIANCE*

Mayor Bien-Willner led the Pledge of Allegiance.

8. PRESENTATIONS**19-205 Recognition of Mr. Jim Rose on the Occasion of his Retirement**

Mayor Bien-Willner and the Town Council recognized Camelback Inn General Manager Jim Rose on his long and distinguished career with Marriott International and for his contributions to the Town of Paradise Valley.

9. CALL TO THE PUBLIC

There were no public comments.

10. CONSENT AGENDA

Town Manager Dalke summarized the items on the Consent Agenda.

19-198 Minutes of Town Council Meeting April 25, 2019**19-206 Approval to execute agreements with Salt River Project (SRP) and CenturyLink for the SRP Denton Ln Overhead Conversion project in the amounts not to exceed \$411,800.00 and \$12,052.30, respectively.**

Recommendation: Authorize the Town Manager to:

- 1) Execute SRP Aesthetics Funding Agreement to apply \$200,000 of the Town's SRP Aesthetic Funds toward the SRP Denton Ln Overhead Conversion project and to allow for placement of the underground facilities within the Town's right-of-way.
- 2) Execute agreement with SRP in an amount not to exceed \$411,800.
- 3) Execute agreement with CenturyLink in an amount not to exceed \$12,052.30.

Staff Contact: Jason Harris, 480-348-3622

19-213 Approval of Appointment to the Paradise Valley Mountain Preserve Trust

Recommendation: Appoint Martha Hunter-Henderson to Paradise Valley Mountain Preserve

A motion was made by Council Member Pace, seconded by Vice Mayor Moore, to approve the Consent Agenda. The motion carried by the following vote:

Aye: 6 - Mayor Bien-Willner
Council Member Andeen
Council Member Dembow
Vice Mayor Moore
Council Member Pace
Council Member Thomasson

Absent: 1 - Council Member Stanton

11. PUBLIC HEARINGS**19-207 Consideration of Paradise Valley Medical Plaza (5410 N Scottsdale Rd) Intermediate Special Use Permit Amendment**

Planner George Burton presented the Special Use Permit Amendment for the Paradise Valley Medical Plaza located at 5410 N Scottsdale, Road. The amendment proposed the addition of a new 9,837 square foot medical building, a new parking area, two new covered parking canopies, new signage, new landscaping, and a new screen wall. The Planning Commission reviewed the application and voted 6 to 0 to forward Ordinance Number 2019-01 to the Town Council with a recommendation for approval. After the Planning Commission's public hearing, neighbors expressed concerns about noise, traffic, increased intensity of use, and garbage pick-up. The applicant met with the neighbors and drafted additional stipulations to mitigate their concerns.

Attorney Douglas Jorden, representing the property owner, addressed the Council and explained the steps taken to resolve concerns with the neighbors.

Mayor Bien-Willner opened the public hearing. The following residents submitted comment cards in opposition to the Special Use Permit Amendment but did not speak:

Marty Applebaum, Jim Bruske, Amy Bruske, Patrick Ford, Carl and Leanne Mariano.

Mayor Bien-Willner closed the public hearing.

The Town Council discussed the Special Use Permit Stipulations and proposed amendments. The Council discussed proposed stipulation #14 regarding a request by neighbors for installation of a speed bump in detail. There was consensus that installation of any traffic calming measure should be contingent on a traffic study and approval by the Town Engineer.

A motion was made by Vice Mayor Moore, seconded by Council Member Dembow, to adopt Ordinance 2019-01, with the following amendments to Exhibit "C" Special Use Permit Stipulations:

- **Stipulation 9 shall read:** The landscaping along the west side of the campus, located between the west property line and the existing drive aisle, shall be installed in accordance with Sheet La.01 prior to start of construction on the medical building. Any of the west-side landscaping that dies or is blown down will be replaced within 30 days. Regular maintenance of such landscaping will be done as needed (minimum two times per year). Routine maintenance of the west-side landscaping shall only occur Monday through Friday; such maintenance shall not begin prior to 6:30 am (7:00 am during Nov – Feb).
- **Stipulation 14 shall read:** The Medical Plaza Owner shall pay up to \$10,000 for a speed bump on Vista Drive at a location to be determined by the Town. Alternatively, and if a speed bump is not acceptable to the affected neighbors, other traffic calming measures may be used in lieu of a speed bump. If any speed bump or traffic calming measures are constructed, they must be supported by staff after typical traffic safety measures are considered, if needed.
- **Stipulation 17 shall read:** Manual hours of non-emergency use for the outside generator on the west side shall be limited to Monday through Friday between 8:00 am and 4:00 pm for no longer than 45 minutes at a time. The noise level shall be in accordance with Section 10-7-3 of the Town Code and shall not exceed a decibel level of 56, measure from the nearest property line. Based on the current regulations, the generator must be run one time per week and one additional time per month; the use of the generator shall be so limited except as required by a change in regulations, emergency use, and maintenance.

The motion carried by the following vote:

Aye: 6 - Mayor Bien-Willner
Council Member Andeen
Council Member Dembow
Vice Mayor Moore
Council Member Pace
Council Member Thomasson

Absent: 1 - Council Member Stanton

12. ACTION ITEMS

There were no Action Items.

13. FUTURE AGENDA ITEMS**19-202 Consideration of Requests for Future Agenda Items**

Interim Town Manager Dalke summarized the future agenda schedule. There were no requests to add items.

14. MAYOR / COUNCIL / MANAGER COMMENTS

Mr. Dalke announced that May 23, 2019 is the deadline to receive General Plan Amendments for 2019. He stated that none have been filed as of today.

Council Member Thomasson reported that she attended a school safety forum on April 26. She stated that the Paradise Valley Police Department offers free security audits to the resorts, public and private schools, medical centers, and places of worship. She encouraged these organizations to contact the Police Department to schedule an audit. It is recommended that they be done ever two years.

Council Member Andeen announced that June 5th is the next coffee with a cop.

Council Member Pace stated that she attended the Nirvana event at the Sanctuary Resort. She gave an update on the activities of the Paradise Valley Mountain Preserve Trust.

Council Member Dembow presented Mayor Bien-Willner with a carved wood sign bearing his name. Mr. Dembow and other Council Members thanked the Mayor for his service.

Mayor Bien-Willner recessed the meeting.

15. STUDY SESSION CONTINUED

A motion was made by Council Member Thomasson, seconded by Council Member Dembow, to go into executive session at 8:26 PM to discuss items 19-201 and 19-208. The motion carried by the following vote:

Aye: 6 - Mayor Bien-Willner
Council Member Andeen
Council Member Dembow
Vice Mayor Moore
Council Member Pace
Council Member Thomasson

Absent: 1 - Council Member Stanton

**19-218 Discussion and Direction regarding Master License Agreement for
Small Wireless Facilities in the Public Right-of-Way (“MLA”)**

STAFF MEMBERS PRESENT

Interim Town Manager Brian Dalke
Town Attorney Andrew Miller
Town Clerk Duncan Miller
Police Chief Peter Wingert
Town Engineer Paul Mood
Community Development Director Jeremy Knapp
Capital Projects Administrator Jason Harris
Deputy Town Attorney Deborah Robberson

Deputy Town Attorney Deborah Robberson presented a draft Master License Agreement for Small Wireless Facilities in the Right-of-Way. A recently adopted state law requires the town to make available its rates, fees, and terms within three months of an application for a small wireless facility. She stated that one pre-application has been received, thus the Town must prepare an agreement.

She summarized the terms and conditions. The Town Council supported the staff recommendations. She stated that the agreement and an ordinance amending the definition of small wireless facility would be scheduled for Council consideration on May 23.

A motion was made by Council Member Thomasson, seconded by Council Member Dembow, to go into executive session 9:15 PM to discuss items 19-199 and 19-200. The motion carried by the following vote:

Aye: 6 - Mayor Bien-Willner
Council Member Andeen
Council Member Dembow
Vice Mayor Moore
Council Member Pace
Council Member Thomasson

Absent: 1 - Council Member Stanton

19-203 Legislative Update

This item was not discussed.

16. ADJOURN

A motion was made by Council Member Dembow, seconded by Council Member Andeen, to adjourn. The motion carried by the following vote:

Aye: 6 - Mayor Bien-Willner
Council Member Andeen
Council Member Dembow
Vice Mayor Moore

Council Member Pace
Council Member Thomasson

Absent: 1 - Council Member Stanton

Mayor Bien-Willner adjourned the meeting at 12:04 AM May 10, 2019.

TOWN OF PARADISE VALLEY

SUBMITTED BY:

Duncan Miller, Town Clerk

STATE OF ARIZONA)
 :ss.
COUNTY OF MARICOPA)

CERTIFICATION

I, Duncan Miller, Town Clerk of the Town of Paradise Valley, Arizona hereby certify that the following is a full, true, and correct copy of the minutes of the regular meeting of the Paradise Valley Town Council held on Thursday, May 9, 2019.

I further certify that said Municipal Corporation is duly organized and existing. The meeting was properly called and held and that a quorum was present.

Duncan Miller, Town Clerk



Action Report

File #: 19-224

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Peter Wingert, Chief of Police

DATE: May 23, 2019

DEPARTMENT: Police Department

AGENDA TITLE:

Approval of Purchase of Police Patrol Vehicles and Equipment in FY 2020

RECOMMENDATION:

Approve the purchase of three (3) 2020 Chevrolet Tahoes for the Police Department and the purchase and installation of police equipment for the Tahoes with a project cost not to exceed \$204,000. The three (3) Tahoes will be used as police patrol vehicles and will not be purchased until after July 1, 2019.

SUMMARY STATEMENT:

The Police Department has requested the purchase of three new 2020 Chevrolet Tahoe Police patrol vehicles to replace three (3) Chevrolet Tahoe Police patrol vehicles which are currently in the police fleet.

The Town's mechanic has recommended the replacement of three patrol vehicles due to age, mileage, and mechanical instability. These three vehicles were identified in the ten-year vehicle replacement plan, which was written in 2016, as needing replacement in FY 19-20.

This item is in front of the Council for consideration prior to the actual approval of the tentative budget, which will be heard during a meeting on May 23, 2019. The sequencing allows staff to procure the police vehicles at the beginning of the fiscal year. The delivery time of police vehicles is generally four months. Approving this item during the same Council meeting as the approval of the tentative budget allows the Council to fulfill the reconsideration period prior to the summer break and allows staff to begin procurement of the vehicles early in the fiscal year.

If this project is approved, the following vehicles will be replaced.

1. 2012 Chevrolet Tahoe 2WD - unit #3307-51 is being used primarily as a police patrol vehicle.
 - Purchased 04/13/2012
 - The cost to operate is \$.26 per mile

- The vehicle has an odometer reading of 142,582 miles as of May 9
 - The vehicle is 7 years old
2. 2012 Chevrolet Tahoe 2WD - unit #3188-52 is being used primarily as a police patrol vehicle.
- Purchased 04/13/2012
 - The cost to operate is \$.28 per mile
 - The vehicle has an odometer reading of 147,049 miles as of May 9
 - The vehicle is 7 years old
3. 2013 Chevrolet Tahoe 2WD - unit #O480-53 is being used primarily as a police patrol vehicle.
- Purchased 06/17/2013
 - The cost to operate is \$.24 per mile
 - The vehicle has an odometer reading of 125,599 miles as of May 9
 - The vehicle is 6 years old

The cost for the three (3) new 2020 Chevrolet Tahoes is \$120,672 (\$40,224 per unit).

The cost for equipment installation (lights, graphics, lock boxes, window covers, ballistic panels, prisoner partitions, etc.) to the vehicles is \$76,500 (\$25,500 per unit).

The cost to decommission the three retiring Police Tahoes and prep them for auction is \$6,000 (\$2,000 per unit).

The total cost to purchase and install equipment on the three (3) new 2020 Chevrolet Tahoes and decommission existing vehicles is \$203,172.

This project will not exceed \$204,000, which is the amount requested in the FY 19-20 budget.

Expenditure Quotations

<u>Vehicle</u>	<u>Primary Use</u>	<u>Vehicle Cost</u>	<u>Equipment & Decommission Cost</u>
2020 Chevrolet Tahoe	Patrol	\$40,224	\$25,500
2020 Chevrolet Tahoe	Patrol	\$40,224	\$25,500
2020 Chevrolet Tahoe	Patrol	\$40,224	\$25,500
Decommission Three Tahoes	\$2,000 each		\$6,000
Subtotal		\$120,672	\$82,500
Grand Total			\$203,172
FY 20 Budget figure			\$204,000

The Town will take advantage of prices quoted to the State through a competitive bid process and purchase the patrol vehicles by using the Arizona State Vehicle Contract and equip the vehicles by using the Yavapai County Contract.

File #: 19-224

BUDGETARY IMPACT:

To complete this project \$204,000 is requested in the FY 19-20 budget process. This project will not exceed that amount.

ATTACHMENT(S):

Powerpoint titled "052319 Purchase Police Vehicles" will be used if item is pulled from the Consent Agenda.

TOWN OF PARADISE VALLEY

Purchase of Police Vehicles

May 23, 2019



Key Questions

- Do the Mayor and Town Council desire to procure three Police Tahoes during FY 20?



Project Overview

- In FY 20, \$204,000 is budgeted to purchase and outfit three Police Tahoes.
- Each new Tahoe costs \$40,224, with the three totaling \$120,672.
- The purchase and installation of police equipment is quoted at \$76,500.
- The decommission of retiring vehicles is \$6,000.
- The quoted cost of the project is \$203,172.



Timeline of Procurement

- Patrol vehicles generally have a four month timeframe from order to delivery.
- FY 20 budget includes a request for \$204,000 for police patrol vehicle purchase and outfitting.
 - FY 20 budget will be heard during special meeting on May 23, 2019.
- Council has a two week reconsideration period after approval.
- Approving this item on May 23 allows for the reconsideration period prior to the Council Summer Break.
- Staff will order patrol vehicles after July 1, 2019.



Vehicle to be replaced

- 2012 Chevrolet Tahoe 2WD – unit #3307-51, is being used primarily as a police patrol vehicle.
- Purchased 04/13/2012.
- The cost to operate is \$.26 per mile.
- The vehicle has driven over 142,582 miles during patrol use.
- Currently experiencing oil leaks and worn seals.
- Interior wear and tear.
- The vehicle is 7 years old.



Vehicle to be replaced

- 2012 Chevrolet Tahoe 2WD – unit #3188-52, is being used primarily as a police patrol vehicle.
- Purchased 04/13/2012.
- The cost to operate is \$.28 per mile.
- The vehicle has driven over 147,049 miles during patrol use.
- Currently experiencing excess oil consumption and engine noise.
- Interior wear and tear.
- The vehicle is 7 years old.



Vehicle to be replaced

- 2012 Chevrolet Tahoe 2WD – unit #O480-53, is being used primarily as a police patrol vehicle.
- Purchased 06/17/13.
- The cost to operate is \$.24 per mile.
- The vehicle has driven over 125,599 miles during patrol use.
- Currently experiencing multiple leaks and increased downtime.
- Interior wear and tear.
- The vehicle is 6 years old.



Quotes for Purchases

- Vehicles will be purchased through use of Arizona State Vehicle Contract.
 - Courtesy Chevrolet has Police Tahoes for \$40,224 each (\$120,672 total for 3 vehicles).
- Police equipment quoted through MHQ Emergency Solutions, which has a Cooperative Contract in Arizona.
 - Necessary equipment and its installation is quoted at \$25,500 per vehicle (\$76,500 total).
 - Necessary equipment includes lights, graphics, lock boxes, window covers, ballistic panels, prisoner partitions, etc.
 - Decommission of retiring vehicles is quoted at \$2,000 per vehicle (\$6,000 total).
- Total quoted for project is \$203,172.
- Request not to exceed amount of \$204,000, which is budget figure.
 - Not to exceed amount allows flexibility if item needed was omitted in quoted equipment.



Key Questions

- Do the Mayor and Town Council desire to procure three Police Tahoes?



Questions?





Action Report

File #: 19-244

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Paul Mood, Town Engineer

DATE: May 23, 2019

DEPARTMENT: Engineering

AGENDA TITLE:

Award of Contract for Sanitary Sewer Repairs

RECOMMENDATION:

Authorize the Town Manager to execute Contract CON-19-069-ENG with Achen-Gardner Construction, LLC in an amount not to exceed \$105,966.34 for the Glen Dr. sanitary sewer repairs.

SUMMARY STATEMENT:

Per the Intergovernmental Agreement with the City of Scottsdale for Wastewater Treatment the Town is in the process of completing year three of a five year sanitary sewer assessment program. The sewer assessment program recently identified locations of ductile iron pipe that is not compatible for use with sanitary sewers or sections of pipe that has structural deficiencies. These pipes require lining with a cast in place pipe.

The proposed contract will line the section of sanitary sewer on Glen Drive west of 59th Place and is within the Town's sewer repair budget for FY2018-19. The contractor will monitor sewer flows during the lining process and have vacuum trucks on site to pump sewage as needed. Staff has been consulting with the City of Scottsdale's Wastewater Department Staff and initiating recommended repairs as the sewer assessment program identifies issues.

Staff anticipates presenting a contract to Council on June 13, 2019 for the remaining ductile iron pipe and structurally deficient pipe segment repairs. The notice to proceed for these repairs will be issued after July 1, 2019 and will fall under the FY2019-20 Sewer Fund budget.

BUDGETARY IMPACT:

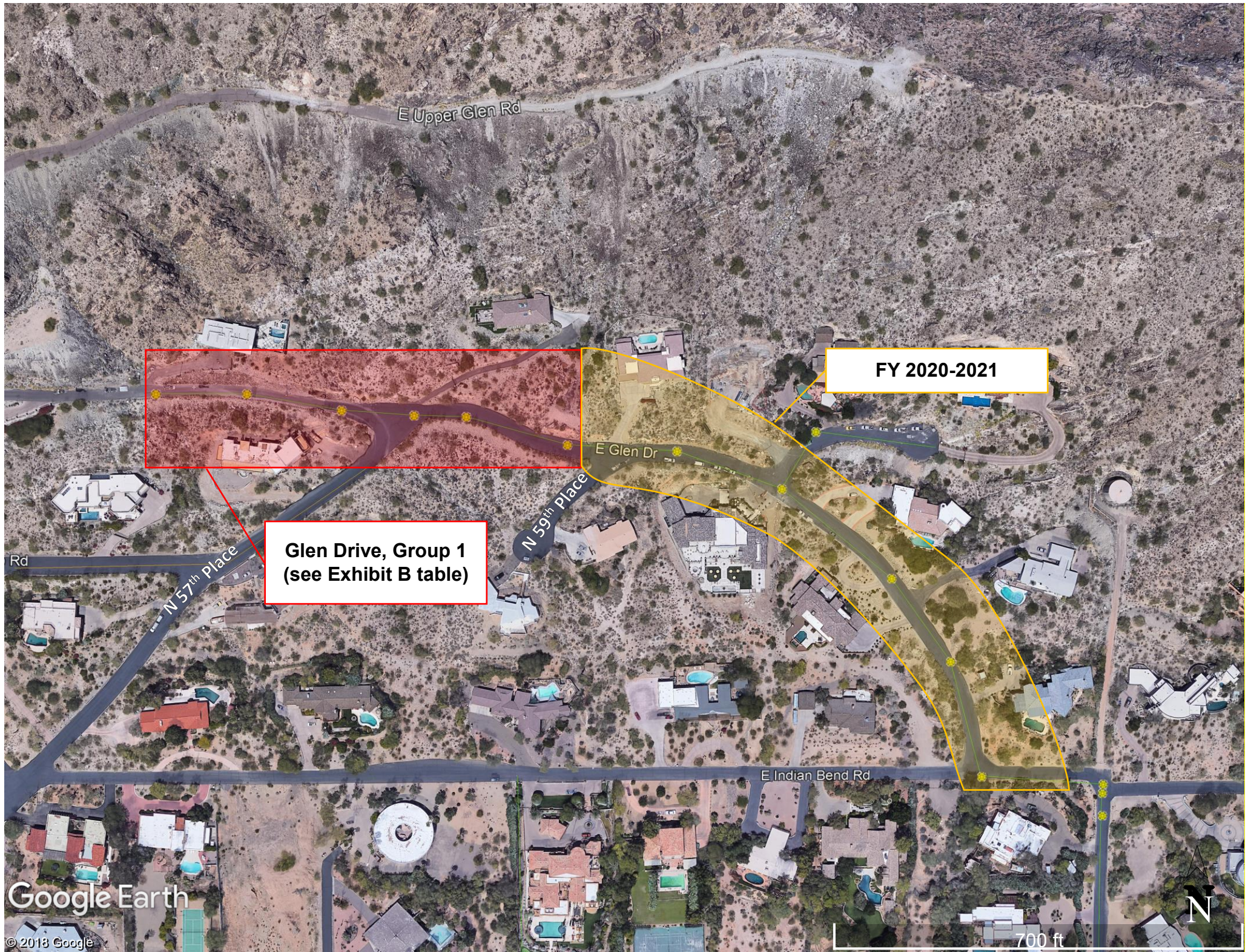
\$105,966.34 from the Sewer Fund

ATTACHMENT(S):

Site Map

File #: 19-244

Contract CON-19-069-ENG



E Upper Glen Rd

FY 2020-2021

E Glen Dr

N 59th place

N 57th place

Glen Drive, Group 1
(see Exhibit B table)

E Indian Bend Rd

Google Earth

© 2018 Google

N

700 ft

**LINKING AGREEMENT
FOR COOPERATIVE PURCHASE
BETWEEN
THE TOWN OF PARADISE VALLEY
AND
ACHEN-GARDNER CONSTRUCTION, LLC**

This Linking Agreement for Cooperative Purchase (hereinafter "**Contract**") is made and entered into on this ____ day of _____, 2019 ("Effective Date"), by and between the Town of Paradise Valley, an Arizona municipal corporation, hereinafter designated as the "**Town**" and Achen-Gardner Construction, LLC, an Arizona limited liability company (hereinafter "**Contractor**").

Recitals

- A. On April 14, 2015, under the S.A.V.E Cooperative Purchasing Agreement, the City of Scottsdale entered into a contract with Contractor to purchase goods and services described in the Job Order Contract for Water Resources Underground Infrastructure 2015-099-COS ("**Cooperative Purchasing Agreement**"), which is attached hereto as **Exhibit A** and incorporated herein. The Cooperative Purchasing Agreement permits its cooperative use by other governmental agencies including the Town; and
- B. Pursuant to A.R.S. § 41-2631 et seq. and Town of Paradise Valley Resolution Nos. 1205 and 1207, the Town has authority to utilize cooperative purchasing contracts of the Federal government and State of Arizona public agencies and public procurement units, including Mohave Educational Services Cooperative, Inc., and engage contractors under the terms thereof.
- C. The Town desires to contract with Contractor for supplies or services identical or nearly identical to the supplies or services Contractor is providing other units of government under the Cooperative Purchasing Agreement as the basis of this Contract, and Contractor desires to enter into this Contract to provide the supplies and services set forth in this Contract.

AGREEMENT

CONTRACTOR AND THE TOWN, IN CONSIDERATION OF THE FOREGOING RECITALS, WHICH ARE INCORPORATED HEREIN BY REFERENCE, AND FOR THE CONSIDERATION HEREINAFTER SET FORTH, PROMISE, COVENANT AND AGREE AS FOLLOWS:

1. Scope of Work; Terms, Conditions, and Specifications.

- 1.1. Contractor shall provide Town the supplies and/or services, generally described as sewer line rehabilitation/lining at various locations on Glen Drive in Paradise Valley, Arizona,

as more particularly identified in the Scope of Work attached hereto as **Exhibit B** and incorporated herein by this reference.

- 1.2. Contractor agrees to comply with all the terms, conditions and specifications of the Cooperative Purchasing Agreement. Such terms, conditions and specifications are specifically incorporated into and are an enforceable part of this Contract. As used in this Contract, all references to the City of Scottsdale in the Cooperative Purchasing Agreement shall mean the Town of Paradise Valley, Arizona. To the extent there is any conflict between Exhibit B and the Cooperative Purchasing Agreement, the Cooperative Purchasing Agreement takes precedence.
- 1.3. Contractor shall comply with all specific requirements and/or options of the Town, as specified in **Exhibit C** attached hereto and incorporated herein by reference.
2. Payment. Payment to the Contractor for the services, materials and/or equipment provided, shall be made in accordance with the price list and terms set forth in the Cooperative Purchasing Contract and shall not exceed \$105,966.34 as provided in **Exhibit B**.
3. Contract Term and Renewal. The term of this Contract, including any renewal periods, is limited to the end date of the Cooperative Purchasing Contract and the total length of the contract shall not exceed sixty (60) months. According to the Cooperative Purchasing Agreement, purchases can be made from the date of the award, which was April 28, 2015, until the date the contract expires on April 1, 2020, unless the term of the Cooperative Purchasing Agreement is extended by the original contracting parties. The Cooperative Purchasing Agreement however, may not be extended beyond April 3, 2020.
4. Certificates of Insurance. All insurance provisions of the Cooperative Purchasing Contract shall apply, including without limitation, the requirement to name the Town as an additional insured. Prior to commencing work under this Contract, Contractor shall furnish the Town with Certificate(s) of Insurance issued by the Contractor's insurer(s) as evidence that policies providing the required coverages, conditions and limits required by this Contract are in full force and effect.
5. E-verify. Contractor complies with A.R.S. § 23-214 and agrees to comply with the requirements of A.R.S. § 41-4401.
6. No Boycott of Israel. Contractor agrees that it is not currently engaged in, and for the duration of the Contract will not engage in, a boycott of Israel, as that term is defined in A.R.S. § 35-393.
7. Cancellation for Conflict of Interest. This Contract may be cancelled pursuant to A.R.S. § 38-511.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names.

(Signatures on Following Page)

TOWN OF PARADISE VALLEY:


By: _____
Jill B. Keimach
Town Manager

ATTEST:

Duncan Miller
Town Clerk

CONTRACTOR:

Achen-Gardner Construction, LLC

By:  _____
Name: **Robert Pierce, President**
Title: _____

APPROVED AS TO FORM:

Andrew Miller
Town Attorney

**LINKING AGREEMENT
FOR COOPERATIVE PURCHASE
BETWEEN
THE TOWN OF PARADISE VALLEY
AND
ACHEN-GARDNER CONSTRUCTION, LLC**

**EXHIBIT A
COOPERATIVE PURCHASING CONTRACT**

(Job Order Contract for Water Resources Underground Infrastructure 2015-99-COS. Contract Amendment extended term expires April 1, 2020)

**CITY OF SCOTTSDALE
MODIFICATION TO JOB ORDER CONTRACTING SERVICES**

THIS CONTRACT MODIFICATION is made and entered into this 2nd day of April 2019 between the City of Scottsdale, an Arizona municipal corporation (the "City"), and Achen Gardner Construction, LLC, an Arizona limited liability company (the "Contractor"), amending Contract No. 2015-099-COS dated April 4, 2017 between the City and the Contractor.

RECITALS:

The Mayor of the City of Scottsdale is authorized and empowered by provisions of the City Charter to execute Contracts and Contract Modifications; and

Four (4) years of the authorized five (5) years under this Contract have been used and the City desires to extend by one (1) year, the term of the original Job Order Contract No. 2015-099-COS for Citywide Water Resources Underground Infrastructure, in accordance with the terms of the original contract; and

The City and the Contractor mutually agree to extend and modify the Contract.

IN CONSIDERATION of the mutual promises and obligations of the Contract, the parties agree as follows:

1.0 EXTENSION:

In accordance with Article 3.1, *CONTRACT TIME*, this contract is extended for an additional one (1) year period, commencing on the 2nd day of April 2019.

2.0 MODIFICATIONS:

- 2.1 Article 3.1(A), *CONTRACT TIME – AMEND* to:
Contract time for this Job Order Contract will commence on or about the 2nd day of April 2019 and will be for one (1) year.

OTHER CONTRACT PROVISIONS:

All provisions of the original Contract not modified above shall remain in full force and effect as previously stated.

[End of Contract signature page follows]

THE CITY OF SCOTTSDALE, by its Mayor and City Clerk, have subscribed their names
this 2nd day of April 2019.

AUTHORIZATION

CONTRACTOR:

ACHEN GARDNER CONSTRUCTION, LLC,
an Arizona limited liability company

By: 

Name printed: ROBERT PIERRE

Its: PRESIDENT
Title printed

CITY:

CITY OF SCOTTSDALE, an Arizona
municipal corporation

By: 

W. J. "Jim" Lane, Mayor

ATTEST:

By: 

Carolyn Jagger, City Clerk

RECOMMENDED:

By: 

Melanie Gibson, City Contract Administrator

CITY OF SCOTTSDALE REVIEW:

By: 

David Lipinski, City Engineer
Public Works

By: 

Katherine Callaway, Risk Management Director

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY


Bruce Washburn, City Attorney

By: Eric C. Anderson, Senior Assistant City Attorney

 **COPY**

RESOLUTION NO. 11392

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA AUTHORIZING THE CITY OF SCOTTSDALE TO ENTER INTO ONE-YEAR EXTENSIONS THROUGH CONTRACT 2015-099-COS-A3 WITH ACHEN GARDNER CONSTRUCTION, LLC. AND CONTRACT 2015-100-COS-A3 WITH B&F CONTRACTING, INC. FOR CITYWIDE WATER RESOURCES UNDERGROUND INFRASTRUCTURE CONSTRUCTION SERVICES.

WHEREAS, the City desires to extend Job Order Contracts for citywide water resources underground infrastructure construction services, which may include: sewer lines and manholes, water mains, pressure reducing valves, air release valves, water main valves, fire hydrants, water service lines and construction management; and

WHEREAS, each extension is for the third of three (3) possible one-year extensions, after the completion of the original two-year term; and

WHEREAS, it has been determined that Achen Gardner Construction, LLC and B&F Contracting, Inc. are qualified to render the services desired by the City and have rendered satisfactory services under the existing contracts.

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

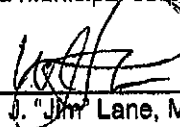
Section 1. The City Council hereby authorizes and directs the Mayor to execute Contract No. 2015-099-COS-A3 with Achen Gardner Construction, LLC and Contract No. 2015-100-COS-A3 with B&F Contracting, Inc. for a one-year time extension, in an amount not to exceed Five Million Dollars (\$5,000,000) for each Contract extension for citywide water resources underground infrastructure construction services as needed.

PASSED AND ADOPTED by the Council of the City of Scottsdale this 2nd day of April 2019.

ATTEST:

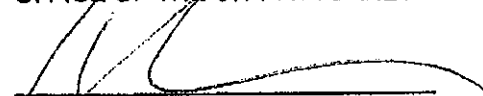
By: 
Carolyn Jagger, City Clerk

CITY OF SCOTTSDALE, an
Arizona municipal corporation

By: 
W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY


Bruce Washburn, City Attorney
By: Eric C. Anderson, Senior Assistant City Attorney

**CITY OF SCOTTSDALE
MODIFICATION TO JOB ORDER CONTRACTING SERVICES**

THIS CONTRACT MODIFICATION is made and entered into this 10th day of April 2018 between the City of Scottsdale, an Arizona municipal corporation ("the City"), and Achen Gardner Construction, LLC ("the Contractor"), amending Contract No. 2015-099-COS dated April 4, 2017 between the City and the Contractor.

RECITALS:

The Mayor of the City of Scottsdale is authorized and empowered by provisions of the City Charter to execute Contracts and Contract Modifications; and

Three (3) years of the authorized five (5) years under this Contract have been used and the City desires to extend by one (1) year, the term of the original Job Order Contract No. 2015-099-COS for Citywide Water Resources Underground Infrastructure, in accordance with the terms of the original contract; and

The City and the Contractor mutually agree to extend and modify the Contract.

IN CONSIDERATION of the mutual promises and obligations of the Contract, the parties agree as follows:

1.0 EXTENSION:

In accordance with Article 3.1, *CONTRACT TIME*, this contract is extended for an additional one (1) year period, commencing on the 10th day of April 2018.

2.0 MODIFICATIONS:

- 2.1 Article 3.1(A), *CONTRACT TIME* – AMEND to:
Contract time for this Job Order Contract will commence on or about the 10th day of April 2018 and will be for one (1) year, with the option to extend for one (1) additional one-year period, upon satisfactory completion of the construction services.
- 2.2 Article 7.4(A), *CITY'S REPRESENTATIVES* – CHANGE to:
The City Representative will be Dave Lipinski or designee.
- 2.3 Article 9.6, *NOTICE OF CANCELLATION* – CHANGE to:
On behalf of the City, CPM Department; Melanie Gibson
- 2.4 Article 11.24, *NOTICES* – CHANGE to:
On behalf of the City; Dave Lipinski, City Engineer

OTHER CONTRACT PROVISIONS:

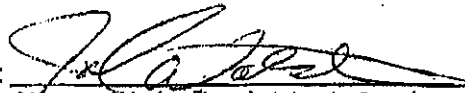
All provisions of the original Contract not modified above shall remain in full force and effect as previously stated.

THE CITY OF SCOTTSDALE, by its Mayor and City Clerk, have subscribed their names this 10th day of April 2018.

AUTHORIZATION

CONTRACTOR:
ACHEN GARDNER CONSTRUCTION, LLC

CITY:
CITY OF SCOTTSDALE, an Arizona
municipal corporation

By: 
Name printed JOHN WALSTROM
Its: PRESIDENT
Title printed

By: 
W. J. "Jim" Lane, Mayor

RECOMMENDED:

ATTEST:
By: 
Carolyn Wagner, City Clerk

By: 
Melanie Gibson, City Contract Administrator

CITY OF SCOTTSDALE REVIEW:

By: 
David Lipinski, City Engineer
Public Works

By: 
Katherine Callaway, Risk Management Director

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY


Bruce Washburn, City Attorney
By: Eric C. Anderson, Senior Assistant City Attorney

 **COPY**

RESOLUTION NO. 11045

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA AUTHORIZING THE CITY OF SCOTTSDALE TO ENTER INTO ONE-YEAR EXTENSIONS THROUGH CONTRACT 2015-099-COS-A2 WITH ACHEN GARDNER CONSTRUCTION, LLC, AND CONTRACT 2015-100-COS-A2 WITH B&F CONTRACTING, INC. FOR CITYWIDE WATER RESOURCES UNDERGROUND INFRASTRUCTURE CONSTRUCTION SERVICES.

WHEREAS, the City desires to extend Job Order Contracts for citywide water resources underground infrastructure construction services, which may include: sewer lines and manholes, water mains, pressure reducing valves, air release valves, water main valves, fire hydrants, water service lines and construction management; and

WHEREAS, it has been determined that Achen Gardner Construction, LLC and B&F Contracting, Inc. are qualified to render the services desired by the City and have rendered satisfactory services under the existing contracts.

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1. The City Council hereby authorizes and directs the Mayor to execute Contract No. 2015-099-COS-A2 with Achen Gardner Construction, LLC and Contract No. 2015-100-COS-A2 with B&F Contracting, Inc. for a one-year time extension, in an amount not to exceed Five Million Dollars (\$5,000,000) for each Contract extension for citywide water resources underground infrastructure construction services as needed.

PASSED AND ADOPTED by the Council of the City of Scottsdale this 10th day of April 2018.

ATTEST:

CITY OF SCOTTSDALE, an
Arizona municipal corporation

By: 

Carolyn Jagger, City Clerk

By: 

W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY


Bruce Washburn, City Attorney

By: Eric C. Anderson, Senior Assistant City Attorney

Scottsdale No. 2015-099-COS



CITY OF SCOTTSDALE

JOB ORDER CONTRACT

NO. 2015-099-COS

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CITY OF SCOTTSDALE

CONTRACT NO. 2015-099-COS

THIS CONTRACT, entered into this 14th day of April, 2015, between the City of Scottsdale, an Arizona municipal corporation, the "CITY" and Achen Gardner Construction, LLC, an Arizona Corporation, the "CONTRACTOR".

RECITALS

- A. The Mayor of the City of Scottsdale, Arizona, is authorized and empowered by the provisions of the City Charter to execute contracts for construction and related services.
- B. The City intends to contract for construction and related services for one or more individual Job Orders for Citywide Water Resources Underground Infrastructure, to include but not limited to the following: sewer lines and manholes, water mains, pressure reducing valves, air release valves, water main valves, fire hydrants, water service lines, and construction management.
- C. The Contractor has represented to the City the ability to provide or procure the required construction and related services and, based on this representation, the City engages Achen Gardner Construction, LLC for these services.

FOR AND IN CONSIDERATION of the mutual covenants and considerations contained in this Contract, it is agreed by the City and the Contractor as follows:

ARTICLE 1 - CONTRACTOR'S SERVICES AND RESPONSIBILITIES

1.1. GENERAL SERVICES

- A. The Contractor will furnish any and all labor, materials, equipment, transportation, utilities, services and facilities specified in the individual Job Order for which it is issued a Job Order Notice to Proceed in accordance with this Contract. The City may determine it is in its best interest to furnish materials and equipment for an individual Job Order in accordance with the Job Order.
- B. The Work will be performed in a good, workmanlike and substantial manner and to the satisfaction of the City Engineer and under the direction and supervision of the City Engineer, or his properly authorized agents, within the care and skill of a qualified contractor in Scottsdale, Arizona.
 - 1. Minor design services may be required for some Job Orders. For those Job Orders that may require design services, the Contractor will seek the services of an Arizona registered architect or engineering professional to prepare plans for permitting. The procurement of design services will be in accordance with City of Scottsdale procurement procedures. If the services of a design professional are used, the design professional must maintain at least \$1,000,000 Professional Liability Coverage.
 - 2. All documents prepared by the Contractor are subject to review by the City. Review by the City is for the benefit of the City only, is not intended to be for the benefit of any other person, and does not relieve the

Contractor from the professional liability associated with the documents they have prepared.

3. The Contractor's Representative will be reasonably available to the City and will have the necessary expertise and experience required to supervise the Contract Services. A Contractor's Representative will be assigned for each Job Order. The Contractor's Representative will communicate regularly with the City and will be vested with the authority to act on behalf of the Contractor.
- C. The City is a member of \$AVE cooperative purchasing group. \$AVE includes the State of Arizona, Maricopa County, many Phoenix metropolitan area municipalities, and many K-12 unified school districts. Under \$AVE Cooperative Purchasing Agreement, and with the concurrence of successful Respondents under this solicitation, a member of \$AVE may access a contract resulting from this solicitation issued by the City. By signing the JOC Contract, the Contractor agrees to allow other \$AVE members the ability to purchase their needs and "use" this contract for JOC requirements.

1.2. GOVERNMENT APPROVALS AND PERMITS

- A. Unless otherwise provided, the Contractor will obtain or assist the City in obtaining all necessary permits, approvals and licenses required for the prosecution of the Work from any government or quasi-government entity having jurisdiction over the Project. The Contractor is responsible for obtaining and payment for the necessary environmental permits or file the necessary environmental notices.
- B. Copies of these permits and notices must be provided to the City's Representative before starting the permitted activity. This provision does not constitute an assumption by the City of an obligation of any kind for violation of the permit or notice requirements.
- C. The City is responsible for the City of Scottsdale review and permit(s) fees for building and demolition permits. The City will pay City review fees for grading and drainage, water, sewer storm water management, and landscaping. The City will also pay for City utility design fees for permanent services.
- D. The Contractor is responsible for all other permits and review fees not specifically listed in Article 1.2(C) above.
- E. The Contractor is responsible for the cost of construction-related water meter(s), water and sewer taps, fire lines and taps, and all water bills on the project meters until Substantial Completion of the Project. Arrangements for construction water will be the Contractor's responsibility. Construction water does not include "test water" required to complete new water line pressure tests.
- F. The M.A.G. Standard Specification 107.12 is modified to read as follows: "The Contractor, at his own expense, is responsible for the acquisition of any necessary temporary easements for construction purposes, storage, maintenance, and refuge haul-off as indicated upon the plans, which are required in addition to existing easements or rights-of-way secured by the City."

1.3. PRE-CONSTRUCTION CONFERENCE

- A. After execution of a Job Order and before the commencement of any Work on any individual Job Order, a pre-construction conference will be scheduled.
- B. The purpose of this conference is to establish a working relationship between the Contractor, utility firms, and various City departments. The agenda will include critical elements of the work schedule, submittal schedule, level of Record Drawings required, cost breakdown of major lump sum items, payment application and processing, coordination with the involved utility firms, and emergency telephone numbers for all representatives involved in the course of construction.
- C. At a minimum, attendees will include the Contractor Representative, who is authorized to execute and sign documents on behalf of the firm, the job superintendent, and the Contractor's safety officer.
- D. The Job Order Notice to Proceed date will be established.
- E. The Contractor will provide a Baseline Project Schedule indicating duration, manpower and equipment resources required to complete all major work activities. The City and Design Team will review and comment on the Baseline Project Schedule. The Contractor will revise the Baseline Project Schedule to the satisfaction of the City's Representative. No work will begin until the City accepts the Baseline Project Schedule.
- F. The Contractor will submit a Schedule of Values based on the work and bids accepted from selected Subcontractors. These values will reflect the actual labor time, materials, profit and overhead for the Work or in accordance with the Contractor's price book.

1.4. CONTROL OF THE WORK

The Contractor will properly guard and protect all partially finished work, and will be responsible for the Work until the entire Job Order is completed and accepted by the City. Any payment for completed portions of the Work will not release the Contractor from this responsibility; however, he will turn over the entire Work in full compliance with the specifications or Job Order before final settlement is made. In case of suspension of the Work for any cause whatever, the Contractor is responsible for the Project and will take all precautions necessary to prevent damage to the Project and will erect any necessary temporary structures, signs, or other facilities at no cost to the City.

- A. After all Work under the Job Order is completed, the Contractor will remove all loose concrete, lumber, wire, reinforcing, debris and other materials not incorporated in the Work from the site of the Work.
- B. Unless the Job Order states that it is the responsibility of the City or a separate contractor, the Contractor will provide through itself or Subcontractors the necessary supervision, labor, inspection, testing, start-up, material, equipment, machinery, temporary utilities, other temporary facilities, temporary fencing, roll-offs, and dust control to permit the Contractor to complete the Work consistent with the Job Order.

- C. The Contractor will perform all construction activities efficiently and with the requisite expertise, skill and competence to satisfy the requirements of the Job Order. The Contractor will at all times exercise complete and exclusive control over the means, methods, sequences and techniques of construction.
- D. Survey stakes and marks required for the completion of the construction shown on the plans and described in the specifications will be furnished by the Contractor.
- E. The Contractor, its designee or the Contractor's Superintendent will be present at the Work at all times that construction activities are taking place.
 - 1. All elements of the Work, such as concrete work, pipe work, etc., will be under the direct supervision of a foreman or his designated representative on the Site who will have the authority to take actions required to properly carry out that particular element of the Work.
 - 2. In the event of noncompliance with Article 5.1, the City may require the Contractor to stop or suspend the Work in whole or in part.
- F. Where the Job Order requires that a particular product be installed or applied by an applicator approved by the manufacturer, it is the Contractor's responsibility to ensure the Subcontractor employed for the work is approved.
- G. Before ordering materials or doing work, the Contractor and each Subcontractor will verify measurements at the Site and will be responsible for the correctness of these measurements. No extra charge or compensation will be allowed because of differences between actual dimensions and the dimensions indicated on the drawings; differences, which may be found, will be submitted to the City for resolution before proceeding with the Work.
- H. The Contractor will take field measurements and verify field conditions and carefully compare these field measurements, conditions and other information known to the Contractor with the Job Order before starting activities. Errors, inconsistencies or omissions discovered will be immediately reported to the City.
- I. The Contractor will establish and maintain all building and construction grades, lines, levels, and bench marks, and will be responsible for the accuracy and protection of these items. This work will be performed or supervised by an Arizona licensed civil engineer or surveyor.
- J. Any person employed by the Contractor or any Subcontractor who, in the opinion of the City, does not perform his work in a proper, skillful and safe manner or is intemperate or disorderly will, at the written request of the City, be removed from the Work by the Contractor or Subcontractor employing this person, and will not be employed again in any portion of the Work without the written approval of the City. The Contractor or Subcontractor will hold the City harmless from damages or claims, which may occur in the enforcement of this Article.
- K. The Contractor assumes responsibility for the proper performance of the Work of Subcontractors and any acts and omissions in connection with this performance. Nothing in the Contract Documents is intended or considered to create any legal or contractual relationship between the City and any Subcontractor or Sub-Subcontractor, including but not limited to any third-party beneficiary rights.

- L. The Contractor will coordinate the activities of all Subcontractors. If the City performs other work on the Project or at the Site with separate contractors under the City's control, the Contractor agrees to reasonably cooperate and coordinate its activities with those of the separate contractors so that the Project can be completed in an orderly and coordinated manner without unreasonable disruption.
- M. On a daily basis, the Contractor will prepare a Contractor's Daily Report. The City's CPM Project Inspector or the Public Works Project Coordinator will provide a sample report format to the Contractor. The report will detail the activities that took place during the course of the day, all equipment utilized and the number of hours operated, and all personnel on the Site including Subcontractors. Unless otherwise arranged, the Daily Reports will be submitted on a daily basis to the City's CPM Inspector or the Public Work's Project Coordinator. The Daily Reports will also be made available to the City's Representative upon request. Failure to provide Daily Reports as arranged or requested above will result in the retention of monthly progress payments until the Reports are brought up to date.
- N. In the event of noncompliance with this Article 1.4, the City may require the Contractor to stop or suspend the construction in whole or in part. Any suspension due to the Contractor's noncompliance will not be considered a basis for an increase in the Contract Price or extension of the Contract Time.

1.5. CONTROL OF THE WORK SITE

- A. Throughout all phases of construction, including suspension of the Work, the Contractor will keep the Site reasonably free from debris, trash and construction wastes to permit the Contractor to perform its construction services efficiently, safely and without interfering with the use of adjacent land areas. Upon Substantial Completion of the Work, or a portion of the Work, the Contractor will remove all debris, trash, construction wastes, materials, equipment, machinery and tools arising from the Work or applicable portions of it to permit the City to occupy the Project or a portion of the Project for its intended use.
- B. Dust Control. The Contractor will take whatever steps, procedures or means required to prevent abnormal dust conditions due to his construction operations in connection with this Contract. The dust control measures will be maintained at all times during construction of the Project(s) to the satisfaction of the City in accordance with the requirements of the Maricopa County Health Department Air Pollution Control Regulations and City of Scottsdale Supplement to M.A.G. Standard Specifications together with applicable provisions of Federal and State Law.
- C. Dust Control Coordinator. At any City construction site of 5 acres or more of disturbed surface area, as defined in A.R.S. §49-474(B) (5), that is required to have a Dust Generation Permit, the Contractor must have at all times at the Site, at least 1 Dust Control Coordinator trained in accordance with the requirements of A.R.S. §49-474.05 during primary dust generating operations that is related to the purposes for which the Dust Control Permit was issued. The Dust Control Coordinator must have full authority to ensure that dust control measures are implemented at the Site, including authority to conduct inspections, deploy dust suppression resources, and modify or shutdown activities as needed to control dust. The Dust Control Coordinator must be responsible for managing dust prevention and dust control on the Site, including the use of leaf blowers and street sweeping equipment. The Dust Control Coordinator must have a valid

Dust Training Certification Identification Card readily accessible on the Site while acting as the Dust Control Coordinator.

The requirements described in the above Article do not apply if all 3 of the following circumstances are present:

1. The area of disturbed surface area is less than 5 acres.
2. The previously disturbed areas are stabilized in accordance with the requirements of any applicable County rules.
3. The Contractor with the Dust Control Permit provides notice of the acreage stabilized to the County Control Officer.

On sites with greater than 1 acre of disturbed surface area, the Contractor holding a Dust Control permit issued by a County Control Officer, who is required to obtain a single permit for multiple noncontiguous sites that is required to control PM-10 emissions from dust generating operations must have at least 1 individual who is designated as a Dust Control Coordinator. The Dust Control Coordinator must have a valid Dust Training Certification Identification Card readily accessible on the Site while acting as the Dust Control Coordinator. The Dust Control Coordinator must be present on Site at all times during primary dust generating activities that are related to the purposes for which the permit was issued.

A Subcontractor who is engaged in dust generating operations at a Site that is subject to a Dust Control Permit issued by a County Control Officer and that requires the control of PM-10 emissions from dust generating operations must register with the County Control Officer. The Subcontractor must have its registration number readily accessible on the Site while conducting any dust generating operations.

- D. **Storage on Site.** Only materials and equipment, which are to be used directly in the Work, will be brought to and stored on the Site by the Contractor. When equipment is no longer required for the Work, it will be removed promptly from the Site. Protection of construction materials and equipment stored at the Site from weather, theft, damage and all other adversity is solely the responsibility of the Contractor.
- E. **Waste Products.** The Contractor is responsible for the cost to dispose of all waste products including excess earth material which will not be incorporated into the Work under this Contract. The waste product referred to will become the property of the Contractor. The Contractor will provide for the legal disposal at an appropriate off-site location for all waste products, debris, etc., and will make necessary arrangements for its disposal. Any disposal/dumping of waste products or unused materials will conform to applicable Federal, State and Local Regulations.
- F. **The Contractor will supervise and direct the Work.** He will be solely responsible for the means, methods, techniques, sequences and procedures of construction. The Contractor will employ and maintain on the Job Site a qualified supervisor or superintendent who will have been designated in writing by the Contractor as the Contractor's Representative. The Representative will have full authority to act on behalf of the Contractor and all communications given to the Representative will be as binding as if given to the Contractor. The Representative will be present on the Site at all times as required to perform adequate supervision and

coordination of the Work. Where appropriate all Provisions of M.A.G., Section 105.5, will be applicable.

- G. **Abnormal Weather.** In the event of abnormal weather conditions, such as windstorms, rainstorms, etc., the Contractor will immediately inspect the Work Site and take all necessary actions to insure public access and safety are maintained.
- H. **Damage to Property at the Site.** The Contractor will be responsible for any and all damage or loss to property at the Site, except to the extent caused by the acts or omissions of the City or its representatives, employees or agents and not covered by insurance. The costs and expenses incurred by the Contractor under this Article will be paid as a Cost of the Work to the extent that these costs and expenses are in excess of or are not covered by required insurance, and to the extent of any deductibles, but they will not increase the Contract Price.
- I. **Damage to Property of Others.** The Contractor will avoid damage, as a result of the Contractor's operations, to existing sidewalks, curbs, streets, alleys, pavements, utilities, adjacent property, the work of Separate Contractors and the property of the City. The Contractor will repair any damage caused by the operations of the Contractor, and these costs will be paid as a Cost of the Work to the extent that the costs and expenses are in excess of or are not covered by required insurance, and to the extent of any deductible, but they will not increase the Contract Price.
- J. **Failure of Contractor to Repair Damage.** After receiving and acknowledging 10 days written notice, if the Contractor fails to commence the repair of damage to property as provided in Articles 1.5(I) and 1.5(J), and diligently pursue the repair, then the City may elect to repair the damages with its own forces and to deduct from payments due or to become due to the Contractor, amounts paid or incurred by the City in correcting the damage (provided the Contractor has not commenced such repair during this 10 day period).

1.6. SHOP DRAWINGS, PRODUCT DATA AND SAMPLES

- A. Shop Drawings, Product Data, Samples and similar submittals are not Contract Documents. The purpose of their submittal is to demonstrate for those portions of the Work for which submittals are required the way the Contractor proposes to conform to the information given and the design concept expressed in the Contract Documents. The Contractor will review, approve and verify that all submittals meet the intent of the Contract Documents.
- B. Three (3) copies of each Shop Drawing, Product Data, Sample, and similar submittals required by the Contract Documents will be delivered to the City in compliance with the approved schedule so as to cause no delay in the Work or in the activities of the City or of separate contractors. Submittals made by the Contractor, which are not required by the Contract Documents, may be returned without action.
- C. The Contractor will perform no portion of the Work requiring submittal and review of Shop Drawings, Product Data, Samples, or similar submittals until the respective submittal has been approved by the City. All Work will be in compliance with approved submittals. The Contractor will not be relieved of responsibility for any errors or omissions in Shop Drawings, Product Data, Samples, or similar submittals by the City's approval. Deviation from the original

specifications will be specifically noted on the submittal to the City and the City will be allowed 7 days to approve or reject any deviations.

- D. By approving, verifying and submitting Shop Drawings, Product Data, Samples and similar submittals, the Contractor represents that the Contractor has determined and verified materials, field measurements and field construction criteria, or will do so, and has checked and coordinated the information contained within the submittals with the requirements of the Work and of the Job Order.
- E. The Contractor will not be relieved of responsibility for deviations from requirements of the Job Order by the City's approval of Shop Drawings, Product Data, Samples or similar submittals unless the Contractor has specifically informed the City in writing of the deviation at the time of submittal and the City has given written approval to the specific deviation. The Contractor will not be relieved of responsibility for errors or omissions in Shop Drawings, Product Data, Samples, or similar submittals by the City's approval.
- F. The Contractor will direct specific attention, in writing or on resubmitted Shop Drawings, Product Data, Samples, or similar submittals, to revisions other than those requested by the City on previous submittals.
- G. Informational submittals upon which the City is not expected to take responsive action may be so identified in the Contract Documents.
- H. When professional certification of performance criteria of materials, systems or equipment is required by the Job Order, the City will be entitled to rely upon the accuracy and completeness of the calculations and certifications.

1.7. QUALITY CONTROL, TESTING AND INSPECTION

- A. Inspection. The City's CPM Inspectors may be stationed on the Work site to report to the City's Representative or his Designee as to the progress of the Work. The City's Representative or his Designee may also report as to the manner in which the Work is being performed and report whenever it appears that material furnished or Work performed by the Contractor fails to fulfill the requirements of the specifications, this Contract or the Job Order. The Inspector may direct the attention of the Contractor to any failure or infringement but this inspection will not relieve the Contractor from any obligation to furnish acceptable materials or to provide completed construction that complies with the Contract or the Job Order in every way. The Inspector is for the purpose of assisting the City's Representative and should not be confused with an Inspector with a City regulatory agency or with an inspector from a laboratory under Article 1.8.
- B. In case of any dispute arising between the Inspector and the Contractor as to material furnished or the manner of performing the Work, the Inspector will have the authority to reject materials or suspend the Work until the question and issue can be referred to and decided by the City. Inspectors are not authorized to revoke, alter, enlarge, relax, or release any requirements of the specifications. Inspectors will in no case act as foremen or perform other duties for the Contractor or interfere with the management of the Work by the Contractor.
- C. Inspection or supervision by the City's Representative or Designee will not be considered as direct control of the individual workman and his work. The direct control will be solely the responsibility of the Contractor.

- D. The furnishing of these services for the City will not make the City responsible for or give the City control over construction means, methods, techniques, sequenced procedures or for safety precautions or programs or responsibility for the Contractor's failure to perform the Work in compliance with the Contract Documents.

1.8. MATERIALS TESTING

All materials used in the Work will be new and unused, unless otherwise noted, and will meet all quality requirements of the Job Order.

- A. All construction materials to be used on the Work or incorporated into the Work, equipment, plant, tools, appliances or methods to be used in the Work may be subject to the inspection and approval or rejection of the City. Any materials rejected by the City will be removed immediately and replaced in a manner acceptable to the City at no further cost to the City.
- B. The procedures and methods used to sample and test material will be determined by the City. Unless otherwise specified, samples and test will be made in compliance with the following: The City of Scottsdale Minimum Sampling Frequency Guide, the City of Scottsdale Material Testing Manual and the standard methods of AASHTO or ASTM, DSPM and MAG supplements.
- C. The City will select a pre-qualified City or Independent Testing Laboratory and will pay for Initial City Acceptance Testing.
 - 1. When the first and subsequent tests indicate noncompliance with the Job Order, the cost associated with that noncompliance will be paid for by the Contractor.
 - 2. When the first and subsequent tests indicate noncompliance with the Job Order, all retesting will be performed by the same testing agency.
 - 3. The Contractor will cooperate with the selected testing laboratory and all others responsible for the testing and inspecting of the Work and will provide them access to the Work at all times.
- D. At the option of the City, materials may be approved at the source of supply before delivery is started.
- E. Code compliance testing and inspections required by codes or ordinances, or by a plan approval authority, and which are made by a legally constituted authority, will be the responsibility of and will be paid by the Contractor, unless otherwise provided in the Job Order.
- F. The Contractor's convenience and quality control testing and inspections will be the sole responsibility of the Contractor and paid by the Contractor.
- G. All soils and materials testing will be performed and paid for by the City. The City will order tests and distribute test results for all construction areas. The City will be responsible for ordering testing and will distribute test results within 24 hours of receipt.

1.9. PROJECT RECORD DOCUMENT/AS BUILTS

- A. During the construction period, the Contractor will maintain at the jobsite a set of blue-line or blackline prints of the Construction Document drawings and Shop Drawings for Project Record Document purposes.
1. The Contractor will mark these drawings to indicate the actual installation where the installation varies appreciably from the original Construction Documents. The Contractor will give particular attention to information on concealed elements, which would be difficult to identify or measure and record later. Items required to be marked include but are not limited to:
 - Dimensional changes to the drawings.
 - Revisions to details shown on drawings.
 - Depths of foundations below first floor.
 - Locations and depths of underground utilities.
 - Revisions to routing of piping and conduits.
 - Revisions to electrical circuitry.
 - Actual equipment locations.
 - Duct size and routing.
 - Locations of concealed internal utilities.
 - Changes made by Change Order.
 - Details not on original Contract Drawings.
 2. The Contractor will mark completely and accurately Record Documents, prints of Construction Documents or Shop Drawings; whichever is the most capable of indicating the actual physical condition. Where Shop Drawings are marked, show cross-reference on the Construction Documents location.
 3. The Contractor will mark Project Record Drawings sets with red erasable colored pencil.
 4. The Contractor will note Request for Information (RFI) Numbers, American Standards Institute (ASI) Numbers and Adjustment Numbers, etc., as required to identify the source of the change to the Construction Documents.
 5. The Contractor will at the time of Substantial Completion, submit Record Documents prints and Shop Drawings to the City or its representative for review and comment.
- B. Immediately upon receipt of the reviewed Record Documents from the City, the Contractor will correct any deficiencies or omissions to the drawings and prepare the following for submission to the City:
1. A complete set of electronic Record Documents prepared in Microstation format compatible with City of Scottsdale CADD requirements. If a Design Professional is contracted with, the Design Professional will provide files of the original Construction Documents to the Contractor for use in preparing these final Record Documents, or the Contractor may contract with the Design Professional to revise and update the electronic drawing files. Each drawing will be clearly marked with "As-Built Document."

2. A complete set of As-Built reproducible mylars from the final AutoCAD drawings and an electronic pdf file on CD are required.
3. The original copy of the Record Documents (redline mark-ups).

1.10. PROJECT SAFETY

- A. If applicable governmental regulations and sound work rules for maintaining a safe place and environment are not followed, the site environment in which the Contractor operates may, on occasion, present a potential safety and health hazard to any who may be on the Job Site. The Occupational Safety and Health Act (OSHA) and the City of Scottsdale loss control procedures are the minimum standard for safety and environmental protection and must be fully complied with at all times. All Work will be performed in compliance with all applicable federal, state and local laws, ordinances, statutes, rules and regulations including ADOSH policies and procedures. The Contractor will be required to attend a City safety briefing session at the pre-construction meeting. The session will be attended by the Contract Administrator, the designated Risk Management staff, and a Contractor's Representative.
- B. The Risk Management Division makes available a packet which contains the City's OSHA compliance guidelines, emergency evacuation, the City's safety and health plan, and other safety information.
- C. The Contractor will conduct tailgate safety meetings regularly to ensure that safety on the job is given priority.
- D. The Contractor will contact the City's Representative and the Risk Management Division within 24 hours of the occurrence of an accident or injury arising out of the Contractor's Work under this Contract.
- E. The Contractor employees are encouraged to abate or remedy any unsafe act or condition, which may arise in the course of the Contractor's Work under this Contract.
- F. The City reserves the right to conduct safety audits at the Job Site and stop unsafe acts at any time. In addition, the City will be notified within 4 hours should any OSHA inspection occur at a City Job Site.
- G. The Contractor recognizes the importance of performing the Work in a safe manner so as to prevent damage, injury or loss to:
 1. All individuals at the Site, whether working or visiting;
 2. The Work, including materials and equipment incorporated into the Work or stored on-Site or off-Site; and
 3. All other property at the Site or adjacent to the Site.
- H. The Contractor assumes responsibility for implementing and monitoring all safety precautions and programs related to the performance of the Work.
- I. The Contractor will, before commencing construction, designate a Safety Representative with the necessary qualifications and experience to supervise the implementation and monitoring of all safety precautions and programs related to

the Work. Unless otherwise required by the Contract Documents, the Contractor's Safety Representative will be an individual stationed at the Site who may have responsibilities on the Project in addition to safety.

- J. The Contractor must provide OSHA 300A Summary log information including total recordable cases, total case rates, and lost workday incident rates for the past 2 calendar years. This information can be compared to Bureau of Labor Statistics (BLS) rates to determine whether a contractor has below average or above average accident/injury rates. Bureau of Labor Statistics information may be obtained through Risk Management. The Safety Representative will make routine daily inspections of the Site and will hold weekly safety meetings with the Contractor's personnel, Subcontractors and others as applicable.
- K. The Contractor and Subcontractors will comply with all Legal Requirements relating to safety, as well as any City-specific safety requirements contained in the Contract Documents, provided that the City-specific requirements do not violate any applicable Legal Requirement.
- L. The Contractor will immediately report in writing any safety-related injury, loss, damage or accident arising from the Work to City's Representative and, to the extent mandated by Legal Requirements, to all government or quasi-governmental authorities having jurisdiction over safety-related matters involving the Project or the Work.
- M. The Contractor's responsibility for safety under this Article 1.10 is not intended in any way to relieve Subcontractors and Sub-Subcontractors of their own contractual and legal obligations and responsibility for:
 - 1. Complying with all Legal Requirements, including those related to health and safety matters; and
 - 2. Taking all necessary measures to implement and monitor all safety precautions and programs to guard against injury, losses, damages or accidents resulting from their performance of the Work.
- N. The Contractor and Subcontractors must agree to provide Material Safety Data Sheets for all substances that are delivered to the City of Scottsdale, that come under the Occupational Safety and Health Administration Toxic and Hazardous Substances - Hazard Communication Standard, 29 CFR 1910.1200 Hazard Communication (reference Occupational Safety and Health Standards, Subpart Z Toxic and Hazardous Substances - Hazardous Communication Standard).

All Contractors and all Subcontractors using chemicals on City of Scottsdale property, will use only the safest chemicals, with the least harmful ingredients. These chemicals will be approved for use by a City of Scottsdale representative before bringing them on the property.

The Contractor and all Subcontractors will make every attempt to apply approved chemicals with highly volatile organic compounds, outside of working hours. Adequate ventilation will be used at all times during the application of these approved chemicals.

In conjunction with the Occupational Safety and Health Standards, Subpart Z Toxic and Hazardous Substances - Hazard Communication Standard, 29 CFR 1910.1200 Hazard Communication, the Contractor and Subcontractors are

informed of the presence of (or possible presence of) chemicals in the area where the Work requested will be performed. It is the responsibility of the Contractor or all selected Subcontractors to contact the City of Scottsdale for specific information relative to the type of chemicals present and location of appropriate Material Safety Data Sheets.

Unless included in the Work, if the Contractor encounters onsite material which he reasonably believes to contain asbestos, polychlorinated biphenyl (PCB), or other hazardous substances or materials regulated by Public Health Laws, he will immediately stop Work and report the condition to the City.

If the material is found to contain asbestos, PCB or other hazardous substances or materials regulated by Public Health Laws, the Contractor will not resume Work in the affected area until the material has been abated or rendered harmless. The Contractor and the City may agree, in writing, to continue Work in non-affected areas onsite. An extension of the Contract Time may be granted as provided in Article 5.

- O. Upon discovery of hazardous materials the Contractor will comply with all applicable laws/ordinances and regulations and take all appropriate health and safety precautions.

1.11. WARRANTY

The provisions of M.A.G., Section 108.8 will apply with the following additional requirements:

Should the Contractor fail to begin repairs or corrective work within 14 calendar days after receipt of written notice from the City, the City may perform the necessary work and the Contractor agrees to reimburse the City for the actual cost.

The warranty period on any part of the Work repaired or replaced will be extended for a period of 1 year from the date of the repair or replacement.

This warranty will not apply to damage caused by normal wear and tear or by acts beyond the Contractor's control.

- A. The Contractor's warranty obligation excludes defects caused by abuse, alterations, or failure to maintain the Work by persons other than the Contractor or anyone for whose acts the Contractor may be liable.
- B. The Contractor's warranty obligation will be for 1 year.
- C. Nothing in this warranty is intended to limit any manufacturer's warranty which provides the City with greater warranty rights than those found in this Article 1.11 or the Contract Documents. The Contractor will provide the City with all manufacturers' warranties upon Substantial Completion of each Job Order.

1.12. CORRECTION OF DEFECTIVE WORK

- A. The Contractor agrees to correct any Work that is found to not be in conformance with the Contract Documents, including that part of the Work subject to Article 1.11 above, within a period of 1 year from the date of Substantial Completion of the Work or any portion of the Work, or within any longer period to the extent

required by the Contract Documents. All removal/replacement work, as directed by the City to the Contractor, in compliance with this Contract, MAG standards and City codes will have cost determinations by the City and be issued as a deduct or change order to the Project. A Progress Payment, or partial or entire use or occupancy of the Project by the City will not constitute acceptance of Work not in accordance with the Contract Documents.

During the Work, the Contractor will take meaningful steps to begin correction of any nonconforming Work as notified by the City. This includes the correction, removal or replacement of the nonconforming Work and any damage caused to other parts of the Work affected by the nonconforming Work. If the Contractor fails to begin the necessary steps during the Work, the City, in addition to any other remedies provided under the Contract Documents, may provide the Contractor with written notice that the City will commence correction of any nonconforming Work with its own forces.

The Contractor will take meaningful steps to begin correction of nonconforming Work subject to Article 1.11 above. These measures include but are not limited to timely correction of the Work. If the Contractor fails to initiate necessary measures for this Work within 7 days of receipt of written notice from the City, the City, in addition to any other remedies provided under the Contract Documents, may provide the Contractor with written notice that the City will begin correction of the nonconforming Work with its own forces.

- B. If the City does perform this corrective Work, the Contractor will be responsible for all reasonable costs incurred by the City in performing the correction.
- C. The Contractor will immediately respond to any nonconforming Work that creates an emergency.
- D. The 1 year period referenced in Article 1.11 above applies only to Contractor's obligation to correct nonconforming Work and is not intended to constitute a period of limitations for any other rights or remedies the City may have regarding the Contractor's other obligations under the Contract Documents.

1.13. SUBCONTRACTOR AND MAJOR SUPPLIER SELECTIONS

- A. The Contractor will select major Subcontractors and major Suppliers, subject to first obtaining the City's approval. Major Subcontractors may be selected based on qualifications or a combination of qualifications and price. Subcontractors must not be selected based on price alone. Except as noted below, the selection of major Subcontractors/Suppliers is the responsibility of the Contractor, but the City must approve in writing the selection of all Subcontractors. In any case, the Contractor is solely responsible for the performance of the selected Subcontractors/Suppliers.

1. The Contractor will prepare a Subcontractor/Supplier selection plan and submit the plan to the City for approval or the Contractor may use the City's plan as described in Article 1.13(B). This Subcontractor selection plan will identify those Subcontractor trades anticipated to be selected by qualifications only as provided in Article 1.13(B) and those Subcontractor trades anticipated to be selected by qualifications and competitive bid as provided in Article 1.13(C). This plan will also identify those Subcontractors that will not be selected through a formalized qualifications-based selection process. The Subcontractor selection plan

must be consistent with the selection requirements included in this Contract.

- B. **Selection by qualifications only** - The City may approve the selection of a Subcontractor(s) or Suppliers(s) based only on their qualifications when the Contractor can demonstrate it is in the best interest of the Project.

1. The Contractor will apply the Subcontractor selection plan approved by the City in the evaluation of the qualifications of a Subcontractor(s) or Supplier(s) and provide the City with its review and recommendation. The selection plan will be the Contractor's own selection plan approved by the City or the City's selection plan as provided in this Article 1.13(B).
2. The Contractor will negotiate costs for services/supplies from the Subcontractor(s)/Supplier(s) under the approved qualifications only method.

City Selection Plan:

3. The Contractor may elect to comply with the following City procedures in its selection of Subcontractor(s) or Suppliers(s) based on qualifications only:
 - a. The Request for Qualifications (RFQ) will contain the best description of the services or material desired; and
 - b. A statement that only unpriced statements of qualifications will be considered; and
 - c. State the requirements for the project, such as drawings and descriptive literature; and
 - d. State the criteria for evaluating the qualifications; and
 - e. A closing date and time for receipt of a statement of qualifications and the location where the statements should be delivered or mailed; and
 - f. A statement that discussions may be held; and
 - g. A statement that only statements of qualifications determined to be acceptable will be considered for award.
4. The RFQ may be amended after the submission of the statements of qualifications. Any amendment will be distributed only to bidders who submitted statements of qualifications. Those bidders will be permitted to submit new unpriced statements of qualifications or to amend statements already submitted.
5. Statements of Qualifications will not be opened publicly, but will be opened in the presence of the Contractor. The contents of unpriced statements of qualifications will not be disclosed to unauthorized persons.
6. Statements of Qualifications will be evaluated solely in accordance with the criteria stated in the RFQ and will be determined to be either

acceptable for further consideration or unacceptable. A determination that the statement is unacceptable will be in writing, state the basis of the determination and be retained by the Contractor. The Contractor will notify the bidder of the determination and the bidder will not be given an opportunity to amend its statement of qualifications further.

7. The Contractor may conduct discussions with any bidder who submits an acceptable or potentially acceptable statement of qualifications. During discussions, the Contractor will not disclose any information derived from any other bidder's statement of qualifications.
 8. The Contractor will negotiate costs for services/supplies from the Subcontractor(s)/Supplier(s) selected under this method.
- C. **Selection by qualifications and competitive bid** – The Contractor will apply the City's Subcontractor selection plan stated above or the Contractor's selection plan, if previously approved by the City, in the Contractor's evaluation of the qualifications of Subcontractor(s)/Supplier(s) and will provide the City with the selected process to prequalify prospective Subcontractors/Suppliers. Selection may not be based on price alone. All Work by major Subcontractors and major Suppliers will then be competitively bid to the prequalified Subcontractors unless a Subcontractor or Supplier was selected in accordance with Article 1.13(B) above. The Contractor may elect to comply with the following procedures in step 2 of its competitive bid process.

1. The Contractor will develop Subcontractor and Supplier interest, submit the names of a minimum of 3 qualified Subcontractors or Suppliers for each trade in the Project and solicit bids for the various Work categories. If there are not 3 qualified Subcontractors/Suppliers available for a specific trade or there are extenuating circumstances, the Contractor may request approval by the City to submit less than 3 names. Without first giving written notice to the City, no change in the recommended Subcontractors/Suppliers will be allowed.
2. If the City objects to any nominated Subcontractor/Supplier or to any self-performed Work for good reason, the Contractor will nominate a substitute Subcontractor/Supplier that is acceptable to the City.
3. The Contractor will distribute Drawings and Specifications, and when appropriate, conduct a prebid conference with prospective Subcontractors and Suppliers. The Contractor will then review the price bids submitted by Subcontractors and Suppliers and make its selection based on the responsive and responsible bidder with the lowest price.
4. If the Contractor desires to self-perform certain portions of the Work, it must request to be one of the approved Subcontractor bidders for those specific bid packages. The Contractor's bid will be evaluated in accordance with the process identified in the Invitation for Bids. If events warrant and the City concurs that in order to insure compliance with the Project Schedule or cost, the Contractor may self perform Work without bidding or re-bidding the Work. (For horizontal construction, as defined in A.R.S. § 34-101(15), the Contractor must self perform not less than 45% of the Work as required by A.R.S. § 34-603(l) (3).)

- D. If after receipt of sub-bids or after award of Subcontractors and Suppliers, the City objects to any nominated Subcontractor/Supplier or to any self-performed Work for good reason, the Contractor will nominate a substitute Subcontractor or Supplier, preferably if this option is still available, from those who submitted Subcontractor bids for the Work affected. Once the substitute Subcontractors and Suppliers are consented to by the City, the Contractor's proposed price for the Work or portion of the Work will be correspondingly adjusted to reflect any higher or lower costs from any substitution. Under no circumstances will the City's objection or comment on any Subcontractor or Supplier relieve the Contractor of its sole responsibility for control over the methods, means and processes by which the Work is accomplished. The City must approve in writing the selected Subcontractor Selection Plan before work commences on any Job Order.

ARTICLE 2 - CITY'S SERVICES AND RESPONSIBILITIES

2.1 DUTY TO COOPERATE

The City will, throughout the performance of the Contract Services, cooperate with the Contractor and perform its responsibilities, obligations and services in a timely manner to facilitate the Contractor's timely and efficient performance of the Contract Services and so as not to delay or interfere with the Contractor's performance of its obligations under the Contract Documents.

2.2 INFORMATION AND SERVICES

- A. The City will furnish the Contractor, at no cost to the Contractor, the following information or services for this Project:
1. One copy of data pertinent to the Work. However, the Contractor will be responsible for searching the records and requesting information required for the Project.
 2. All available data and information relative to policies, standards, criteria, studies, etc.
 3. Project funding and budget allocations and any changes affecting the funding or budget allocations.
 4. For purpose of determining the Job Order Price, any Plans and Specifications.
 5. For purpose of Record Documents, a CADD file of the Construction Documents in Microstation format compatible with City of Scottsdale CADD requirements.

2.3 CITY'S REPRESENTATIVE

- A. The City's Representative will be responsible for providing City-supplied information and approvals in a timely manner to permit the Contractor to fulfill its obligations under the Contract Documents.
- B. The City's Representative will also provide the Contractor with prompt notice if it observes any failure on the part of the Contractor to fulfill its contractual

obligations, including any default or defect in the Project or non-conformance with the drawings and specifications.

2.4 DESIGN PROFESSIONAL SERVICES

- A. The City may contract separately with one or more Design Professionals to provide architectural or engineering design of the Project in accordance with the provisions of A.R.S. §34-603.
- B. The City may contract with the Design Professional to provide some or all of the following services during the performance of the Work:
 - 1. The Design Professional will provide administration of the Work. The City and the Contractor will endeavor to communicate through the Design Professional. Communications by and with the Design Professional's consultants will be through the Design Professional.
 - 2. The Design Professional will visit the Site at intervals appropriate to the stage of construction to become generally familiar with the progress and quality of the completed Work and to determine in general if the Work is being performed in accordance with the Contract Documents. The Design Professional will keep the City informed of progress of the Work, and will endeavor to guard the City against defects and deficiencies in the Work.
 - 3. Upon the Contractor's submittals, the Design Professional will review and approve or take other appropriate action on submittals as Shop Drawings, Product Data and Samples in accordance with Article 1.6.
 - 4. All drawings produced for projects considered to be performed under the Contractor are the property of the City, and are owned in whole by the City for any and all future use and considerations.

2.5 CITY'S SEPARATE CONTRACTORS

The City is responsible for all Work performed on the Project or at the Site by separate contractors under the City's control. The City will contractually require its separate contractors to cooperate with, and coordinate their activities so as not to interfere with the Contractor in order to enable the Contractor to timely complete the Work consistent with the Contract Documents. The Contractor agrees to reasonably cooperate and coordinate its activities with those of the separate contractors so that the Project can be completed in an orderly and coordinated manner without unreasonable disruption.

2.6 FURNISHING OF SERVICES AND INFORMATION

- A. The City will be responsible for the payment or waiver of the following:
 - 1. City review and permit(s) fees for building, encroachment, and demolition permits including City, State and County.
 - 2. City review fees for grading and drainage, water, sewer and landscaping.
 - 3. Utility design fees or permanent services fees are paid by the City, but all submittals are the responsibility of the Contractor.

4. Obtaining Nationwide 404 Permits.
 5. City Development Fees.
- B. Unless expressly stated to the contrary in the Contract Documents, the City will provide, at its own cost and expense, for the Contractor's information the following:
1. To the extent available, surveys describing the property, boundaries, topography and reference points for use during construction, including existing service and utility lines;
 2. Temporary and permanent easements, zoning and other requirements and encumbrances affecting land use, necessary to permit the proper design and construction of the Project and enable the Contractor to perform the Work;
 3. A legal description and Street or Physical address of the Site;
 4. To the extent available, as-built record or historical drawings of any existing structures at the Site;
 5. To the extent available, environmental studies, reports and impact statements describing the environmental conditions, including hazardous materials, in existence at the Site; and
 6. To the extent available, Geotechnical studies describing subsurface conditions and other surveys describing other latent or concealed physical conditions at the Site.

The City will provide all City standards and guidelines, supplementary conditions and special provisions that will be included in the plans and specifications for the Project. These may include but are not limited to: disposal of surplus material, special security provisions, investigation of underground facilities, traffic controls and regulations, special quality control testing and termite treatment requirements.

The City is responsible for securing and executing all necessary Contracts with adjacent land or property owners that are necessary to enable the Contractor to perform the construction. The City is further responsible for all costs, including attorneys' fees, incurred in securing these necessary Contracts.

2.7 PROJECT MANAGEMENT SERVICES

- A. The City may contract separately with one or more Technical Consultants to provide project management assistance for the Project. The Technical Consultant's contract as well as contracts with other firms hired by the City will be furnished to the Contractor. The Contractor will not have any right, however, to limit or restrict any Contract Modifications that are mutually acceptable to the City and Technical Consultant.
- B. The Technical Consultant services will augment the City staffing resources to effectively manage the objectives of the City and this Project with the goal of managing the key Project communication, cost and time parameters.

- C. The Technical Consultant may provide preprogramming and design standards.
- D. The City may contract with the Technical Consultant to provide some or all of the following services during the performance of the construction:
 - 1. Oversight of the Construction. The City may hire Technical Consultants to assist it in oversight of the Construction Project. The Technical Consultants will:
 - a. Conduct Site visits at intervals appropriate to the stage of construction to become generally familiar with the progress and quality of the completed construction and to determine in general if the construction is being performed in accordance with the Construction Documents. The Technical Consultant will keep the City informed of progress of the construction, and will endeavor to guard the City against defects and deficiencies in the construction. The Technical Consultant may have authority to reject construction which does not conform to the Construction Documents and to require additional inspection or testing of the construction in accordance with Articles 1.7 and 1.8;
 - b. Review and recommend approval of the Contractor's Payment Requests;
 - c. Interpret matters concerning performance under and requirements of the Contract Documents on written request of the City. The Technical Consultant's response to any requests will be made with reasonable promptness and within any time limits agreed upon;
 - d. Analyze, recommend and assist in negotiations of Change Orders;
 - e. Conduct inspections to determine Substantial Completion and Final Acceptance.
 - f. Receive and forward to the City for the City's review and records written warranties and related documents required by the Contract Documents and assembled by the Contractor.

2.8 PERMIT REVIEW AND INSPECTIONS

For clarification, permitting activities are handled by the City of Scottsdale Developmental Services, Fire and Planning Departments. Obtaining any permits and submittals are the responsibility of the City.

2.9 UTILITY COMPANY COORDINATION

The Contractor will be responsible for coordinating utility design work for permanent service to the Project and will ensure that the work takes place in a timely manner and does not impact the Project Schedule. Any utility design fees for permanent services to a Job Order will be paid by the City in accordance with Article 2.6.

ARTICLE 3 - CONTRACT TIME AND JOB ORDER TIME

3.1 CONTRACT TIME

- A. Contract Time for this Job Order Contract will commence on or about the 14th day of April, 2015, and will be for two year(s) with the option to extend for three additional years in one year increments.
 - 1. The option to extend may be exercised based on the Contractor's successful performance and the needs of the City.
 - 2. A Contract Modification will be processed for each extension and will commence on or about the anniversary date of the Contract. Each extension must be authorized by the City Engineer or designee.
- B. The Contract will remain in full force and effect during the performance of any Job Order.

3.2 JOB ORDER TIME

- A. Job Orders may be issued at any time during the term of this Contract.
- B. Each individual Job Order will include a Job Order Notice to Proceed date, Duration of the Work as determined in accordance with this Article 3.2 and a calculated Substantial Completion date.
- C. The Contractor agrees that it will commence performance of the Work and achieve each individual Job Order Time.
- D. Each Job Order Time will be subject to adjustment in accordance with Article 5.

3.3 SUBSTANTIAL COMPLETION

- A. Substantial Completion of each Job Order is when all construction has been completed with the exception of final inspection punch list work. The purpose of granting or acknowledging substantial completion is to stop Job Order Time.
- B. Before notifying the City in accordance to Article 3.3(C), the Contractor will inspect the Work and prepare and submit to the City a comprehensive list of items to be completed or corrected. The Contractor will proceed promptly to complete and correct items on the list. Failure to include an item on the list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents.
- C. The Contractor will notify the City when it believes a Job Order, or to the extent permitted in the Contract Documents, a portion of the Job Order, is substantially complete.
- D. Within 5 days of the City's receipt of the Contractor's notice, the City and the Contractor will jointly inspect the Work to verify that it is substantially complete in accordance with the requirements of the Contract Documents.
- E. If the Work is substantially complete, the City will prepare and issue a Certificate of Substantial Completion that will state:

1. The date of Substantial Completion of the Work or portion of the Work;
 2. The remaining items of Work that have to be completed within 30 calendar days before Final Acceptance;
 3. Provisions (to the extent not already provided in the Contract Documents) establishing the City's and the Contractor's responsibility for the Project's security, maintenance, utilities and insurance pending Final Acceptance;
- F. The City, at its option, may use a portion of the Work which has been determined to be substantially complete provided, however, that:
1. Certificate of Substantial Completion has been issued for the portion of Work addressing the items in Article 3.3(E) (2);
 2. The Contractor and the City have obtained the consent of their sureties and insurers, and to the extent applicable, the appropriate government authorities having jurisdiction over the Project, and
 3. The City and the Contractor agree that the City's use or occupancy will not interfere with the Contractor's completion of the remaining Work.

3.4 PUNCH LIST PREPARATION

A minimum of 7 days before Substantial Completion the Contractor, in conjunction with the City, will prepare a comprehensive list of Punch List items, which the City may edit and supplement. The Contractor will proceed promptly to complete and correct the Punch List items. Failure to include an item on the Punch List does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents. Warranties required by the Contract Documents will not commence until the date of Final Acceptance unless otherwise provided in the Contract Documents. Seven (7) days before the City issues its Final Acceptance Letter, the Contractor will deliver to the City all Operation and Maintenance Manuals necessary for the City to assume responsibility for the operation and maintenance of that portion of the Work.

3.5 FINAL ACCEPTANCE

Upon receipt of written notice that the Work or identified portions of the Work is ready for final inspection and acceptance the City and the Contractor will jointly inspect to verify that the remaining items of Work have been completed as provided in Article 3.3(E). The City will issue a Final Acceptance Letter.

3.6 LIQUIDATED DAMAGES

- A. The Contractor understands that if Substantial Completion is not attained within the Job Order Time of the Work as may be adjusted for each Job Order, the City will suffer damages, which are difficult to determine and accurately specify. The Contractor agrees that if Substantial Completion is not attained within the Job Order Time as adjusted, the Contractor will pay the City the amount prescribed in Article 3.5(B) below as liquidated damages for each Day that Substantial Completion extends beyond the date determined by the Job Order Time as adjusted.

- B. The following will be the liquidated damages for each Job Order unless a specific amount has been determined for each individual Job Order.

LIQUIDATED DAMAGES

Original Job Order Amount		Daily Charges
From more than	To and Including	Calendar Day or Fixed Date
\$00	\$25,000	\$200
25,001	50,000	250
50,001	100,000	500
100,001	500,000	1,000
500,001	750,000	1,500
750,001	1,000,000	2,000
1,000,001	1,250,000	2,500
1,250,001	1,500,000	3,000

ARTICLE 4- CONTRACT PRICE AND JOB ORDER PRICE**4.1 CONTRACT PRICE**

This Contract will have a maximum contract amount of \$5,000,000 per year. The Contractor agrees at his own cost and expense, to do all the Work as specified in the Contract Documents and any Work contingent to the Contract and necessary for the construction of the improvements. The Contractor will completely construct the Work and install the materials, free and clear of all claims, liens, and charges of any kind, in the manner and under the conditions specified within the time or times stated in each Job Order.

- A. In no event will any individual Job Order Price exceed \$1,500,000. If the City opts to extend this Contract in accordance with Article 3.1(A), the Contract Modification may increase the maximum amount, if necessary, at that time.
- B. The Job Order Price is subject to adjustments made in accordance with Article 5.
- C. The Contractor will be responsible for payment of all State of Arizona and City of Scottsdale transaction privilege (sales) taxes due on construction income, whether or not these taxes are specifically separated in the bid amount.
- D. Unless otherwise provided in the Contract Documents, the Job Order Price is considered to include all sales, use, consumer and other taxes throughout the term of this Contract, whether or not yet effective or merely scheduled to go into effect.
- E. The Contractor must secure and maintain, during the life of the Contract, State of Arizona and City of Scottsdale Transaction Privilege (sales) Tax Licenses.

To obtain a State of Arizona Privilege (Sales) Tax License Application, please go to the following website:

http://www.revenue.state.az.us/ADOR_Forms/70-79/74-4002_fillable.pdf

To obtain a City of Scottsdale Transaction (Sales) Tax License Application, please go to the following website:

<http://www.scottsdaleaz.gov/taxes/salestax.asp>

The Contractor must demonstrate compliance with the E-Verify Program as provided in Article 11.34 and as required by A.R.S. §41-1080 before issuance of any License by the City.

4.2 RESPONSIBILITY FOR PRIVILEGE (SALES) TAXES

- A. The Contractor is responsible for payment of all applicable State of Arizona and City of Scottsdale transaction privilege (sales) taxes due on construction income whether or not these taxes are specifically separated in the bid amount. The taxes are to be reported on either a progressive billing (accrual) basis or cash receipts basis, depending on the method chosen at the time application was made for the Privilege (sales) Tax License.

City Privilege (sales) tax exemptions/deductions may be applicable to certain projects. The Contractor is advised to consider this as it prepares its bid. Please review, in detail, Sections 415, 465, and 110 of the Scottsdale Revised City Code, Appendix C to determine if exemptions/ deductions are applicable. For tax guidance, please reference the City Code and other tax resources at the following website:

<http://www.scottsdaleaz.gov/taxes/>

The State of Arizona has similar exemptions; please reference A.R.S. Title 42 at the following website:

<http://www.azleg.state.az.us/ArizonaRevisedStatutes.asp?Title=42>

For further questions regarding tax treatment, please contact the Arizona Department of Revenue at 602-255-2060 and the City of Scottsdale Tax & Audit Section at 480-312-2768.

- B. Any Contingencies and Allowances as agreed upon between the City and the Contractor will be stated in Exhibit A, attached and by reference made a part of this Contract.

ARTICLE 5 - CHANGES TO THE CONTRACT PRICE AND TIME

5.1 DELAYS TO THE WORK

- A. Delays may be compensable, concurrent, excusable or non-excusable as defined in Article 12.
- B. If the Contractor is delayed in the performance of the Work due to acts, omissions, conditions, events, or circumstances beyond its control and due to no fault of its own or those for whom the Contractor is responsible, the Contract Times for performance may be reasonably extended by Job Order Adjustment.
- C. The Contractor will request an increase in the Job Order Time by written notice including an estimate of the probable effect of delay on progress of the Work. In the case of a continuing delay only one request is necessary.
- D. Written notice will be received within 5 days of the commencement of the cause of the delay.

1. If written notice is received more than 5 days after commencement of the cause of the delay, the period of delay will be considered to commence 14 days before the giving of any notice.
- E. By way of example and subject to Article 11.7, events that may entitle Contractor to an extension of the Job Order Time include acts or omissions of the City or anyone under the City's control (including separate contractors), changes in the Work, Differing Site Conditions, Hazardous Conditions, unusual delay in transportation, and adverse weather conditions not reasonably anticipated.
- F. If adverse weather conditions are the basis for a request for additional Job Order Time, the requests will be documented by data substantiating that weather conditions were abnormal for the period of time and could not have been reasonably anticipated, and that weather conditions had an adverse effect on the scheduled construction.
- G. It is understood, however, that permitting the Contractor to proceed to complete any Work, or any part of the Work, after the date to which the time of completion may have been extended, will in no way act as a waiver on the part of the City of any of its legal rights.
- H. In the event that the Contractor sustains damages as a result of expenses incurred by a delay for which the City is responsible, the Contractor and the City will negotiate to determine the amount of any damages. This provision is made in accordance with Arizona Revised Statutes Section 34-607 (E) and is effective only if the delay caused by the City is unreasonable under the circumstances and was not within the contemplation of the parties. This provision will not be construed to void any provision of this Contract pertaining to notice of delays, arbitration or other settlement provisions applicable to disputes, or provisions relating to liquidated damages.
- I. In addition to the Contractor's right to a time extension for those events stated in this Article 5.1, the Contractor may also be entitled to an appropriate adjustment of the Contract Price provided, however, that the Contract Price will not be adjusted for those events stated in this Article that are beyond the control of both the Contractor and the City, including the events of war, acts of terrorism, floods, labor disputes (but not including the Contractor's own work force and those of its subcontractors), earthquakes, epidemics, adverse weather conditions not reasonably anticipated, and other acts of God.

5.2 DIFFERING SITE CONDITIONS

If the Contractor encounters a Differing Site Condition(s), the Contractor may be entitled to an adjustment in the Job Order Price or Job Order Time(s) to the extent the Contractor's cost or time of performance is the direct result of a Differing Site Condition(s) as provided by M.A.G. Standard Specifications Subsection 102.4.

5.3 ERRORS, DISCREPANCIES AND OMISSIONS

- A. If the Contractor observes errors, discrepancies or omissions in the Contract Documents, it will promptly notify the City and request clarification. The Contractor will provide a copy of this notice to the City's Representative.
- B. If the Contractor proceeds with the Work affected by the errors, discrepancies or omissions, without receiving any clarifications, it does so at its own risk.

Adjustments involving these circumstances made by the Contractor before clarification by the Design Professional will be at the Contractor's risk.

5.4 CITY REQUESTED CHANGE IN WORK

- A. The City reserves the right to make, at any time during the progress of the Work, any alterations as may be found necessary or desirable.
- B. These alterations and changes will not invalidate this Contract nor release the surety and the Contractor agrees to perform the Work as altered, the same as if it had been a part of the original Contract Documents.
- C. The City will request a proposal for a change in Work from the Contractor, and an adjustment in the Contract Price or Contract Times will be made based on a mutual agreed upon cost and time.

5.5 LEGAL REQUIREMENTS

The Job Order Price or Job Order Times will be adjusted to compensate the Contractor for the effects of any changes in the Legal Requirements enacted after the date of the Contract affecting the performance of the Work.

5.6 JOB ORDER ADJUSTMENTS

- A. In accordance with Scottsdale Revised Code §2-200 and related Rules and Procedures, the City and the Contractor will negotiate in good faith and as expeditiously as possible the appropriate Adjustments to the Contract. Upon reaching an agreement, the parties will prepare and execute an appropriate Adjustment reflecting the terms of their agreement. The change in Work may or may not include an Adjustment in the Job Order Price or Job Order Time.
- B. All changes in Work authorized by Job Order Adjustments will be performed under the conditions of the Contract Documents. The decision to make an Adjustment in the Contract rests solely with the City and any decision to make a Contract Adjustment must be promptly complied with by the Contractor, subject to the provisions of Article 5.8.

5.7 FIELD ORDERS

- A. The City has authority to initiate Field Orders that do not materially and adversely affect the Work, including the design, quality, performance and workmanship required by the Contract Documents. Field Orders will be made by written order and will be binding on the City and the Contractor. The Contractor will carry out any written orders promptly.
- B. Field Orders will not involve an Adjustment in the Job Order Price or Job Order Times unless or until it becomes a Contract Adjustment.
- C. The Contractor may make minor changes in the Work, provided, however that the Contractor will promptly inform the City, in writing, of any changes and record the changes, if appropriate, on the Project Record Documents maintained by the Contractor.

5.8 JOB ORDER PRICE ADJUSTMENTS

- A. The increase or decrease in Job Order Price resulting from a change in the Work will be determined by one or more of the following methods:
1. Unit prices stated in the Contract or as subsequently agreed to between the parties;
 2. A mutually agreed upon accepted, lump sum, properly itemized and supported by sufficient substantiating data to permit evaluation by the City; and
 3. Costs, fees and any other markups.
- B. If an increase or decrease cannot be agreed to as stated in Article 5.8(A) (1) through Article 5.8(A) (3) the cost of the change of the Work will be determined by the reasonable expense and savings in the performance of the Work resulting from the change, including a reasonable overhead and profit, as may be stated in the Contract. The Contractor will maintain a documented, itemized accounting evidencing the expenses and savings associated with these changes.
- C. If unit prices are stated in the Contract Documents or are later agreed to by the parties, but application of the unit prices will cause substantial inequity to the City or the Contractor because of differences in the character or quantity of the unit items as originally contemplated, the unit prices will be equitably adjusted.
- D. If the City and the Contractor disagree upon whether the Contractor is entitled to be paid for any services required by the City, or if there are any other disagreements over the Scope of Work or proposed changes to the Work, the City and the Contractor will resolve the disagreements in accordance with Article 7.
1. As part of the negotiation process, the Contractor will furnish the City with a good faith estimate of the costs to perform the disputed services in accordance with the City's interpretations.
 2. If the parties are unable to agree and the City expects the Contractor to perform the services in accordance with the City's interpretations, the Contractor will proceed to perform the disputed services, conditioned upon the City issuing a written order to the Contractor:
 - (a) directing the Contractor to proceed; and
 - (b) specifying the City's interpretation of the services that are to be performed.
- E. Emergencies. In any emergency affecting the safety of persons or property, the Contractor will act, at its discretion, to prevent threatened damage, injury or loss. Any change in the Job Order Price or Job Order Time(s) resulting from emergency work under this Article 5.8(F) will be determined as provided in this Article 5.

ARTICLE 6- PROCEDURE FOR PAYMENT

6.1 JOB ORDER PAYMENT REQUEST

- A. At the pre-construction conference prescribed in Article 1.3, the Contractor will submit for the City's review and approval a Schedule of Values. The Schedule of Values will include values for all items comprising the Job Order Price and will serve as the basis for monthly progress payments made to the Contractor throughout the Work.
- B. At least 5 working days before the date established for a progress payment, the Contractor will meet with the City's Representative to review the progress of the Work, as it will be reflected on the Job Order Payment Request.
- C. The Job Order Payment Request will constitute the Contractor's representation that the Work has been performed consistent with the Contract Documents, has progressed to the point indicated in the Job Order Payment Request, and that title to all Work will pass to City free and clear of all claims, liens, encumbrances, and security interests upon the incorporation of the Work into the Project.

6.2 PARTIAL PAYMENTS

- A. Partial payment will be made for Job Orders with Job Order Time greater than 30 Days and may be made if the Job Order Time is less than 30 Days.
- B. The Job Order Payment Request may request payment for equipment and materials not yet incorporated into the Project if construction progress is in reasonable conformance with the approved schedule.
- C. For equipment and materials suitably stored at the Site, the equipment and materials will be protected by suitable insurance and the City will receive the equipment and materials free and clear of all liens and encumbrances.
 - 1. For materials and equipment stored off the Site, the City must approve the storage. The material and equipment must be stored within Maricopa County and be accessible for the City's inspection. Title to the materials and equipment will include applicable insurance, bonding, storage and transportation to the Site.
 - 2. All bonds and insurance required for stored materials will be in the City's name.

6.3 PAYMENT OF JOB ORDER PRICE

- A. Payments should be provided on the City format for a Pay Application which is based on the agreed upon "Schedule of Values." The City will make payment in accordance with A.R.S. §34-607. Payment will be made no later than 14 days after the Job Order Payment Request is certified and approved, but in each case less the total of payments previously made.
- B. The City will pay the Contractor all amounts properly due. If the City determines that the Contractor is not entitled to all or part of a Contractor Payment Request, it will notify the Contractor in writing within 7 days after the date the Contractor Payment Request is received by the City. The notice will indicate the specific

amounts the City intends to withhold, the reasons and contractual basis for the withholding, and the specific measures the Contractor must take to rectify the City's concerns. The Contractor and the City will attempt to resolve the City's concerns. If the parties cannot resolve the concerns, the Contractor may pursue its rights under the Contract Documents, including those under Article 7.

6.4 RETENTION ON JOB ORDER PAYMENTS

In compliance with Arizona Revised Statutes §34-607, there is no retention for Job Order Contracting construction services.

6.5 FINAL PAYMENT

- A. After receipt of a final Contractor Payment Request, the City will make final payment as required by this Article, provided that the Contractor has completed all of the Work in conformance with the Contract Documents and a Final Acceptance Letter has been issued by the City.
- B. At the time of submission of its final Contractor Payment Request, the Contractor will provide the following information:
 - 1. An affidavit that there are no claims, obligations or liens outstanding or unsatisfied for labor, services, material, equipment, taxes or other items performed, furnished or incurred for or in connection with the Work which will in any way affect the City's interests; and
 - 2. A general release executed by the Contractor waiving, upon receipt of final payment by the Contractor, all claims, except those claims previously made in writing to the City and remaining unsettled at the time of final payment.

6.6 PAYMENTS TO SUBCONTRACTORS OR SUPPLIERS

- A. The Contractor will pay its Subcontractors or suppliers within 7 calendar days of receipt of each progress payment from the City. The Contractor will pay for the amount of Work performed or materials supplied by each Subcontractor or supplier as accepted and approved by the City with each progress payment. No Contract between the Contractor and its Subcontractors and suppliers may materially alter the rights of any Subcontractor or supplier to receive prompt payment as provided in this Contract.
- B. If the Contractor fails to make payments in accordance with these provisions, the City may take any one or more of the following actions and the Contractor agrees that the City may take these actions:
 - 1. To hold the Contractor in default under this Contract;
 - 2. Withhold future payments until proper payment has been made to Subcontractors or suppliers in accordance with these provisions;
 - 3. Reject all future offers to perform work for the City from the Contractor for a period not to exceed 1-year from the Substantial Completion date of this Project; or
 - 4. Terminate this Contract.

- C. If the Contractor's payment to a Subcontractor or supplier is in dispute, the Contractor and Subcontractor or supplier agree to submit the dispute to any one of the following dispute resolution processes within 14 calendar days from the date any party gives notice to the other:
1. Binding arbitration;
 2. A form of alternative dispute resolution (ADR) agreeable to all parties; or
 3. A City of Scottsdale facilitated mediation.

When a disputed claim is resolved through ADR or otherwise, the Contractor and Subcontractor or supplier agrees to implement the resolution within 7 calendar days after the resolution date.

- D. Should the City fail or delay in exercising or enforcing any right, power, privilege, or remedy under this Section, the failure or delay will not be considered a waiver, release, or modification of the requirements of this Section or of any of the terms or provisions of this Contract.
- E. The Contractor will include these prompt payment provisions in every subcontract, including procurement of materials and leases of equipment for this Contract.

6.7 RECORD KEEPING AND FINANCE CONTROLS

- A. Records of the Contractor's direct personnel payroll, reimbursable expenses related to each Job Order and records of accounts between the City and the Contractor will be kept on a generally recognized accounting basis and will be available for 3 years after completion of the Project.

From the effective date of this Contract and until 3 years after the date of final payment by the City of Scottsdale to the Contractor, the City, its authorized representative, or the appropriate federal or state agencies, reserve the right to audit the Contractor's records to verify the accuracy and appropriateness of all pricing data, including data used to negotiate Contract Documents and any change orders. The City of Scottsdale or its authorized representative will have access, during normal working hours, to all necessary Contractor and Subcontractor facilities, and will be provided adequate and appropriate workspace, in order to conduct audits in compliance with the provisions of this Article. The City of Scottsdale will give the Contractor or Subcontractor reasonable advance notice of intended audits.

- B. The City reserves the right to decrease Job Order Price or payments made on this Contract if, upon audit of the Contractor's records, the audit discloses the Contractor has provided false, misleading, or inaccurate cost and pricing data.
- C. The Contractor will include a similar provision in all of its Contracts with Subconsultants and Subcontractors providing services under the Contract Documents to ensure the City, its authorized representative, or the appropriate federal or state agency, has access to the Subconsultants' and Subcontractors' records to verify the accuracy of cost and pricing data.
- D. The City reserves the right to decrease Job Order Price or payments made on this Contract if the above provision is not included in Subconsultants' and

Subcontractors' contracts, and one or more Subconsultants or Subcontractors do not allow the City to audit their records to verify the accuracy and appropriateness of pricing data.

- E. If an audit in accordance with this Article, discloses overcharges of any nature by the Contractor to the City in excess of 1% of the total contract billings, the actual cost of the City's audit will be reimbursed to the City by the Contractor. Any adjustments or payments which must be made as a result of any audit or inspection of the Contractor's invoices or records will be made within a reasonable amount of time (not to exceed 90 days) from presentation of the City's findings.
- F. This audit provision includes the right to inspect personnel records as required by Section 11.34.

ARTICLE 7- CLAIMS AND DISPUTES

7.1 REQUESTS FOR CONTRACT ADJUSTMENTS AND RELIEF

- A. If either the Contractor or the City believes that it is entitled to relief against the other for any event arising out of or related to Contract Services, that party will provide written notice to the other party of the basis for its claim for relief.
- B. This notice will, if possible, be made before incurring any cost or expense and in accordance with any specific notice requirements contained in applicable sections of the Contract.
- C. In the absence of any specific notice requirement, written notice will be given within a reasonable time, not to exceed 10 days, after the occurrence giving rise to the claim for relief or after the claiming party reasonably should have recognized the event or condition giving rise to the request, whichever is later.
- D. This notice will include sufficient information to advise the other party of the circumstances giving rise to the claim for relief, the specific contractual adjustment or relief requested and the basis of the request.

7.2 DISPUTE AVOIDANCE AND RESOLUTION

- A. The parties are fully committed to working with each other throughout the Project and agree to communicate regularly with each other at all times so as to avoid or minimize disputes or disagreements. If disputes or disagreements do arise, the Contractor and the City each commit to resolving the disputes or disagreements in an amicable, professional and expeditious manner so as to avoid unnecessary losses, delays and disruptions to the Work.
- B. The Contractor and the City will first attempt to resolve disputes or disagreements at the field level through discussions between the Contractor's Representative and the City's Representative.
- C. If a dispute or disagreement cannot be resolved through the Contractor's Representative and the City's Representative, the Contractor's Senior Representative and the City's Senior Representative, upon the request of either party, will meet as soon as conveniently possible, but in no case later than 30 days after the request is made, to attempt to resolve the dispute or

disagreement. Before any meetings between the Senior Representatives, the parties will exchange relevant information that will assist the parties in resolving their dispute or disagreement.

- D. The City and the Contractor agree to negotiate in good faith in accordance with this Contract's procedure for the recovery of damages related to expenses incurred by the Contractor for a delay for which the City is responsible, that is unreasonable under the circumstances, and that was not within the contemplation of the parties to the Contract.

7.3 DUTY TO CONTINUE PERFORMANCE

Unless provided to the contrary in the Contract Documents, the Contractor will continue to perform the Work and the City will continue to satisfy its payment obligations to the Contractor, until final resolution of any dispute or disagreement between the Contractor and the City.

7.4 REPRESENTATIVES OF THE PARTIES

A. City's Representatives

1. The City designates the individual listed below as the City's Senior Representative. This individual has the authority and responsibility for avoiding and resolving disputes under Article 7.2(C):

Mr. Derek Earle
City Engineer
7447 E. Indian School Road, Suite 205
Scottsdale, Arizona 85251
480-312-2776

2. The City will designate an individual for each Job Order as the City's Representative. This person will manage the Job Order.

B. Contractor's Representatives

1. The Contractor designates the individual listed below as the Contractor's Senior Representative. This individual has the authority and responsibility for avoiding and resolving disputes under Article 7.2(C):

Kevin Nunez
Vice President
Achen Gardner Construction, LLC
550 South 78th Street
Chandler, AZ 85226
480-940-1300

2. The Contractor will designate an individual for each Job Order as the Contractor's Representative.

ARTICLE 8 – SUSPENSION, TERMINATION AND CANCELLATION

8.1 CITY'S RIGHT TO STOP JOB ORDER SERVICES

- A. The City may, at its discretion and without cause, order the Contractor in writing to stop and suspend any Job Order. Immediately after receiving this notice, the Contractor will discontinue advancing the Job Order. The suspension will not exceed 180 consecutive days. If the City suspends the Job Order for 181 consecutive Days or more, the suspension will be considered a termination for convenience.
- B. The Contractor may seek an adjustment of the Job Order Price or Job Order Time if its cost or time to perform the Contract Services has been adversely impacted by any suspension or stoppage of Work by the City.

8.2 TERMINATION FOR CONVENIENCE

- A. Upon receipt of written notice to the Contractor, the City has the right to terminate this Contract or abandon any portion of any Job Order for which services have not been performed by the Contractor.

- 1. The Contractor will estimate the value of the Work it has completed and submit its appraisal to the City for evaluation. The City will have the right to inspect the Work to appraise the Work completed.

The Contractor will receive compensation for services performed to the date of the termination as stated in Article 8.2. The fee will be paid in accordance with Article 8.5(B) of this Contract, and will be an amount mutually agreed upon by the Contractor and the City. If there is no mutual agreement, the final determination will be made in accordance with Article 7.

- 2. The Contractor will not be entitled to anticipated profit or anticipated overhead, but is entitled to recover apportioned profit and overhead proportional to the amount of the Work completed. In no event will the fee exceed that stated in Article 8.2(D) of this Contract or as amended.
 - 3. The City will make the final payment within 60 days after the Contractor has delivered the last of the partially completed items and the final fee has been agreed upon.

If the City terminates this Contract in compliance with this Article and proceeds to construct the Job Order through its employees, agents or third parties, the City's rights to use the Work product will be as stated in Article 8.3.

- B. Upon termination of construction services during any Job Order, the Contractor will proceed with the following obligations:

- 1. Stop Work as stated in the notice;
 - 2. Place no further subcontracts or orders;
 - 3. Terminate all subcontracts to the extent they relate to the Work terminated;

4. Assign to the City all right, title and interest of the Contractor under the subcontracts terminated, in which case the City will have the right to settle or to pay any termination settlement proposal arising out of those terminations; and
 5. Take any action that may be necessary for the protection and preservation of the property related to the Contract that is in the possession of the Contractor and which the City has or may acquire an interest.
 6. Comply with the requirements of Article 6.5(B)(1) and (2).
- C. The Contractor will submit complete termination inventory schedules no later than 60 days from the date of the notice of termination.
- D. The City will pay the Contractor the following:
1. The direct value of its completed Work and materials supplied as of the date of termination;
 2. The reasonable costs and expenses attributable to the termination;
 3. The Contractor will be entitled to profit and overhead on completed Work only, but will not be entitled to anticipated profit or anticipated overhead. If it appears the Contractor would have sustained a loss on the entire Work had the Job Order been completed, the Contractor will not be allowed profit and the City will reduce the settlement to reflect the indicated rate of loss;
 4. The Contractor will maintain all records and documents for 3 years after final settlement. These records will be maintained and subject to auditing as required in Article 6.7; and
 5. Take any action that may be necessary for the protection and preservation of the property related to the Job Order or Orders that is in the possession of the Contractor and in which the City has or may acquire an interest.

8.3 CANCELLATION FOR CAUSE

- A. The City may also cancel this Contract or any part of it with 7 days notice for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any of the terms and conditions of this Contract. Unsatisfactory performance, despite a reasonable opportunity to cure as judged by the City's Representative and failure to provide the City, upon request, with adequate assurances of future performance will all be causes allowing the City to cancel this Contract for cause. In the event of cancellation for cause, the City will not be liable to the Contractor for any amount, and the Contractor will be liable to the City for any and all damages sustained as a result of the default that caused the cancellation.

8.4 CITY'S RIGHT TO PERFORM AND CANCEL FOR CAUSE

- A. If the Contractor persistently fails to:
1. Provide a sufficient number of skilled workers;
 2. Supply the materials required by the Contract or Job Order Documents;

3. Comply with applicable Legal Requirements;
4. Timely pay, without cause, Subconsultants or Subcontractors;
5. Prosecute the Contract Services with promptness and diligence to ensure that a Job Order is completed by the Job Order Time, as the times may be adjusted; or
6. Perform material obligations under the Contract Documents;

Then the City, in addition to any other rights and remedies provided in the Contract Documents or by law, will have the rights stated in Articles 8.2 and 8.3.

In the event the City cancels this Contract or any part of the services under any Job Order, the City will notify the Contractor in writing, and immediately upon receiving this notice, the Contractor will discontinue advancing the Work under this Contract or the Job Order and proceed to close all operations of any affected Job Order or this Contract.

- B. If the City provides the Contractor with a written order to provide adequate maintenance of traffic, adequate cleanup, adequate dust control or to correct deficiencies or damage resulting from abnormal weather conditions, and the Contractor fails to comply in a time frame specified, the City may have the Work accomplished by other sources at the Contractor's expense.
- C. Upon the occurrence of an event stated in Article 8.3(B), the City may provide written notice to the Contractor that it intends to cancel the Contract unless the problem cited is cured, or commenced to be cured, within 7 days of the Contractor's receipt of notice.
 1. If the Contractor fails to cure, or reasonably commence to cure, the problem, then the City may give a second written notice to the Contractor of its intent to cancel within an additional 7 day period.
 2. If the Contractor, within this second 7 day period, fails to cure, or reasonably commence to cure the problem, then the City may declare the Contract cancelled for default by providing written notice to the Contractor of this declaration.
- D. Upon declaring the Contract cancelled in accordance with Article 8.3(B), and for the purpose of completing the Work, the City may for all Job Orders enter upon the premises and take possession of all materials, equipment, scaffolds, tools, appliances and other items, which have been purchased or provided for the performance of the Work, all of which the Contractor now transfers, assigns and sets over to the City for this purpose, and to employ any person or persons to complete the Work and provide all of the required labor, services, materials, equipment and other items.
- E. If through any cause, the Contractor fails to fulfill in a timely and proper manner its obligations under this Contract, or if the Contractor violates any of the covenants, Contracts, or stipulations of this Contract, the City may withhold any payments to the Contractor for the purpose of setoff until the exact amount of damages due the City from the Contractor is determined by a court of competent jurisdiction.

- F. In the event of a cancellation, the Contractor will not be entitled to receive any further payments under the Contract Documents until the Work on all Job Orders is finally completed in accordance with the Contract Documents. At that time, the Contractor will only be entitled to be paid for Work performed and accepted by the City before its default.
- G. If the City's cost and expense of completing the Work exceeds the unpaid balance of a Job Order Price, then the Contractor will be obligated to pay the difference to the City. These costs and expense will include not only the cost of completing the Work, but also losses, damages, costs and expense, including attorneys' fees and expenses, incurred by the City in connection with the procurement and defense of claims arising from the Contractor's default.
- H. If the City cancels this Contract for cause and the cancellation is determined to have been without legal right, the cancellation for cause will be considered to have been a termination for convenience in accordance with the provisions of Article 8.2.

ARTICLE 9 - INSURANCE AND BONDS

9.1 INSURANCE REQUIREMENTS

- A. At the same time as execution of this Contract, the Contractor will furnish the City of Scottsdale a Certificate of Insurance on a standard Insurance Industry ACORD form. The ACORD form will be issued by an insurance company authorized to transact business in the State of Arizona.
- B. The Contractor, Subcontractors and Subconsultants must procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Contract are satisfied, insurance against claims for injury to persons or damage to property, which may arise from or in connection with the performance of the Work by the Contractor, his agents, representatives, employees, or Subcontractors.
- C. The insurance requirements are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract.
- D. The City in no way warrants that the minimum limits contained in this Contract are sufficient to protect the Contractor from liabilities that might arise out of the performance of the Contract Services under this Contract by the Contractor, his agents, representatives, employees, Subcontractors or Subconsultants and the Contractor is free to purchase any additional insurance as may be determined necessary. The City will not pay for higher limits, but if the Contractor pays for insurance with higher limits, the Contractor will name the City as an additional insured on any additional insurance.
- E. Claims Made. In the event any insurance policies required by this Contract are written on a "claims made" basis, coverage shall continue uninterrupted throughout the term of this Contract by keeping coverage in force using the effective date of this Contract as the retroactive date on all "claims made" policies. The retroactive date for exclusion of claims must be on or before the effective date of this Contract, and can never be after the effective date of this Contract. Upon completion or termination of this Contract, the "claims made" coverage shall be extended for an additional three (3) years using the original

retroactive date, either through purchasing an extended reporting option; or by continued renewal of the original insurance policies. Submission of annual Certificates of Insurance, citing the applicable coverages and provisions specified herein, shall continue for three (3) years past the completion or termination of this Contract.

9.2 MINIMUM SCOPE AND LIMITS OF INSURANCE

The Contractor must provide coverage with limits of liability not less than those stated below.

A. Commercial General Liability-Occurrence Form

General Aggregate	\$2,000,000
Products-Completed Operations Aggregate	\$2,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage (Any one fire)	\$100,000
Medical Expenses (Any one person)	OPTIONAL

B. Automobile Liability-Any Auto or Owned, Hired and Non-Owned Vehicles

Combined Single Limit Per Accident For Bodily Injury and Property Damage	\$1,000,000
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C. Workers Compensation and Employers Liability

Workers Compensation	Statutory
Employers Liability:	
Each Accident	\$100,000
Disease - Each Employee	\$100,000
Disease - Policy Limit	\$500,000

D. Professional Liability

If applicable, for each Job Order the Contractor or its selected Design Professional will submit a Certificate of Insurance for Professional Liability with limits not less than:

Each Claim	\$1,000,000
All Claims	\$2,000,000

In the event the Professional Liability Insurance policy is written on a "claims made" basis, coverage will extend for 3 years past completion and acceptance of the Work or services, and the Contractor or its selected Design Professional will submit Certificates of Insurance as evidence the required coverage is in effect.

If there is no Professional Liability work or service on a specific Contractor Job Order, the City will waive the Professional Liability Insurance requirement in writing.

E. Builders Risk Insurance (Course of Construction)

To be provided if determined by the City as necessary with each Job Order.

The Contractor bears all responsibility for loss to all Work being performed and to buildings under construction. Unless waived in writing by the City of Scottsdale, the Contractor will purchase and maintain in force Builders Risk-Installation Insurance on the entire Work until completed and accepted by the City. This Insurance will be Special Causes of Loss policy form, (minimally including perils of fire, lightning, explosion, windstorm and hail, smoke, aircraft and vehicles, riot and civil commotion, theft, vandalism, malicious mischief, and collapse), completed value, replacement cost policy form equal to each Job Order contract price and all subsequent modifications. The Contractor's Builders Risk-Installation Insurance will be primary and not contributory.

This Builders Risk-Installation insurance must name the City of Scottsdale, the Contractor and all tiers of Subcontractors as Additional Insureds and must contain a provision that subject Insurance will not be canceled or materially altered without at least 30 days advance notice to the City. The City will also be named as a Loss Payee under Builders Risk-Installation coverage.

This Builders Risk-Installation Insurance must cover the entire Work including reasonable compensation for architects and Contractor's services and expenses and other "soft costs" made necessary by an Insured loss. Builders Risk-Installation Insurance must provide coverage from the time any covered property comes under the Contractor's control and or responsibility, and continue without interruption during course of construction, renovation and or installation, including any time during which any project property or equipment is in transit, off site, or while on site for future use or installation. Insured property must include, but not be limited to, scaffolding, false work, and temporary buildings at the site. This Insurance must also cover the cost of removing debris, including demolition as may be legally required by operation of any law, ordinance, regulation or code.

The Contractor must also purchase and maintain Boiler and Machinery Insurance with the same requirements as Builders Risk-Installation Insurance stated above if the Work to be performed involves any exposures or insurable property normally covered under a Boiler and Machinery Insurance policy or made necessary as required by law and or testing requirements in the performance of this Contract.

The Contractor will be responsible for any and all deductibles under these policies and the Contractor waives all rights of recovery and subrogation against the City under the Contractor-provided Builders Risk-Installation Insurance described in this Article.

F. Builders Risk Insurance must be maintained until whichever of the following will first occur: (i) final payment has been made; or, (ii) until no person or entity, other than the City, has an Insurable Interest in the property required to be covered.

1. The Builders' Risk Insurance will be endorsed so that the Insurance will not be canceled or lapse because of any partial use or occupancy by the City.
2. This Insurance must include as named Insureds, the City, the Contractor, Subcontractors, Subconsultants or others with an Insurable Interest in the Work who will be named as additional Insureds unless they are able to provide some level of coverage with the City and the Contractor named as additional insureds. Certificates must contain a provision that the Insurance will not be canceled or materially altered without at least 30 days

advance notice to the City. The City will also be named as a Loss Payee under the Builders Risk-Installation coverage.

3. This Insurance must be written using the Special Causes of Loss policy form, replacement cost basis.
4. By signing this Contract, all rights of subrogation are waived against the City of Scottsdale, its officers, officials, agents and employees.
5. The Contractor is responsible for payment of all deductibles under the Builders' Risk policy.

9.3 SELF-INSURED RETENTIONS

Any self-insured retentions and deductibles must be declared to and be approved by the City. If not approved, the City may require that the insurer reduce or eliminate any self-insured retentions with respect to the City, its officers, officials, agents, employees, and volunteers.

9.4 OTHER INSURANCE REQUIREMENTS

The policies are to contain, or be endorsed to contain, the following provisions:

A. Commercial General Liability and Automobile Liability Coverages

1. The City of Scottsdale, its officers, officials, agents, and employees are additional insureds with respect to liability arising out of activities performed by, or on behalf of, the Contractor including the City's general supervision of the Contractor; products and completed operations of the Contractor; and automobiles owned, leased, hired, or borrowed by the Contractor.
2. The Contractor's Insurance must contain broad form contractual liability coverage and must not exclude liability arising out of explosion, collapse, or underground property damage hazards (XCU) coverage.
3. The City, its officers, officials, agents, and employees must be additional insureds to the full limits of liability purchased by the Contractor even if those limits of liability are in excess of those required by this Contract.
4. The Contractor's Insurance coverage must be primary insurance with respect to the City, its officers, officials, agents, and employees. Any insurance or self-insurance maintained by the City, its officers, officials, agents, and employees will be in excess of the coverage provided by the Contractor and will not contribute to it.
5. The Contractor's Insurance must apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.
6. Coverage provided by the Contractor will not be limited to the liability assumed under the indemnification provisions of this Contract.

7. All policies, except Professional Liability, must contain a waiver of subrogation against the City, its officers, officials, agents, and employees, for losses arising from Work performed by the Contractor for the City.
- B. Workers' Compensation and Employers Liability Coverage: The insurer must agree to waive all rights of subrogation against the City, its officers, officials, agents, employees, and volunteers for losses arising from Work performed by the Contractor for the City.
- C. The Contractor, its successors and assigns, is required to maintain Commercial General Liability Insurance as specified in this Contract for a minimum period of 3 years following completion and acceptance of the Work. The Contractor must submit a Certificate of Insurance evidencing the Commercial General Liability Insurance during this 3 year period containing all the insurance requirements including naming the City of Scottsdale, its agents, representatives, officers, directors, officials and employees as Additional Insured as required.

9.5 SUBCONSULTANT'S AND SUBCONTRACTOR'S INSURANCE

Unless the Contractor's Subconsultants and Subcontractors can provide the same level of coverage as detailed in Article 9.2 and name the City and the Contractor as Additional Insureds, the Contractor's certificates must include all Subcontractors and Subconsultants as insureds under its policies or the Contractor must maintain separate certificates and endorsements for each Subcontractor and Subconsultant. All coverages for Subcontractors and Subconsultants must be in the amounts shown in Article 9.2. Certificates must contain a provision that the insurance will not be canceled or materially altered without at least 30 days advance notice to the City. The City must also be named as a Loss Payee under the Builders Risk-Installation coverage.

9.6 NOTICE OF CANCELLATION

Each insurance policy required by the insurance provisions of this Contract must provide the required coverage and must not be suspended, voided, canceled by either party, reduced in coverage or in limits until 30 days written notice has first been given, by certified mail, return receipt requested to:

City of Scottsdale
Risk Management Department
7447 E. Indian School Road, Suite 225
Scottsdale, Arizona 85251

Annette Grove
Capital Project Management
7447 E. Indian School Road, Suite 205
Scottsdale, Arizona 85251

Kevin Nunez
Vice President
Achen Gardner Construction, LLC
550 South 79th Street
Chandler, AZ 85226

9.7 ACCEPTABILITY OF INSURERS

Insurance is to be placed with insurers duly licensed or approved to conduct business in the State of Arizona and with an A. M. Best rating of no less than B++6. The City in no way warrants that the above required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency. Failure to maintain insurance as required may result in termination of this Contract at the City's option.

9.8 VERIFICATION OF COVERAGE

- A. The Contractor must furnish the City Certificates of Insurance (ACORD form or equivalent approved by the City) and with original endorsements effecting coverage as required by this Contract. 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.
- B. All certificates and endorsements are to be received and approved by the City before Contract Services commence except for Builders Risk Insurance, which will be received and approved as provided in Article 9.2(E). Each insurance policy required by this Contract must be in effect at or before the earlier of commencement of Contract Services under the Contract Documents or the signing of this Contract except for Builders Risk Insurance which must be in effect before commencement of the Work and remain in effect for the duration of the Project. Failure to maintain the insurance policies as required by this Contract or to provide evidence of renewal is a material breach of contract.
- C. All Certificates of Insurance required by this Contract must be sent directly to the City of Scottsdale, Capital Project Management Office. The project number and project description must be included on the Certificates of Insurance. The City reserves the right to require complete, certified copies of all insurance policies required by this Contract, at any time. Failure to provide a Certificate of Insurance with the appropriate verbiage will result in rejection of the Contractor's Certificate and delay in contract execution.

Additional Certificates of Insurance submitted without referencing a Contract number will be subject to rejection and returned or discarded.

9.9 APPROVAL

Any modification or variation from the insurance requirements in this Contract must be approved by the Risk Management Division, whose decision is final. This action does not require a formal Contract Modification, but may be made by administrative action.

9.10 BONDS AND OTHER PERFORMANCE SECURITY

- A. Before execution of each individual Job Order, the Contractor must provide a performance bond and a payment bond for all construction services, each in an amount equal to the full amount of the agreed upon cost for that Job Order. Contractor may, at its own option, provide Payment and Performance Bonds for the entire Job Order Contract amount, but there shall be no obligation for the City to reimburse the contractor for bond costs incurred, except on an actual cost basis as each individual job order is issued. Bonds must be submitted in accordance with Title 34, Chapter 6 of the Arizona Revised Statutes and must be in substantially the same form as Exhibits A and B, attached to this Contract.

- B. Each bond must be executed by a surety company or companies holding a Certificate of Authority to transact surety business in the State of Arizona, issued by the Director of the Arizona Department of Insurance. A copy of the Certificate of Authority must accompany the bonds. The Certificate must have been issued or updated within 2 years before the execution of this Contract.
- C. The bonds must be made payable and acceptable to the City of Scottsdale.
- D. The bonds must be written or countersigned by an authorized representative of the surety and the bonds must have attached a certified copy of the Power of Attorney of the signing official.
 - 1. If one Power of Attorney is submitted, it must be for twice the total Job Order Price.
 - 2. If two Powers of Attorney are submitted, each must be for the total Job Order Price. Personal or Individual bonds are not acceptable.
 - 3. Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Contract Documents, the Contractor must promptly furnish a copy of the bonds or must permit a copy to be made.
- E. All bonds submitted for this Project must be provided by a company which has been rated "A or better" by the A.M. Best Company.

ARTICLE 10 - INDEMNIFICATION

10.1 CONTRACTOR'S GENERAL INDEMNIFICATION

Contractor's General Indemnification. To the fullest extent permitted by law, the Contractor, its successors, assigns and guarantors, must defend, indemnify and hold harmless the City of Scottsdale, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of, or resulting from any negligence, recklessness, or intentional wrongful conduct to the extent caused by the Contractor performing work or services under this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages by any of the Contractor employees.

Insurance provisions in this Contract are separate and independent from the indemnity provisions of this Article and will not be construed in any way to limit the scope and magnitude of the indemnity provisions. The indemnity provisions of this paragraph will not be construed in any way to limit the scope and magnitude and applicability of the insurance provisions.

10.2 INTELLECTUAL PROPERTY

- A. The Contractor must pay all royalties and license fees associated with its performance of services.

- B. The Contractor must defend any action or proceeding brought against the City based on any claim that the Work, or any part of the Work, or the operation or use of the Work or any part of it, constitutes infringement of any United States patent or copyright, now or subsequently issued. The City will give prompt written notice to the Contractor of any action or proceeding and will reasonably provide authority, information and assistance in the defense of the action. The Contractor will indemnify and hold harmless the City from and against all damages, expenses, losses, royalties, profits and costs, including but not limited to attorneys' fees and expenses awarded against the City or the Contractor in any action or proceeding. The Contractor agrees to keep the City informed of all developments in the defense of these actions. The City may be represented by; and actively participate through its own counsel in any suit or proceedings if it so desires.
- C. If the City is enjoined from the operation or use of the Work, or any part of the Work, as the result of any patent or copyright suit, claim, or proceeding, the Contractor will at its sole expense take reasonable steps to procure the right to operate or use the Work. If the Contractor cannot procure this right within a reasonable time, the Contractor will promptly, at the Contractor's option and at the Contractor's expense, (i) modify the Work so as to avoid infringement of any patent or copyright or (ii) replace the Work with Work that does not infringe or violate any patent or copyright.
- D. Articles 10.2(B) and 10.2(C) will not be applicable to any suit, claim or proceeding based on infringement or violation of a patent or copyright:
 - 1. Relating solely to a particular process or product of a particular manufacturer specified by the City and not offered or recommended by the Contractor to the City; or
 - 2. Arising from modifications to the Work by the City or its agents after acceptance of the Work.
- E. The obligations stated in this Article 10.3 will constitute the sole Contract between the parties relating to liability for infringement or violation of any patent or copyright.

ARTICLE 11 – GENERAL PROVISIONS

11.0 MARSHALING AREA

The Contractor is advised to contact the City of Scottsdale Development Services to determine the requirements for obtaining a permit for marshaling areas it proposes to use. Marshaling areas must be fenced. The Contractor will obtain written approval from the property owner for marshaling area use. This approval must contain any requirements, which are a condition of this approval. Marshaling yard requirements according to M.A.G. Subsection 107.6.1 and the City of Scottsdale Supplemental Specifications will apply.

11.1 CONTRACT DOCUMENTS

- A. Contract Documents are as defined in Article 12.

- B. The Contract Documents form the entire Contract between the City and the Contractor. No oral representations or other Contracts have been made by the parties except as specifically stated in the Contract Documents.
- C. In the event of any inconsistency, conflict, or ambiguity between or among the Contract Documents, the Contract Documents will take precedence in the order in which they are listed in the definition of Contract Documents in Article 12. As to drawings and plans, given dimensions will take precedence over scaled measurements, and large scale plans over small-scale plans. Contract specifications will take precedence over contract plans.
- D. The Contract Documents are intended to permit the parties to complete the Work and all obligations required by the Contract Documents within the times and prices agreed upon for each Job Order. The Contract Documents are intended to be complementary and interpreted in harmony so as to avoid conflict, with words and phrases interpreted in a manner consistent with construction and design industry standards.
- E. This Contract, the Plans, Standard Specifications and Details, Special Provisions, Performance Bond, Payment Bond, Certificates of Insurance, and Job Order Adjustments (if any) are by reference made a part of this Contract to the same extent as if set forth in full.
- F. Work Product
 - 1. All Work products (electronically or manually generated) including but not limited to: cost estimates, studies, design analyses, original mylar drawings, Computer Aided Drafting and Design (CADD) file diskettes, and other related documents which are prepared or procured in the performance of this Contract (collectively referred to as documents) are to be and remain the property of the City and are to be delivered to the City before the final payment is made to the Contractor. In the event these documents are altered, modified or adapted without the written consent of the Contractor or the Subconsultants, which consent the Contractor or the Subconsultants will not unreasonably withhold, the City agrees to hold the Contractor and the Subconsultants harmless to the extent permitted by law from the legal liability arising out of the City's alteration, modification or adoption of the documents.
 - 2. The copyrights, patents, trade secrets or other Intellectual property rights associated with the ideas, concepts, techniques, inventions, processes or works of authorship developed, created by the Contractor, its Subconsultants or personnel, during the course of performing this Contract or arising out of the Project will belong to the Contractor.

11.2 MODIFICATIONS

The Contract Documents may not be changed, altered, or amended in any way except in writing, signed by a duly authorized representative of each party.

11.3 TIME IS OF THE ESSENCE

The City and Contractor mutually agree that time is of the essence with respect to the dates and times stated in the Contract Documents.

11.4 MUTUAL OBLIGATIONS

The City and Contractor commit at all times to cooperate fully with each other, and proceed on the basis of trust and good faith, to permit each party to realize the benefits afforded under the Contract Documents.

11.5 COOPERATION AND FURTHER DOCUMENTATION

The Contractor agrees to provide the City any other duly executed documents as will be reasonably requested by the City to implement the intent of the Contract Documents.

11.6 ASSIGNMENT

Neither the Contractor nor the City will, without the written consent of the other, assign, transfer or sublet any portion of this Contract or part of the Work or the obligations required by the Contract Documents.

11.7 FORCE MAJEURE

Neither party will be responsible for delays or failures in performance resulting from acts beyond their control. These acts include, but are not limited to, acts of God, riots, acts of war, acts of terrorism, epidemics, governmental regulations imposed after the fact, fire, communication line failures, or power failures.

11.8 FUNDS APPROPRIATION

If the City Council does not appropriate funds to continue this Contract and pay for charges, the City may terminate this Contract at the end of the current fiscal period. The City agrees to give written notice to the Contractor at least 30 days before the end of its current fiscal period and will pay the Contractor for all approved charges incurred through the end of the period.

11.9 CONSTRUCTION METHODS

If the City provides the Contractor with a written order to provide adequate maintenance of traffic, clean-up, dust control or to correct deficiencies or damage resulting from abnormal weather conditions, and the Contractor fails to comply in the time frame specified, the City may have Work accomplished by other sources at the Contractor's expense.

11.10 UTILITY RELOCATIONS FOR CONSTRUCTION METHODS

If any utility is relocated or rebuilt to accommodate the Contractor's construction methods and available equipment, the expense will be borne by the Contractor and will be replaced to the original location before completion of the Job Order at the request of the City's Project Coordinator at the Contractor's sole expense.

11.11 DAMAGED UTILITIES DURING CONSTRUCTION

Any utilities damaged during construction will be replaced at the Contractor's expense as per the requirements of the M.A.G. Standard Specifications.

11.12 SUCCESSORSHIP

The Contractor and City intend that the provisions of the Contract Documents are binding upon the parties, their employees, agents, heirs, successors and assigns.

11.13 CONFLICT IN LANGUAGE

All services performed will conform to all applicable City of Scottsdale codes, ordinances and requirements as outlined in the Contract Documents. If there is a conflict in interpretation between provisions in this Contract and those in exhibits, the provisions in this Contract will prevail.

11.14 THIRD PARTY BENEFICIARY

Nothing under the Contract Documents will be construed to give any rights or benefits in the Contract Documents to anyone other than the City and the Contractor, and all duties and responsibilities undertaken in accordance with the Contract Documents will be for the sole and exclusive benefit of the City and the Contractor and not for the benefit of any other party.

11.15 GOVERNING LAW

The Contract and all Contract Documents will be considered to be made under, and will be construed in accordance with and governed by the laws of the State of Arizona without regard to the conflicts or choice of law provisions. Any action to enforce any provision of this Contract or to obtain any remedy will be brought in the Superior Court, Maricopa County, Arizona, and for this purpose, each party expressly and irrevocably consents to the jurisdiction and venue of that Court.

11.16 SEVERABILITY

If any provision of the Contract Documents or the application to any person or circumstance is invalid, illegal or unenforceable to any extent, the remainder of the Contract Documents and the application of the Contract will not be affected and will be enforceable to the fullest extent permitted by law.

11.17 LEGAL REQUIREMENTS

The Contractor will perform all Contract Services in accordance with all Legal Requirements and will provide all notices applicable to the Contract Services as required by the Legal Requirements.

11.18 INDEPENDENT CONTRACTOR

The Contractor is and will be an independent contractor. Any provisions in the Contract Documents that may appear to give the City the right to direct the Contractor as to the details of accomplishing the Work or to exercise a measure of control over the Work means that the Contractor will follow the wishes of the City as to the results of the Work only. These results will comply with all applicable laws and ordinances.

11.19 CITY'S RIGHT OF CANCELLATION

All parties to this Contract acknowledge that this Contract is subject to cancellation by the City of Scottsdale in accordance with the provisions of Section 38-511, Arizona Revised Statutes.

11.20 SURVIVAL

All warranties, representations and indemnifications by the Contractor will survive the completion or termination of this Contract.

11.21 COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, and that no member of the City Council, or any employee of the City of Scottsdale has any interest, financially, or otherwise, in the firm. For breach or violation of this warrant, the City of Scottsdale will have the right to annul this Contract without liability, or at its discretion to deduct from the Contract Price or consideration, the full amount of any commission, percentage, brokerage, or contingent fee.

11.22 NO WAIVER

The failure of either party to enforce any of the provisions of the Contract Documents or to require performance of the other party of any of its provisions will not be construed to be a waiver of those provisions, nor will it affect the validity of the Contract Documents or any part of the Contract Documents, or the right of either party to enforce each and every provision.

11.23 HEADINGS

The headings used in this Contract, or any other Contract Documents, are for ease of reference only and will not in any way be construed to limit or alter the meaning of any provision.

11.24 NOTICE

Whenever the Contract Documents require that notice be provided to the other party, notice will be considered to have been validly given (i) if delivered in person to the individual intended to receive the notice, (ii) 3 days after the date of the postmark of deposit by first class United States mail, registered or certified mail, postage prepaid to the address indicated below. Notice by electronic mail or facsimile will not be considered notice.

To City:	Derek E. Earle City Engineer 7447 E. Indian School Road, Suite 205 Scottsdale, Arizona 85251
To JOC Contractor:	Kevin Nunez Vice President Achen Gardner Construction, LLC 550 South 79th Street Chandler, AZ 85226 480-940-1300

11.26 EQUAL EMPLOYMENT OPPORTUNITY

During the performance of this Contract the Contractor will follow the Federal government's Affirmative Action guidelines to ensure that employees or applicants applying for employment will not be discriminated against because of race, color, religion, sex or national origin. The Contractor will include the terms of this provision in all contracts and subcontracts for Work performed under this Contract, including supervision and oversight.

No Preferential Treatment or Discrimination: In accordance with the provisions of Article II, Section 38 of the Arizona Constitution, the City will not grant preferential treatment to or discriminate against any individual or group on the basis of race, sex, color, ethnicity or national origin.

11.26 ADDITIONAL CITY RIGHTS REGARDING SECURITY INQUIRIES

In addition to the foregoing, the City reserves the right to: (1) have an employee/prospective employee of the Contractor be required to provide fingerprints and execute any other documentation as may be necessary to obtain criminal justice information pursuant to A.R.S. § 41-1750(G)(4); (2) act on newly acquired information whether or not that information should have been previously discovered; (3) unilaterally change its standards and criteria relative to the acceptability of the Contractor's employees or prospective employees; and, (4) object, at any time and for any reason, to an employee of the Contractor performing Work (including supervision and oversight) under this Contract.

- A. Provisions Applicable to all Contractor Contracts and Subcontracts. The Contractor will include the terms of this provision for employee background and security checks and screening in all contracts and subcontracts for Work performed under this Contract, including supervision and oversight.
- B. Materiality of Security Inquiry Provisions. The Security Inquiry provisions of this Contract, as stated above, are material to the City's entry into this Contract and any breach by the Contractor may, at the City's sole option and unfettered discretion, be considered to be a breach of contract of sufficient magnitude to terminate this Contract. Termination will subject the Contractor to liability for its breach of contract.

11.27 HAZARDOUS MATERIALS

- A. Hazardous Materials. Upon discovery of hazardous materials the Contractor will comply with all applicable laws/ordinances and regulations and take all appropriate health and safety precautions.
- B. Unless included in the Work, if the Contractor encounters onsite, or as material to be incorporated in the Work, any material which he reasonably believes to contain asbestos, polychlorinated biphenyl (PCB), or other hazardous substances or materials regulated by public health laws, he will immediately stop work and report the condition to the City.
- C. If the material is found to contain asbestos, PCB or other hazardous substances or materials regulated by public health laws, the Contractor will not resume work in the affected area until the material has been abated or rendered harmless. The

Contractor and the City may agree, in writing, to continue work in non-affected areas onsite.

- D. An extension of Contract Time may be granted in accordance with Article 5.
- E. The Contractor will comply with all applicable laws/ordinances and regulations and take all appropriate health and safety precautions upon discovery.
- F. Despite the provisions of this Article 11.27, the City is not responsible for Hazardous Conditions introduced to the Site by the Contractor, Subcontractors or anyone for whose acts they may be liable. The Contractor will indemnify, defend and hold harmless the City and the City's officers, directors, employees and agents from and against all claims, losses, damages, liabilities and expenses, including attorneys' fees and expenses, arising out of or resulting from those Hazardous Conditions introduced to the Site by the Contractor, Subcontractors or anyone for whose acts they may be liable.

11.28 TRAFFIC CONTROL

- A. Complete street closures will not be permitted unless specified in the Special Provisions or approved by the City. The timing and sequence of street closures will be approved by the Traffic Engineering Director (or designee) at least 14 days before the closure. This approval is necessary to provide coordination with other roadway projects and special events.
- B. Adequate barricades and lighted warning signs must be installed and maintained by the Job Order Contractor throughout the duration of the Project. All traffic control must be in accordance with the City of Scottsdale Traffic Control Manual or as required by the approved barricade plan unless otherwise specified in the Special Provisions.
- C. The Contractor will submit a construction schedule and a barricade plan to the City Traffic Engineering Director (or designee) for approval or modification at least 72 hours before construction is initiated, and must wait to commence construction until the plan is signed as accepted by the City Traffic Engineering Director (or designee).
- D. The Contractor will comply with all provisions of the City of Scottsdale Traffic Barricade Manual and any other traffic control provisions as may be provided in the technical specifications or in the approved barricade plan.

11.29 MATERIAL SOURCE

No material source has been designated by the City for use under this Contract. MAG Specification, Section 106 will apply as will ADOT Standard Specifications 1992, Section 106.1, 106.2, 106.7 & 106.8, which outline controls and Section 1001-1, -2, & -4 concerning approval of Contractor-Furnished Source and supplemental Contracts in regards to environmental analysis and the liability for materials testing costs.

Contractor and Subcontractor furnished material sources situated in the 100-year flood plain of any stream or watercourse will not be allowed if located within 1.0 mile upstream and 2.0 miles downstream of any highway structure or surfaced roadway crossing.

A Contractor and Subcontractor-furnished source will be defined as a material source, which is neither an A.D.O.T. furnished source nor a commercial source, as defined in this Contract.

A commercial source will be defined as a material source in which the owner or producer has been for at least 1-year regularly engaged during regular business hours on a regular basis in the processing and selling of sand, rock, ready mixed Portland cement concrete, asphaltic concrete and other similar products normally produced and sold to all parties. The company must have an Arizona retail sales tax license.

The location of any new material source or existing non-commercial material source proposed for use under this Contract must be reviewed by the appropriate agency having flood plain management jurisdiction over the area of proposed source location. The Contractor and Subcontractor will obtain a letter from the agency addressed to the Contract Administrator certifying that the proposed source location conforms to the required conditions and the applicable Standard Specifications. The Contractor will familiarize himself with the nature and extent of the Contract Documents, work to be performed, all local conditions, and federal, state and local laws, ordinances, rules and regulations that in any manner may affect cost, progress or performance of the Work.

11.30 FAMILIARIZATION WITH APPLICABLE LAWS

The Contractor will familiarize himself with the nature and extent of the Contract Documents, work to be performed, all local conditions, and federal, state and local laws, ordinances, rules and regulations that in any manner may affect cost, progress or performance of the Work.

11.31 NATIVE PLANTS

The Contractor will take whatever steps, procedures or means necessary to remove, move, displace and save all native plants within the contract work area in accordance with the City of Scottsdale's Ordinance No. 1438, Native Plants, and all applicable state and county statutes, ordinances, codes and other policy requirements and recognized methods, procedures, techniques and equipment for protection, salvage, and handling of all plants to be moved from the construction area. This is not a pay item unless specified upon the Schedule of Bid Items.

11.32 ENDANGERED HARDWOODS

Any construction, building addition or alteration project which is financed by monies of this state or its political subdivisions will not use endangered tropical hardwood unless an exemption is granted by the Director of the State of Arizona, Department of Administration. The Director will only grant an exemption if the use of endangered tropical hardwood is considered necessary for historical restoration or to repair existing facilities and the use of any substitute material is not practical. Any lease-purchase Contract entered into by this state or its political subdivisions for construction will specify that no endangered tropical hardwood may be used in the construction unless an exemption is granted by the Director. As used in this subsection, "endangered tropical hardwood" includes ebony, iuan, mahogany or teak hardwood.

11.33 HOURS OF WORK

- A. All building construction and associated work will be restricted to the applicable summer or winter hours. Construction activity will include any work requiring the use of manually operated or power assisted tools or equipment and vehicles

used to excavate, erect or deliver materials associated with construction. Summer hours begin April 1 and end on October 31. No work may begin before 6:00 a.m. or continue after 7:00 p.m., Monday through Friday. No work will begin on Saturday or Sunday before 7:00 a.m. or continue after 7:00 p.m. Sunday work may be conducted only if the Contractor demonstrates, in writing to the building official, justifiable cause for the Sunday work.

- B. Winter hours begin November 1 and end on March 31. No work will begin before 7:00 a.m. or continue after 5:00 p.m., Monday through Friday. No work may begin on Saturday or Sunday before 8:00 a.m. or continue after 5:00 p.m. Sunday work may be conducted only if the Contractor demonstrates, in writing to the building official, justifiable cause for the Sunday work.
- C. The City may establish other times of work as necessary based on the geographical location of the jobsite in relation to surrounding occupancies, buildings and structures.
- D. The Contractor must submit a written request to the Building Official for a variance from the required work hours at least 7 days before the date for which the variance is desired. Variances will not be granted for more than 30 days at a time. A new application must be made for each additional variance. The Contractor must notify adjacent property owners of the intended work and the duration of the requested variance. Proof of notification must be presented to the building official before the variance can be granted.
 - 1. The application for the variance must demonstrate justifiable cause why the work must be done outside the prescribed time period (e.g. pouring concrete during "summer hours"). A variance will not be granted based solely on convenience or for work that can be completed during daytime construction hours.
 - 2. The application for a variance must state the construction permit number, the address of the work, type of work, time period of the work, and the duration of the variance.

11.34 COMPLIANCE WITH FEDERAL LAWS

The Contractor understands and acknowledges the applicability to it of the American with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989. The Contractor agrees to comply with these laws in performing this Contract and to permit the City to verify compliance. The Contractor will also comply with A.R.S. §34-301, "Employment of Aliens on Public Works Prohibited," and A.R.S. §34-302, "Residence Requirements for Employees," as amended. The Contractor will include the terms of this provision in all contracts and subcontracts for Work performed under this Contract, including supervision and oversight.

Under the provisions of A.R.S. §41-4401, the Contractor warrants to the City that the Contractor and all its Subcontractors will comply with all Federal Immigration laws and regulations that relate to their employees and that the Contractor and all its Subcontractors now comply with the E-Verify Program under A.R.S. §23-214(A).

A breach of this warranty by the Contractor or any of its Subcontractors will be considered a material breach of this Contract and may subject the Contractor or

Subcontractor to penalties up to and including termination of this Contract or any subcontract.

The City retains the legal right to inspect the papers of any employee of the Contractor or any Subcontractor who works on this Contract to ensure that the Contractor or any Subcontractor is complying with the warranty given above.

The City may conduct random verification of the employment records of the Contractor and any of its Subcontractors to ensure compliance with this warranty. The Contractor agrees to indemnify, defend and hold the City harmless for, from and against all losses and liabilities arising from any and all violations of these statutes.

The City will not consider the Contractor or any of its Subcontractors in material breach of this Contract if the Contractor and its Subcontractors establish that they have complied with the employment verification provisions prescribed by 8 USC §1324(a) and (b) of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. §23-214(A). The "E-Verify Program" means the employment verification pilot program as jointly administered by the United States Department of Homeland Security and the Social Security Administration or any of its successor programs.

The provisions of this Article must be included in any contract the Contractor enters into with any and all of its Subcontractors who provide services under this Contract or any Subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a Contractor or Subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property. The Contractor will take appropriate steps to assure that all Subcontractors comply with the requirements of the E-Verify Program. The Contractor's failure to assure compliance by all its Subcontractors with the E-Verify Program may be considered a material breach of this Contract by the City.

A. Compliance with Americans with Disabilities Act

Contractor acknowledges that, in accordance with the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor will provide the services specified in this Contract in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Contract.

11.35 DATA CONFIDENTIALITY

- A. As used in this Contract, data means all information, whether written or verbal, including plans, photographs, studies, investigations, audits, analyses, samples, reports, calculations, internal memos, meeting minutes, data field notes, work product, proposals, correspondence and any other similar documents or information prepared by or obtained by the Contractor in the performance of this Contract.
- B. The parties agree that all data, including originals, images, and reproductions, prepared by, obtained by, or transmitted to the Contractor in connection with the

Contractor's performance of this Contract is confidential and proprietary information belonging to the City.

- C. The Contractor will not divulge data to any third party without first obtaining the written consent of the City. The Contractor will not use the data for any purposes except to perform the services required under this Contract. These prohibitions will not apply to the following data provided the Contractor has first given the required notice to the City:
 - 1. Data, which was known to the Contractor before its performance under this Contract unless the data was acquired in connection with the Work performed for the City;
 - 2. Data which was acquired by the Contractor in its performance under this Contract and which was disclosed to the Contractor by a third party, who to the best of the Contractor's knowledge and belief, had the legal right to make disclosures and the Contractor is not otherwise required to hold the data in confidence; or
 - 3. Data, which is required to be disclosed by virtue of law, regulation, or court order to which the Contractor is subject.
- D. In the event the Contractor is required or requested to disclose data to a third party, or any other information to which the Contractor became privy as a result of any other contract with the City, the Contractor will first notify the City as required in this Article of the request or demand for the data. The Contractor will give the City sufficient facts so that the City can be given an opportunity to first give its consent or take any action the City may consider appropriate to protect the data or other information from disclosure.
- E. Unless prohibited by law, within 10 days after completion of services for a third party on real or personal property owned or leased by the City, the Contractor will promptly deliver, as stated in this Article, a copy of all data to the City. All data will continue to be subject to the confidentiality requirements of this Contract.
- F. The Contractor assumes all liability for maintaining the confidentiality of the data in its possession and agrees to compensate the City if any of the provisions of this Article are violated by the Contractor, its employees, agents, or Subconsultants. Solely for the purposes of seeking injunctive relief, it is agreed that a breach of this Article will be considered to cause irreparable harm that justifies injunctive relief in court.

11.38 CONFLICT OF INTEREST

- A. To evaluate and avoid potential conflicts of interest, the Contractor will provide written notice to the City, as stated in this Article, of any work or services performed by the Contractor for third parties that may involve or be associated with any real property or personal property owned or leased by the City. The notice will be given 7 business days before commencement of the Project by the Contractor for a third party, or 7 business days before an adverse action as defined below. Written notice and disclosure will be sent to the City Senior Representative identified in Article 7.4.
- B. Actions that are considered to be adverse to the City under this Contract include but are not limited to:

1. Using data as defined in this Contract acquired in connection with this Contract to assist a third party in pursuing administrative or judicial action against the City;
 2. Testifying or providing evidence on behalf of any person in connection with an administrative or judicial action against the City; and
 3. Using data to produce income for the Contractor or its employees, independently of performing the services under this Contract, without first obtaining the written consent of the City.
- C. The Contractor represents that except for those persons, entities and projects identified to the City, the services to be performed by the Contractor under this Contract are not expected to create an interest with any person, entity, or third party project that is or may be adverse to the interests of the City.
- D. The Contractor's failure to provide a written notice and disclosure of the information stated in this Article on Conflicts of Interest will constitute a material breach of this Contract.

11.37 COMMENCEMENT OF STATUTORY LIMITATION PERIOD AND STATUTE OF REPOSE

- A. Before Final Completion. As to acts or failures to act occurring before the relevant date of Final Completion, any applicable statute of limitations will commence to run and any alleged cause of action will be considered to have accrued in any and all events not later than the date of Final Completion.
- B. Between Punch List Preparation and Final Completion. As to acts or failures to act occurring between the relevant date of Punch List Preparation and before Final Completion, any applicable statute of limitation will begin to run and any alleged cause of action will be considered to have accrued in any events not later than the date of Final Completion.
- C. After Completion. As to acts or failures to act occurring after the date of Final Completion, any applicable statute of limitations will commence to run and any alleged cause of action will be considered to have accrued in any and all events not later than the date of any correction of the Work or failure to correct the Work by the Contractor, or the date of actual commission of any other act or failure to perform any duty or obligation by the Contractor or the City, whichever occurs last.
- D. Statute of Repose. The time period for the applicable Statute of Repose will commence to run at the time specified in Arizona Revised Statute §12-552 as it is amended or renumbered from time to time.

11.38 LOSS AND DAMAGES

All loss or damage arising out of the nature of the Work to be done or from the action of the elements, or from any unforeseen circumstances, in the prosecution of the same, or from any unusual obstructions or difficulties which may be encountered in or during the prosecution of the Work, or from any casualty whatsoever of every description, will be sustained and borne by the Contractor at its own cost and expense.

11.39 RIGHTS-OF-WAY

The M.A.G. Standard Specification 107.12 is modified to read as follows: "The Contractor, at its own expense, is responsible for the acquisition of any necessary temporary easements for construction purposes, storage and maintenance purposes, which are required in addition to existing easements or rights of way secured by the City as indicated upon the plans."

11.40 EXISTING TRAFFIC AND STREET SIGNS AND TRAFFIC SIGNAL EQUIPMENT

The Contractor will use due care when excavating at or near intersections where traffic signal underground conduit is located. The Contractor will notify the Transportation Maintenance Traffic Signal Division (480.312.5620) 48 hours in advance of any work at the intersections. The Contractor will be responsible for the installation and maintenance of temporary overhead traffic signal cable as specified by the Traffic Engineering Director when underground conduit is to be severed by excavations at the intersection. The Transportation Maintenance Manager will have all underground traffic conduit located and will provide the necessary City Technicians to assist the Contractor in identifying wiring phases and direction of conduit runs upon 24 hours notice from the Contractor and at least 1 day before the Contractor's scheduled wiring and installation of temporary cables. The Contractor will be responsible for the wiring and connection of all temporary cable within the pull boxes and terminal compartments. The Transportation Maintenance Manager will provide a City technician to assist the Contractor with connecting field wiring within the traffic signal control cabinet. The Contractor will provide, at his expense an off-duty uniformed Police Officer to direct traffic while the traffic signal is turned off and the wiring is transferred. The Contractor will be responsible as specified by the Traffic Engineering Manager for the repair and restoration of all traffic signal overhead and underground items that have been damaged or modified. The City does not permit the splicing of Magnetic Detector Loops.

11.41 CERTIFICATION OF USE OF BENCHMARKS

In compliance with the City's Design Standards & Policies Manual (DS&PM), Sections 9-1.1 and 9-1.301, it is the City's intent that the Contractor must use both horizontal and vertical benchmarks with City of Scottsdale published values for any survey on all public works projects. These published values are available for public use at the following website: <http://eservices.scottsdaleaz.gov/landsurvey/>. AT LEAST 1 HORIZONTAL AND 1 VERTICAL BENCHMARK MUST MATCH THE NORTHING, EASTING OR ELEVATION VALUES PUBLISHED ON THE CITY'S WEBSITE. The Contractor must sign and submit with this Contract, the Certificate of Use attached and by reference made a part of this Contract.

ARTICLE 12 - DEFINITIONS

"Adjustment" means a written order signed by an authorized representative of the City and the Contractor and which approves changes in the scope of the Work in the Job Order; in the total compensation or time allowed for completion of the Job Order, or modifications to other contract terms.

"Allowance" means an agreed amount by the City and the Contractor for items which may be required to complete the scope of work.

"As-built Document" - "As-built in construction is equivalent to 'as-is.'" Drawings deemed "as-built" are final drawings that include all changes made during the actual construction process.

These drawings represent the actual existing constructed conditions as opposed to designs or a proposed condition. The As-built Documents should be per Arizona Revised Statute 32-152.

"Blue-line or Blackline Prints" -- Prints that allows comparison of document versions to show what has been revised.

"Change Order" means a written order signed by an authorized representative of the City and which approves changes in the total compensation or time allowed for completion of services consistent with S.R.C. Sec. 2-200.

"City" means the City of Scottsdale, Arizona, an Arizona municipal corporation. Regulatory activities handled by the City of Scottsdale Development Services, Planning and Fire Departments or any other City department are not subject to the responsibilities of the City under this Contract.

"City's Representative" means the person designated in Subdivision 7.4(A) (2).

"City's Senior Representative" means the person designated in Subdivision 7.4(A) (1).

"Construction Coordinator" means a City employee who coordinates the daily construction activities with the contractor, and with their inspection staff that performs quality control inspections, enforces project plans and specifications and adopted City codes and ordinances.

"Construction Documents" means the plans, specifications and drawings prepared by the Design Professional after correcting for permit review requirements and incorporating addenda and approved Job Order Adjustments.

"Construction Fee" means the Contractor's home office overhead and profit, whether at the Contractor's principal or branch offices. This includes the home office costs and any limitations or exclusions that may be included in the General Conditions for the construction phase.

"Contract" or "Job Order Contract" means this fully executed Contract between the City and the Contractor.

"Contract Administrator" means the person designated in Article 7.4.

"Contract Documents" means the following items and documents in descending order of precedence executed by the City and the Contractor: (1) Change Orders; (2) Job Order Adjustments; (3) Contract Modifications; (4) this Contract including all exhibits and attachments; (5) Contractor's Proposal (if any); (6) Contractor Statement of Qualifications.

"Contract Modification" means a specific written concurrence between the City and the Contractor for changes to this Contract.

"Contract Price" means the amount or amounts stated in Article 4 subject to any Contract Adjustments.

"Contract Services" means the services required by the Contract Documents.

"Contract Time(s)" means the time stated in Article 3, subject to Job Order Adjustments or extensions as permitted by this Contract.

"Contractor" is the contractor selected by the City to provide or procure construction services as detailed in this Job Order Contract.

"Contractor Payment Request" means the City form used by the Contractor to request progress payments for Job Orders in accordance with Article 6.

"Contractor's Representative" means the person described in Article 7.4(B) (2).

"Contractor's Senior Representative" means the person described in Article 7.4(B) (1).

"Day(s)" means calendar days unless otherwise specifically noted in the Contract Documents.

"Delay" means an unanticipated event or interference with the progress of a critical path work activity being performed at the time that causes the completion date of the project to be extended. Delays may be caused by the City, the Contractor, third parties or Force Majeure events. Delays may be excusable, compensable, non-compensable or concurrent.

"Delay, Compensable" means delay that results from the City's actions or inactions that entitle the Contractor to both a time extension and delay damages.

"Delay, Concurrent" means 2 or more delays, within the same timeframe, both of which would independently impact the project's critical path. If one delay is caused by the City and the other by the Contractor, the Contractor will generally be entitled to an excusable, non-compensable time extension, to the degree the delays may "overlap."

"Delay, Excusable" means an unforeseeable delay caused by an event beyond the control and without the fault or negligence of the Contractor (including its Suppliers and Subcontractors). Excusable delays may be compensable or non-compensable, depending upon whether the terms of the contract or the law allows recovery of delay costs. Unless otherwise shown, it will generally be presumed that these delays are non-compensable.

"Delay, Non-Excusable" means a delay within the control of the Contractor, its suppliers and subcontractors, or a delay resulting from a risk taken by the Contractor under the terms of the Contract. The Contractor will not be due any time extension or delay damages, and may be responsible for paying to the City, actual or liquidated damages for the delay.

"Deliverables" means the work products prepared by the Contractor in performing the scope of work described in this Contract. Some of the major deliverables to be prepared and provided by the Contractor may include, but are not limited to: Construction Management Plan, Project Schedule, Schedule of Values, alternative system evaluations, procurement strategies and plans, cost estimates, construction market surveys, cash flow projections, Subcontractor procurement plan, Subcontractor Contracts, Subcontractor bid packages, Supplier Contracts, and others as indicated in this Contract or required by the Project Team.

"Design Professional" means a qualified, licensed design professional who furnishes design or construction administration services.

"Differing Site Conditions" comply with M.A.G. Standard Specifications, Subsection 102.4.

"Duration of the Work" means the number of Days from a Job Order Notice to Proceed to Substantial Completion.

"Field Order" means a written field directive prepared and signed by the City, directing a change in work that may or may not include an adjustment in contract price or contract time.

"Final Acceptance" means the completion of a Job Order as prescribed in Article 3.4.

"Informational Submittals" – Submittals are required (common with construction projects) for the architect and engineer to verify that the correct products and quantities will be installed on a project.

"Job Order" or "Project" means a specific scope of Contract Services done pursuant to an individual Job Order and includes a specific written Contract between the City and the Contractor for a Job Order including a Scope of Work, a Job Order Price, a Duration of the Work and any special conditions that may apply to be performed under this Contract. The Job Order includes the plans, technical specifications, special provisions and the Contractor's proposal either by reference or inclusion.

"Job Order Price" means the amount negotiated between the Contractor and the City that includes costs, overhead, bonding, insurance, profit and other costs as agreed to and calculated on the Unit Prices, Cost-coefficient and Special Items as prescribed in Article 4.

"Job Order Time" means the time from the Job Order Notice-to-Proceed to Substantial Completion. The approved Job Order Time will be made part of this Contract by executing an individual Job Order for that specific Project.

"Legal Requirements" means all applicable federal, state and local laws, codes, ordinances, rules, regulations, orders and decrees of any government or quasi-government entity having jurisdiction over a Project or Site, the practices involved in a Project or Site, or any Work.

"Liquidated Damages" means an amount the Contractor will pay in compliance with Article 3.5.

"Must" and "will" as used in this Contract are mandatory.

"Notice to Proceed," (NTP) means a written notice given by the City to the Contractor fixing the date on which the Contractor will start to perform the Contractor's obligations under that individual Job Order.

"Owner Agent," "City's Agent" or "Owner Representative" see "City's Senior Representative."

"Payment Request" means a monthly progress payment request that is based on a monthly estimate of the dollar value of the Work completed.

"Product Data" means illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the Contractor to illustrate materials or equipment for some portion of the Work.

"Professional Certification" – Professional certification is a designation which indicates that a person is qualified to perform a job or task. Professional certification can be trade certification or professional designation.

"Project Record Documents" means the documents created pursuant to Article 1.9.

"Project Record Drawing Prints" – Set of current design drawings used by construction contractor for reference during construction. These drawings are typically marked up during the construction process, and are used to develop the subsequent "as-built" drawings.

"Punch List" means those minor items of Work to be completed before Final Acceptance which do not prevent the Project from being used for the purpose for which it is intended and which will not prevent the issuance of a Certificate of Occupancy.

"Samples" means physical examples, which illustrate materials, equipment or workmanship and establish standards by which the Work will be judged.

"Schedule of Values (SOV)" means the Document specified in the construction phase, which divides the Contract Price into pay items, such that the sum of all pay items equals the Contract Price for the construction phase Work, or for any portion of the Work having a separate specified Contract Price. The SOV may or may not be output from the Progress Schedule depending on whether the Progress Schedule is cost-loaded or not.

"Shop Drawings" means drawings, diagrams, schedules and other data specially prepared for the Work by the Contractor or a Subcontractor, Sub-subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Work.

"Site," means the land or premises on which a Job Order is located generally described as (insert address). The Contractor will require all subcontractors to include the street address of the Job Order in their contracts.

"Specifications" means those sections of the Contract Documents for the construction phase consisting of written technical descriptions of materials, equipment, construction systems, standards and workmanship as applied to the Work and certain applicable administrative details.

"Subcontractor" or "Sub consultant" means any person or entity retained by the Contractor as an independent contractor to perform a portion of the Contract Services and must include material men and suppliers. All Subcontractors must be selected in accordance with the selection plan stated in Article 1.13.

"Substantial Completion" means when the Work, or when an agreed upon portion of the Work is sufficiently complete so that the City can occupy and use the Project or a portion of it for its intended purposes. This may include, but is not limited to: (1) approval by the City Fire Marshall and local authorities (Certificate of Occupancy); (2) issuance of elevator permit; (3) demonstration to the City that all systems are in place, functional, and displayed to the City or its representative; (4) installation of all materials and equipment; (5) City review and acceptance of all systems; (6) City review and acceptance of draft O&M manuals and record documents; (7) City operation and maintenance training completed; (8) HVAC test and balance completed [provide minimum 30 days before projected substantial completion]; (9) completed landscaping and site work; and (10) final cleaning.

"Supplier" means a manufacturer, fabricator, supplier, distributor, material man or vendor having a direct contract with the Contractor or any Subcontractor to furnish materials or equipment to be incorporated in the construction phase work by the Contractor or any Subcontractor.

"Work" means the entire completed construction or the various separately identifiable parts of the construction, required to be furnished during the construction phase. Work includes and is the result of performing or furnishing labor and furnishing and incorporating materials, resources and equipment into the construction, and performing or furnishing services and documents as required by the Contract Documents for the construction phase.

CITY OF SCOTTSDALE, ARIZONA

CONTRACT NO. 2015-099-COS

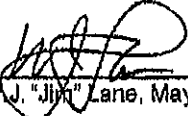
CONTRACT

This Contract has been properly executed by the parties above named, on the date and year written above, to be retained by the City Clerk.

The Contractor agrees that this Contract, as awarded, is for the stated Work and understands that payment for the Work will be made on the basis of the indicated amount, per the terms and conditions of this Contract.

CITY OF SCOTTSDALE, an
Arizona Municipal Corporation

By:


W.J. "Jim" Lane, Mayor

CONTRACTOR:


Achen Gardner Construction, LLC

By:



Title: Vice President

(Corporate Seal)

ATTEST:


Carolyn Jagger, City Clerk

ATTEST: (Signature and title)


Administration Manager

RECOMMENDED:


Derek E. Earle, City Engineer


Katherine Callaway
Risk Management Director

APPROVED AS TO FORM:

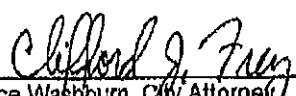

Bruce Washburn, City Attorney
By: Clifford J. Frey
Senior Assistant City Attorney

EXHIBIT A

**STATUTORY PERFORMANCE BOND
PURSUANT TO TITLE 34, CHAPTER 6,
OF THE ARIZONA REVISED STATUTES
(Penalty of this bond must be 100% of the Contract Amount)**

KNOW ALL MEN BY THESE PRESENTS:

That, _____ (hereinafter called the Principal) as Principal, and _____, a corporation organized and existing under the laws of the State of _____ with its principal office in the City of _____, (hereinafter called the Surety), as Surety, are held and firmly bound unto the City of Scottsdale, County of Maricopa, State of Arizona in the amount of _____ Dollars (\$_____), for the payment whereof, the said Principal and Surety bind themselves, and their heirs, administrators, executors successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a certain written contract with the City of Scottsdale, dated the _____ day of _____, 2015, for Bld No. (bld number), Project No. (project number), (project name), which contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW THEREFORE, the condition of this obligation is such, that if the Principal faithfully performs and fulfills all of the undertakings, covenants, terms, conditions and Contracts of the contract during the original term of the contract and any extension of the contract, with or without notice to the surety, and during the life of any guaranty required under the contract, and also performs and fulfills all of the undertakings, covenants, terms, conditions and Contracts of all duly authorized modifications of the contract that may hereafter be made, notice of which modifications to the surety being hereby waived, the above obligation is void. Otherwise it remains in full force and effect.

PROVIDED HOWEVER, that this Bond is executed pursuant to the provisions of Title 34, Chapter 6, Arizona Revised Statutes, and all liabilities on this Bond will be determined in accordance with the provisions of Title 34, Chapter 6, Arizona Revised Statutes, to the extent as if it were copied at length in this Contract. The prevailing party in a suit on this bond will recover as part of the judgment reasonable attorney fees that may be fixed by a Judge of the Court. The performance under this bond is limited to the construction to be performed under the contract and does not include any design services, preconstruction services, financial services, maintenance services, operations services or any other related services included in the contract.

WITNESS our hands the _____ day of _____, 2015.

PRINCIPAL

BY:

SURETY (SEAL)

AGENCY OF RECORD

AGENCY ADDRESS

EXHIBIT B

STATUTORY PAYMENT BOND

PURSUANT TO TITLE 34, CHAPTER 6,
OF THE ARIZONA REVISED STATUTES

(Penalty of this bond must be 100% of the Contract Amount)

KNOW ALL MEN BY THESE PRESENTS:

That, _____ (hereinafter called the Principal), as Principal, and _____ a corporation organized and existing under the laws of the State of _____, with its principal office in the City of _____ (hereinafter called the Surety), as Surety, are held and firmly bound unto the City of Scottsdale, County of Maricopa, State of Arizona, in the amount of _____ Dollars (\$ _____), for the payment whereof, the said Principal and Surety bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a certain written contract with the City of Scottsdale dated the _____ day of _____, 2015, for Bid No. (bid number), Project No. (project number), (project name), which contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, the condition of this obligation is such that if the Principal promptly pays all monies due to all persons supplying labor or materials to the Principal or the Principal's subcontractors in the prosecution of the work provided for in the contract, this obligation is void. Otherwise it remains in full force and effect.

PROVIDED, HOWEVER, that this bond is executed pursuant to the provisions of Title 34, Chapter 6, of the Arizona Revised Statutes, and all liabilities on this bond will be determined in accordance with the provisions, conditions and limitations of Title 34, Chapter 6, Arizona Revised Statutes, to the same extent as if they were copied at length in this Contract.

The prevailing party in a suit on this bond will recover as a part of the judgment reasonable attorney fees that may be fixed by a Judge of the Court.

WITNESS our hands the _____ day of _____, 2015.

PRINCIPAL

BY:

SURETY (SEAL)

AGENCY OF RECORD

AGENCY ADDRESS

EXHIBIT C

City of Scottsdale Published Benchmarks

CERTIFICATE OF USE

Contract Name:
CONTRACT NO.:

PROJECT NO.:

To the City of Scottsdale:

In compliance with the City of Scottsdale's Design Standards & Policies Manual (DS&PM), Sections 9-1.1 and 9-1.301, it is the City's Intent that the _____ must use both horizontal and vertical benchmarks with City of Scottsdale published values for any survey on all public works projects. Those published values are available for public use at the following City website: <http://eservices.scottsdaleaz.gov/landsurvey/>. AT LEAST 1 HORIZONTAL AND 1 VERTICAL BENCHMARK MUST MATCH THE NORTHING, EASTING OR ELEVATION VALUES PUBLISHED ON THE CITY OF SCOTTSDALE'S WEBSITE.

Having read and understood Sections 9-1.1 and 9-1.301 of the DS&PM, and as a Land Surveyor registered in the State of Arizona, I certify that we will be using the following City of Scottsdale horizontal and vertical datum to perform the topographic survey for the above named contract and project. These benchmarks will be shown on the cover sheet of the design and construction plans.

Benchmark No. 1:

Horizontal datum:

Vertical datum:

GPS Point: _____

GPS Point: _____

N: _____

Elevation: _____

E: _____

Benchmark No. 2:

Horizontal datum:

Vertical datum:

GPS Point: _____

GPS Point: _____

N: _____

Elevation: _____

E: _____

Certified By: _____

(Seal in Area Below)

Print Name: _____

Title: _____

 COPY

RESOLUTION NO. 10077

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING CONSTRUCTION SERVICES JOB ORDER CONTRACT (JOC) NO. 2015-099-COS WITH ACHEN GARDNER CONSTRUCTION, LLC, JOB ORDER CONTRACT (JOC) NO. 2015-100-COS WITH B&F CONTRACTING, INC., AND JOB ORDER CONTRACT (JOC) NO. 2015-101-COS WITH CSW CONTRACTORS, INC. FOR CITYWIDE WATER RESOURCES UNDERGROUND INFRASTRUCTURE SERVICES.

The City desires services to perform water resources underground infrastructure construction projects at various citywide locations; and

Achen Gardner Construction, LLC, B&F Contracting, Inc., and CSW Contractors, Inc. are qualified to render the services desired by the City for Water Resources Underground Infrastructure services.

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

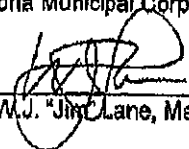
Section 1. The Mayor of the City of Scottsdale is authorized and directed to execute Construction Services Job Order Contract (JOC) No. 2015-099-COS with Achen Gardner Construction, LLC, Job Order Contract (JOC) No. 2015-100-COS with B&F Contracting, Inc., and Job Order Contract (JOC) No. 2015-101-COS with CSW Contractors, Inc. for citywide Water Resources Underground Infrastructure services.

PASSED AND ADOPTED by the Council of the City of Scottsdale this 14th day of April, 2015.

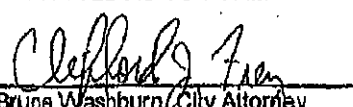
ATTEST:

CITY OF SCOTTSDALE, an
Arizona Municipal Corporation

By: 
Carolyn Jagger, City Clerk

By: 
W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:


Bruce Washburn, City Attorney
By: Clifford J. Frey
Senior Assistant Attorney

**LINKING AGREEMENT
FOR COOPERTIVE PURCHASE
BETWEEN
THE TOWN OF PARADISE VALLEY
AND
ACHEN-GARDNER CONSTRUCTION, LLC**

EXHIBIT B
Scope of Work and Pricing



April 30, 2019

Town of Paradise Valley
Mr. Paul Mood, P.E.
Town Engineer
6401 E. Lincoln Drive
Paradise Valley, AZ 85253

RE: VARIOUS LOCATIONS – SEWER REHABILITATION / CIPP LINING
GLEN DRIVE GROUP 1

SUBJECT: PROPOSAL – GLEN DRIVE GROUP 1 SEWER SEGMENT REHABILITATION

Dear Mr. Mood:

Below please find Achen-Gardner Construction, LLC's ("Achen-Gardner") Proposal for the sewer line rehabilitation/lining at various locations in the Town of Paradise Valley. These locations are defined in attached Exhibit B.

The price for this Scope of Work: \$ 105,966.34

Summary:

Glen Dr. Group 1	Manholes	Price	SP Rating	Pipe Material
Mobilization		\$ 6,200.00		
Segment 10993	MH23-41-9 TO MH23-41-10	\$ 12,386.29	5	DIP
Segment 10992	MH23-41-10 TO MH23-41-8	\$ 13,292.29	3	DIP
Segment 11044	MH23-41-8 TO MH23-41-7	\$ 11,428.82	5	DIP
Segment 11045		\$ 9,808.84	5	DIP
Segment 10991	MH23-41-7 TO MH23-41-6	\$ 15,801.50	3	DIP
Reinstate 5 laterals		\$ 2,229.45		
Bypass Allowance		\$ 10,000.00		
Traffic Control Allowance		\$ 4,000.00		
Top Hat Allowance		\$ 5,000.00		
Mark-ups	OH, Profit, Ins., Bond, Taxes	\$ 15,819.15		
Total for Glen Dr. Group 1		\$ 105,966.34		

This Proposal is based on the following scope, clarifications, and assumptions:

- The following scope of activities are included in our Proposal:
 - Mobilization
 - General Conditions are included in the pay item prices: Superintendent, Project Manager/Engineer, toilet, construction water, small tools, SWPPP, sweeping, end of project clean-up, dump fees.
 - Perform a quick, pre-installation video and sweep (light clean with jetter) of each segment.
 - Map laterals
 - Achen-Gardner shall notify residents connected to the affected sewer segments.

- Achen-Gardner shall monitor flows and bypass operations to ensure flows properly bypass the affected segment and laterals and deposit into the designated bypass destination.
 - UV line the designated pipe segments. See Exhibits C and D calculations and specifications for CIPP lining.
 - Reinstate each lateral (See Exhibit B "Taps")
 - Perform a post-video of each lined segment
- Rehab (CIPP line) Glen Drive Group 1 segments.
- This Proposal is based on the pre-repair videos made and furnished by AIMS/the Town on 01/03/19 of the various sewer segments, and the Structural Peak assessments provided by PEC (Exhibit B). Site locations, maps, and descriptions furnished to Achen-Gardner by Town on 11/14/18.
- Proposal excludes heavy cleaning.
- Should any additional scope, revisions to this scope, or unknowns arise they shall be approached as a change order to this Proposal and executed only upon written agreement between Achen-Gardner Construction and the Town of Paradise Valley.
- Achen-Gardner assumes existing sewer lines are no deeper than 12 feet (10 feet average) and is proposing Reline America 3.5 mm liner in accordance with these calculations (See Exhibit C).
- Top Hats or lateral seals shall be paid from the applicable Allowance Pay Item 12500.
- The bypass scope included in this proposal consists of utilizing a submersible trash pump upstream of the work area and use of a lay-flat hose around the work area discharging to the nearest manhole.
- "No Fee" Permit to be provided by Town.
- This Proposal is to be included in the Contract Agreement.
- Quantities are approximate and based on information provided as stated in the above bullets. Final payment shall be based on actual field measurements.
- One mobilization is included.
- Allowance items shall be invoiced based on T&M with back-up invoices.
- Project Contingency to be utilized as authorized by the Town and as agreed upon between the Town and Achen-Gardner Construction, LLC.

This work can be scheduled to start as soon as the JOA is executed.

Should you have any questions and/or comments, please feel free to contact me at (602) 376-0356 or e-mail chall@achen.com.

Sincerely;

ACHEN-GARDNER CONSTRUCTION, LLC



Christie Hall, Project Manager

Attachments:

Exhibit A – Schedule of Values

Exhibit B – Sewer Segments Identified for Rehabilitation (CIPP Lining)

Exhibit C – CIPP Design Calculations

Exhibit D – Specifications for UV CIPP (Reline America)



EXHIBIT A - SCHEDULE OF VALUES **PARADISE VALLEY SEWER REHABILITATION** **CIPP LINING - GLEN DRIVE GROUP 1**

ITEM / SEGMENT #	DESCRIPTION	MANHOLES	QUANTITY	UM	UNIT PRICE	TOTAL
	GLEN DRIVE GROUP 1					
10000	MOBILIZATION					
10993	INSTALL CIPP 8-INCH 10993 (DIP)(SP-5)	MH23-41-9 TO MH23-41-10	1.000	LS	\$6,200.00	\$6,200.00
10992	INSTALL CIPP 8-INCH 10992 (DIP)(SP-3)	MH23-41-10 TO MH23-41-8	139.000	LF	\$89.11	\$12,386.29
11044	INSTALL CIPP 8-INCH 11044 (DIP)(SP-5)	MH23-41-8 TO MH23-41-7	149.000	LF	\$89.21	\$13,292.29
11045	INSTALL CIPP 8-INCH 11045 (DIP)(SP-5)		113.000	LF	\$101.14	\$11,428.82
10991	INSTALL CIPP 8-INCH 10991 (DIP)(SP-3)	MH23-41-7 TO MH23-41-6	82.000	LF	\$119.62	\$9,808.84
12000	REINSTATE LATERAL CONNECTION		169.000	LF	\$93.50	\$15,801.50
13000	BY-PASS PUMPING		5.000	EA	\$445.89	\$2,229.45
15000	TRAFFIC CONTROL ALLOWANCE		1.000	AL	\$10,000.00	\$10,000.00
12500	TOP HAT ALLOWANCE		1.000	AL	\$4,000.00	\$4,000.00
					\$5,000.00	\$5,000.00
	GLEN DRIVE GROUP 1 - TOTAL					\$90,147.19
	CONTRACTOR'S FEE 7.5% OH + 1.5% PROFIT			9%		\$8,113.25
	RUNNING TOTAL #2 - RUNNING TOTAL #1 + FEE					\$98,260.44
	GENERAL LIABILITY, AUTO INSURANCE, ETC. 1.5% OF RUNNING TOTAL #1			1.5%		\$1,473.91
	BOND (.5%)			0.5%		\$498.67
	RUNNING TOTAL #3 - RUNNING TOTAL #2 + FEE + INSURANCE + BOND					\$100,233.02
	SALES TAXES (5.72%)			5.72%		\$5,733.33
	PROJECT TOTAL - RUNNING TOTAL #3 + FEE + INSURANCE + BOND + SALES TAXES					\$105,966.34

EXHIBIT B - SEWER SEGMENTS IDENTIFIED FOR REHABILITATION
CIPP LINING

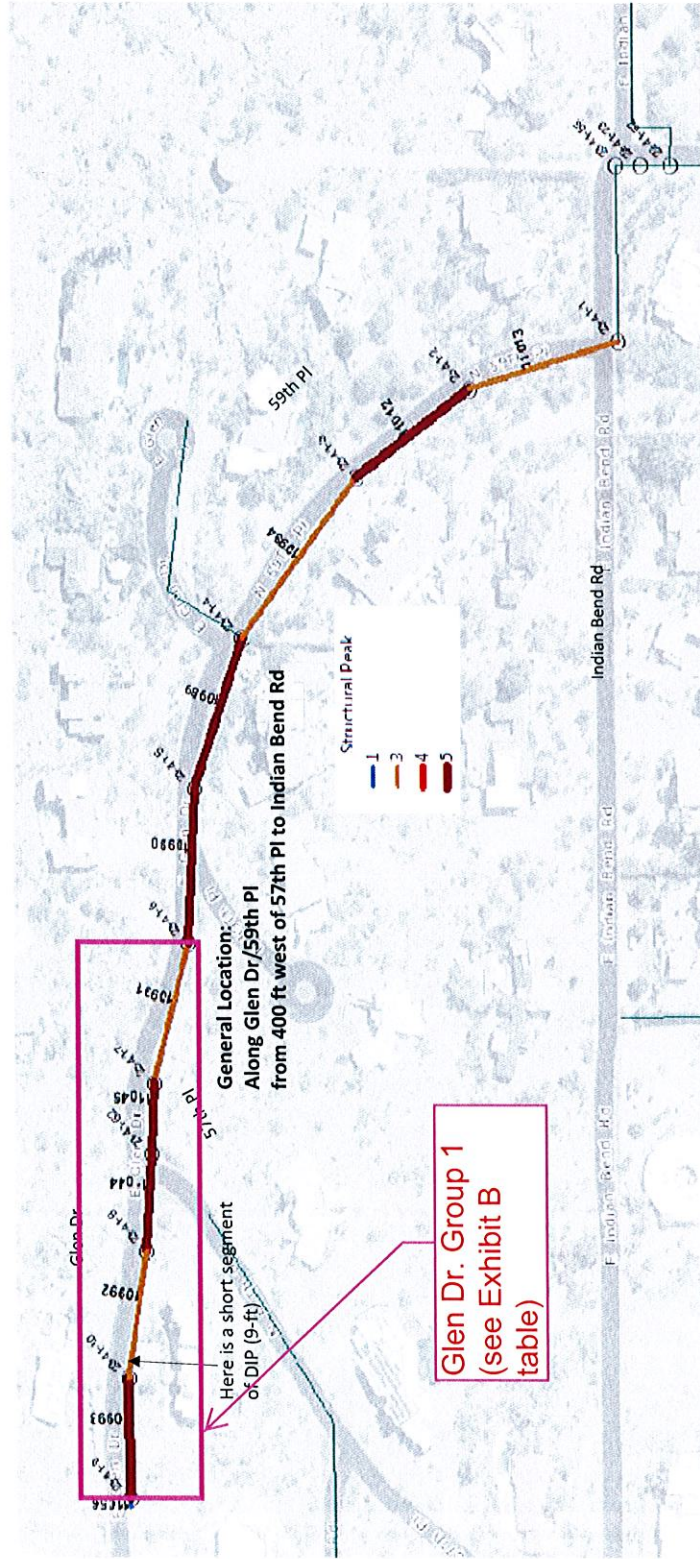
PV DIPs (Task Orders 01-05)													
Street	Pipe ID	From MH	To MH	Struct Peak	OM Peak	Struct QR	OM QR	Length (LF)	Diameter	Material	Material *	TAPS	NOTES
Glen Dr.	10993	23-41-09	23-41-10	5	0	5236	0000	139	8 DIP	8 DIP			Glen Dr.-Group 1
Glen Dr.	11044	23-41-08	23-41-62	5	2	5C39	2C00	113	8 DIP	8 DIP			Glen Dr.-Group 1
Glen Dr.	11045	23-41-62	23-41-07	5	2	5C39		82	8 DIP	8 DIP		2	Glen Dr.-Group 1
Glen Dr.	10990	23-41-06	23-41-05	5	2	5741	2F00	179	8 DIP	8 DIP		1	
Glen Dr.	10989	23-41-05	23-41-04	5	0	523A	0000	186	8 DIP	8 DIP		2	
Glen Dr.	11012	23-41-03	23-41-02	5	2	5136	2100	175	8 DIP	8 DIP		4	
GROUP 1 TOTAL (DIP > OR =4)								875					
Cheney Dr.	10770	24-42-01	24-43-06	5	2	5141	2200	398	8 DIP	8 DIP	VCP	6	
Cheney Dr.	10883	24-43-07	24-43-08	4	2	4100	2F00	96	8 DIP	8 DIP	VCP		
Cheney Dr.	10771	24-43-08	24-43-09	4	2	4131	2Z00	420	8 DIP	8 DIP	VCP/PVC	8	
Hummingbird Ln.	10961	23-42-01	23-43-19	4	5	4200	5343	179	8 DIP	8 DIP	VCP	2	ROOTS
GROUP 2 TOTAL (VCP > OR = 4)								1,093					
Glen Dr.	10992	23-41-10	23-41-08	3	2	3700	2G00	149	8 DIP	8 DIP		2	Glen Dr.-Group 1
Glen Dr.	10991	23-41-07	23-41-06	3	2	3600	2E00	169	8 DIP	8 DIP		1	Glen Dr.-Group 1
Glen Dr.	10994	23-41-04	23-41-03	3	2	3700	2R00	240	8 DIP	8 DIP			
Glen Dr.	11013	23-41-02	23-41-01	3	2	3800	2000	201	8 DIP	8 DIP		1	
Hummingbird Ln.	10964	-1	23-42-02	3	2	3300	2F00	105	8 DIP	8 DIP		2	Line ends at Cleanout
Hummingbird Ln.	10963	23-42-02	23-42-03	3	0	3800	0000	306	8 DIP	8 DIP		1	
Hummingbird Ln.	10962	23-42-03	23-42-01	3	4	3400	4100	133	8 DIP	8 DIP			
GROUP 3 TOTAL (DIP < 4)								1,303					3,271
Glen Dr.	11056	-1	23-41-09	0	0	0000	0000	9	8 DIP	8 DIP	PVC	0	
Cheney Dr.	10882	24-43-06	24-43-07	3	2	3221	2W00	306	8 DIP	8 DIP	VCP	5	
Cheney Dr.	10772	24-43-09	24-43-10	3	0	3122	0000	389	8 DIP	8 DIP	PVC	3	NO ACTION PROPOSED ON THESE SEGMENTS
Cheney Dr.	10931	24-43-12	24-43-07	0	2	0000	2W00	312	8 DIP	8 DIP	PVC	1	
Cheney Dr.	10876	24-43-10	24-43-11	0	0	0000	0000	400	8 DIP	8 DIP	PVC	3	
GROUP 4 (VCP / PVC < 4) NO REHAB/LINING PROPOSED								1,416					
TOTAL LINING PROPOSED								4,687					
* Material if different than that identified by PFC													

* Material if different than that identified by PEC

PEC usually recommends rehabs for pipes with Structural Peak >= 4.

Now City of Phoenix is considering to line all sewer DIPs regardless their physical conditions.

EXHIBIT B - SEWER SEGMENTS IDENTIFIED FOR REHABILITATION CIPP LINING



Glen Dr. Group 1
(see Exhibit B
table)

EXHIBIT C - CIPP PIPE DESIGN CALCULATIONS

Revision: 4
Date: 04/19/2011



Pipe Design Calculations - Alphaliner 500/1500 Fiberglass and Polyester Resin

Liner Design Date	2/8/2019
Project Name	PV Sewer Rehab project
Manhole Number	Typical - 10' Average
Shot Number	

Design Input Parameters		Value	Unit	Comment
Description	Mean Inside Diameter of Original Pipe	8.00	in	Measured in the field
	Minimum Inside Diameter of Original Pipe	8.00	in	Measured in the field
Description	Percentage Ovality of Original Pipe	2.00	%	2% should be used as an engineering estimate unless actual pipe dimensions can be measured (leave blank if actual dimensions are known)
	Height of Soil above Invert	10.00	ft	
Description	Height of Water above Invert	10.00	ft	
	Soil Density	120.00	lb/ft ³	Soil Weight Table
Description	Modulus of Soil Reaction	1,000.00	psi	Industry standard unless specification states otherwise
	Factor of Safety	2.00	N/A	Minimum value of 7.0 is recommended where there is full support of existing pipe
Description	Enhancement Factor of the Soil and Existing Pipe	7.00	N/A	MAX LOAD
	Live Load	YES	psi	

Liner Properties		Value	Unit	Comment
Description	Initial Modulus of Elasticity for CIPP (Radial)	1,218,000	psi	
	Long Term Modulus of Elasticity for CIPP (Radial)	1,740,000	psi	
Description	Short Term Tensile Strength for CIPP (Radial)	761,250	psi	
	Long Term Tensile Strength for CIPP (Radial)	26,110	psi	
Description	Reduction Factor	16.319		
	Long Term Tensile Strength for CIPP (Radial)	22,845	psi	

Design Output Parameters		Value	Unit	Comment
Description	Live Load	0.61	psi	Live Load
	Poisson's Ratio	0.270		
Description	Reduction Factor	1.600		
	Long-Term Flexural Strength for CIPP	1,333	psi	Alphaliner value
Description	Percentage Ovality of Original Pipe	761,250	psi	Alphaliner value
	Ovality Reduction Factor	2.00%	%	Time corrected value
Description	Alphaliner 500 Fully Deteriorated	0.836	N/A	
	Alphaliner 1500 Fully Deteriorated			

Design Summary		Design Wall Thickness (mm)	Actual Use Wall Thickness (mm)
Description	Alphaliner 500 Partially Deteriorated	1.94	3.50
	Alphaliner 1500 Partially Deteriorated	1.62	3.50
Description	Unfilled Resin Felt Liner Partially Deteriorated	3.50	4.50
	Filled Resin Felt Liner Partially Deteriorated	3.00	4.50
Description	Alphaliner 500 Fully Deteriorated	2.00	3.50
	Alphaliner 1500 Fully Deteriorated	1.75	3.50
Description	Unfilled Resin Felt Liner Fully Deteriorated	3.82	4.50
	Filled Resin Felt Liner Fully Deteriorated	3.26	4.50

To Be Used

EXHIBIT D

SPECIFICATIONS FOR INSTALLATION OF UV GRP CURED-IN-PLACE-PIPE (CIPP) (Reline America)

PART 1. GENERAL

1.01 INTENT

- A. It is the intent of this specification to provide for the reconstruction of pipelines and conduits by the installation of a resin-impregnated fiberglass material tube ("Liner") which when cured shall extend the full length of the original pipe and provide a structurally sound, smooth, joint less and watertight pipe. The resin shall be cured using ultraviolet light within the tube. The Cured-In-Place Pipe (CIPP) will be continuous and tight fitting.

1.02 REFERENCED DOCUMENTS

- A. The following documents form a part of this specification to the extent stated herein:
 - 1. ASTM F2019 Standard Practice for Rehabilitation of Existing Pipelines and Conduits by the Pulled in Place Installation of Glass Reinforced Plastic (GRP) Cured-in-Place Resin Pipe (CIPP)
 - 2. ASTM F1216 Standard Practice for Rehabilitation of Existing Pipelines and Conduits by the Inversion and Curing of a Resin-Impregnated Tube
 - 3. ASTM F1743 Standard Practice for Rehabilitation of Existing Pipelines and Conduits by the Pull In and Inflate and Curing of a Resin-Impregnated Tube.
 - 4. ASTM D543 Test Method for Resistance of Plastics to Chemical Reagents
 - 5. ASTM D578 Standard Specification Glass Fiber Strands
 - 6. ASTM D638 Standard Test Method for Tensile Properties of Plastics
 - 7. ASTM D790 Standard Test Methods for Flexural Properties of Unreinforced and Reinforced Plastics and Electrical Insulating Materials
 - 8. ASTM D2122 Standard 1 Test Method for Determining Dimensions of Thermoplastic Pipe and Fittings
 - 9. ASTM D3567 Standard Practice for Determining Dimensions of "Fiberglass" (Glass-Fiber-Reinforced Thermosetting Resin) Pipe and Fittings
 - 10. ASTM D5813 Standard Specification for Cured-in Place Thermosetting Resin Sewer Pipe

1.03 PRODUCT, MANUFACTURER/INSTALLER QUALIFICATION REQUIREMENTS

- A. Since sewer products are intended to have a 50-year design life, and in order to minimize the Owner's risk, only proven products with substantial successful long-term track records will be approved. Products and Installers must meet all of the following criteria to be deemed Commercially Acceptable:
 - 1. The "Manufacturer" must have a minimum 500,000 linear feet of successfully installed liner in the United States of America with the same product being used on this project. The installing contractor must be trained and certified by the UV GRP manufacturer and have documented experience with a fiberglass UV cured liner.
 - 2. For each method of installation and curing used on this project, the Cured-In-Place-Pipe Lining (CIPPL) work shall be supervised by a foreman having previously supervised a minimum of 50,000 linear feet of CIPPL using a similar resin and

flexible tube and using the specific method of installation and curing method proposed.

3. The manufacturer of the glass reinforced tube, including wet out, of the CIPPL shall have been performing this same type of work with ultra violet cured glass reinforced pipe (UV GRP) for a minimum of five years and previously wet-out at least 500,000 linear feet of this same technology. If the Contractor does not have 50,000 linear feet of CIPPL experience with the UV curing system being used, then a manufacturer's onsite representative must be present during installations of the CIPP system until such time the owner is confident in the contractors ability. The Contractor is to provide the Engineer with the manufacturer representative's work experience for approval. Work shall not begin prior to the Engineer's approval of the manufacturer's onsite representative.
4. The Contractor shall provide five (5) references of completed projects of similar installations.

PART 2. PRODUCTS

2.01 MATERIALS

- A. Fiberglass liner – At the time of manufacture, each lot of glass fiber tube liner shall be inspected for defects. At the time of delivery, the liner shall be homogeneous throughout, uniform in color, free of cracks, holes, foreign materials, blisters, and deleterious faults.
 1. The ENGINEER may at any time direct the manufacturer to obtain compound samples and prepare test specimens in accordance with the latest applicable ASTM standards.
- B. Cured-in Place Pipe – The glass fiber tubing shall include an exterior and interior film that protects and contains the polyester, vinylester or ortho based resin used in the liner. The exterior film shall be provided with a UV light blocker foil.
- C. Tube
 1. The wet out Tube shall have a uniform thickness that when compressed at installation pressures will meet or exceed the Design thickness.
 2. The Tube shall be sized such that when installed, will tightly fit the internal circumference and length of the original pipe.
 3. The glass fiber Tube shall be saturated with the appropriate resin using a resin bath system to allow for the lowest possible amount of air entrapment. An inner and outer material will be added that are both impervious to airborne styrene, with the outer material also having UV blocking characteristics. If required by the liner manufacturer, the inner membrane will be removed after the installation and curing processes are completed.
 4. The wall color of the interior pipe surface of CIPP after installation shall be a light reflective color so that a clear detailed examination with closed circuit television inspection equipment may be made.
 5. The liner should be seamless in its cured state to ensure homogenous physical properties around the circumference of the cured liner.
- D. Resin
 1. The resin system shall be polyester, vinylester, or orthothalic (either ppg or npg grade) depending on the choice of the engineer, with a catalyst system that when properly cured within the tube composite meets the physical properties of:

- a. Flexural Modulus (minimum) 725,000 psi
- b. Flexural Strength (minimum) 15,000 psi
- c. Long term E-modulus 675,000 psi
- d. Long term tensile bending strength 13,500 psi
- 2. The resin used with this product shall use UV light to cure the pipe. The liquid UV resin shall saturate the tube and produce a properly cured liner, which is resistant to abrasion due to solids, grit, and sand.
- 3. Polyester, vinyl ester and catalyst system shall comply with the following requirements and when properly cured meet the requirements of ASTM F1216. Resins created from recycled materials are not allowed.
- E. Adheres to ASTM F 2019-11 (or latest edition)

2.02 GENERAL CORROSION REQUIREMENTS

- A. The UV GRP cured-in-place pipe system shall utilize resins which will withstand the corrosive effect of the existing residential, commercial, and industrial effluents, liquids and/or gases.

2.03 DELIVERY, STORAGE, AND HANDLING

- A. Care shall be taken in shipping, handling and storage to avoid damaging the liner. Any liner damaged in shipment shall be replaced as directed by the OWNER at no additional cost to OWNER.
- B. While stored, the CIPPL shall be adequately supported and protected. The UV Cure GRP CIPPL shall be stored in a manner as recommended by the manufacturer and as approved by the ENGINEER.

2.04 QUALITY CONTROL

- A. No change of material, design values, or procedures as developed before bidding the contract may be made during the course of the Work without the prior written approval of the ENGINEER.
- B. All liner to be installed under this Work may be inspected at the manufacturer's plant(s) and wet-out facility for compliance with these Specifications by OWNER or ENGINEER. The CONTRACTOR shall require the wet-out facility's cooperation in these inspections. The cost of inspection will be the responsibility of the OWNER.
- C. At the time of manufacture, inspect each lot of liner for defects. At the time of delivery, the liner shall be homogeneous throughout, uniform in color, free of cracks, holes, foreign materials, blisters, or deleterious faults.
- D. The liner manufacturer facility shall have a Quality Management System registered with the current ISO 9001 standard.
- E. The wet out of the liner must be done in an indoor environmentally controlled manufacturing setting. No onsite wet out will be allowed. OWNER or ENGINEER may inspect this facility at the manufacturer's plant(s) for compliance with these Specifications.

PART 3. EXECUTION

3.01 INSTALLATION OF GLASS FIBER TUBING

- A. The approved system must utilize an outer and inner film to ensure that the liner remains intact during the insertion process and to protect the resin at all times during the installation and curing process from water and debris contamination, and resin migration.
- B. A constant tension winch should be used, as specified by the liner manufacturer, to pull the glass fiber liner into position in the pipe. The liner shall have a longitudinal fiberglass reinforcement band which runs the entire length of the liner ensuring that the pulling force is transferred to the band and not the fiberglass liner. Once inserted, end plugs shall be used to cap each end of the glass fiber liner to prepare for pressurizing the liner. The end plugs shall be secured to prevent them from being expelled due to pressure. Liner restraints shall be used in manholes.
- C. A slip sheet shall be installed on the bottom one third to one half of the pipe prior to liner insertion (if it is not already part of the manufactured outer film of the liner), for the purpose of protecting the liner during insertion and reduce the drag, or as recommend by the liner manufacturer.
- D. The glass fiber liner shall be cured with UV light sources at a constant inner pressure. When inserting the curing equipment in the liner, care shall be taken to not damage the inner film material.
- E. The UV light sources shall be assembled according to the manufacturer's specifications for the liner diameter. For the liner to achieve the required water tightness and specified mechanical properties, the following parameters must be controlled during the entire curing process, giving the Engineer a record of the curing parameters over every segment of the entire length of the liner. This demonstrates that the entire liner is cured properly. The recording shall include:
 - 1. Curing speed
 - 2. Light source working & wattage
 - 3. Inner air pressure
 - 4. Curing temperatures
 - 5. Date and time
 - 6. Length of liner
- F. This shall be accomplished using a computer and database that are tamper proof. During the curing process, infrared sensors shall be used to record curing data that will be submitted to the Engineer with a post CCTV inspection.
- G. The optimal curing speed, or travel speed of the energized UV light sources, is determined for each length of liner based on liner diameter, liner thickness, and exothermic reaction temperature. Curing speed shall be as recommended by the manufacturer and determined by contractor based on various site specific field conditions.
- H. If the liner is manufactured with a removable inner film, the inner film material shall be removed and discarded after curing to provide optimal quality of the final product.

3.02 SUBMITTALS

- A. UV GRP Cured-In-Place Pipe - CONTRACTOR shall submit the following:
 - 1. Summary table of CIPP material properties, including short-term flexural modulus of elasticity, 50-year flexural modulus of elasticity, short-term flexural strength (bending stress), 50-year flexural strength (bending stress), and chemical resistance. Certified test reports shall be submitted verifying each value as described below.

2. Independent third party certified laboratory test reports demonstrating that the exact resin/liner combination to be used for this project meets the requirements for initial structural properties and chemical resistance (performed in accordance with ASTM F1216).
3. Independent third party certified laboratory test reports demonstrating that the exact resin and liner to be used for this project has been tested for long-term flexural modulus of elasticity and long-term flexural strength (i.e. 10,000 hour creep testing performed in accordance with ASTM 2990 or DIN 761 for design conditions applicable to this project). When filled resins are proposed, complementary data of the same data for unfilled resin shall also be provided. If the data submitted is not for the exact liner to be used on this project, submit a detailed description of the physical properties of both the liner used in the test and the liner to be used for this project to demonstrate that the two liners are comparable in terms of physical properties.
4. Test shall be performed for 10,000 hours under test conditions and loadings described below. The data points from 1,000 hours to 10,000 hours, or such other time period as determined by the ENGINEER based on the curve or slope of the plotted data, of the Long-term Flexural Modulus shall be extrapolated using a Microsoft Excel log-log scale linear regression analysis to determine the minimum service life performance of the resin-tube.
5. Testing shall be conducted at:
 - a. Temperature 21°C to 25°C
 - b. Relative humidity: 50% minimum
 - c. Load: Load shall be calculated at 0.25% of the short term E-modulus as tested per ASTM D790 or ISO 178, or as approved by ENGINEER.
6. The name of the liner and resin manufacturer, the location of the facility where each was manufactured, and a list of appurtenant materials and accessories to be furnished.
7. Structural design calculations and specification data sheets listing all parameters used in the liner design and thickness calculations based on Appendix X1 of ASTM F2019 for each pipe segment with less than 10% ovality. If the ovality is 10% or greater, use either the ASCE or the WRC Sewerage Rehabilitation Manual, Type II Design, Section 5.3.2.iii for non-round pipe.
8. The quality management system for the wet-out facility must be registered in accordance with and conform to the current ISO 9001 standard. It must ensure that proper materials and amounts are used in the resin saturation process and in liner shipping and storage. At a minimum, the quality control documentation shall include resin lot numbers, volumes of resin, catalyst, enhancers, date of wet-out, storage / transportation controls, and quality assurance procedures.
9. Installation quality control plan, including bypass pumping plans, mainline sewer cleaning plans, cleanliness requirements, liner shot plan and sequence, liner installation standard procedures (including, but not limited to, minimum / maximum allowable installation pressures and speeds certified by the liner manufacturer), intermediate manhole exposed liner restraining method, light train sizing, temperature monitoring plan, odor control procedure, and plan to manage flow to/from laterals during lining.
10. Curing schedule for each lining segment.
11. Available standard written warranty from the manufacturer.

12. The submittal of a Company's Health and Safety Program and all required documents to demonstrate and prove that all employees are Confined Space Entry trained and Rescue trained as well. A site specific Health and Safety Program will be created and submitted for review. All CONTRACTOR employees shall have all training documents submitted prior to work commencing for review.

3.03 WARRANTY

- A. All lining work shall be fully guaranteed by the CONTRACTOR for a period of 1 year from the date of Final Acceptance unless otherwise stipulated in writing by the OWNER prior to the date of Conditional Acceptance. During this period, all serious defects discovered by the OWNER or ENGINEER shall be removed and replaced by the CONTRACTOR in a satisfactory manner at no cost to the OWNER. In addition, the OWNER may conduct independent television inspections, at its own expense, of the lining Work at any time prior to the completion of the guarantee period.

3.04 SAFETY

- A. The Contractor shall carry out his operations in strict accordance with all applicable OSHA Standards. Particular attention is drawn to those safety requirements involving work on elevated platforms and entry into a confined space. It shall be the Contractor's responsibility to familiarize himself with OSHA Standards and Regulations pertaining to all aspects of this type of work. All equipment used on this project should be safe to operate and designed to eliminate manhole entry. If manhole entry is required, all OSHA guidelines for confined space entry shall be followed.

3.05 NOTIFICATION OF RESIDENTS

- A. Prior to starting work, it is the responsibility of the Contractor to notify all residents that the lining process could affect. This notification shall consist of written information that outlines the CIPP process and timing of the project. This notification must be given a minimum of forty-eight (48) hours in advance of work in a given neighborhood.

3.06 BYPASS SEWAGE FLOW

- A. Main lines shall be kept in service by bypassing sewage flow around the section or sections of sewer to be lined. The bypass shall be made by plugging the existing upstream manhole or adjacent sewer system. Pump and bypass lines shall be of adequate capacity and size to accommodate the flow without sewer backup. Sewer service connections within the section to be lined shall be temporarily taken out of service by the Contractor to permit relining. The operation of bypass pumping shall be considered incidental to the work. If sewage backup occurs and enters buildings, the Contractor shall be wholly responsible for cleanup, repair, and property damage costs and claims.

3.07 ACCESSIBILITY OF WATER FOR CLEANING

- A. The Contractor is required to obtain a portable water meter from the local water department having jurisdiction in the area where lines are being cleaned/lined. All fresh water necessary for performance of work under this contract shall be obtained from approved fire hydrants and metered accordingly per the requirements of the local water department. Requirements of the local water department shall be strictly followed. The

water department may require an initial meter deposit. It is the responsibility of the Contractor to make these arrangements prior to start of this project.

3.08 CLEANING SEWERS

- A. Internal debris shall be removed from the existing pipeline. All roots, debris and protruding service connections shall be removed. Pipes shall be cleaned with hydraulically powered equipment, high-velocity jet cleaners, or mechanically powered equipment. This equipment shall be capable of sufficiently cleaning and clearing the existing pipe. During the sewer cleaning operations, satisfactory precautions shall be taken in the use of cleaning equipment to prevent additional damage to the existing pipe

3.09 TELEVISION INSPECTION

- A. After the sewer section to be lined is thoroughly cleaned, inspection shall be made with a color pan and tilt, 360° rotating head camera specifically designed and constructed for sewer inspection. Each sewer to be televised shall be field investigated to determine the need for plugging to eliminate flow from the line section. Lighting for the camera shall provide a clear picture of the entire periphery of the existing sewer. If the television inspection shows any areas where the sewer inside diameter may be deflected, decreased, or obstructed, the Engineer will coordinate a point repair. The Contractor shall carefully inspect the interior of the pipeline to determine the location of any conditions that may prevent proper installation of the impregnated tube. These conditions may include protruding service taps, collapsed or crushed pipe, and reductions in the cross-sectional area of more than 40%. The Contractor shall note these conditions so that they can be corrected. The original pipeline shall be cleared of these obstructions at the contracted unit price. Protruding taps or service connections which will obstruct or hinder the insertion of the liner, shall be removed to allow the liner to pass through. If inspection reveals an obstruction that cannot be removed by conventional sewer cleaning equipment, then a point repair excavation shall be recommended to remove or repair the obstruction. The Engineer shall be notified immediately when the Contractor has determined the need for a point repair.
- B. Upon completion of the liner installation the CONTRACTOR shall perform a television inspection to document the as-built condition. The CONTRACTOR shall provide two copies of as-built inspection to the OWNER in digital format for review and acceptance by the OWNER.

3.10 SERVICE CONNECTIONS

- A. Existing sewer service connections shall be reinstated through the use of a closed-circuit television camera and a remote-controlled (robotic) cutting device: Inactive sewer service connections shall not be cut. The exact location and number of service connections shall be determined from TV tapes and/or in the field. It shall be the Contractor's responsibility to accurately field locate all existing service connections. The Contractor shall reconnect all service connections to the lined pipe. Experienced operators shall make connections so that no blind attempts or holes are made in the liner pipe. The Contractor shall be responsible for restoring/correcting without any delay, all missed or faulty reconnections, as well as for any damage caused to property owners for not reconnecting the services soon enough or for not giving notice to the owners. All existing

service connections shall be reconnected by remote TV controlled cutting device. All service connections shall be fully opened (95% to 100%) within 24 hours. No partial cuts shall be permitted over a weekend or overnight. When the service connection is reestablished, the invert of the service connection shall match the bottom of the reinstated service opening. The service shall be reinstated from a minimum of 95 percent to a maximum of 100 percent of internal diameter of the original service connection. The sewer service connection cuts shall be uniform and brushed to remove burrs and sharp edges. After all service laterals have been cut, the line section shall be flushed and all coupons from the re-established laterals retrieved. These retrieved coupons shall be properly disposed and not washed down the line. The contractor shall be held responsible for service back-ups caused by accumulated coupons and liner material left in the sewer.

3.11 FIT AND FINISH

- A. The finished liner shall be continuous over the entire length of the sewer section. The finished liner shall tightly conform to the walls of the existing (host) sewer main; therefore, it is the Contractor's responsibility to verify the section lengths and pipe dimensions. No gap or annular space between the finished liner and the existing (host) sewer main shall be visible at the manhole, sewer service connection, or other exposed points within the finished lined section. The finished liner shall be homogeneous throughout and free of any wrinkles, protrusions, holes, cracks, foreign material, blisters, or other deleterious faults or defects, which in the opinion of the Engineer, will affect the liner's structural integrity, hydraulic performance, future maintenance access, and overall line performance.

PART 4. MEASUREMENT AND PAYMENT

4.01 MEASUREMENT

- A. Measurement of CIPP liner shall be by the number of feet, measured from center-to-center of small drainage structures or between open ends including the length of pipe bends and branches. Deductions in length shall not be made for manholes where the distance measured in the direction of flow, including bends, is 6 feet or less.

4.02 PAYMENT

- A. Payment for all inspections is included with the contract unit price of the corresponding pay item.
- B. Payment for accepted quantities shall be made at the contract prices and paid in monthly progress payments for all work performed in that month.

**LINKING AGREEMENT
FOR COOPERTIVE PURCHASE
BETWEEN
THE TOWN OF PARADISE VALLEY
AND
ACHEN-GARDNER CONSTRUCTION, LLC**

EXHIBIT C
Specific Requirements/Options of Town

Notices: All notices required under the Contract shall be sent to:

Paul Mood, Town Engineer
Town of Paradise Valley
6401 E. Lincoln Drive
Paradise Valley, Arizona 85253

With mandatory copy to:

Town Attorney
Town of Paradise Valley
6401 E. Lincoln Drive
Paradise Valley, Arizona 85253



Action Report

File #: 19-239

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Douglas Allen, CPA

DATE: May 23, 2019

DEPARTMENT: Finance

AGENDA TITLE:

Adoption of Resolution Number 2019-06 Amending the Fiscal Year 2018-19 Adopted Budget.

RECOMMENDATION:

Adopt Resolution Number 2019-06

SUMMARY STATEMENT:

Year-end budget adjustments are part of PVs year-end housecleaning. Most of the budget amendments for the current fiscal year 2018/19 were highlighted in April and May during budget presentations for next fiscal year 2019/20. The Town's books for the current fiscal year FY2018/19 will be closed by the end of August 2019.

Should further budget adjustments be identified that require Council consideration and action for the current fiscal year 2018/19, they will be communicated and ready for the first Council meeting in September 2019. None are anticipated at this time.

BUDGETARY IMPACT:

The net budget authority of all budget amendments is \$0.

ATTACHMENT(S):

Budget amendment resolution 2019-06

Slides for budget amendment resolution 2019-06

RESOLUTION NUMBER 2019-06

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF PARADISE VALLEY, ARIZONA AMENDING THE FISCAL YEAR 2018-19 ADOPTED BUDGET.

WHEREAS, the Fiscal Year 2018-19 budget was adopted by Resolution 2018-19 on June 14, 2018;

WHEREAS, budget amendments are consistent with Generally Accepted Accounting Principles (GAAP) and recommended budgeted practices;

WHEREAS, the Town of Paradise Valley's Adopted Financial Management Policies requires the approval of the Town Council for the use contingency accounts in excess of \$25,000;

WHEREAS, the Town of Paradise Valley's Adopted Financial Management Policies requires the approval of the Town Council for shifts in appropriations within funds and in departments exceeding \$50,000;

WHEREAS, the Town of Paradise Valley's Adopted Financial Management Policies require that amendments to the capital improvement fund be approved by the Town Council;

WHEREAS, adjustments do not increase the total budget or enable the Town Council to increase spending in excess of the Adopted Budget;

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Paradise Valley, Arizona, as follows:

Section 1. Record the FY2018-19 budget amendment of \$3,000,000 for payment for the Town's unfunded liability in PSPRS before June 30, 2019. This payment is to be made only if sufficient general fund cash is available, the expenditure limitation is not exceeded, it aligns to the Town's Financial Management policies for construction sales tax and fund balances, and the Town Council has not documented an alternate payment plan that supersedes this action. The use of CIP Contingency is for budget authority and the payment will be made from General Fund.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
PSPRS part III	-	\$ 3,000,000	-	\$ 3,000,000
CIP Contingency	\$ 2,814,357	-	\$(2,814,357)	-
General fund contingency	1,025,367	-	(185,643)	839,724

Section 2. Record the FY2018-19 budget amendment of \$142,856 for completion of the Keim District Asphalt Overlay. This project is not over budget but was strategically delayed at the end of FY2018. The delay was after the FY2019 budget was adopted, and to move forward the project requires budget authority in FY2019 using designated funding carried-over cash from FY2018.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Street preservation plan	\$ 1,682,586	\$ 142,856	-	\$ 1,825,442
General fund contingency	839,724	-	\$ (142,856)	696,868

Section 3. Record the FY2018-19 budget amendment of \$180,000 for information technology hardware due to a provider's billing for FY2017/18 services after the close of the fiscal year (\$88,000); and purchase of mandated emergency back-up systems (\$92,000).

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Computure hardware	\$ 290,879	\$ 180,000	-	\$ 470,879
General fund contingency	696,868	-	\$ (180,000)	516,868

Section 4. Record the FY2018-19 budget amendment of \$434,200 to account for all enterprise activities in the enterprise funds and only report governmental activities in governmental funds; effective FY2019.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Sewer: System improvements	\$ 15,513,312	\$ 200,000	-	\$ 15,713,312
Sewer: System assessments	4,274,600	234,200	-	4,508,800
Sewer: Transfers out to CIP fund	434,200	-	\$ (434,200)	-
CIP rev: Transfer in from Sewer	434,200	-	(434,200)	-
CIP exp: Sewer system projects	897,142	-	(434,200)	462,942

Section 5. Record the FY2018-19 budget amendment of \$23,910 to better allocate public safety (court) costs that have been charged to another General Fund department, but not budgeted for in that department.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Justice systems annual contract	-	\$ 13,130	-	\$ 13,130
Internet services	-	2,280	-	2,280
Telephone services	-	7,000	-	7,000
Photocopier contract	-	1,500	-	1,500
General fund contingency	\$ 516,868	-	\$ (23,910)	492,958

Section 6. Record the FY2018-19 budget amendment of \$1,500,000 to defer building permit revenue not expected to be received in FY2019. This was discovered with a necessary reclassification of revenue while closing FY2018, but after the FY2019 budget was adopted. The budgetary shortfall is offset by other revenues that are expected to exceed their budget estimates.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Transaction privilege tax	\$ 15,513,312	\$ 200,000	-	\$ 15,713,312
Occupancy tax	4,274,600	300,000	-	4,574,600
State shared income tax	1,703,256	45,000	-	1,748,256
State shared sales tax	1,277,675	60,000	-	1,337,675
State shared HURF	897,142	35,000	-	932,142
Court technology fee	635,000	100,000	-	735,000
Franchise fee	139,000	90,000	-	229,000
Interest earnings	100,000	650,000	-	750,000
Hauling permit	75,000	20,000	-	95,000
Building permits	2,399,100	-	\$ (1,500,000)	899,100

Section 7. Record the FY2018-19 budget amendment of \$132,000 for post office operations to align post office's budget with the first full fiscal year under the new business structure that includes all stamp purchased by the Town are fully offset with sales revenue.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Post office - card processing	\$ 5,000	\$ 2,000	-	\$ 7,000
Post office - stamp inventory	-	130,000	-	130,000
General fund contingency	492,958	-	\$ (132,000)	360,958

Section 8. Record the FY2018-19 budget amendment of \$65,000 in professional services for 3rd party inspections that is managed by the Community Development Department and reimbursed by the property owner.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Professional services	\$ 121,000	\$ 65,000	-	\$ 186,000
General fund contingency	360,958	-	\$ (65,000)	295,958

PASSED, ADOPTED AND APPROVED by the Town Council of the Town of Paradise Valley this 23rd day of May 2019.

TOWN OF PARADISE VALLEY
a municipal corporation

Jerry Bien-Willner, Mayor

APPROVED AS TO FORM:

ATTEST:

Andrew M. Miller, Town Attorney

Duncan Miller, Town Clerk

BUDGET AMENDMENT RESOLUTION NUMBER 2019-06



May 23rd, 2019

Section 1: Payment for PSPRS Unfunded Liability

Section 1. Record the FY2018-19 budget amendment of \$3,000,000 for payment for the Town's unfunded liability in PSPRS before June 30, 2019. This payment is to be made only if sufficient general fund cash is available, the expenditure limitation is not exceeded, it aligns to the Town's Financial Management policies for construction sales tax and fund balances, and the Town Council has not documented an alternate payment plan that supersedes this action. The use of CIP Contingency is for budget authority and the payment will be made from General Fund.

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CIP Contingency	\$ 2,814,357	-	\$(2,814,357)	-
General fund contingency	1,025,367	-	(185,643)	839,724



Section 2: Keim District Asphalt Project

Section 2. Record the FY2018-19 budget amendment of \$142,856 for completion of the Keim District Asphalt Overlay. This project is not over budget but was strategically delayed at the end of FY2018. The delay was after the FY2019 budget was adopted, and to move forward the project requires budget authority in FY2019 using designated funding carried-over cash from FY2018.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Street preservation plan	\$ 1,682,586	\$ 142,856	-	\$ 1,825,442
General fund contingency	839,724	-	\$ (142,856)	696,868



Section 3: IT Prior Year Services & Emergency Backup

Section 3. Record the FY2018-19 budget amendment of \$180,000 for information technology hardware due to a provider's billing for FY2017/18 services after the close of the fiscal year (\$88,000); and purchase of mandated emergency back-up systems (\$92,000).

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Computure hardware	\$ 290,879	\$ 180,000	-	\$ 470,879
General fund contingency	696,868	-	\$ (180,000)	516,868



Section 4: Accounting for Enterprises 2019 Forward

Section 4. Record the FY2018-19 budget amendment of \$434,200 to account for all enterprise activities in the enterprise funds and only report governmental activities in governmental funds; effective FY2019.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Sewer: System improvements	\$ 15,513,312	\$ 200,000	-	\$ 15,713,312
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CIP rev: Transfer in from Sewer	434,200	-	(434,200)	-
CIP exp: Sewer system projects	897,142	-	(434,200)	462,942



Section 5: Public Safety Cost Centers

Section 5. Record the FY2018-19 budget amendment of \$23,910 to better allocate public safety (court) costs that have been charged to another General Fund department, but not budgeted for in that department.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Justice systems annual contract	-	\$ 13,130	-	\$ 13,130
Internet services	-	2,280	-	2,280
Telephone services	-	7,000	-	7,000
Photocopier contract	-	1,500	-	1,500
General fund contingency	\$ 516,868	-	\$ (23,910)	492,958



Section 6: Revenue Reclassification from FY2018

Section 6. Record the FY2018-19 budget amendment of \$1,500,000 to defer building permit revenue not expected to be received in FY2019. This was discovered with a necessary reclassification of revenue while closing FY2018, but after the FY2019 budget was adopted. The budgetary shortfall is offset by other revenues that are expected to exceed their budget estimates.

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Court technology fee	635,000	100,000	-	735,000
Franchise fee	139,000	90,000	-	229,000
Interest earnings	100,000	650,000	-	750,000
Hauling permit	75,000	20,000	-	95,000
Building permits	2,399,100	-	\$ (1,500,000)	899,100



Section 7: Post Office Operations

Section 7. Record the FY2018-19 budget amendment of \$132,000 for post office operations to align post office's budget with the first full fiscal year under the new business structure that includes all stamp purchased by the Town are fully offset with sales revenue.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Post office - card processing	\$ 5,000	\$ 2,000	-	\$ 7,000
Post office - stamp inventory	-	130,000	-	130,000
General fund contingency	492,958	-	\$ (132,000)	360,958



Section 8: Reimbursed Inspection Services

Section 8. Record the FY2018-19 budget amendment of \$65,000 in professional services for 3rd party inspections that is managed by the Community Development Department and reimbursed by the property owner.

Description	Current Budget	Budget Increase	Budget Reduction	Amended Budget
Professional services	\$ 121,000	\$ 65,000	-	\$ 186,000
General fund contingency	360,958	-	\$ (65,000)	295,958



**RECOMMENDATION:
ADOPT RESOLUTION 2019-06 AMENDING
BUDGETS FOR THE FISCAL YEAR 2018/19**



May 23rd, 2019



Action Report

File #: 19-238

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Douglas Allen, CPA

DATE: May 23, 2019

DEPARTMENT: Finance

AGENDA TITLE:

Adoption of Resolution Number 2019-05 Approving the FY2019/20 Tentative Budget

RECOMMENDATION:

Adopt Resolution Number 2019-05 approving the FY2019/20 Tentative Budget that sets the maximum appropriation for the fiscal year at \$68,331,196.

SUMMARY STATEMENT:

One of the most important duties of the Town Council is to adopt an annual budget for the Town. The budget process provides the Council with the opportunity to match the needs of the Town and available resources with the intent of gaining the maximum return on each dollar.

The Town undertakes a hybrid budget process, incorporating elements of zero-based, priority-setting, and program budgeting. The budget process starts with Council goals. Departments submit their budget requests for their programs, incorporating specific needs. These requests are presented and prioritized.

A balanced "**Recommended**" budget is presented to Council for review and consideration. All departments will meet with Council through a series of public meetings where adjustments to the recommended budget can be made.

Council then adopts a "**Tentative**" budget that sets the maximum spending for the fiscal year, which is posted for public inspection, and a public hearing is then held for public comment.

After public comments, the Council can still modify the tentative budget categorically, but cannot increase the maximum spending amounts. Council then adopts the final budget referred to as the "**Adopted**" budget.

This meeting is to adopt a Tentative Budget that is the result of all departments, management and Town Council's collaborative efforts to set and communicate the Town's financial plan, policies and operational guide for the upcoming fiscal year 2019/20. The tentative budget includes funding for all department's operating budgets, payment of debt obligations, contingencies and the capital improvement program while financial forecasts continue to show the Town maintaining a financially sustainable structure.

Included in the Tentative Budget is budget authority available should Council direct staff to initiate financial strategies to fully fund the PSPRS unfunded liability in 2020. These strategies comply with the annual expenditure limitation and not impact Town operations or capital improvement program. Further Council action is required before any of the financial strategies are initiated and any unnecessary budget authority will be reduced.

ATTACHMENT(S):

- 01 Resolution 2019-05 Adopting the Tentative Budget for FY2019/20
- 02 Schedule of Changes from the Recommended Budget to the Tentative Budget
- 03 PV2020 Tentative Budget
- 04 Slides - Tentative Budget 2020 Overview

RESOLUTION NUMBER 2019-05

**A RESOLUTION OF THE TOWN OF PARADISE
VALLEY, ARIZONA ADOPTING THE TENTATIVE
BUDGET FOR THE FISCAL YEAR 2020**

WHEREAS, the provisions of Title 42, Chapter 17, Articles 1-5, Arizona Revised Statutes (A.R.S.), require cities and towns to make an estimate of the different amounts to meet the public expenditures/expenses for the ensuing year, also an estimate of revenues from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property of the Town of Paradise Valley; and,

WHEREAS, in accordance with said chapter of said title, and following due public notice, the Council shall consider said estimates at a public meeting at which any taxpayer is privileged to appear and be heard in favor of or against any of the proposed expenditures/expenses or tax levies; and,

WHEREAS, publication must be duly made as required by law, of said estimates, together with a notice that the Town Council will meet on June 13, 2019 at the Office of the Town Council for the purpose of hearing taxpayers and adopting the Final Budget for Fiscal Year 2020.

NOW THEREFORE, BE IT RESOLVED, that the said estimates of revenues, and expenditures shown on the accompanying Exhibits A, C, D, E, F and G are hereby adopted as the tentative budget of the Town of Paradise Valley, establishing the maximum appropriation for the fiscal year 2020 at \$68,331,196.

PASSED AND ADOPTED by the affirmative vote of the Paradise Valley Town
Council this 23rd day of May 2019.

Jerry Bien-Willner, Mayor

ATTEST:

Duncan Miller, Town Clerk

APPROVED AS TO FORM

Andrew M. Miller, Town Attorney

TOWN OF PARADISE VALLEY
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2020

Fiscal Year	S c h	FUNDS							
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds	Internal Service Funds	Total All Funds
2019 Adopted/Adjusted Budgeted Expenditures/Expenses*	E	30,453,582	3,656,999	1,257,673	13,854,120	0	6,172,126	0	55,394,500
2019 Actual Expenditures/Expenses**	E	23,554,612	3,516,424	1,257,673	4,713,713	0	5,518,611	0	38,561,033
2020 Fund Balance/Net Position at July 1***		4,909,110	200,925	467,697	4,197,400		392,284	0	10,167,416
2020 Primary Property Tax Levy	B	0							0
2020 Secondary Property Tax Levy	B								0
2020 Estimated Revenues Other than Property Taxes	C	32,397,480	1,623,400	0	4,000,000	0	5,837,000	0	43,857,880
2020 Other Financing Sources	D	12,000,000	0	0	0	0	0	0	12,000,000
2020 Other Financing (Uses)	D	0	0	0	0	0	0	0	0
2020 Interfund Transfers In	D	1,500,000	2,085,113	1,455,244	4,300,000	0	100,000	0	9,440,357
2020 Interfund Transfers (Out)	D	(7,840,357)	0	0	(1,500,000)	0	(100,000)	0	(9,440,357)
2020 Reduction for Amounts Not Available:									
LESS: Amounts for Future Debt Retirement:									0
									0
									0
									0
2020 Total Financial Resources Available		58,646,947	3,909,438	1,922,941	13,997,400	0	6,429,284	0	84,906,010
2020 Budgeted Expenditures/Expenses	E	39,956,160	3,782,879	2,764,614	15,525,067	0	6,302,476	0	68,331,196

EXPENDITURE LIMITATION COMPARISON

1. Budgeted expenditures/expenses
2. Add/subtract: estimated net reconciling items
3. Budgeted expenditures/expenses adjusted for reconciling items
4. Less: estimated exclusions
5. Amount subject to the expenditure limitation
6. EEC expenditure limitation

	2019	2020
1. Budgeted expenditures/expenses	\$ 55,394,500	\$ 68,331,196
2. Add/subtract: estimated net reconciling items	(356,492)	(10,220)
3. Budgeted expenditures/expenses adjusted for reconciling items	55,038,008	68,320,976
4. Less: estimated exclusions	14,152,842	26,124,394
5. Amount subject to the expenditure limitation	\$ 40,885,166	\$ 42,196,582
6. EEC expenditure limitation	\$ 40,907,550	\$ 42,196,582

☒ The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

TOWN OF PARADISE VALLEY
Revenues Other Than Property Taxes
Fiscal Year 2020

SOURCE OF REVENUES	ESTIMATED REVENUES 2019	ACTUAL REVENUES* 2019	ESTIMATED REVENUES 2020
GENERAL FUND			
Local taxes			
Transaction privilege (sales) tax	\$ 15,713,312	\$ 15,727,000	\$ 15,860,000
Occupancy (bed) tax	4,574,600	4,443,281	4,623,500
Franchise (fee) tax	1,269,380	1,254,849	1,275,380
Licenses and permits			
Building permits	899,100	900,432	919,440
In house plan review	695,000	711,812	700,000
Hillside application	150,000	145,892	150,000
All other licenses and permits	515,000	712,541	605,600
Intergovernmental			
State shared income tax	1,807,232	1,807,858	1,891,800
State shared sales tax	1,484,721	1,487,842	1,502,000
Auto lieu tax	622,950	624,295	652,640
All other intergovernmental	45,000	62,959	63,000
Fines and forfeits			
Court collected fines	1,921,120	1,920,403	1,921,120
PD technology fee	735,000	744,241	745,000
Public safety fee	105,000	107,054	107,000
All other fines and forfeits	64,000	97,006	81,000
Interest on investments			
Interest income	750,000	751,251	760,000
Miscellaneous			
Rents and royalties	98,000	97,038	70,000
Charges for services	350,000	360,683	370,000
Contributions and donations	77,000	97,905	100,000
Total General Fund	\$ 31,876,415	\$ 32,054,342	\$ 32,397,480

TOWN OF PARADISE VALLEY
Revenues Other Than Property Taxes
Fiscal Year 2020

SOURCE OF REVENUES	ESTIMATED REVENUES 2019	ACTUAL REVENUES* 2019	ESTIMATED REVENUES 2020
SPECIAL REVENUE FUNDS			
Highway user revenue fund (HURF)	\$ 952,768	\$ 953,225	\$ 968,900
Total HURF	\$ 952,768	\$ 953,225	\$ 968,900
Court enhancement	\$ 251,538	\$ 132,778	\$ 425,000
Court JCEF and Fill the Gap	2,500	2,500	11,500
Total Court	\$ 254,038	\$ 135,278	\$ 436,500
Police grants and donations	\$ 73,500	\$ 63,349	\$ 180,000
Transportation grants	37,737	38,721	38,000
Total Police and other grants	\$ 111,237	\$ 102,070	\$ 218,000
Total Special Revenue Funds	\$ 1,318,043	\$ 1,190,573	\$ 1,623,400
CAPITAL PROJECTS FUNDS			
Ritz projects	\$ 5,315,000	\$ 5,315,000	\$ 3,800,000
SRP Aesthetics	645,000	645,000	200,000
Residents of Paradise Valley	303,176	110,067	
	\$ 6,263,176	\$ 6,070,067	\$ 4,000,000
Total Capital Projects Funds	\$ 6,263,176	\$ 6,070,067	\$ 4,000,000
ENTERPRISE FUNDS			
Fees for services	\$ 185,000	\$ 182,291	\$ 185,000
Total Alarm Services Fund	\$ 185,000	\$ 182,291	\$ 185,000
Fees for services	\$ 285,000	\$ 2,849,678	\$ 2,850,000
IGA fee	245,000	245,000	245,000
Rents and reimbursements	51,000	45,123	47,000
Total Fire Services Fund	\$ 581,000	\$ 3,139,801	\$ 3,142,000
Fees for services	\$ 2,400,000	\$ 2,382,754	\$ 2,400,000
Buy back and miscellaneous	10,000	8,180	10,000
Total Wastewater Utility Fund	\$ 2,410,000	\$ 2,390,934	\$ 2,410,000
Impact fee	\$ 220,000	\$ 86,331	\$ 100,000
	\$ 220,000	\$ 86,331	\$ 100,000
Total Wastewater Impact Fee Fund	\$ 3,396,000	\$ 5,799,357	\$ 5,837,000
TOTAL ALL FUNDS	\$ 42,853,634	\$ 45,114,339	\$ 43,857,880

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

TOWN OF PARADISE VALLEY
Other Financing Sources/<Uses> and Interfund Transfers
Fiscal Year 2020

FUND	OTHER FINANCING 2020		INTERFUND TRANSFERS 2020	
	SOURCES	<USES>	IN	<OUT>
GENERAL FUND				
Highway user revenue fund (HURF)	\$	\$	\$	\$ (2,085,113)
Capital improvement plan (CIP)			1,500,000	(4,300,000)
Debt service fund				(1,455,244)
Fire services fund				
Excise tax obligations proceeds	12,000,000			
Total General Fund	\$ 12,000,000	\$	\$ 1,500,000	\$ (7,840,357)
SPECIAL REVENUE FUNDS				
HURF from General fund	\$	\$	\$ 2,085,113	\$
Total Special Revenue Funds	\$	\$	\$ 2,085,113	\$
DEBT SERVICE FUNDS				
Debt service from General fund	\$	\$	\$ 1,455,244	\$
Total Debt Service Funds	\$	\$	\$ 1,455,244	\$
CAPITAL PROJECTS FUNDS				
General fund	\$	\$	\$ 4,300,000	\$ (1,500,000)
Total Capital Projects Funds	\$	\$	\$ 4,300,000	\$ (1,500,000)
ENTERPRISE FUNDS				
Wastewater	\$	\$	\$ 100,000	\$
Impact fees				(100,000)
Total Enterprise Funds	\$	\$	\$ 100,000	\$ (100,000)
TOTAL ALL FUNDS	\$ 12,000,000	\$	\$ 9,440,357	\$ (9,440,357)

TOWN OF PARADISE VALLEY
Expenditures/Expenses by Fund
Fiscal Year 2020

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2019	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2019	ACTUAL EXPENDITURES/ EXPENSES* 2019	BUDGETED EXPENDITURES/ EXPENSES 2020
GENERAL FUND				
Community development	\$ 1,698,626	\$ (264,281)	\$ 1,340,469	\$ 1,391,597
Engineering	737,605	12,798	611,312	798,844
Finance	570,652	11,551	513,422	653,905
Information technology	1,711,521	185,806	1,896,646	1,779,508
Mayor, Council, Boards & Commissions	182,200		172,487	197,720
Public works	860,510	4,929	864,591	862,235
Tourism promotion	1,514,011		1,514,011	1,817,302
Town Attorney's office	609,048	4,399	561,067	683,792
Town Manager's office	1,075,822	523,466	1,457,546	1,630,499
Municipal court	789,633	26,910	770,935	860,980
Police department	8,966,067	5,191,578	13,852,126	14,047,032
Operating contingency	1,520,367	(1,049,819)		1,753,536
Assigned for future years'	1,570,183			6,479,210
Pension liability	6,000,000	(2,000,000)		7,000,000
Total General Fund	\$ 27,806,245	\$ 2,647,337	\$ 23,554,612	\$ 39,956,160
SPECIAL REVENUE FUNDS				
Court enhancement	\$ 251,538	\$	\$ 132,778	\$ 464,213
Court grants	2,500			11,500
Grants and donations	180,184	(68,684)	97,416	253,153
Highway user revenue (streets)	3,125,754	165,707	3,286,230	3,054,013
Total Special Revenue Funds	\$ 3,559,976	\$ 97,023	\$ 3,516,424	\$ 3,782,879
DEBT SERVICE FUNDS				
Debt service fund	\$ 1,257,673	\$	\$ 1,257,673	\$ 2,764,614
Total Debt Service Funds	\$ 1,257,673	\$	\$ 1,257,673	\$ 2,764,614
CAPITAL PROJECTS FUNDS				
Capital improvement program	\$ 17,032,680	\$ (3,178,560)	\$ 4,713,713	\$ 15,525,067
Total Capital Projects Funds	\$ 17,032,680	\$ (3,178,560)	\$ 4,713,713	\$ 15,525,067
ENTERPRISE FUNDS				
Alarm fund	\$ 339,968	\$	\$ 295,665	\$ 185,000
Fire services fund	3,156,000		3,027,079	3,335,239
Wastewater fund	2,191,958	434,200	2,145,867	2,757,237
Wastewater impact fee fund	50,000		50,000	25,000
Total Enterprise Funds	\$ 5,737,926	\$ 434,200	\$ 5,518,611	\$ 6,302,476
TOTAL ALL FUNDS	\$ 55,394,500	\$	\$ 38,561,033	\$ 68,331,196

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

TOWN OF PARADISE VALLEY
Expenditures/Expenses by Department
Fiscal Year 2020

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2019	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2019	ACTUAL EXPENDITURES/ EXPENSES* 2019	BUDGETED EXPENDITURES/ EXPENSES 2020
Community development:				
General fund	\$ 1,698,626	\$ (264,281)	\$ 1,340,469	\$ 1,391,597
Enterprises				99,710
Department Total	\$ 1,698,626	\$ (264,281)	\$ 1,340,469	\$ 1,491,307
Engineering:				
General fund	\$ 737,605	\$ 12,798	\$ 611,312	\$ 798,844
Enterprises	34,600		34,600	62,389
Department Total	\$ 772,205	\$ 12,798	\$ 645,912	\$ 861,233
Debt service				
Debt service fund	\$ 1,257,673		\$ 1,257,673	\$ 2,764,614
Department Total	\$ 1,257,673		\$ 1,257,673	\$ 2,764,614
Finance:				
General fund	\$ 570,652	\$ 11,551	\$ 513,422	\$ 653,905
Enterprise funds	203,400		203,400	107,380
Department Total	\$ 774,052	\$ 11,551	\$ 716,822	\$ 761,285
Information technology:				
General fund	\$ 1,711,521	\$ 185,806	\$ 1,896,646	\$ 1,779,508
Enterprise funds	61,600		61,600	10,631
Department Total	\$ 1,773,121	\$ 185,806	\$ 1,958,246	\$ 1,790,139
Mayor, Council, Boards & Commissions				
General fund	\$ 182,200		\$ 172,487	\$ 197,720
Department Total	\$ 182,200		\$ 172,487	\$ 197,720
Public Works				
General fund	\$ 860,510	\$ 4,929	\$ 864,591	\$ 862,235
Highway user revenue fund	3,125,754	165,707	3,286,230	3,054,013
Enterprise funds	18,200		18,200	21,028
Department Total	\$ 4,004,464	\$ 170,636	\$ 4,169,021	\$ 3,937,276
Tourism and Public Transit				
General fund	\$ 1,514,011		\$ 1,514,011	\$ 1,817,302
Grants fund	38,000		34,067	53,153
Department Total	\$ 1,552,011		\$ 1,548,078	\$ 1,870,455
Town Attorney's office:				
General fund	\$ 609,048	\$ 4,399	\$ 561,067	\$ 683,792
Enterprise funds	56,600		56,600	38,105
Department Total	\$ 665,648	\$ 4,399	\$ 617,667	\$ 721,897

TOWN OF PARADISE VALLEY
Expenditures/Expenses by Department
Fiscal Year 2020

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2019	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2019	ACTUAL EXPENDITURES/ EXPENSES* 2019	BUDGETED EXPENDITURES/ EXPENSES 2020
Town Manager's office				
General fund	\$ 1,075,822	\$ 26,518	\$ 1,096,863	\$ 1,119,801
Post office		496,948	360,683	510,698
Enterprise funds				21,244
Department Total	\$ 1,075,822	\$ 523,466	\$ 1,457,546	\$ 1,651,743
Wastewater services				
Enterprise funds	\$ 1,761,200	\$ 434,200	\$ 1,795,679	\$ 2,553,187
Impact fees	50,000		50,000	25,000
Debt service	216,158		216,158	
Department Total	\$ 2,027,358	\$ 434,200	\$ 2,061,837	\$ 2,578,187
Contingencies:				
General fund	\$ 1,520,367	\$ (1,049,819)		\$ 1,753,536
Assigned for future years'	1,570,183			6,479,210
Public safety pension liability	6,000,000	(2,000,000)		7,000,000
Enterprise funds	232,831			211,401
Department Total	\$ 9,323,381	\$ (3,049,819)		\$ 15,444,147
Capital Improvement Program:				
Capital projects fund	\$ 17,032,680	\$ (3,178,560)	\$ 4,713,713	\$ 15,525,067
Department Total	\$ 17,032,680	\$ (3,178,560)	\$ 4,713,713	\$ 15,525,067
Alarm services:				
Enterprise funds	\$ 52,500		\$ 38,197	\$ 46,330
Department Total	\$ 52,500		\$ 38,197	\$ 46,330
Fire services:				
Enterprise funds	\$ 2,868,137		\$ 2,861,477	\$ 2,987,029
Department Total	\$ 2,868,137		\$ 2,861,477	\$ 2,987,029
Municipal court:				
General fund	\$ 789,633	\$ 26,910	\$ 770,935	\$ 860,980
Court grants	254,038		132,778	475,713
Department Total	\$ 1,043,671	\$ 26,910	\$ 903,713	\$ 1,336,693
Police department:				
General fund	\$ 8,966,067	\$ 5,191,578	\$ 13,852,126	\$ 14,047,032
Grants and donations	142,184	(68,684)	63,349	200,000
Enterprise funds	182,700		182,700	119,042
Department Total	\$ 9,290,951	\$ 5,122,894	\$ 14,098,175	\$ 14,366,074

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

TOWN OF PARADISE VALLEY
Full-Time Employees and Personnel Compensation
Fiscal Year 2020

FUND	Full-Time Equivalent (FTE) 2020	Employee Salaries and Hourly Costs 2020	Retirement Costs 2020	Healthcare Costs 2020	Other Benefit Costs 2020	Total Estimated Personnel Compensation 2020
GENERAL FUND	105.5	\$ 8,717,110	\$ 7,528,228	\$ 977,639	\$ 1,352,160	\$ 18,575,137
SPECIAL REVENUE FUNDS						
		\$	\$	\$	\$	\$
Total Special Revenue Funds		\$	\$	\$	\$	\$
DEBT SERVICE FUNDS						
		\$	\$	\$	\$	\$
Total Debt Service Funds		\$	\$	\$	\$	\$
CAPITAL PROJECTS FUNDS						
		\$	\$	\$	\$	\$
Total Capital Projects Funds		\$	\$	\$	\$	\$
ENTERPRISE FUNDS						
		\$	\$	\$	\$	\$
Total Enterprise Funds		\$	\$	\$	\$	\$
TOTAL ALL FUNDS	105.5	\$ 8,717,110	\$ 7,528,228	\$ 977,639	\$ 1,352,160	\$ 18,575,137

SCHEDULE OF CHANGES



FROM RECOMMENDED TO TENTATIVE BUDGET

GENERAL & HURF FUNDS

Additions:

1. Add both revenue and expenditures of \$50,000 to PD overtime for DUI (\$25k) and STEP (25K) programs in patrol. This program is expenditure limitation exempt.
2. Add \$20,000 to Community Development for Census 2020 outreach.
3. Add \$5,000 for Legislative outreach.
4. Add \$15,000 to Community Services program.
5. Add financing sources budget authority to receive excise tax obligations up to \$12,000,000; and expenditure budget authority up to \$12,000,000 for payments to the PSPRS unfunded liability. Also, add an expenditure budget authority in the Debt Service Funds up to \$1,286,750 for excise tax obligation principal and interest repayments representing half of a full fiscal year's amount. This budget authority is available should Council direct staff to initiate financial strategies to fully fund the PSPRS unfunded liability in 2020. These strategies comply with the annual expenditure limitation and not impact Town operations or capital improvement program. Further Council action is required before any of the financial strategies are initiated and any unnecessary budget authority will be reduced.

Reductions:

6. Reduce 3rd party plan review and inspection costs of \$40,200 (\$3,350 per month); services covered by recommended new position.
7. Reduce Information Technology by \$610 to match the allocation recorded for IT services in the Alarm Fund.

CAPITAL PROJECTS

8. Include \$300,000 for 3rd Party services for construction management of roadway improvements for Five-star projects.

GRANTS AND DONATIONS

9. ALF grant for Public Transit: Add revenue of \$38,000, add carry over fund balance of \$15,153 and add expenditures of \$53,153.
-

TENTATIVE BUDGET Summary 2019/20

ALL TOWN FUNDS: SOURCES AND USES

SOURCES AVAILABLE	General & HURF	Court Grants	Capital Projects	Debt Service
Major revenue	\$ 27,686,760	\$ 425,000	-	-
Non-major revenue	5,679,620	11,500	-	-
Enterprise fee	-	-	-	-
Net transfers (out) and in	(4,255,244)	-	\$ 2,800,000	\$ 1,455,244
Planned use of fund balance	1,899,037	39,213	1,500,000	1,309,370
Carry forward - Town projects	-	-	1,800,000	-
Excise tax proceeds	12,000,000	-	-	-
Non-Town funded projects	-	-	9,425,067	\$ -
TOTAL SOURCES	\$ 43,010,173	\$ 475,713	\$ 15,525,067	\$ 2,764,614

EXPENDITURES	General & HURF	Court Enhancement	Capital Projects	Debt Service
Community development	\$ 1,391,597	-	-	-
Engineering	798,844	-	-	-
Finance	653,905	-	-	-
Information technology	1,779,508	-	-	-
Mayor, Council, Boards & Com.	197,720	-	-	-
Public works (facilities & fleet)	862,235	-	-	-
Streets & pavement plan	3,054,013	-	-	-
Tourism	1,817,302	-	-	-
Town attorney's office	683,792	-	-	-
Town manager's office	1,630,499	-	-	-
Municipal court	860,980	\$ 65,650	-	-
Police department	14,047,032	-	-	-
Enterprise (and non-department)	-	-	-	-
Debt service: principal	-	405,000	-	\$ 2,545,000
Debt service: interest and fees	-	5,063	-	219,614
Capital outlay (Town)	-	-	\$ 6,100,000	-
CIP (Non-Town funded)	-	-	9,425,067	-
TOTAL EXPENDITURES	27,777,427	475,713	15,525,067	2,764,614
Contingencies	14,753,536	-	-	-
Assigned for subsequent year	479,210	-	-	-
TOTAL BUDGET 2019/20*	\$ 43,010,173	\$ 475,713	\$ 15,525,067	\$ 2,764,614

PRIOR YEAR'S BUDGETS:

Adopted Budget 2018/19	\$ 30,791,116	\$ 263,038	\$ 17,189,563	\$ 1,257,673
Adopted Budget 2017/18	28,868,400	161,700	15,946,400	1,101,400
Adopted Budget 2016/17	21,957,851	204,438	8,862,069	1,115,997

* Total budget as recognized on the AZ State forms

SOURCES & USES

ALL TOWN FUNDS

Exhibit B-1

ALL TOWN FUNDS: SOURCES AND USES

Grants & Donations	Alarm Services	Fire Services	Wastewater Funds	Wastewater Impact fees	2019/20 Total
-	-	-	-	-	\$ 28,111,760
\$ 218,000	-	\$ 292,000	\$ 10,000	-	6,211,120
-	\$ 185,000	2,850,000	2,400,000	\$ 100,000	5,535,000
-	-	-	100,000	(100,000)	-
35,153	-	193,239	247,237	25,000	5,248,249
-	-	-	-	-	1,800,000
-	-	-	-	-	12,000,000
-	-	-	-	-	9,425,067
\$ 253,153	\$ 185,000	\$ 3,335,239	\$ 2,757,237	\$ 25,000	\$ 68,331,196

Grants & Donations	Alarm Services	Fire Services	Wastewater Funds	Wastewater Impact fees	2019/20 Total
-	-	\$ 95,524	\$ 4,186	-	\$ 1,491,307
-	-	-	62,389	-	861,233
-	\$ 7,799	61,869	37,712	-	761,285
-	10,631	-	-	-	1,790,139
-	-	-	-	-	197,720
-	-	21,028	-	-	883,263
-	-	-	-	-	3,054,013
\$ 53,153	-	-	-	-	1,870,455
-	-	21,246	16,859	-	721,897
-	-	21,244	-	-	1,651,743
-	-	-	-	-	926,630
200,000	92,027	27,015	-	-	14,366,074
-	46,330	2,987,029	1,818,987	\$ 25,000	4,877,346
-	-	-	-	-	2,950,000
-	-	-	-	-	224,677
-	-	-	-	-	6,100,000
-	-	-	734,200	-	10,159,267
253,153	156,787	3,234,955	2,674,333	25,000	52,887,049
-	4,860	100,284	82,904	-	14,941,584
-	23,353	-	-	-	502,563
\$ 253,153	\$ 185,000	\$ 3,335,239	\$ 2,757,237	\$ 25,000	\$ 68,331,196

\$ 180,184	\$ 339,968	\$ 3,156,000	\$ 2,191,958	\$ 25,000	\$ 55,394,500
103,000	631,400	3,226,800	2,311,200	50,000	52,400,300
290,000	413,500	2,900,154	2,416,709	50,000	38,210,718

ALL TOWN FUNDS: FULL TIME EQUIVELENTS

DEPARTMENT	Tent* 2019/20	Projected 2018/19	Change in		Actual 2017/18	Actual 2016/17	Actual 2015/16
			#	%			
Mayor & Council	-	-	-	n/a	-	-	-
Tourism	-	-	-	n/a	-	-	-
Town manager's office	7.0	7.0	-	0.0%	7.0	6.0	6.0
Town attorney's office	4.0	4.0	-	0.0%	3.0	3.0	3.0
Municipal court	7.0	7.0	-	0.0%	6.0	5.0	5.0
Police department	49.0	49.0	-	0.0%	44.0	42.0	41.0
Public works (facilities & fleet)	3.0	3.0	-	0.0%	3.0	3.0	3.0
Streets & pavement plan	10.0	10.0	-	0.0%	10.0	10.0	10.0
Community development	10.0	9.0	1.0	11.1%	9.0	8.0	8.0
Engineering	6.0	5.0	1.0	20.0%	4.0	4.0	4.0
Information technology	5.0	5.0	-	0.0%	4.0	3.0	3.0
Finance	4.5	4.0	0.5	12.5%	4.0	4.0	4.0
Contingencies	-	-	-	n/a	-	-	-
Full Time Equivalents (FTE)	105.5	103.0	2.5	2.4%	94.0	88.0	87.0

FUNCTION	Tent* 2019/20	Projected 2018/19	Change in		Actual 2017/18	Actual 2016/17	Actual 2015/16
			#	%			
Public safety **	56.0	56.0	-	0.0%	50.00	47.00	46.00
Development and engineering	16.0	14.0	2.0	14.3%	13.00	12.00	12.00
Public works	13.0	13.0	-	0.0%	13.00	13.00	13.00
All other town functions	20.5	20.0	0.5	2.5%	18.00	16.00	16.00
Full Time Equivalents (FTE)	105.5	103.0	2.5	2.4%	94.0	88.0	87.0

* Tent = Tentative

** Public safety includes Municipal court & Police and the Alarm & Fire services

SCHEDULES

ALL TOWN FUNDS

Exhibit B-3

SCHEDULE OF TRANSFERS

Transfer in	Transfers out			Total
	General Fund	Wastewater Impact Fees	Capital Projects	
HURF fund (streets)	\$ 2,085,113	-	-	\$ 2,085,113
Capital projects fund	4,300,000	-	-	4,300,000
Debt service fund	1,455,244	-	-	1,455,244
General fund	-	-	\$ 1,500,000	1,500,000
Wastewater utility	-	\$ 100,000	-	100,000
Total	\$ 7,840,357	\$ 100,000	\$ 1,500,000	\$ 9,440,357

SCHEDULE OF ADMINISTRATIVE COSTS

Servicing unit	Enterprise			Total
	Alarm	Fire	Wastewater	
Town attorney	-	\$ 21,246	\$ 16,859	\$ 38,105
Police	\$ 92,027	27,015	-	119,042
Facilities	-	21,028	-	21,028
Engineering	-	-	62,389	62,389
Town manager	-	21,244	-	21,244
Community development	-	95,524	4,186	99,710
Information technology	10,631	-	-	10,631
Finance	7,799	61,869	37,712	107,380
Total	\$ 110,457	\$ 247,926	\$ 121,146	\$ 479,529

CONTINGENCIES & ASSIGNED

Purpose	Amount
PSPRS part II in full	\$ 7,000,000
General contingency	1,208,536
AEL contingency	6,000,000
Merit pool	482,000
IT life cycle management	90,000
HR studies	35,000
Town-wide fee study	28,000
Assigned to tourism	73,710
Fleet repair & replace	204,500
Facilities repair & replace	111,000
Total general fund	\$ 15,232,746
Enterprise funds	211,401
Total all funds	\$ 15,444,147

EXPENDITURE LIMITATION

Estimated Limit	Amount
Total budgeted expenditures	\$ 68,331,196
Quasi-external transactions	(10,220)
Use of proceeds	(12,000,000)
Debt repayment	(3,169,614)
Grants & donations	(253,153)
HURF in excess of FY1980	(797,350)
Assigned to future years	(479,210)
Non-Town CIP	(9,425,067)
Budget subject to exp. limit	42,196,582
EEC limit for Paradise Valley	42,196,582
Sub total (over) under	\$ -
Carry forward exemptions	-
Amount under exp. limit	\$ -

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BUDGET 2020: TENTATIVE BUDGET RESOLUTION 2019-05



May 23rd, 2019

Resolution 2019-05: Adopting the Tentative Budget

RESOLUTION NUMBER 2019-05

A RESOLUTION OF THE TOWN OF PARADISE VALLEY, ARIZONA ADOPTING THE TENTATIVE BUDGET FOR THE FISCAL YEAR 2020

WHEREAS, the provisions of Title 42, Chapter 17, Articles 1-5, Arizona Revised Statutes (A.R.S.), require cities and towns to make an estimate of the different amounts to meet the public expenditures/expenses for the ensuing year, also an estimate of revenues from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property of the Town of Paradise Valley; and,

WHEREAS, in accordance with said chapter of said title, and following due public notice, the Council shall consider said estimates at a public meeting at which any taxpayer is privileged to appear and be heard in favor of or against any of the proposed expenditures/expenses or tax levies; and,

WHEREAS, publication must be duly made as required by law, of said estimates, together with a notice that the Town Council will meet on June 13, 2019 at the Office of the Town Council for the purpose of hearing taxpayers and adopting the Final Budget for Fiscal Year 2020.

NOW THEREFORE, BE IT RESOLVED, that the said estimates of revenues, and expenditures shown on the accompanying Exhibits A, C, D, E, F and G are hereby adopted as the tentative budget of the Town of Paradise Valley, establishing the maximum appropriation for the fiscal year 2020 at \$68,331,196.

PASSED AND ADOPTED by the affirmative vote of the Paradise Valley Town Council this 23rd day of May 2019.

Jerry Bien-Willner, Mayor

ATTEST:

Duncan Miller, Town Clerk

APPROVED AS TO FORM

Andrew M. Miller, Town Attorney



Schedule A: Summary

TOWN OF PARADISE VALLEY Summary Schedule of Estimated Revenues and Expenditures/Expenses Fiscal Year 2020									
Fiscal Year	Source	FUNDS							Total All Funds
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds	Internal Service Funds	
2019 Adopted/Adjusted Budgeted Expenditures/Expenses*	E	30,453,582	3,656,999	1,257,673	13,854,120	0	6,172,126	0	55,394,500
2019 Actual Expenditures/Expenses**	E	23,554,612	3,516,424	1,257,673	4,713,713	0	5,518,611	0	38,561,033
2020 Fund Balance/Net Position at July 1***		4,909,110	200,925	467,697	4,197,400		392,284	0	10,167,416
2020 Primary Property Tax Levy	B	0							0
2020 Secondary Property Tax Levy	B								0
2020 Estimated Revenues Other than Property Taxes	C	32,397,480	1,623,400	0	4,000,000	0	5,837,000	0	43,857,880
2020 Other Financing Sources	D	12,000,000	0	0	0	0	0	0	12,000,000
2020 Other Financing (Uses)	D	0	0	0	0	0	0	0	0
2020 Interfund Transfers In	D	1,500,000	2,085,113	1,455,244	4,300,000	0	100,000	0	9,440,357
2020 Interfund Transfers (Out)	D	(7,840,357)	0	0	(1,500,000)	0	(100,000)	0	(9,440,357)
2020 Reduction for Amounts Not Available:									
LESS: Amounts for Future Debt Retirement:									0
									0
									0
									0
2020 Total Financial Resources Available		58,646,947	3,909,438	1,922,941	13,997,400	0	6,429,284	0	84,906,010
2020 Budgeted Expenditures/Expenses	E	39,956,160	3,782,879	2,764,614	15,525,067	0	6,302,476	0	68,331,196

EXPENDITURE LIMITATION COMPARISON		2019	2020
1. Budgeted expenditures/expenses		\$ 55,394,500	\$ 68,331,196
2. Add/subtract: estimated net reconciling items		(356,492)	(10,220)
3. Budgeted expenditures/expenses adjusted for reconciling items		55,038,008	68,320,976
4. Less: estimated exclusions		14,152,842	26,124,394
5. Amount subject to the expenditure limitation		\$ 40,885,166	\$ 42,196,582
6. EEC expenditure limitation		\$ 40,907,550	\$ 42,196,582

☒ The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.
 ** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
 *** Amounts on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

SCHEDULE A



Schedule C: Revenue

TOWN OF PARADISE VALLEY Revenues Other Than Property Taxes Fiscal Year 2020

SOURCE OF REVENUES	ESTIMATED REVENUES 2019	ACTUAL REVENUES* 2019	ESTIMATED REVENUES 2020
GENERAL FUND			
Local taxes			
Transaction privilege (sales) tax	\$ 15,713,312	\$ 15,727,000	\$ 15,880,000
Occupancy (bed) tax	4,574,600	4,443,281	4,823,500
Franchise (fee) tax	1,286,380	1,264,846	1,275,380
Licenses and permits			
Building permits	869,100	900,432	919,440
In house plan review	695,000	711,812	700,000
Hillside application	150,000	145,892	150,000
All other licenses and permits	515,000	712,541	605,600
Intergovernmental			
State shared income tax	1,807,232	1,807,858	1,891,800
State shared sales tax	1,484,721	1,487,842	1,502,000
Auto lev tax	622,950	624,295	652,840
All other intergovernmental	45,000	62,956	63,000
Fines and forfeits			
Court collected fines	1,921,120	1,920,403	1,921,120
PD technology fee	735,000	744,241	745,000
Public safety fee	105,000	107,054	107,000
All other fines and forfeits	64,000	97,006	81,000
Interest on investments			
Interest income	750,000	751,251	780,000
Miscellaneous			
Rents and royalties	98,000	97,038	70,000
Charges for services	350,000	360,883	370,000
Contributions and donations	77,000	97,905	100,000
Total General Fund	\$ 31,876,415	\$ 32,054,342	\$ 32,397,480

SCHEDULE C

TOWN OF PARADISE VALLEY Revenues Other Than Property Taxes Fiscal Year 2020

SOURCE OF REVENUES	ESTIMATED REVENUES 2019	ACTUAL REVENUES* 2019	ESTIMATED REVENUES 2020
SPECIAL REVENUE FUNDS			
Highway user revenue fund (HURF)	\$ 952,768	\$ 953,225	\$ 968,600
Total HURF	\$ 952,768	\$ 953,225	\$ 968,600
Court enhancement	\$ 251,538	\$ 132,778	\$ 425,000
Court JCEF and Fill the Gap	2,500	2,500	11,500
Total Court	\$ 254,038	\$ 135,278	\$ 436,500
Police grants and donations	\$ 73,500	\$ 63,349	\$ 180,000
Transportation grants	37,737	38,721	38,000
Total Police and other grants	\$ 111,237	\$ 102,070	\$ 218,000
Total Special Revenue Funds	\$ 1,318,043	\$ 1,190,573	\$ 1,623,400
CAPITAL PROJECTS FUNDS			
Ritz projects	\$ 5,315,000	\$ 5,315,000	\$ 3,800,000
SRP Aesthetics	645,000	645,000	200,000
Residents of Paradise Valley	303,178	110,087	110,087
Total Capital Projects Funds	\$ 6,263,178	\$ 6,070,087	\$ 4,000,000
ENTERPRISE FUNDS			
Fees for services	\$ 185,000	\$ 182,291	\$ 185,000
Total Alarm Services Fund	\$ 185,000	\$ 182,291	\$ 185,000
Fees for services	\$ 285,000	\$ 2,849,878	\$ 2,850,000
IGA fee	245,000	245,000	245,000
Rents and reimbursements	51,000	45,123	47,000
Total Fire Services Fund	\$ 581,000	\$ 3,139,801	\$ 3,142,000
Fees for services	\$ 2,400,000	\$ 2,382,754	\$ 2,400,000
Buy back and miscellaneous	10,000	8,180	10,000
Total Wastewater Utility Fund	\$ 2,410,000	\$ 2,390,934	\$ 2,410,000
Impact fee	\$ 220,000	\$ 86,331	\$ 100,000
Total Wastewater Impact Fee Fund	\$ 220,000	\$ 86,331	\$ 100,000
Total Wastewater Impact Fee Fund	\$ 3,396,000	\$ 5,799,357	\$ 5,837,000
TOTAL ALL FUNDS	\$ 42,853,634	\$ 45,114,339	\$ 43,857,880

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

SCHEDULE C



Schedule D: Other Financing and Transfers

TOWN OF PARADISE VALLEY Other Financing Sources/Uses and Interfund Transfers Fiscal Year 2020				
FUND	OTHER FINANCING 2020		INTERFUND TRANSFERS 2020	
	SOURCES	USES	IN	OUT
GENERAL FUND				
Highway user revenue fund (HURF)	\$	\$	\$	\$ (2,085,113)
Capital improvement plan (CIP)			1,500,000	(4,300,000)
Debt service fund				(1,455,244)
Fire services fund				
Excise tax obligations proceeds	12,000,000			
Total General Fund	\$ 12,000,000	\$	\$ 1,500,000	\$ (7,840,357)
SPECIAL REVENUE FUNDS				
HURF from General fund	\$	\$	\$ 2,085,113	\$
Total Special Revenue Funds	\$	\$	\$ 2,085,113	\$
DEBT SERVICE FUNDS				
Debt service from General fund	\$	\$	\$ 1,455,244	\$
Total Debt Service Funds	\$	\$	\$ 1,455,244	\$
CAPITAL PROJECTS FUNDS				
General fund	\$	\$	\$ 4,300,000	\$ (1,500,000)
Total Capital Projects Funds	\$	\$	\$ 4,300,000	\$ (1,500,000)
ENTERPRISE FUNDS				
Wastewater	\$	\$	\$ 100,000	\$
Impact fees	\$	\$	\$	\$ (100,000)
Total Enterprise Funds	\$	\$	\$ 100,000	\$ (100,000)
TOTAL ALL FUNDS	\$ 12,000,000	\$	\$ 9,440,357	\$ (9,440,357)

SCHEDULE D



Schedule E: Expenditures / Expenses by Fund

TOWN OF PARADISE VALLEY Expenditures/Expenses by Fund Fiscal Year 2020				
FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2019	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2019	ACTUAL EXPENDITURES/ EXPENSES* 2019	BUDGETED EXPENDITURES/ EXPENSES 2020
GENERAL FUND				
Community development	\$ 1,698,626	\$ (264,281)	\$ 1,340,469	\$ 1,391,597
Engineering	737,805	12,794	811,313	726,544
Finance	570,252	11,551	513,422	653,905
Information technology	1,711,521	185,808	1,895,648	1,778,508
Mayor, Council, Boards & Commissions	182,200		172,487	187,720
Public works	850,510	4,929	854,991	855,255
Tourism promotion	1,514,011		1,514,011	1,817,302
Town Attorney's office	500,048	4,369	561,067	683,799
Town Manager's office	1,015,822	523,486	1,497,548	1,630,490
Municipal court	789,833	28,911	770,935	850,080
Police Department	5,956,067	5,193,578	13,852,128	14,047,052
Operating contingency	1,520,367	(1,048,810)		1,753,536
Assigned for future years	1,570,183			6,470,210
Personnel liability	6,004,000	27,000,000		7,000,000
Total General Fund	\$ 27,806,245	\$ 2,647,337	\$ 23,554,812	\$ 30,696,150
SPECIAL REVENUE FUNDS				
Court enhancement	\$ 251,538		\$ 132,778	\$ 684,213
Court grants	2,500			11,500
Grants and donations	182,184	68,684	87,418	233,153
Highway user revenue (roads)	3,125,154	565,707	3,286,250	3,054,015
Total Special Revenue Funds	\$ 3,559,376	\$ 67,071	\$ 3,516,446	\$ 3,982,879
DEBT SERVICE FUNDS				
Debt service fund	\$ 1,257,673		\$ 1,257,673	\$ 2,784,614
Total Debt Service Funds	\$ 1,257,673		\$ 1,257,673	\$ 2,784,614
CAPITAL PROJECTS FUNDS				
Capital improvement program	\$ 17,092,680	\$ (3,178,580)	\$ 4,713,713	\$ 15,525,067
Total Capital Projects Funds	\$ 17,092,680	\$ (3,178,580)	\$ 4,713,713	\$ 15,525,067
ENTERPRISE FUNDS				
Alarm fund	\$ 330,068		\$ 295,665	\$ 185,000
Fire services fund	3,196,000		3,027,070	3,335,250
Wastewater fund	2,161,058	434,200	2,145,667	2,757,237
Wastewater interest fee fund	50,000		50,000	25,000
Total Enterprise Funds	\$ 5,737,126	\$ 434,200	\$ 5,518,311	\$ 6,302,476
TOTAL ALL FUNDS	\$ 55,394,500		\$ 38,961,033	\$ 68,331,106

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.



Schedule F: Expenditures / Expenses by Department

TOWN OF PARADISE VALLEY Expenditures/Expenses by Department Fiscal Year 2020				
DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2019	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2019	ACTUAL EXPENDITURES/ EXPENSES* 2019	BUDGETED EXPENDITURES/ EXPENSES 2020
Community Development:				
General fund	\$ 1,698,626	\$ (264,281)	\$ 1,340,469	\$ 1,391,597
Enterprises				99,710
Department Total	\$ 1,698,626	\$ (264,281)	\$ 1,340,469	\$ 1,491,307
Engineering:				
General fund	\$ 737,605	\$ 12,798	\$ 611,312	\$ 798,844
Enterprises	34,600		34,600	62,389
Department Total	\$ 772,205	\$ 12,798	\$ 645,912	\$ 861,233
Debt service:				
Debt service fund	\$ 1,257,673		\$ 1,257,673	\$ 2,754,614
Department Total	\$ 1,257,673		\$ 1,257,673	\$ 2,754,614
Finance:				
General fund	\$ 570,852	\$ 11,551	\$ 513,422	\$ 653,905
Enterprise funds	203,400		203,400	107,380
Department Total	\$ 774,252	\$ 11,551	\$ 716,822	\$ 761,285
Information technology:				
General fund	\$ 1,711,521	\$ 185,806	\$ 1,896,646	\$ 1,779,508
Enterprise funds	61,600		61,600	10,631
Department Total	\$ 1,773,121	\$ 185,806	\$ 1,958,246	\$ 1,790,139
Mayor, Council, Boards & Commissions				
General fund	\$ 182,200		\$ 172,487	\$ 197,720
Department Total	\$ 182,200		\$ 172,487	\$ 197,720
Public Works:				
General fund	\$ 860,510	\$ 4,929	\$ 864,591	\$ 862,235
Highway user revenue fund	3,125,754	165,707	3,286,230	3,054,013
Enterprise funds	18,200		18,200	21,028
Department Total	\$ 4,004,464	\$ 170,636	\$ 4,169,021	\$ 3,937,276
Tourism and Public Transit:				
General fund	\$ 1,514,011		\$ 1,514,011	\$ 1,817,302
Grants fund	38,000		34,067	53,153
Department Total	\$ 1,552,011		\$ 1,548,078	\$ 1,870,455
Town Attorney's office:				
General fund	\$ 609,048	\$ 4,399	\$ 561,057	\$ 683,792
Enterprise funds	56,600		56,600	38,105
Department Total	\$ 665,648	\$ 4,399	\$ 617,657	\$ 721,897

SCHEDULE F

TOWN OF PARADISE VALLEY Expenditures/Expenses by Department Fiscal Year 2020				
DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2019	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2019	ACTUAL EXPENDITURES/ EXPENSES* 2019	BUDGETED EXPENDITURES/ EXPENSES 2020
Town Manager's office:				
General fund	\$ 1,075,822	\$ 26,518	\$ 1,095,863	\$ 1,119,801
Post office		496,345	360,683	510,598
Enterprise funds				21,344
Department Total	\$ 1,075,822	\$ 523,466	\$ 1,457,546	\$ 1,651,743
Wastewater services:				
Enterprise funds	\$ 1,761,200	\$ 434,200	\$ 1,795,679	\$ 2,553,187
Impact fees	50,000		50,000	25,000
Debt service	216,158		216,158	
Department Total	\$ 2,027,358	\$ 434,200	\$ 2,061,837	\$ 2,578,187
Contingencies:				
General fund	\$ 1,520,367	\$ (1,049,819)		\$ 1,753,536
Assigned for future years	1,570,193			6,479,310
Public safety pension liability	6,000,000	(2,000,000)		7,000,000
Enterprise funds	232,831			211,401
Department Total	\$ 9,323,381	\$ (3,049,819)		\$ 15,444,147
Capital Improvement Program:				
Capital projects fund	\$ 17,032,680	\$ (3,178,560)	\$ 4,713,713	\$ 15,525,067
Department Total	\$ 17,032,680	\$ (3,178,560)	\$ 4,713,713	\$ 15,525,067
Alarm services:				
Enterprise funds	\$ 52,500		\$ 38,197	\$ 46,330
Department Total	\$ 52,500		\$ 38,197	\$ 46,330
Fire services:				
Enterprise funds	\$ 2,868,137		\$ 2,861,477	\$ 2,987,029
Department Total	\$ 2,868,137		\$ 2,861,477	\$ 2,987,029
Municipal court:				
General fund	\$ 789,633	\$ 25,910	\$ 770,935	\$ 860,980
Court grants	254,038		132,778	475,713
Department Total	\$ 1,043,671	\$ 25,910	\$ 903,713	\$ 1,336,693
Police department:				
General fund	\$ 8,965,067	\$ 5,191,578	\$ 13,852,126	\$ 14,047,032
Grants and donations	142,184	(68,684)	63,349	200,000
Enterprise funds	182,700		182,700	119,042
Department Total	\$ 9,290,951	\$ 5,122,894	\$ 14,098,175	\$ 14,366,074

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

SCHEDULE F



Schedule G: FTEs & Compensation (with Enterprises)

TOWN OF PARADISE VALLEY Full-Time Employees and Personnel Compensation Fiscal Year 2020						
FUND	Full-Time Equivalent (FTE) 2020	Employee Salaries and Hourly Costs 2020	Retirement Costs 2020	Healthcare Costs 2020	Other Benefit Costs 2020	Total Estimated Personnel Compensation 2020
GENERAL FUND	105.5	\$ 8,717,110	\$ 7,528,228	\$ 977,639	\$ 1,352,160	\$ 18,575,137
SPECIAL REVENUE FUNDS						
		\$	\$	\$	\$	\$
Total Special Revenue Funds		\$	\$	\$	\$	\$
DEBT SERVICE FUNDS						
		\$	\$	\$	\$	\$
Total Debt Service Funds		\$	\$	\$	\$	\$
CAPITAL PROJECTS FUNDS						
		\$	\$	\$	\$	\$
Total Capital Projects Funds		\$	\$	\$	\$	\$
ENTERPRISE FUNDS						
		\$	\$	\$	\$	\$
Total Enterprise Funds		\$	\$	\$	\$	\$
TOTAL ALL FUNDS	105.5	\$ 8,717,110	\$ 7,528,228	\$ 977,639	\$ 1,352,160	\$ 18,575,137

SCHEDULE G



RECOMMENDATION:

ADOPT RESOLUTION 2019-05 ADOPTING THE TENTATIVE BUDGET FOR THE FISCAL YEAR 2020



May 23rd, 2019



Action Report

File #: 19-228

TO: Mayor Collins and Town Council Members

FROM: Interim Town Manager Brian Dalke
Duncan Miller, Town Clerk

DATE: May 23, 2019

DEPARTMENT: Town Manager

AGENDA TITLE:

Award of Community Services Funding for Fiscal Year 2018-19

Council Goals or Other Policies / Statutory Requirements:

Town Council Resolution Number 1304

RECOMMENDATION:

Authorize the Town Manager to execute funding agreements with the community services organizations listed in the Action Report in the total amount of \$50,000.

SUMMARY STATEMENT:

The Town of Paradise Valley has awarded funding to various community service organizations benefitting the Town, its residents, and the broader community since 1986. In 2009, the Council created a Human Services Funding Committee and adopted funding guidelines. In 2014, the Council adopted a resolution renaming the committee, amending the policy to broaden the definition of eligible organizations, and clarified the process by which funds are awarded.

In April, organizations who had received funding in the past were invited to submit grant applications. In addition, the Town issued a press release, posted information on social media platforms, and provided information to HOA presidents. The Town received 14 applications by the May 3rd deadline totaling \$111,800 in requests. By comparison, nine requests were received in FY 18 and FY 18, four requests in FY 16, five requests in FY 15 and three requests in FY 14. The Council budgeted a total of \$50,000 for FY 2018-19.

A group made up of Council Member Pace, Council Member Thomasson, and Interim Town Manager Dalke met on May 9 to review the applications. The Town Manager recommends awarding funding to the following organizations.

Agency	Request	Award
Area Agency on Aging, Region One	\$5,000	\$4,000
Arizona Center for Nature Conservation/Phoenix Zoo	\$5,000	\$3,000
Arizona Helping Hands	\$5,000	\$4,000
Central AZ Shelter Services	\$25,000	\$20,000
Circle the City	\$10,000	\$4,000
Duet Partners in Health & Aging	\$5,000	\$5,000
Flights for Life	\$3,000	0
Junior Golf Association of Arizona	\$3,000	0
Phoenix Symphony Association	\$5,000	0
Save the Family Foundation of AZ	\$4,000	\$3,000
Scottsdale Paradise Valley Family YMCA	\$5,000	\$3,000
Scottsdale Sister Cities Association	\$8,800	0
Special Olympics, Arizona	\$18,000	\$2,000
Valley Youth Theatre	\$10,000	\$2,000
Total	\$111,800	\$50,000

Area Agency on Aging provides services to adults over the age of 60, caregivers, and those over the age of 18 with disabilities. Funding in the amount of \$4,000 is recommended for the Caring Circles program which provides social support to older adults who are on the waiting list for formalized services. These services include transportation to medical appointments, grocery shopping or food box delivery, prescription pick-up or friendly visiting. Funding would be used to pay for recruitment expenses in Paradise Valley such as volunteer background checks, volunteer training and development.

Arizona Center for Nature Conservation/Phoenix Zoo mission is to advance the stewardship and conservation of animals and their habitats while providing experiences that inspire people and motivate them to care for the natural world. Three thousand dollars is recommended for ZooReach Scholarship Program. This is a classroom integration program that exposes students to critical thinking skills and science-related careers. The program includes the use of live and pre-recorded Zoo animals, interviews with working professionals from the Zoo, and hands on activities. Students analyze and interpret data, construct explanations and design solutions, and work in groups to practice social skills. Awarded funds will be directed to the Scottsdale Unified School District in general and/or schools in Paradise Valley specifically.

Arizona Helping Hands provides basic needs to children in foster care such as beds, cribs, clothing, diapers, and personal care items. In 2018, 4,200 children received support including 3,141 beds and cribs. Funding in the amount of \$4,000 is recommended.

Central Arizona Shelter Services provides emergency shelter for single adults and families, employment services, veterans' services, housing services, and referrals to other community agencies. CASS leverages funds provided by Paradise Valley and other communities in order to sustain regional services for the homeless. An agreement for services in the amount of \$20,000 is recommended for the CASS Regional Emergency Shelter Services.

Circle the City is a non-profit community health organization dedicated to providing holistic healthcare to homeless men, women, and children in Maricopa County. Their services include a medical respite center for the homeless, a family health center for outpatient care, and a mobile medical clinic. Funding in the amount of \$4,000 is recommended for medical respite care for homeless.

Duet Partners in Health & Aging serves homebound adults, caregivers, and grandparents raising grandchildren. They provide services so that older adults may age in place with dignity; they provide support and guidance to caregivers; and make it possible for children to stay with grandparents instead of foster homes. There are currently 19 volunteers from Paradise Valley who assist with this program and three residents who are receiving services. An agreement for services in the amount of \$5,000 to help fund the Independence for Seniors through In-Home Services and Transportation program which provides transportation for seniors to grocery stores and doctor' appointments.

Save the Family Foundation provides housing and supportive services for homeless and impoverished families with children. Their mission is to equip families to overcome homelessness and achieve self-sufficiency. A service agreement in the amount of \$3,000 is recommended.

Scottsdale Paradise Valley Family YMCA requested funds for LIVESTRONG® a 12-week, evidence-based program that is offered free of charge to any adults 18 years old or older living with cancer or post treatment. Since 2017, 63 families have been through program. Funding in the amount of \$3,000 is recommended.

Special Olympics of Arizona mission is to provide year-round sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in a sharing of gifts, skills, and friendship with their families, other Special Olympics athletes and the community. There are 11 athletes with a Paradise Valley address who participate in a variety of sports and programs. A swim training program is provided at Phoenix Country Day School for approximately 25 athletes each year. Two-thousand dollars is recommended for this program.

Valley Youth Theatre is a safe place where young people from diverse backgrounds can learn and grow as individuals, performers, and leaders through a transformational performing arts experience. Valley Youth Theatre partners with other civic and charitable organizations to offer opportunities for at-risk youth, children suffering from chronic or terminal medical conditions, military families to attend a performance free of charge.

During the past season, 111 households from Paradise Valley attended at least one performance. A

File #: 19-228

service agreement in the amount of \$2,000 is recommended to help fund production expenses.

BUDGETARY IMPACT:

The Town Council budgeted \$50,000 for community services funding this fiscal year.

ATTACHMENT(S):

PowerPoint

TOWN OF PARADISE VALLEY

**Community Services Funding
May 23, 2019**



History

- Town has awarded funding since 1986
- Funding policy updated 2014
- In March Council authorized staff to invite applications



Town of Paradise Valley Community Services Funding Policy

ELIGIBLE PROGRAMS

The Town of Paradise Valley will consider requests for funding assistance from local and regional organizations on an annual basis, subject to budget appropriation. Community organizations may include government, private non-profit, educational, or civic groups that provide educational opportunities, civic enrichment, services to at-risk youth and the elderly, or services that promote health, safety. Preference will be given to programs that directly serve the Town and its residents.

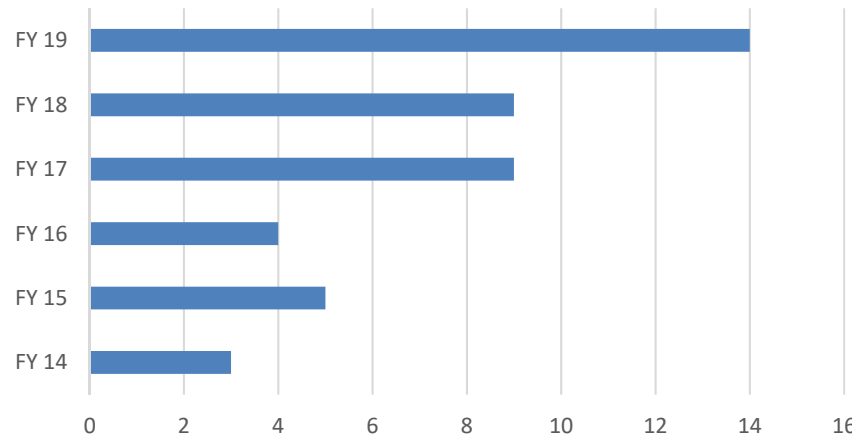
In addition, the Town may conduct a community services needs assessment to identify potential services or under-served populations. Based on those findings, the Council may direct Staff to investigate agencies or organizations identified by the Council as priorities. The Council shall allocate funding, subject to budget, for all such services identified as priorities.

Applications for funding assistance through local print media, radio, or other methods. Following the application deadline, the Council members to review the applications and assist the Town in making funding recommendations. The Town Council shall allocate funding, subject to budget, for organizations based on the recommendations of the review group. The agreements shall include a provision that does not obligate the expenditure of Town funds until this agreement is executed.



Funding Requests in Recent Years

Applications Received



American Cancer Society Relay for Life
 Angels on Patrol
 Anti-Graffiti Hotline
 Area Agency on Aging
 Arizona Helping Hands
 AZ National Guard Family Assistance Fund
 Central AZ Shelter Services
 Circle the City
 Duet-Partners in Health & Aging
 Community Information & Referral
 Constitution Commemoration Committee
 Disaster Relief Fund 9/11

Flights for Life
 Franciscan Renewal Center
 Junior Golf Association of Arizona
 MAG Anti-litter Campaign
 Maricopa County Animal Control
 McCormick Ranch Railroad Park
 Northwest Block Watch
 Phoenix Christian Counseling Associates
 Regional Public Transportation Authority
 Rotary Vocational Fund of AZ
 Save the Family Foundation of AZ
 Scottsdale Paradise Valley Family YMCA
 Scottsdale Prevention Institute

Scottsdale Sister Cities Association
 Southwest Center for HIV/AIDS
 Special Olympics, Arizona
 The Arizona Center for Nature Conservation
 The Phoenix Symphony
 United Way
 UofA Valley Fever Research
 Valley Youth Theatre





Process

- April 3 – Invitation to apply
- May 3 – applications due (14 received)
- May 9 – Advisory Group met to review applications and make recommendations
- May 23 – Council consideration
- June 30 – Agreements executed with agencies



Recommendations

Agency	FY 18-19 Request	FY 18-19 Recommendation
Area Agency on Aging	\$5,000	\$4,000
Arizona Center of Conservation/Phoenix Zoo	\$5,000	\$3,000
Arizona Helping Hands	\$5,000	\$4,000
Central AZ Shelter Services	\$25,000	\$20,000
Circle the City	\$10,000	\$4,000
Duet Partners in Health & Aging	\$5,000	\$5,000
Flights for Life	\$3,000	0
Junior Golf Association of Arizona	\$3,000	0
Phoenix Symphony Association	\$5,000	0
Save the Family Foundation	\$4,000	\$3,000
Scottsdale Paradise Valley YMCA	\$5,000	\$3,000
Scottsdale Sister Cities Association	\$8,800	0
Special Olympics of Arizona	\$18,000	\$2,000
Valley Youth Theatre	\$10,000	\$2,000
TOTAL	\$111,800	\$50,000

Questions?



Agency	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Budget	FY 12-13 Budget	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Actual	FY16-17 Actual	FY17-18 Actual	FY18-19 Request
American Cancer Society Relay for Life	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Angels on Patrol	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$0
Anti-Graffiti Hotline	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$500	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Area Agency on Aging	\$10,000	\$10,000	\$10,000	\$10,500	\$13,000	\$13,000	\$14,000	\$15,000	\$15,000	\$1,000	\$20,000	\$0	\$0	\$15,000	\$0	\$0	\$9,000	\$0	\$5,000
Arizona Helping Hands	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000	\$5,000
AZ National Guard Family Assistance Fund	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Central AZ Shelter Services *	\$18,000	\$20,000	\$20,000	\$20,000	\$25,000	\$25,000	\$26,000	\$51,750	\$44,792	\$25,056	\$20,000	\$0	\$0	\$25,000	\$25,000	\$25,000	\$23,000	\$25,000	\$25,000
Circle the City	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$3,000	\$0	\$10,000
Duet-Partners in Health & Aging	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$10,000	\$0	\$0	\$10,000	\$10,000	\$0	\$9,000	\$5,000	\$5,000
Community Information & Referral	\$0	\$0	\$50	\$50	\$0	\$75	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Constitution Commemoration Committee	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disaster Relief Fund 9/11	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Flights for Life	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000
Franciscan Renewal Center	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Junior Golf Association of Arizona	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000
MAG Anti-litter Campaign	\$0	\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maricopa County Animal Control	\$0	\$0	\$0	\$250	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
McCormick Ranch Railroad Park	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Northwest Block Watch	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phoenix Christian Counseling Associates	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Regional Public Transportation Authority *	\$5,000	\$6,000	\$6,000	\$6,000	\$6,000	\$17,510	\$40,000	\$18,765	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rotary Vocational Fund of AZ	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Save the Family Foundation of AZ	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000	\$3,000	\$4,000
Scottsdale Paradise Valley Family YMCA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000
Scottsdale Prevention Institute	\$20,000	\$20,000	\$20,000	\$21,000	\$21,000	\$21,000	\$22,000	\$22,000	\$22,000	\$18,000	\$23,000	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0
Scottsdale Sister Cities Association	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$8,800
Southwest Center for HIV/AIDS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Olympics, Arizona	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,000
The Arizona Center for Nature Conservation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$2,000	\$0	\$5,000
The Phoenix Symphony	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000	\$0	\$5,000
United Way	\$9,524	\$11,757	\$9,891	\$7,160	\$5,294	\$6,284	\$8,312	\$8,692	\$8,955	\$4,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UofA Valley Fever Research	\$0	\$0	\$1,000	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Valley Youth Theatre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$10,000
Total	\$70,524	\$80,757	\$74,941	\$74,210	\$80,544	\$98,119	\$200,562	\$131,457	\$130,997	\$61,406	\$100,000	\$0	\$0	\$50,000	\$40,000	\$37,000	\$50,000	\$50,000	\$111,800

RESOLUTION NUMBER 1304

**A RESOLUTION OF THE MAYOR AND TOWN
COUNCIL OF THE TOWN OF PARADISE VALLEY,
ARIZONA, ADOPTING THE TOWN OF PARADISE
VALLEY COMMUNITY SERVICES FUNDING
POLICY**

WHEREAS, the Mission Statement of the Town of Paradise Valley states that the Town provides high quality public services to a community which values limited government; and

WHEREAS, the Town is not a "full service government" and relies on private and non-profit organizations to provide valuable services; and

WHEREAS, the Town Council has awarded funds to charitable and educational organizations for 29 year; and,

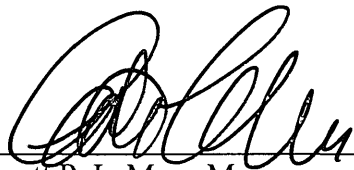
WHEREAS, the Town Council desires to modify criteria and process by which funding is awarded.

NOW THEREFORE BE IT RESOLVED BY THE MAYOR AND COUNCIL AS FOLLOWS:

SECTION 1. That the document known as the Community Services Funding Policy attached hereto as Exhibit A is hereby adopted.

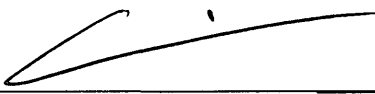
SECTION 2. That all orders or resolutions in conflict shall be, and the same are, to the extent of such conflict, hereby repealed, and that this resolution shall be in full force and effect immediately upon its adoption.

PASSED AND ADOPTED by the Town Council this 8th day of May, 2014.




Scott P. LeMarr, Mayor

APPROVED AS TO FORM:



Andrew M. Miller, Town Attorney

ATTEST:



Duncan Miller, Town Clerk

STATE OF ARIZONA)
 :SS.
COUNTY OF MARICOPA)

CERTIFICATION

I, Duncan Miller, Town Clerk of the Town of Paradise Valley, Arizona hereby certify that the following is a full, true, and correct copy of Resolution Number 1304 duly passed and adopted by a majority vote of the Town Council called and held on the 8th day of May, 2014. Said Resolution appears in the minutes of said meeting, and the same has not been rescinded or modified and is now in full force and effect.

I further certify that said municipal corporation is duly organized and existing, and has the power to take the action called for by the Resolution.


Duncan Miller, Town Clerk





Town of Paradise Valley

Community Services Funding Policy

ELIGIBLE PROGRAMS

The Town of Paradise Valley will consider requests for funding assistance from local and regional organizations on an annual basis, subject to budget appropriation. Community services organizations may include government, private non-profit, educational institutions, or civic groups that provide educational opportunities, civic enrichment, valuable services to at-risk youth and the elderly, or services that promote health, safety and welfare. Preference will be given to programs that directly serve the Town and its residents.

PROCESS

Needs Assessment

At the Council's discretion, the Town may conduct a community services needs assessment to identify essential services or under-served populations. Based on those findings, the Town Council may direct Staff to investigate agencies or organizations which addresses the services identified by the Council as priorities. The Council shall vote to approve funding, subject to budget, for all such services identified as priorities.

Application

The Town may also invite applications for funding assistance through local print media, social media, and other direct outreach methods. Following the application deadline, the Mayor shall appoint two Council Members to review the applications and assist the Town Manager, or his designee, in drafting funding recommendations. The Town Council shall approve funding agreements, subject to budget, for organizations based on the recommendations from the Council review group. The agreements shall include a provision stating that award of funding does not obligate the expenditure of Town funds beyond the close of the fiscal year in which this agreement is executed.

APPLICATION EVALUATION CRITERIA

Applications must demonstrate a well-defined sense of purpose, a commitment to maximizing available resources to meet clearly defined objectives, and/or delivering high-quality programs and services. Each application will be scored on:

1. Program Description
 - a. Does the application adequately describe the program to be funded?
 - b. Are the program's goals clear and obtainable?
2. Program Need Assessment
 - a. Does the program or service address needs in Paradise Valley?
 - b. Is the program focused on an important or underserved need?

3. Program Performance Measurement
 - a. Does the application explain how the program or services will be measured and evaluated?
 - b. Are the proposed outcomes meaningful?
4. Demonstrated Ability
 - a. Has the applicant demonstrated the ability to carry out the program or service?
 - b. Can the applicant provide timely performance reporting and contract compliance?
5. Town's Mission
 - a. Is the program or service consistent with the Town's Mission Statement?



Action Report

File #: 19-245

TO: Mayor and Town Council

FROM: Deborah Robberson, Assistant Town Attorney

DATE: May 23, 2019

AGENDA TITLE:

RECOMMENDATION:

Authorize the Mayor to execute a revised Employment Agreement with the Town Attorney, Contract No. CON-19-070-ATY, and waive the Council's policy to delay execution of the agreement until expiration of the two-week waiting period.

SUMMARY STATEMENT:

Recently the Mayor and Council completed the performance appraisal process for the Town Attorney. Based on the performance of the Town Attorney, the Council desires to enter into a revised Employment Agreement providing an increase to the following: base annual salary, Town's deferred compensation contribution, and the monthly car allowance; and to add a 60-day notice provision in the event of a voluntary termination. All other terms and conditions remain the same as the Town Attorney's existing employment.

BUDGETARY IMPACT:

Increase in Town Attorney's compensation, within current budget.

ATTACHMENT(S):

2019 Town Attorney Employment Contract, No. CON 19-070-ATY



Action Report

File #: 19-232

TO: Mayor Bien-Willner and Town Council Members

FROM: Jill B. Keimach, Town Manager
Duncan Miller, Town Clerk

DEPARTMENT: Town Manager

AGENDA TITLE:
Consideration of Requests for Future Agenda Items

Council Goals or Other Policies / Statutory Requirements:
Resolution 2018-09: Town Council Rules of Procedure

RECOMMENDATION:
Review the current list of pending agenda topics.

SUMMARY STATEMENT:
Attached is the most recent Town Council Study Session Topic Schedule. Pursuant to the Council's Rules and Procedures, as adopted by Resolution Number 2018-09, any member of the Council may move to have the Town Manager add an item to a future agenda. Upon concurrence of two or more Council Members, which may include the Mayor, the item will be added to the pre-business meeting study session agenda within the next two regularly scheduled Town Council meetings.

Discussion on the motion to add an item to a future agenda shall be limited to the propriety of placing the item on an agenda and shall not include discussion on the merits of the topic itself.

BUDGETARY IMPACT:
None

ATTACHMENT(S):
Future agenda topics schedule

TOWN COUNCIL STUDY SESSION TOPIC SCHEDULE
May 17, 2019

[illegible]

<ul style="list-style-type: none"> Ordinance Amending Chapter 6 - lot line adjustments and easement modifications Ordinance Amending Chapter 2 Definition of Small Wireless Facilities <p>STUDY SESSION CONTINUED</p>			
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10/10	10/24	11/07	11/21
3 PM STUDY SESSION	3 PM STUDY SESSION	3 PM STUDY SESSION	3 PM STUDY SESSION
EXECUTIVE SESSION	EXECUTIVE SESSION	EXECUTIVE SESSION	EXECUTIVE SESSION
PRESENTATION	PRESENTATION	PRESENTATION	PRESENTATION
CONSENT	CONSENT	CONSENT	CONSENT
PUBLIC HEARING	PUBLIC HEARING	PUBLIC HEARING	PUBLIC HEARING
ACTION ITEMS	ACTION ITEMS	ACTION ITEMS	ACTION ITEMS
STUDY SESSION CONTINUED	STUDY SESSION CONTINUED	STUDY SESSION CONTINUED	STUDY SESSION CONTINUED

<u>Items to be scheduled</u>	
1. Cell Service Task Force Update 2. Ritz-Carlton related Road Construction Contract 3. Lincoln Plaza Medical Development Agreement 4. Hillside Safety Manual added to the Town Code 5. Bike Share Policy 6. Ironwood Golf Villas Final Plat–Town Triangle 7. Executive Session – Residential Rental Licensing	8. Ordinance – Amending Chapter 12 Municipal Court 9. Ordinance – Amending Financial Transaction Authority 10. Training Manual for Commission and Boards 11. Appointment of Judges 12. Alarm Monitoring Service Enhancements 13. Experience Scottsdale Agreement 14. PCI Rating Update 15. Fiscal Management Policies 16. ACOPS Staggered Terms



Action Report

File #: 19-233

TO: Mayor Bien-Willner and Town Council Members

FROM: Brian Dalke, Interim Town Manager
Dawn Marie Buckland, Deputy Town Manager

DEPARTMENT: Town Manager

AGENDA TITLE:
Legislative Update

Council Goals or Statutory Requirements:

Intergovernmental Relations - Maximize our ability to successfully advocate for the values of Paradise Valley. Establish a standing Council agenda item to update legislation.

RECOMMENDATION:

Review and provide direction to staff on current legislative issues.

SUMMARY STATEMENT:

This action report is a place holder as items under this topic will evolve between the time the packet is assembled and the actual Council meeting. Possible topics for discussion include state-shared revenues, right-of-way use, photo enforcement, construction sales tax, and quality of life issues like short-term rentals.

BUDGETARY IMPACT:

Varies by item

ATTACHMENT(S):

Paradise Valley Bills of Interest Report